TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

WITH

REPORT OF INDEPENDENT AUDITORS

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail

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Independent Auditors' Report Translated from Chinese

To TONG YANG INDUSTRY CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TONG YANG INDUSTRY CO., LTD. (the "Company") and its subsidiaries as of 31 December 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2020 and 2019, and their consolidated financial performance and cash flows for the years ended 31 December 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China on Taiwan.

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 on Taiwan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China on Taiwan (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss Allowance Accounts Receivable

As of 31 December 2020, the balance of accounts receivable and allowance for doubtful accounts amounted to NT$3,421,697 thousand and NT$44,428 thousand, respectively. Net accounts receivable constituted 9 % of total consolidated assets, which was considered material in the consolidated statements. Since the allowance for doubtful accounts was measured at the lifetime expected credit loss, the account receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating the appropriateness of management's provisioning policy of allowance for doubtful accounts. The Company and its subsidiaries were tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables.

We also assessed the adequacy of disclosures of accounts receivable. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

Valuation for slow-moving inventories

As of 31 December 2020, the Company's net inventories amounted to NT$2,663,891 thousand, and constitutes 8% of total consolidated asset. Considering the significant amount of inventories and that the identification of slow-moving inventories as well as the assessment of the amount of inventory write-downs required significant management judgment, we determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating the appropriateness of management's provisioning policy of allowance of obsolescence loss, including sample testing the accuracy of inventory aging time period; performing and evaluating the changes in value of the slow-moving inventories reserve ratio and inventory aging and recalculating allowance to reduce inventory to market, to ensure that the valuation for slow-moving inventories followed accounting policies.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

Other Matter – Making Reference to the Audits of a Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$803,986thousand and NT$897,331 thousand, constituting 2.26% and 2.42% of consolidated total assets as of 31 December, 2020 and 2019, respectively, and total operating revenues of NT$887,901 thousand and NT$1,007,678 thousand, constituting 5.13% and 4.66% of consolidated operating revenues for the years ended 31 December 2020 and 2019, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. Those associates and joint ventures under equity method amounted to NT$99,544 thousand and NT$153,820 thousand, representing 0.28% and 0.41% of consolidated total assets as of 31 December 2020 and 2019, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$(26,928) thousand and NT$480 thousand, representing (3.04)% and 0.02% of the consolidated net income before tax for the years ended 31 December 2020 and 2019, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(7,401) thousand and NT$(2,346) thousand, representing 14.47% and (9.53)% of the consolidated other comprehensive income for the years ended 31 December 2020 and 2019, respectively.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China on Taiwan and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the Republic of China on Taiwan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

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

Huang, Shih-Chieh

Hong, Mao-Yi

Ernst & Young, Taiwan
23 March 2021

Notice to Readers
The accompanying financial statements are intended only to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China on Taiwan and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China on Taiwan.
Accordingly, the accompanying financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China on Taiwan, and their applications in practice. As the financial statements are the responsibility of the management, Ernest & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2020	31 Dec. 2019
Current assets			
Cash and cash equivalents	Ⅳ/Ⅵ.1	$1,537,440	$1,179,700
Financial assets at amortized cost-current	Ⅳ/Ⅵ.3/Ⅷ	30,266	10,537
Notes receivable-net	Ⅳ/Ⅵ.4.19/Ⅷ	105,011	122,390
Accounts receivable-net	Ⅳ/Ⅵ.5.19	3,285,485	4,232,812
Accounts receivable-related parties-net	Ⅳ/Ⅵ.5.19/Ⅶ	91,784	128,662
Other receivables	Ⅳ	93,327	166,160
Inventories-net	Ⅳ/Ⅵ.6	2,663,891	2,583,607
Other current assets	Ⅳ	345,768	410,464
Total current assets		8,152,972	8,834,332
Non-current assets			
Financial assets at fair value through other comprehensive income-noncurrent	Ⅳ/Ⅵ.2	438,536	520,017
Financial assets at amortized cost-noncurrent	Ⅳ/Ⅵ. 3/Ⅷ	18,098	18,728
Investments accounted for under the equity method	Ⅳ/Ⅵ.7	3,942,256	3,770,422
Property, plant and equipment	Ⅳ/Ⅵ.8/Ⅷ	19,457,694	20,386,583
Right-of-use asset	Ⅳ/Ⅵ.20/Ⅷ	313,243	340,310
Intangible assets	Ⅳ/Ⅵ.9.10	1,435,800	1,613,782
Deferred tax assets	Ⅳ/Ⅵ.24	258,893	251,194
Prepayment for equipments		1,223,247	1,106,353
Other assets-others		312,460	263,629
Total non-current assets		27,400,227	28,271,018
Total assets		$35,553,199	$37,105,350

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

English Translation of Financial Statements Originally Issued in Chinese
TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2020	31 Dec. 2019
Current liabilities			
Short-term loans	Ⅳ/Ⅵ.11	$1,820,892	$2,305,729
Short-term notes and bills payable	Ⅳ/Ⅵ.12	99,969	-
Notes payable		37,726	44,838
Accounts payable		2,417,768	2,358,546
Accounts payable-related parties	Ⅶ	67,338	77,663
Other payables		987,734	1,172,684
Balance payable-machinery and equipment		471,084	545,379
Current tax liabilities	Ⅳ/Ⅵ.24	152,460	289,109
Reserves-current	Ⅳ/Ⅵ.16	1,449	1,449
Lease liability-current	Ⅳ/Ⅵ.20	19,741	20,025
Current portion of bond payable	Ⅳ/Ⅵ.13	-	600,000
Current portion of long-term liabilities	Ⅳ/Ⅵ.14	2,538	5,617
Other current liabilities		302,823	196,595
Total current liabilities		6,381,522	7,617,634
Non-current liabilities			
Long-term loans	Ⅳ/Ⅵ.14	5,926,279	5,759,927
Deferred tax liabilities	Ⅳ/Ⅵ.24	360,845	370,100
Lease liability-non current	Ⅳ/Ⅵ.20	41,121	56,482
Accrued pension liabilities	Ⅳ/Ⅵ.15	452,071	534,075
Other liabilities-others		31,969	28,295
Total non-current liabilities		6,812,285	6,748,879
Total liabilities		13,193,807	14,366,513
Equity attributable to the parent company			
Capital	Ⅳ/Ⅵ.17		
Common stock		5,914,771	5,914,771
Capital surplus	Ⅳ/Ⅵ.17	4,149,554	4,149,463
Retained earnings	Ⅳ/Ⅵ.17		
Legal reserve		2,494,730	2,298,051
Special reserve		141,576	203,919
Unappropriated earnings		9,173,411	9,546,382
Subtotal		11,809,717	12,048,352
Other equity	Ⅳ/Ⅵ.17	(202,797)	(141,576)
Non-controlling interests	Ⅳ/Ⅵ.17	688,147	767,827
Total equity		22,359,392	22,738,837
Total liabilities and equity		$35,553,199	$37,105,350

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

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2020 and 2019

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

ITEMS	NOTE	2020.1.1~ 2020.12.31	2019.1.1~ 2019.12.31
Sales revenues	Ⅳ/Ⅵ.18/Ⅶ	$17,322,986	$21,613,680
Cost of goods sold	Ⅳ/Ⅵ.21/Ⅶ	(13,880,338)	(16,210,902)
Gross profit		3,442,648	5,402,778
Operating expenses	Ⅳ/Ⅵ.19.20.21		
Sales and marketing expenses		(1,440,708)	(1,635,335)
General and administrative expenses		(952,911)	(998,335)
Research and development expenses		(509,401)	(604,673)
Subtotal		(2,903,020)	(3,238,343)
Operating income		539,628	2,164,435
Non-operating income and expenses			
Other revenue	Ⅳ/Ⅵ.22	449,384	135,374
Other gain and loss	Ⅳ/Ⅵ.22	(345,743)	(120,558)
Financial costs	Ⅳ/Ⅵ.22	(151,791)	(178,046)
Share of profit or loss of associates and joint ventures	Ⅳ/Ⅵ.7	393,279	356,338
Subtotal		345,129	193,108
Income from continuing operations before income tax		884,757	2,357,543
Income tax expense	Ⅳ/Ⅵ.24	(142,170)	(502,222)
Net income		$742,587	$1,855,321
Other comprehensive income	Ⅳ/Ⅵ.23		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		8,169	(22,709)
Unrealized loss on investments in equity instruments at fair value through other comprehensive income		(81,481)	243,405
Income tax related to items that may not be reclassified subsequently		(1,577)	4,477
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of a foreign operations		9,896	(122,514)
Share of other comprehensive income of associates accounted for using the equity method		18,904	(120,653)
Income tax relating to those items to be reclassified to profit or loss		(5,065)	42,615
Total other comprehensive income, net of tax		(51,154)	24,621
Total comprehensive income		$691,433	$1,879,942
Net income attributable to:			
Stockholders of the parent		$819,609	$1,984,424
Non-controlling interests		$(77,022)	$(129,103)
Comprehensive income attributable to:			
Stockholder of the parent		$764,802	$2,029,132
Non-controlling interests		$(73,369)	$(149,190)
Earnings per share (NTD)			
Earnings per share-basic	Ⅳ/Ⅵ.25	$1.39	$3.36
Earnings per share-diluted	Ⅳ/Ⅵ.25	$1.39	$3.35

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

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company									
			Retained Earnings			Other equitity				
ITEMS	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences resulting from translating the financial statements of a foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income	Total	Non-controlling interests	Total Equity
Balance as of 1 January 2019	$5,914,771	$4,149,368	$2,105,450	$57,722	$8,923,902	$(404,147)	$200,228	$20,947,294	$926,033	$21,873,327
Appropriation and distribution of 2018 retained earning										
Legal Reserve	-	-	192,601	-	(192,601)	-	-	-	-	-
Special Reserve	-	-	-	146,197	(146,197)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,005,511)	-	-	(1,005,511)	-	(1,005,511)
Other changes in additional paid-in capital	-	95	-	-	-	-	-	95	-	95
Net income for the year ended 31 December 2019	-	-	-	-	1,984,424	-	-	1,984,424	(129,103)	1,855,321
Other comprehensive income, net of tax for the year ended 31 December 2019	-	-	-	-	(17,635)	(181,062)	243,405	44,708	(20,087)	24,621
Total comprehensive income	-	-	-	-	1,966,789	(181,062)	243,405	2,029,132	(149,190)	1,879,942
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(9,016)	(9,016)
Balance as of 31 December 2019	$5,914,771	$4,149,463	$2,298,051	$203,919	$9,546,382	$(585,209)	$443,633	$21,971,010	$767,827	$22,738,837
Balance as of 1 January 2020	$5,914,771	$4,149,463	$2,298,051	$203,919	$9,546,382	$(585,209)	$443,633	$21,971,010	$767,827	$22,738,837
Appropriation and distribution of 2019 retained earning										
Legal Reserve	-	-	196,679	-	(196,679)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,064,658)	-	-	(1,064,658)	-	(1,064,658)
Special Reserve reversed	-	-	-	(62,343)	62,343	-	-	-	-	-
Other changes in additional paid-in capital	-	91	-	-	-	-	-	91	-	91
Net income for the year ended 31 December 2020	-	-	-	-	819,609	-	-	819,609	(77,022)	742,587
Other comprehensive income, net of tax for the year ended 31 December 2020	-	-	-	-	6,414	20,260	(81,481)	(54,807)	3,653	(51,154)
Total comprehensive income	-	-	-	-	826,023	20,260	(81,481)	764,802	(73,369)	691,433
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(6,311)	(6,311)
Balance as of 31 December 2020	$5,914,771	$4,149,554	$2,494,730	$141,576	$9,173,411	$(564,949)	$362,152	$21,671,245	$688,147	$22,359,392

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

English Translation of Financial Statements Originally Issued in Chinese

TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2020.1.1~ 2020.12.31	2019.1.1~ 2019.12.31	ITEMS	2020.1.1~ 2020.12.31	2019.1.1~ 2019.12.31
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$884,757	$2,357,543	Acquistion of financial assets at amortized cost	(19,729)	-
Adjustments for:			Disposal of financial assets at amortized cost	630	2,064
Income and expense adjustments:			Acquisition of equity investments under equity method	(11,572)	(77,940)
Depreciation (including right-of-use assets)	2,985,310	3,016,531	Increase in prepayment for investments	-	(15,000)
Amortization	309,213	333,333	Proceeds from capital reduction of equity investments under equity method	16,111	80,321
Interest expense	151,791	178,046	Acquisition of property, plant and equipment	(2,285,422)	(3,169,934)
Interest revenue	(6,327)	(7,665)	Disposal of property, plant and equipment	51,609	202,486
Share of profit of associates for using the equity method	(393,279)	(356,338)	Acquistion of intangible assets	(342,907)	(833,273)
(Gain) on disposal of property, plant and equipment	(16,915)	(5,015)	Disposal of intangible assets	195,509	-
Loss on disposal of Intangible Assets	7,466	-	Increase in prepayment for equipments	(116,894)	-
Impairment loss on non-financial assets	172,232	-	Decrease in prepayment for equipments	-	748,942
Realized profit from affiliated companies	(1,928)	-	Net cash used in investing activities	(2,512,665)	(3,062,334)
Changes in operating assets and liabilities:					
Notes receivable-net	17,379	40,116	Cash flows from financing activities:		
Accounts receivable-net	947,327	(157,467)	(Decrease) increase in short-term borrowings	(484,837)	304,827
Accounts receivable-related parties-net	36,878	(7,786)	Increase in short-term notes and bills payable	100,000	-
Other receivable	72,833	(32,356)	Reimburse corporate bond	(600,000)	(600,000)
Inventories	(80,284)	230,816	Borrow in long-term borrowings	2,929,655	1,546,219
Other current assets	64,696	138,853	Reimburse long-term borrowings	(2,732,711)	(2,097,183)
Other non-current assets	(63,831)	563	Reimburse lease principal	(20,558)	(20,267)
Notes payable	(7,112)	44,416	Cash dividends	(1,064,658)	(1,005,511)
Accounts payable	59,222	(16,287)	Interest paid	(165,256)	(183,421)
Accounts payable-related parties	(10,325)	(80,735)	Change in non-controlling interests	(6,311)	(9,016)
Other payables	(171,425)	37,270	Net cash used in financing activities	(2,044,676)	(2,064,352)
Provision for liabilities	-	(4,727)			
Other current liabilities	106,228	(62,131)	Effect of exchange rate changes on cash and cash equivalents	(26,031)	(56,771)
Accrued pension liabilities	(74,121)	(97,505)			
Other non-current liabilities	45	(551)	Net Increase in cash and cash equivalents	357,740	43,734
Cash generated from operations	4,989,830	5,548,924	Cash and cash equivalents at beginning of period	1,179,700	1,135,966
Interest received	6,327	7,665	Cash and cash equivalents at end of period	$1,537,440	$1,179,700
Dividend received	247,370	229,836			
Income tax paid	(302,415)	(559,234)			
Net cash provided by operating activities	4,941,112	5,227,191			

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

I. HISTORY AND ORGANIZATION

1. TONG YANG INDUSTRY CO., LTD. (the "Company") was incorporated under the laws of the Republic of China (the "ROC") on 30 October 1967. The Company's principal activities consist of the manufacture and sale of parts, components and models for automobile and motorcycle. The Company became a listed company on Taiwan Stock Exchange on 12 December 1994.

2. The Company merged with TAIWAN KAI YIH INDUSTRIAL CO., LTD. (TKY) on 1 September 2010 and was the surviving company. The Company merged with KAI MING INDUSTRIAL CO., LTD. (KM) on 1 October 2011 and was the surviving company.

II. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as "the Group") for the year ended 31 December 2020 and 2019 were authorized for issue in accordance with a resolution of the Board of directors on 23 March 2021.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

   The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2020. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Group.

   The Group elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after 1 January 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

2. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021

(1) *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

A. A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after 1 January 2021 have no material impact on the Group.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 "Insurance Contracts"	1 January 2023
3	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023

4	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022
5	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
6	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023

(1) *IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(2) *IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

A. Estimates of future cash flows;
B. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
C. A risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(3) *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(4) *Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements*

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

(5) *Disclosure Initiative - Accounting Policies – Amendments to IAS 1*

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(6) *Definition of Accounting Estimates – Amendments to IAS 8*

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Group determined that the newly published standards and interpretations have no material impact on the Group.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The Group's consolidated financial statements were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

2. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

3. Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

a. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b. exposure, or rights, to variable returns from its involvement with the investee; and
c. the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. the contractual arrangement with the other vote holders of the investee;
b. rights arising from other contractual arrangement;
c. the Group’s voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If loses control of a subsidiary, it:

a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
b. derecognizes the carrying amount of any non-controlling interest;
c. recognizes the fair value of the consideration received;
d. recognizes the fair value of any investment retained;
e. recognizes any surplus or deficit in profit or loss; and
f. reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are as follows:

Invest Company	Investee Company	Major business	Percentage of Ownership (%) 31 Dec. 2020	31 Dec. 2019
The Company	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Manufacture and sale of automobile parts	58.95%	58.95%
The Company	TONG YANG HOLDING CORPORATION (TONG YANG HOLDING)	Investment holding	100.00%	100.00%
The Company	HOW BOND INVESTMENT CO., LTD. (HOW BOND)	Investment holding	100.00%	100.00%
The Company	TYG EUROPE S.R.L. (TYG EUROPE)	Manufacture and sale of automobile parts	100.00%	100.00%
The Company	DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Sale of automobile parts and tooling mold	100.00%	100.00%
TONG YANG HOLDING	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD. (DAJING YUCHYANG)	Manufacture and sale of automobile parts	55.00%	55.00%
TONG YANG HOLDING	FUZHOU TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%
TONG YANG HOLDING	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	25.00% (NOTE1)	25.00% (NOTE1)
TONG YANG HOLDING	GUANGZHOU TONG YANG TATEMATSU MOLD MANUFACTURING CO., LTD.	Design, manufacture and sale of tooling mold	90.00%	90.00%
TONG YANG HOLDING	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Manufacture and sale of automobile parts	100.00% (NOTE 2)	49.00% (NOTE 1) (NOTE 2)
TONG YANG HOLDING	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD. (FUSHUN TONG YANG)	Manufacture and sale of automobile parts	100.00%	100.00%
TONG YANG HOLDING	TONG YANG (GUANGZHOU) TECHNOLOGY R&D SERVICE CO., LTD.	Product Design, R&D, Testing and Service	100.00%	100.00%

Invest Company	Investee Company	Major business	Percentage of Ownership (%) 31 Dec. 2020	31 Dec. 2019
DAJING YUCHYANG	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	54.55%	54.55%
FUZHOU TONG YANG	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Manufacture and sale of automobile parts	-% (NOTE 2)	51.00%
HOW BOND	TYG HOLDING (U.S.A.), INC. (TYG HOLDING)	Investment holding	100.00%	100.00%
HOW BOND	NANJING TONG YANG AUTO PARTS CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%
TYG HOLDING	TYG MANAGEMENT, INC.	Management consult	100.00%	100.00%
TYG HOLDING	TYG LEASING, L.P.	Leasing	99.00%	99.00%
TYG HOLDING	TYG PRODUCTS, L.P.	Manufacture and sale of automobile parts	99.00%	99.00%

Note:

(1) The Company and subsidiaries directly or indirectly hold more than 50% of shares.

(2) For the purpose of structural reorganization, TONG YANG HOLDING purchased all the shares of XIANGYANG TONG YANG held by FUZHOU TONG YANG in September 2020, so its shareholding ratio increased to 100%.

The financial statements and other related information of the consolidated subsidiaries: TYG EUROPE S.R.L. and TYG HOLDING (U.S.A.), INC. as of 31 December 2020 and 31 December 2019, are based solely on the reports of the other independent accountants. Their total assets amounted to NT$803,986 thousand and NT$897,331 thousand as of 31 December 2020 and 2019; their net operating revenue amounted to NT$887,901 thousand and NT$1,007,678 thousand for the years ended 31 December 2020 and 2019.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
(b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or partial disposal of an interest in an associate that includes a foreign operation is financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Group holds the asset primarily for the purpose of trading.
(c) The Group expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability 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.

All other liabilities are classified as non-current.

7. Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(1) Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. 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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. 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.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

   (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from the remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(4) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking

C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

<u>Financial liabilities at amortized cost</u>

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

<u>Derecognition of financial liabilities</u>

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(5) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(1) In the principal market for the asset or liability, or
(2) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Raw materials - Purchase cost under weighted-average cost.
Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

11. Investments accounted for under the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(2) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	3～56 years
Machinery and equipment	3～15 years
Molding equipment	2～10 years
Office equipment	3～ 9 years
Transportation equipment	2～10 years
Electrical installations	5～15 years
Miscellaneous equipment	2～10 years
Right-of-use assets	2～50 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

13. Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(2) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(1) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
(2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
(3) amounts expected to be payable by the lessee under residual value guarantees;
(4) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
(5) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(1) the amount of the initial measurement of the lease liability;

(2) any lease payments made at or before the commencement date, less any lease incentives received;

(3) any initial direct costs incurred by the lessee; and

(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

14. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (5 years).

The Group's intangible assets accounting policies are as follows:

	Software	Goodwill	Other intangible assets-customer relation ship
Useful life	Limited	Uncertain	Limited
Amortization methods	Use straight method amortized under estimated useful life	unamortized	Use straight method and units of production method amortized under estimated useful life
Internally generated or outside acquisition	Outside Acquisition	Outside Acquisition	Outside Acquisition

15. Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

16. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

17. Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is automobile parts and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. To the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liablity is recongnized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 15 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

18. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

19. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore fund assets are not included in the Group’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(1) the date of the plan amendment or curtailment, and
(2) the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

20. Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

21. Earnings per Share

The Group presents both basic earnings per share and diluted earnings. Basic earnings per share are equal to the net income (loss) attributable to common stock divided by the weighted average number of common shares. When calculating diluted earnings per share, the numerator should include or add back potential common stock dividends, interest and other conversion revenues (expenses). The denominator should include all diluted potential common share.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimation and assumptions

The key assumptions concerning the future and other key sources for estimating uncertainty at the reporting date, that would have a significant risk for a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are discussed below.

(1) Fair Value of Financial Instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(3) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination rate, future salary increases, and decrease.

(4) Revenue Recognition-Sales Returns and Discounts

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

(5) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(6) Accounts receivables–estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(7) Inventory Valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	31 Dec. 2020	31 Dec. 2019
Cash on hand	$3,964	$4,669
Saving account	1,382,897	1,019,423
Time deposits	60,065	85,397
Cash equivalents－short-term notes and bills	90,514	70,211
Total	$1,537,440	$1,179,700

2. Financial assets at fair value through other comprehensive income

	31 Dec. 2020	31 Dec. 2019
Equity instrument investments measured at fair value through other comprehensive income – Non-current		
Unlisted companies stocks	$438,536	$520,017

The Group classified certain of its financial assets at fair value through other comprehensive income were not pledged.

For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividends in the amount of NT$22,969 thousand and NT$17,479 thousand for the year ended 31 December 2020 and 2019, the full amount is related to investments held at the end of the reporting period.

3. Financial assets measured at amortized cost

	31 Dec. 2020	31 Dec. 2019
Time deposits	$28,361	$29,265
Restricted deposits	20,003	-
Total	$48,364	$29,265
Current	$30,266	$10,537
Non-current	18,098	18,728
Total	$48,364	$29,265

The Group classified certain financial assets as financial assets measured at amortized cost.

Please refer to Note 6.(19) for more details on accumulated impairment and Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for more details on credit risk.

4. Notes Receivables

	31 Dec. 2020	31 Dec. 2019
Notes receivables－from operating	$105,662	$128,229
Less: allowance for doubtful accounts	(651)	(5,839)
Total	$105,011	$122,390

Please refer to Note 8 for more details on notes receivables under pledge.

The Group adopted IFRS 9 for impairment assessment . Please refer to Note 6.(19) for more details on accumulated impairment and Note 12 for more details on credit risk.

5. Accounts Receivables and Accounts Receivables-Related Parties

	31 Dec. 2020	31 Dec. 2019
Accounts receivables	$3,329,913	$4,310,489
Less: allowance for doubtful accounts	(44,428)	(77,677)
Subtotal	3,285,485	4,232,812
Accounts receivables-related parties	91,784	128,662
Less: allowance for doubtful accounts	-	-
Subtotal	91,784	128,662
Total	$3,377,269	$4,361,474

Accounts receivables were not pledged.

Trade receivables are generally on 15-120 day terms. Accounts receivables amounted to NT$ 3,421,697 thousand and NT$ 4,439,151 thousand as at 31 December 2020 and 2019. Please refer to Note 6.(19) for more details on impairment of trade receivables for the year ended 31 December 2020 and 2019 and please refer to Note 12 for credit risk disclosure.

6. Inventories

Details are as follows:

	31 Dec. 2020	31 Dec. 2019
Raw materials	$514,055	$529,261
Supplies and parts	216,141	220,589
Work in process	496,639	492,620
Finished goods	1,339,441	1,247,167
Merchandise	97,615	93,970
Net	$2,663,891	$2,583,607

The cost of inventories recognized in expenses amounted to NT$13,880,338 thousand and NT$16,210,902 thousand for the year ended 31 December 2020 and 2019, respectively, including the write-down of inventories of NT$(12,141) thousand and write-down of inventories gain from price recovery of NT$359 thousand for the year ended 31 December 2020 and 2019, respectively.

Inventories were not pledged.

7. Investments Accounted For Under The Equity Method

(1) Details are as follows:

	31 Dec. 2020		31 Dec. 2019	
Investee Company	Amount	Percentage of ownership	Amount	Percentage of ownership
Unlisted company				
TUNG YANG CHEMICAL CO., LTD.	$121,034	40.00%	$130,296	40.00%
C&D CAPITAL CORPORATION.	8,171	33.34%	26,926	33.34%
CHINA INTERNATIONAL INVESTMENT CO., LTD. (Note)	-	-%	1,072	33.34%
C&D II CAPITAL CORPORATION.	91,373	42.53%	125,822	42.53%
CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	1,872,020	49.00%	1,734,370	49.00%
CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	546,529	49.00%	575,759	49.00%
DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	347,907	45.00%	326,658	45.00%
NBC (WUHAN) CO., LTD.	258,878	40.00%	220,830	40.00%
NBC (NANJING) CO., LTD.	72,050	40.00%	76,059	40.00%
NBC (TIANJIN) CO., LTD.	116,030	40.00%	116,459	40.00%
TIANJIN BINHAI NBC CO., LTD.	79,677	40.00%	74,358	40.00%
WUHAN XIANG XING AUTO PARTS CO., LTD.	100,260	25.00%	100,472	25.00%
NBC (CHANGCHUEN) CO., LTD.	-	40.00%	-	40.00%
NBC (GUANGZHOO) CO., LTD.	313,386	40.00%	261,341	40.00%
WU'S PLASTICS CO.,LTD.(literal translation)	14,941	50.00%	-	-%
Total	$3,942,256		$3,770,422	

Note: CHINA INTERNATIONAL INVESTMENT CO., LTD. was disposed in November 2020.

(2)The Group's investments in the associates are not individually material. The related share of investment from the associates amounted to NT$3,942,256 thousand and NT$3,770,422 thousand for the years ended 31 December 2020 and 2019.

The aggregate financial information of the Group's investments in associates is as follows:

	2020	2019
Profit or loss from continuing operations	$393,279	$356,338
Other comprehensive income (post-tax)	15,408	(96,849)
Total comprehensive income	$408,687	$259,489

(3) Related long-term investments accounted for under the equity method: CHINA INTERNATIONAL INVESTMENT CO., LTD., C&D CAPITAL CORPORATION, and C&D Ⅱ CAPITAL CORPORATION, were based on other auditors' audit reports. The investments under equity method amounted to NT$99,544 thousand and NT$153,820 thousand as of 31 December 2020 and 2019; the related share of investment income from the associates and joint ventures amounted to NT$(26,928) thousand and NT$480 thousand for the years ended 31 December 2020 and 2019; the related share of other comprehensive income from the associates and joint ventures amounted to NT$(7,401) thousand and NT$(2,346) thousand of the consolidated total comprehensive income for the years ended 31 December 2020 and 2019.

(4) The associates had no contingent liabilities or capital commitments and investment in the associates were not pledged as of 31 December 2020 and 2019.

8. Property, plant and equipment

	31 Dec. 2020	31 Dec. 2019
Owner occupied property, plant and equipment	$19,457,694	$ 20,386,583

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
Cost:											
1 Jan. 2020	$3,981,274	$7,520,644	$8,140,185	$12,192,437	$135,369	$456,443	$536,692	$749,532	$850	$662,272	$34,375,698
Addition	9,808	35,061	219,718	1,538,968	13,892	27,874	38,030	52,394	135	275,247	2,211,127
Disposal	-	(51,013)	(686,571)	(1,406,387)	(20,533)	(48,443)	(34,930)	(123,276)	(850)	-	(2,372,003)
Exchange difference	(743)	(1,818)	19,300	5,686	91	170	526	1,006	-	(528)	23,690
Transfer	-	554,889	38,577	591	2,908	-	-	(1,496)	-	(751,850)	(156,381)
31 Dec. 2020	$3,990,339	$8,057,763	$7,731,209	$12,331,295	$131,727	$436,044	$540,318	$678,160	$135	$185,141	$34,082,131
1 Jan. 2019	$3,979,488	$6,948,863	$8,543,922	$11,527,408	$148,650	$422,526	$477,283	$790,208	$3,910	$1,065,246	$33,907,504
Addition	2,077	37,994	595,828	1,888,222	13,584	76,201	99,269	97,339	-	355,612	3,166,126
Disposal	-	(142,865)	(944,332)	(1,246,157)	(25,361)	(41,090)	(37,650)	(133,060)	(3,060)	-	(2,573,575)
Exchange difference	(291)	(73,467)	(55,233)	22,964	(1,504)	(1,194)	(2,210)	(4,955)	-	(8,467)	(124,357)
Transfer	-	750,119	-	-	-	-	-	-	-	(750,119)	-
31 Dec. 2019	$3,981,274	$7,520,644	$8,140,185	$12,192,437	$135,369	$456,443	$536,692	$749,532	$850	$662,272	$34,375,698
Depreciation and impairment:：											
1 Jan. 2020	$-	$2,476,159	$4,379,242	$6,079,660	$87,099	$229,981	$250,585	$485,539	$850	$-	$13,989,115
Depreciation	-	315,028	736,178	1,641,249	20,604	57,629	58,751	122,118	30	-	2,951,587
Disposal	-	(50,988)	(676,169)	(1,383,249)	(22,638)	(48,375)	(34,070)	(120,970)	(850)	-	(2,337,309)
Exchange difference	-	(3,995)	15,829	7,621	122	184	310	973	-	-	21,044
Transfer	-	(27)	-	(2)	(20)	-	27	22	-	-	-
31 Dec. 2020	$-	$2,736,177	$4,455,080	$6,345,279	$85,167	$239,419	$275,603	$487,682	$30	$-	$14,624,437

	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements	Construction in progress and equipment awaiting inspection	Total
1 Jan. 2019	$-	$2,353,040	$4,490,540	$5,609,048	$91,647	$205,407	$233,034	$472,507	$3,294	$-	$13,458,517
Depreciation	-	290,002	797,660	1,608,313	21,839	58,643	56,294	149,231	616	-	2,982,598
Disposal	-	(140,355)	(845,931)	(1,158,791)	(25,271)	(33,283)	(37,635)	(131,778)	(3,060)	-	(2,376,104)
Exchange difference	-	(25,420)	(63,027)	21,090	(1,116)	(786)	(1,108)	(4,421)	-	-	(74,788)
Other	-	(1,108)	-	-	-	-	-	-	-	-	(1,108)
31 Dec. 2019	$-	$2,476,159	$4,379,242	$6,079,660	$87,099	$229,981	$250,585	$485,539	$850	$-	$13,989,115
Net book value:											
31 Dec. 2020	$3,990,339	$5,321,586	$3,276,129	$5,986,016	$46,560	$196,625	$264,715	$190,478	$105	$185,141	$19,457,694
31 Dec. 2019	$3,981,274	$5,044,485	$3,760,943	$6,112,777	$48,270	$226,462	$286,107	$263,993	$-	$662,272	$20,386,583

The amount of capitalized interests and interest rates are as follows:

Items	2020	2019
Construction in progress	$9,118	$19,351
The interest rate interval of borrowing cost capitalization	0.64%~1.04%	1.05%~1.23%

Please refer to Note 8 for more details on property, plant and equipment under pledge.

9. Intangible assets

	Software	Other intangible assets	Goodwill	Total
Cost:				
1 Jan. 2020	$238,533	$3,259,269	$329,970	$3,827,772
Addition - acquired separately	23,824	319,083	-	342,907
Decrease	(14,328)	(484,998)	-	(499,326)
Transfer	-	156,381	-	156,381
Exchange differences	52	29,707	-	29,759
31 Dec. 2020	$248,081	$3,279,442	$329,970	$3,857,493
1 Jan. 2019	$223,781	$2,548,910	$329,970	$3,102,661
Addition - acquired separately	36,043	797,230	-	833,273
Decrease	(19,177)	(10,657)	-	(29,834)
Exchange differences	(2,114)	(76,214)	-	(78,328)
31 Dec. 2019	$238,533	$3,259,269	$329,970	$3,827,772
Amortization and impairment:				
1 Jan. 2020	$159,691	$2,054,299	$-	$2,213,990
Amortization	38,932	270,281	-	309,213
Impairment	-	161,912	10,320	172,232
Decrease	(32,830)	(263,521)	-	(296,351)
Exchange differences	35	22,574	-	22,609
31 Dec. 2020	$165,828	$2,245,545	$10,320	$2,421,693
1 Jan. 2019	$120,461	$1,857,219	$-	$1,977,680
Amortization	61,050	272,283	-	333,333
Decrease	(19,177)	(10,657)	-	(29,834)
Exchange differences	(2,643)	(64,546)	-	(67,189)
31 Dec. 2019	$159,691	$2,054,299	$-	$2,213,990
Net book value:				
31 Dec. 2020	$82,253	$1,033,897	$319,650	$1,435,800
31 Dec. 2019	$78,842	$1,204,970	$329,970	$1,613,782

Intangible assets amortization

	2020	2019
Included in cost of goods sold :		
Amortization	$251,650	$248,236
Included in sales and marketing expenses :		
Amortization	$16,350	$22,129
Included in general and administrative expenses :		
Amortization	$38,320	$59,632
Included in research and development expenses :		
Amortization	$2,893	$3,336

10. Impairment test of goodwill and uncertain useful life intangible assets

For the purpose of impairment test, goodwill acquired as a result of business combination has been allocated to the following two CGUs. The goodwill of assembly market related to total goodwill book value was not significant.

(1) Aftermarket-department A CGU.

(2) Assembly market-department B CGU.

The book value of goodwill allocated to CGU.

	Goodwill		
	Aftermarket-department A	Assembly market-department B	Total
31 Dec. 2020	$319,650	$-	$319,650
31 Dec. 2019	$319,650	$10,320	$329,970

After Market-Department A CGU

The recoverable amount $6,275,666 thousand and $3,129,670 thousand of Aftermarket-department A CGU is determined by value-in-use, and the value-in-use is calculated based on the five year cash flow forecast which is authorized by management. Cash flow forecast has been updated to reflect the fluctuation of related product demands. The discount rate used by cash flow forecast were 12.00% and 20.20% for the year ended 31 December 2020 and 2019, and the cash flow over five year period was projected by the growth rate based on past experiences and the long-term average growth rate of the related industry. Based on the updated analysis result, management considered that there were no impairment of goodwill in the amount of NT$319,650 thousand which have been amortized to the cash generated unit.

The key assumptions used to calculate value-in-use

The following assumptions were the most sensitive in the calculation of value-in-use of After Market-department A:

(1) Gross margin

(2) Discount rate

(3) Raw materials prices inflation

(4) Growth rate used to extrapolate cash flows beyond the budget period.

Gross profit margin - Gross profit margin is calculated by actual average gross profit margin of the past and recent market information according to financial budget period.

Maintenance market - department A: expected to use the average gross profit margin with slight increase each year as future economic output is expected to rise and taking into consideration the future industry changes.

Discount rate - Discount rate represents the market's assessment of every GCU's specific risk (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The calculation of discount rate was based on the specific situations of the Company and its operating departments, deriving from weight average capital costs (WACC). WACC considered both liability and equity. Equity costs derives from the expected return from the investment made by the investor of the Company, and the liability costs is based on the loans which the Company is obligated to repay. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

The rising price range of materials - The estimates are based on the recent prices published by the major suppliers and the actual material price fluctuation in the past.

Growth rate estimates - Growth rate is calculated based on historical sales data and future industry information. Long-term average growth rate of the maintenance market-department A is projected by taking into account these two factors.

Sensitivity of changes in assumptions

Regarding the evaluation of value-in-use of maintenance market - department A, the management believes that it is unlikely the aforementioned assumptions will change, which would make the unit's book value amount significantly higher than the recoverable amount.

11. Short-term Borrowings

	Interest rate range	31 Dec. 2020	Interest rate range	31 Dec. 2019
Unsecured Loans	2.00%~7.20%	$1,261,283	3.56%~6.62%	$1,511,899
Secured Loans	3.89%~5.44%	559,609	4.57%~5.44%	793,830
Total		$1,820,892		$2,305,729

Please refer to Note 8 for the detail of the assets pledged as collateral.

12. Short-term Notes and Bills Payable-net

	31 Dec. 2020		
Guarantors	Interest rate range	Amount	Pledge or Collateral
Commercial paper payable			
CHINA BILLS FINANCE CORPORATION	0.88%	$100,000	None
Less: Discount of commercial paper payable		(31)	
Net		$99,969	

31 Dec. 2019 : None

13. Bonds payable

	31 Dec. 2020	31 Dec. 2019
Secured and non-convertible bonds	$-	$600,000
Less: Current portion	-	(600,000)
Net	$-	$-

Secured and nonconvertible bonds payable:

(1) Details were as follows:

		31 Dec. 2020	31 Dec. 2019
28 Jan. 2015~28 Jan. 2020	1.35%	$-	$600,000
Less: Current portion		-	(600,000)
Net		$-	$-

(2) On 28 January 2015, the Company issued secured and nonconvertible bond amounted to NT$1,200,000 thousand with par rate of 1.35%. The interest will be paid every year starting from the date of issuance. The principal of bond shall be paid every year by 2 equal installments at NT$600,000 thousand starting from the 4th and 5th year after the date of issuance.

Installments	Installments date	Amount
1	Jan. 2019	$600,000
2	Jan. 2020	600,000
		$1,200,000

(3) As of 31 December 2020, 31 December 2019, the financial institutions have provided the Company with guarantee, which amounted to NT$0 thousand and NT$600,000 thousand, respectively, for the above bond issued.

14. Long-term Borrowing

Details are as follows:

Creditors	Period	31 Dec. 2020 Amount	31 Dec. 2020 Interest rate	Redemption
Unsecured Loan:				
Chang Hwa Bank	26 Dec. 2017~ 26 Dec. 2022	$75,000	1.06%	Principal is repaid by 2 semiannual payment of NT$150,000 thousand, starting from Jun. 2022. The company has repaid NT$225,000 thousand in 2020.
Chang Hwa Bank	26 Dec. 2018~ 26 Dec. 2023	200,000	1.06%	Principal is repaid by 2 semiannual payment of NT$100,000 thousand, starting from Jun. 2023.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	417,666	(Note)	Principal is repaid by 84 monthly payment of NT$4,972,214 dollars, with the last payment being NT$4,972,238 dollars, starting from Aug. 2022.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2026	110,924	(Note)	Principal is repaid by 48 monthly payment of NT$2,310,919 dollars, with the last payment being NT$2,310,807 dollars, starting from Aug. 2022.
Chang Hwa Bank	17 Dec. 2020~ 15 Dec. 2030	1,764	(Note)	Principal is repaid by 84 monthly payment of NT$21 thousand, starting from Jan. 2024.
Bank of Taiwan	25 Dec. 2020~ 25 Dec. 2022	160,000	0.95%	Bullet repayment on expiry date.

		31 Dec. 2020		
Creditors	Period	Amount	Interest rate	Redemption
Hua Nan Bank	26 Dec. 2017~ 26 Dec. 2022	150,000	1.07%	Principal is repaid by 2 semiannual payment of NT$150,000 thousand, starting from Jun. 2022. The company has repaid NT$150,000 thousand in 2019.
Hua Nan Bank	26 Dec. 2018~ 26 Dec. 2023	200,000	1.07%	Principal is repaid by 2 semiannual payment of NT$100,000 thousand, starting from Jun. 2023.
Hua Nan Bank	19 Aug. 2019~ 15 Sep. 2024	129,849	(Note)	Principal is repaid by 24 monthly payment of NT$5,410,376 dollars, with the last payment being NT$5,410,352 dollars, starting from Oct. 2022.
KGI Bank	25 Dec. 2020~ 25 Dec. 2023	400,000	0.89%	Bullet repayment on expiry date.
KGI Bank	20 Aug. 2019~ 15 Sep. 2024	10,000	(Note)	Principal is repaid by 25 monthly payment of NT$400 thousand, starting from Sep. 2022.
First Bank	24 Nov. 2020~ 24 Nov. 2022	410,000	0.95%	Bullet repayment on expiry date.
Yuanta Commercial Bank	9 Sep. 2020~ 8 Sep. 2022	130,000	0.95%	Bullet repayment on expiry date.
E. Sun Commercial Bank	3 Nov. 2020~ 3 Nov. 2023	110,000	0.82%	Bullet repayment on expiry date.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	487,277	(Note)	Principal is repaid by 84 monthly payment of NT$5,800,916 dollars, with the last payment being NT$5,800,972 dollars, starting from Aug. 2022.

		31 Dec. 2020		
Creditors	Period	Amount	Interest rate	Redemption
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	129,412	(Note)	Principal is repaid by 48 monthly payment of NT$2,696,086 dollars, with the last payment being NT$2,695,958 dollars, starting from Aug. 2022.
Taishin International Bank	31 Oct. 2020~ 31 Oct. 2022	250,000	0.95%	Bullet repayment on expiry date.
Mega Commercial Bank	8 Aug. 2020~ 7 Aug. 2022	120,000	0.99%	Bullet repayment on expiry date.
Bank Sinopac	11 Dec. 2020~ 31 Dec. 2022	70,000	1.03%	Bullet repayment on expiry date.
Cathay United Bank	30 Apr. 2020~ 30 Apr. 2022	100,000	0.95%	Bullet repayment on expiry date.
CTBC Bank	31 Oct. 2020~ 31 Oct. 2022	100,000	0.99%	Bullet repayment on expiry date.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	417,666	(Note)	Principal is repaid by 84 monthly payment of NT$4,972,212 dollars, with the last payment being NT$4,972,404 dollars, starting from Aug. 2022.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	120,105	(Note)	Principal is repaid by 48 monthly payment of NT$2,502,188 dollars, with the last payment being NT$2,502,164 dollars, starting from Aug. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2029	339,681	(Note)	Principal is repaid by 85 monthly payment of NT$3,996,273 dollars, with the last payment being NT$3,994,068 dollars, starting from Jul. 2022.

		31 Dec. 2020		
Creditors	Period	Amount	Interest rate	Redemption
O-bank	4 Jul. 2019~ 15 Jul. 2026	108,500	(Note)	Principal is repaid by 49 monthly payment of NT$2,215,052 dollars, with the last payment being NT$2,177,504 dollars, starting from Jul. 2022.
HSBC Bank	1 Apr. 2020~ 31 Mar. 2022	250,000	0.93%	Bullet repayment on expiry date.
Mizuho Corporate Bank	30 Jul. 2020~ 30 Jul. 2022	100,000	1.00%	Bullet repayment on expiry date.
DBS Bank	16 Oct. 2020~ 16 Oct. 2022	100,000	1.00%	Bullet repayment on expiry date.
BPM Bank	20 Dec. 2019~ 31 Dec. 2022	5,121 (EUR 146)	1.75%	Principal is repaid by 12 quarterly payments of EUR 17 thousand.
CTBC Bank	16 Dec. 2019~ 11 Nov. 2022	24,841 (RMB 5,700)	5.00%	Bullet repayment on expiry date.
Bank of Taiwan	11 Dec. 2020~ 24 Dec. 2022	85,524 (USD 3,000)	1.33%	Bullet repayment on expiry date.
KGI Bank	18 Nov. 2020~ 29 Sep. 2022	31,929 (USD 1,120)	2.00%	Bullet repayment on expiry date.
First Bank	15 Oct. 2020~ 14 Aug. 2022	111,181 (USD 3,900)	1.25% ~1.40%	Bullet repayment on expiry date.
CTBC Bank	8 Oct. 2020~ 31 Oct. 2022	83,243 (USD 2,920)	1.47% ~1.54%	Bullet repayment on expiry date.
Chang Hwa Bank	6 Jul. 2020~ 30 Apr. 2022	91,226 (USD 3,200)	1.10%	Bullet repayment on expiry date.
Taishin International Bank	11 Dec. 2020~ 31 May. 2022	126,290 (USD 4,430)	1.31% ~1.35%	Bullet repayment on expiry date.
E. Sun Commercial Bank	22 Sep. 2020~ 7 Jul. 2022	114,317 (USD 4,010)	1.34%	Bullet repayment on expiry date.
Hua Nan Bank	7 Dec. 2020~ 21 Oct. 2022	57,301 (USD 2,010)	1.25%	Bullet repayment on expiry date.
Subtotal		5,928,817		
Less: current portion		(2,538)		
Total		$5,926,279		

Creditors	Period	31 Dec. 2019 Amount	 Interest rate	Redemption
Unsecured Loan:				
Chang Hwa Bank	23 May. 2019~ 31 May. 2021	$150,000	1.12%	Bullet repayment on expiry date.
Chang Hwa Bank	26 Dec. 2017~ 26 Dec. 2022	300,000	1.31%	Principal is repaid by 2 semiannual payment of NT$150,000 thousand, starting from Jun. 2022.
Chang Hwa Bank	26 Dec. 2018~ 26 Dec. 2023	200,000	1.31%	Principal is repaid by 2 semiannual payment of NT$100,000 thousand, starting from Jun. 2023.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2029	178,544	(Note)	Principal is repaid by 84 monthly payment of NT$2,125,524 dollars, with the last payment being NT$2,125,508 dollars, starting from Aug. 2022.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2026	67,161	(Note)	Principal is repaid by 48 monthly payment of NT$1,399,189 dollars, with the last payment being NT$1,399,117 dollars, starting from Aug. 2022.
Bank of Taiwan	26 Dec. 2019~ 26 Dec. 2021	200,000	1.10%	Bullet repayment on expiry date.
Hua Nan Bank	26 Dec. 2017~ 26 Dec. 2022	150,000	1.35%	Principal is repaid by 2 semiannual payment of NT$150,000 thousand, starting from Jun. 2022. The company has repaid NT$150,000 thousand in 2019.
Hua Nan Bank	26 Dec. 2018~ 26 Dec. 2023	200,000	1.32%	Principal is repaid by 2 semiannual payment of NT$100,000 thousand, starting from Jun. 2023.
Hua Nan Bank	19 Aug. 2019~ 15 Sep. 2024	10,000	(Note)	Principal is repaid by 24 monthly payment of NT$416,667 dollars, with the last payment being NT$416,659 dollars, starting from Oct. 2022.
KGI Bank	28 Dec. 2018~ 28 Dec. 2021	180,000	1.05%	Bullet repayment on expiry date.

		31 Dec. 2019		
Creditors	Period	Amount	Interest rate	Redemption
KGI Bank	21 Dec. 2018~ 21 Dec. 2021	300,000	1.22%	Non-revolving credit, Bullet repayment on expiry date.
KGI Bank	20 Aug. 2019~ 15 Sep. 2024	10,000	(Note)	Principal is repaid by 25 monthly payment of NT$400 thousand, starting from Sep. 2022.
First Bank	20 Sep. 2019~ 20 Sep. 2021	310,000	1.10%	Bullet repayment on expiry date.
First Bank	26 Dec. 2017~ 26 Dec. 2022	100,000	1.36%	Principal is repaid by 2 semiannual payments of NT$150,000 thousand, starting from Jun. 2022.The company has repaid NT$200,000 thousand in 2019.
First Bank	28 Dec. 2018~ 28 Dec. 2023	200,000	1.30%	Principal is repaid by 2 semiannual payments of NT$100,000 thousand, starting from Jun. 2023.
Yuanta Commercial Bank	18 Jul. 2019~ 17 Jul. 2021	100,000	1.05%	Bullet repayment on expiry date.
E. Sun Commercial Bank	11 Nov. 2019~ 11 Nov. 2022	150,000	1.09%	Bullet repayment on expiry date.
E. Sun Commercial Bank	25 Dec. 2018~ 25 Dec. 2021	200,000	1.30%	Principal is repaid by 3 semiannual payments of NT$100,000 thousand, starting from Dec. 2020.The company has repaid NT$100,000 thousand in 2019.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	208,305	(Note)	Principal is repaid by 84 monthly payment of NT$2,479,822 dollars, with the last payment being NT$2,479,774 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	78,355	(Note)	Principal is repaid by 48 monthly payment of NT$1,632,397 dollars, with the last payment being NT$1,632,341 dollars, starting from Aug. 2022.

		31 Dec. 2019		
Creditors	Period	Amount	Interest rate	Redemption
Taishin International Bank	31 Oct. 2019~ 31 Oct. 2021	100,000	1.12%	Bullet repayment on expiry date.
Taishin International Bank	19 Dec. 2018~ 19 Dec. 2021	200,000	1.29%	Non-revolving credit, Bullet repayment on expiry date.
Mega Commercial Bank	8 Aug. 2019~ 7 Aug. 2021	150,000	1.12%	Bullet repayment on expiry date.
Bank Sinopac	31 Dec. 2019~ 31 Dec. 2021	100,000	1.10%	Bullet repayment on expiry date.
Cathay United Bank	29 May. 2019~ 30 Apr. 2021	70,000	1.14%	Bullet repayment on expiry date.
CTBC Bank	7 Dec. 2018~ 7 Dec. 2021	200,000	1.26%	Non-revolving credit, Bullet repayment on expiry date.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	178,544	(Note)	Principal is repaid by 84 monthly payment of NT$2,125,522 dollars, with the last payment being NT$2,125,674 dollars, starting from Aug. 2022.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	67,161	(Note)	Principal is repaid by 48 monthly payment of NT$1,399,187 dollars, with the last payment being NT$1,399,211 dollars, starting from Aug. 2022.
O-bank	8 Aug. 2014~ 15 Jul. 2021	17,638	0.95%	Principal is repaid by 17 quarterly payments of NT$5,883 thousand, with the last payment being NT$5,872 thousand, starting from Jul. 2017.
O-bank	27 Dec. 2018~ 27 Dec. 2022	160,000	1.38%	Principal is repaid by 5 quarterly payments of NT$80,000 thousand, starting from Dec. 2021.The company has repaid NT$240,000 thousand in 2019.
O-bank	4 Jul. 2019~ 15 Jul. 2029	148,790	(Note)	Principal is repaid by 85 monthly payment of NT$1,750,478 dollars, with the last payment being NT$1,749,848 dollars, starting from Jul. 2022.

Creditors	Period	31 Dec. 2019 Amount	 Interest rate	Redemption
O-bank	4 Jul. 2019~ 15 Jul. 2026	55,971	(Note)	Principal is repaid by 49 monthly payment of NT$1,143,007 dollars, with the last payment being NT$1,106,664 dollars, starting from Jul. 2022.
HSBC Bank	1 Apr. 2019~ 31 Mar. 2021	330,000	1.18%	Bullet repayment on expiry date.
Mizuho Corporate Bank	30 Jul. 2019~ 30 Jul. 2021	100,000	1.13%	Bullet repayment on expiry date.
DBS Bank	8 Nov. 2019~ 8 Nov. 2021	280,000	1.03%	Bullet repayment on expiry date.
HSBC Bank	30 Apr. 2019~ 30 Apr. 2021	21,075 (USD 700)	2.85%	Bullet repayment on expiry date.
Hua nan Bank	8 Oct. 2019~ 8 Oct. 2021	135,477 (USD 4,500)	2.86% ~2.88%	Bullet repayment on expiry date.
First Bank	15 Aug. 2019~ 15 Aug. 2021	100,554 (USD 3,340)	2.64% ~2.74%	Bullet repayment on expiry date.
Taipei Fubon Bank	15 Jul. 2019~ 21 Jun. 2021	30,106 (USD 1,000)	3.40%	Bullet repayment on expiry date.
CTBC Bank	16 Dec. 2019~ 11 Nov. 2021	17,296 (RMB 4,000)	5.00%	Bullet repayment on expiry date.
BPM Bank	20 Dec 2019~ 31 Dec 2022	6,763 (EUR 200)	1.75%	Principal is repaid by 12 quarterly payments of EUR 17 thousand.
Secured Loan:				
CHENGDU First Bank	24 Jan. 2017~ 24 Jan. 2020	2,075 (RMB 480)	5.46%	Principal is repaid by 4 semiannual payments of RMB 120 thousand for the first two years, and repaid by 4 quarterly payments of RMB 480 thousand, starting from the third year.
CHENGDU First Bank	9 Mar. 2017~ 9 Mar. 2020	1,729 (RMB 400)	5.46%	Principal is repaid by 4 semiannual payments of RMB 100 thousand for the first two years, and repaid by 4 quarterly payments of RMB 400 thousand, starting from the third year.
Subtotal		5,765,544		
Less: current portion		(5,617)		
Total		$ 5,759,927		

Please refer to Note 8 for the detail of the assets pledged as collateral.

Note：In 2019, the Group enter into contracts with designated banks in accordance with the "Project Loans Guidelines to Welcome Overseas Taiwanese Businesses to Return to Invest in Taiwan". The terms and conditions have been prescribed in accordance with the approval letter. The interest rates are based on the variable interest rate of the two-year fixed deposit of Chunghwa Post Co., Ltd minus 0.095% ~ 0.995%, and must not exceed the variable interest rates of the two-year fixed deposit of Chunghwa Post Co., Ltd plus 0.5 percentage points of annual interest.

15. Post-Employment Benefits

Defined contribution plan

The Group adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2020 and 2019 are NT$89,622 thousand and NT$124,916 thousand, respectively.

Defined benefits plan

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group contributes an amount equivalent to 2.73%～8% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before end of each year, the Group and subsidiaries make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT$79,099 thousand to its defined benefit plan during the 12 months beginning after December 31 2020.

The defined benefit obligations were expected to mature in 2031 to 2032 as of December 31 2020 and 2019, respectively.

Pension costs recognized in profit or loss are as follows:

	2020	2019
Current service cost	$921	$1,043
Net interest on the net defined benefit liabilities	4,059	6,396
Total	$4,980	$7,439

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 Dec. 2020	31 Dec. 2019	1 Jan. 2019
Defined benefit obligation	$1,079,810	$1,114,734	$1,120,471
Plan assets at fair value	(627,739)	(580,659)	(511,274)
Net defined benefit liabilities	$452,071	$534,075	$609,197

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2019	$1,120,471	$(511,274)	$609,197
Current service cost	1,043	-	1,043
Interest expense (income)	11,765	(5,369)	6,396
Subtotal	1,133,279	(516,643)	616,636
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(2,113)	-	(2,113)
Actuarial gains and losses arising from changes in financial assumptions	39,740	-	39,740
Experience adjustments	2,933	-	2,933
Remeasurements of the defined benefit assets	-	(18,176)	(18,176)
Subtotal	40,560	(18,176)	22,384
Payment of benefit obligation	(59,105)	59,105	-
Contribution by employer	-	(104,945)	(104,945)
As of 31 December 2019	$1,114,734	$(580,659)	$534,075
Current service cost	921	-	921
Interest expenses (income)	8,466	(4,407)	4,059
Subtotal	1,124,121	(585,066)	539,055
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	2,637	-	2,637
Actuarial gains and losses arising from changes in financial assumptions	45,314	-	45,314
Experience adjustments	(36,242)	-	(36,242)
Remeasurements ofthe defined benefit assets	-	(19,593)	(19,593)
Subtotal	11,709	(19,593)	(7,884)
Payment of benefit obligation	(56,020)	56,020	-
Contribution by employer	-	(79,100)	(79,100)
As of 31 December 2020	$1,079,810	$(627,739)	$452,071

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 Dec. 2020	31 Dec. 2019
Discount Rate	0.35%~0.39%	0.74%~0.76%
Expected rate of salary increase	2.00%	2.00%

	Jan. 1, 2020~ Dec. 31, 2020		Jan. 1, 2019~ Dec. 31, 2019	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount Rate increase by 0.5%	$-	$(60,726)	$-	$(67,080)
Discount Rate decrease by 0.5%	65,693	-	72,823	-
Rate of future salary increase by 0.5%	64,286	-	71,536	-
Rate of future salary decrease by 0.5%	-	(60,087)	-	(66,612)

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

16. Provision

	Sales returns and discounts
1 Jan. 2020 Balance	$1,449
Amounts recognized during the period	-
Amounts reversed during the period	-
31 Dec. 2020 Balance	$1,449
Current－31 Dec. 2020	$1,449
Non-current－31 Dec. 2020	$-
Current－31 Dec. 2019	$1,449
Non-current－31 Dec. 2019	$-
31 Dec. 2019 Balance	$1,449

17. Equity

(1)Common stock

As of 31 December 2020 and 2019, TONG YANG INDUSTRY CO., LTD.'s registered capital was all NT$8,000,000 thousand with par value at NT$10 per share, and had 591,477 thousand common shares, 591,477 thousand common shares authorized to be issued, respectively. Each share has the right to vote and receive dividends.

(2)Capital surplus

	As at	
	31 Dec. 2020	31 Dec. 2019
Common stock	$232,190	$232,190
Bond conversion	695,219	695,219
Treasury stock transactions	93,950	93,950
Difference between acquisition of subsidiaries' share and book value	6,032	6,032
Changes in ownership interests in subsidiaries	3,712	3,712
Share of comprehensive income of associate and joint ventures accounted for under the equity method	90,302	90,302
Premium from merger	2,960,398	2,960,398
Other	67,751	67,660
Total	$4,149,554	$4,149,463

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Retained earnings and dividend policies

The Company’s Articles of Incorporation provide that the current net income, after deducting the previous years’ losses, shall appropriate 10% as legal reserve and special reserve according to the company laws and other regulations of R.O.C. If there is still more than the accumulated undistributed income in the previous year, the board of directors shall propose a income distribution proposal. When issuing new shares, it should be submitted to the shareholders meeting for resolution. The board of directors of the Company is able to distribute more than two-thirds of the directors and more than half of the directors' resolutions, and for all or part of the dividends and bonuses, which is a part of the legal reserve or capital surplus, shall be distributed in cash and reported to the board of directors.

According to the R.O.C. Company Act, the Company’s net income, after deducting previous years’ losses, if any, is appropriated as legal reserve prior to any distribution until such reserve is equal to the Company’s paid-in capital. The Company Act provides that where legal reserve may be distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

On a public company’s first-time adoption of the TIFRS, for any unrealized revaluation gain and cumulative translation adjustments (gains) recorded to shareholders’ equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside an equal amount of special reserve. Following a company’s adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve based on the difference between the amount already set aside and the total debit balance of other shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed.

The appropriations of earnings for 2020 were resolved at the board of directors’ meeting on 23 March 2021. The appropriations of earning for 2019 were resolved at the general shareholders’ meeting on 19 June 2020. The plans were as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$82,602	$196,679		
Special reserve (reversed)	61,221	(62,343)		
Common stock -cash dividend	473,182	1,064,658	NT$0.80/ per share	NT$1.80/ per share
Total	$617,005	$1,198,994		

Please refer to Note 6.(21) for relevant information on estimation basis and recognized amount of employees compensations and remunerations to directors and supervisors.

(4) Non-controlling interests:

	2020	2019
Balance as of 1 January	$767,827	$926,033
Attributable to non-controlling interests net income	(77,022)	(129,103)
Attributable to non-controlling interests other comprehensive income:		
Exchange differences resulting from translating the financial statements of foreign operations	3,476	(19,489)
Remeasurements of defined benefit plans	177	(598)
Other	(6,311)	(9,016)
Balance as of 31 December	$688,147	$767,827

18. Sales Revenue

	2020	2019
Sales - Finished goods	$14,433,944	$17,946,344
Sales - Merchandise	2,269,921	2,870,954
Sales - Others	619,121	796,382
Total	$17,322,986	$21,613,680

Analysis of revenue from contracts with customers during the year is as follows:

(1) Disaggregation of revenue

For the year ended 31 December 2020:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	$4,449,029	$9,984,915	$14,433,944
Sales - Merchandise	76,817	2,193,104	2,269,921
Sales - Others	531,366	87,755	619,121
Total	$5,057,212	$12,265,774	$17,322,986
Timing of revenue recognition :			
At a point in time	$5,057,212	$12,265,774	$17,322,986

For the year ended 31 December 2019:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	$4,937,024	$13,009,320	$17,946,344
Sales - Merchandise	137,311	2,733,643	2,870,954
Sales - Others	662,572	133,810	796,382
Total	$5,736,907	$15,876,773	$21,613,680
Timing of revenue recognition :			
At a point in time	$5,736,907	$15,876,773	$21,613,680

(2) Contract balances

A. Contract assets - current

	31 Dec. 2020	31 Dec. 2019	1 Jan. 2019
Sales of goods	$128,868	$176,260	$319,187
Less: loss allowance	-	-	-
Total	$128,868	$176,260	$319,187

The significant changes in the Group's balances of contract assets during the year ended 31 December 2020 and 2019 are as follows:

	2020	2019
The opening balance transferred to trade receivables	$(175,687)	$(317,085)
The current contract consideration has not yet been unconditionally charged	128,295	174,158

B. Contract liabilities - current

	31 Dec. 2020	31 Dec. 2019	1 Jan 2019
Sales of goods	$166,319	$93,991	$146,583

The significant changes in the Group's balances of contract liabilities for the year ended 31 December 2020 and 2019 are as follows:

	2020	2019
The opening balance transferred to revenue	$(73,343)	$(118,715)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	145,671	66,123

19. Expected credit losses / (gains)

	2020	2019
Operating Expense- Expected credit losses		
Notes Receivables	$(5,142)	$5,400
Accounts Receivables	17,322	(10,462)
Total	$12,180	$(5,062)

Please refer to Note 12 for more details on credit risk.

The credit risk for measured at amortized cost is assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses.As the Group transacts with are financial institutions with good credit, no allowance for losses has been provided in this period.

The Group measures the loss allowance of its Contract Assets and Trade Receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2020 and 2019 is as follows:

The Group considers that the credit loss is actually included in the impairment loss except for individual customers by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using provision matrix, details are as follow:

As at 31 December 2020

		Overdue					
	Not yet due	<=30 days	31-90 days	91-180days	181-360 days	>=360 days	Total
Gross carrying amount	$3,313,058	$179,984	$17,358	$1,104	$94	$15,761	$3,527,359
Loss ratio	0.5%	0.5~1%	2~8%	9~15%	15~70%	100%	
Lifetime expected credit losses	26,750	1,573	809	124	62	15,761	45,079
Carrying amount	$3,286,308	$178,411	$16,549	$980	$32	$-	$3,482,280

As at 31 December 2019

		Overdue					
	Not yet due	<=30 days	31-90 days	91-180days	181-360 days	>=360 days	Total
Gross carrying amount	$4,071,225	$380,776	$64,451	$6,538	$6,055	$38,335	$4,567,380
Loss ratio	0.5%	0.5~1%	2~4%	5~25%	25~60%	100%	
Lifetime expected credit losses	34,713	2,923	2,360	1,607	3,578	38,335	83,516
Carrying amount	$4,036,512	$377,853	$62,091	$4,931	$2,477	$-	$4,483,864

The movement in the provision for impairment of note receivables and trade receivables during the year ended 2020 and 2019 is as follows:

	Contract assets	Note receivables	Trade receivables
1 Jan. 2020	$-	$5,839	$77,677
Addition/(reversal) for the current period	-	(5,142)	17,322
Write off	-	-	(50,427)
Exchange difference	-	(46)	(144)
31 Dec. 2020	$-	$651	$44,428

	Contract assets	Note receivables	Trade receivables
1 Jan. 2019	$-	$651	$90,147
Addition/(reversal) for the current period	-	5,400	(10,462)
Write off	-	-	-
Exchange difference	-	(212)	(2,008)
31 Dec 2019	$-	$5,839	$77,677

20. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land,molding equipment, and other equipment. The lease terms range from 2 to 50 years.

The Group's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(a) Right-of-use assets
The carrying amount of right-of-use assets

	As at	
	31 Dec. 2020	31 Dec. 2019
Land	$294,995	$313,482
Molding equipment	4,712	9,425
Other equipment	13,536	17,403
Total	$313,243	$340,310

For the year ended 31 December 2020 and 2019, the Group's additions to right-of-use assets amounting to NT$4,913 thousand and NT$20,487 thousand.

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(b) Lease liabilities

	As at	
	31 Dec. 2020	31 Dec. 2019
Lease liabilities	$60,862	$76,507
Current	19,741	20,025
Non-current	41,121	56,482
Total	$60,862	$76,507

Please refer to Note 6.(22) for the interest on lease liabilities recognized for the year ended 31 December 2020 and 2019 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2020 and 2019.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2020	2019
Land	$25,143	$25,306
Molding equipment	4,713	4,713
Other equipment	3,867	3,914
Total	$33,723	$33,933

C. Income and costs relating to leasing activities

	2020	2019
The expenses relating to short-term leases	$796	$726
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	2,061	879
Total	$2,857	$1,605

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group recognized in other income for the year ended 31 December 2020 were NT$2,187 thousand, to reflect changes in lease payments that arise from such rent concessions to which the the Group has applied the practical expedient.

D. Cash outflow relating to leasing activities

For the year ended 31 December 2020 and 2019, the Group's total cash outflows for leases amounting to NT$21,362 thousand and NT$20,879 thousand.

21. For the year ended 31 December 2020 and 2019, the Group's personnel, depreciation and amortization expenses are summarized as follows:

Function / Character	2020			2019		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Salaries	$1,428,555	$1,007,484	$2,436,039	$1,642,657	$1,131,376	$2,774,033
Insurances	160,356	97,039	257,395	188,254	103,363	291,617
Pensions	50,444	44,158	94,602	74,855	57,500	132,355
Other personnel expenses	78,928	64,062	142,990	89,384	83,273	172,657
Depreciations	2,689,175	296,135	2,985,310	2,749,194	267,337	3,016,531
Amortization	251,650	57,563	309,213	248,236	85,097	333,333

According to the resolution, if the Company's annual profit is more than NT$500,000 thousand, NT$5,000 thousand is distributable as employees' compensation and NT$15,000 thousand is distributable as remuneration to directors and supervisors; if the Company's annual profit is less than NT$500,000 thousand then 1% of profit of the current year is distributable as employees' compensation and no higher than 3% profit of the current year is distributable as remuneration to directors and supervisors.

However, the Company's accumulated losses shall have been covered (if any). The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and remuneration to directors and supervisors is available from the "Market Observation Post System" on the website of the TWSE.

Based on the profit level, the Company estimated NT$5,000 thousand employees' compensation and NT$15,000 thousand remuneration to directors and supervisors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 23 March 2021 to distribute NT$ 5,000 thousand and NT$15,000 thousand in cash as employee's compensation and remuneration to directors and supervisors, respectively.

There is no significant difference between the actual employee bonuses and remuneration to directors and supervisors distributed from the 2019 earnings and the estimated amount in the financial statements for the year ended 2019.

22. Non-operating income and expenses

(1) Other income

	2020	2019
Rent income	$8,627	$3,572
Interest income	6,327	7,665
Dividend income	22,969	17,479
Other income-other	411,461	106,658
Total	$449,384	$135,374

(2) Other gains and losses

	2020	2019
Gain on disposal of property, plant and equipment	$16,915	$5,015
(Loss) on disposal of Intangible assets	(7,466)	-
Foreign exchange (loss) - net	(202,008)	(115,905)
Other losses	(153,184)	(9,668)
Total	$(345,743)	$(120,558)

(3) Finance costs

	2020	2019
Interest expenses:		
Interest on borrowings from bank	$(150,399)	$(168,746)
Interest on bonds payable	(588)	(8,688)
Interest on lease liabilities	(804)	(612)
Subtotal	(151,791)	(178,046)
Total	$(151,791)	$(178,046)

23. Components of other comprehensive income

Year ended Dec. 31, 2020	Arising during the period	Reclassification	Other comprehensive income, net of tax	Tax Benefit (Expense)	Net of Tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans	$8,169	$-	$8,169	$(1,577)	$6,592
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	(81,481)	-	(81,481)	-	(81,481)
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	9,896	-	9,896	(1,284)	8,612
Share of other comprehensive income (loss) of associates and joint ventures	18,904	-	18,904	(3,781)	15,123
Total other comprehensive income	$(44,512)	$-	$(44,512)	$(6,642)	$(51,154)

Year ended Dec. 31, 2019	Arising during the period	Reclassification	Other comprehensive income, net of tax	Tax Benefit (Expense)	Net of Tax
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements of defined benefit pension plans	$(22,709)	$-	$(22,709)	$4,477	$(18,232)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	243,405	-	243,405	-	243,405
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(122,514)	-	(122,514)	18,484	(104,030)
Share of other comprehensive income (loss) of associates and joint ventures	(120,653)	-	(120,653)	24,131	(96,522)
Total other comprehensive income	$(22,471)	$-	$(22,471)	$47,092	$24,621

24. Income Tax

The major components of income tax expense (income) are as follows:

Income tax recorded in profit or loss

	2020	2019
Current income tax expense (benefit):		
Current income tax charge	$165,243	$501,799
Adjustments in respect of current income tax of prior Periods	(307)	1,445
Deferred income tax expense (benefit):		
Deferred income tax expense (benefit) related to origination and reversal of temporary differences	(30,850)	(5,984)
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	8,084	4,962
Total Income tax expense	$142,170	$502,222

Income tax relating to components of other comprehensive income

	2020	2019
Deferred income tax expense (benefit):		
Exchange differences on translation of foreign operations	$5,065	$(42,615)
Remeasurements of the defined benefit plan	1,577	(4,477)
Income tax relating to components of other comprehensive income	$6,642	$(47,092)

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	2020	2019
Accounting profit before tax from continuing operations	$884,757	$2,357,543
Tax at the domestic rates applicable to profits in the country concerned	193,136	502,373
Tax effect of revenues exempt from taxation	(46,939)	(20,788)
Tax effect of expenses not deductible for tax purposes	5,403	4,997
Tax effect of deferred tax assets/liabilities	(21,145)	14,195
Corporate income surtax on undistributed retained earnings	2	-
Adjustments in respect of current income tax of prior periods	(306)	1,445
Others	12,019	-
Total income tax expenses recorded in profit or loss	$142,170	$502,222

Significant components of deferred income tax assets and liabilities are as follows:

<u>For the year ended December 31, 2020</u>

	As of 1 Jan. 2020	Recognized in income	Recognized in other comprehensive income	Recognized in equity	Exchange differences	As of 31 Dec. 2020
Temporary differences						
Allowance for inventory valuation losses	$10,875	$2,624	$-	$-	$1	$13,500
Unrealized exchange (gain)	13,151	(6,710)	-	-	-	6,441
Unrealized sales returns and discounts	4,840	2,579	-	-	-	7,419
Unrealized gross profits	1,741	(316)	-	-	-	1,425
Valuation foreign investment under equity method (gain)	(330,321)	42,852	-	-	-	(287,469)
Valuation foreign investment under equity method Loss	6,758	14,661	-	-	-	21,419
Unrealized pension expenses	51,703	(14,824)	-	-	-	36,879
Loss from defined benefit plan	34,085	-	(1,577)	-	-	32,508
Goodwill	(39,779)	(4,262)	-	-	-	(44,041)
Exchange differences on translation of foreign operations	53,463	-	(5,065)	-	-	48,398
Impairment loss of financial assets carried at cost	1,031	-	-	-	-	1,031
Compensated absences provisions	15,168	-	-	-	-	15,168
Impairment loss of assets	2,952	-	-	-	23	2,975
Depreciation	5,714	-	-	-	47	5,761
Amortization	21,420	-	-	-	177	21,597
Difference between acquisition of subsidiaries' share and book value	28,293	-	-	-	-	28,293
Depreciation difference for tax purpose	-	(30,621)	-	-	1,286	(29,335)
Unused tax losses	-	16,783	-	-	(704)	16,079
Deferred income tax (expenses)		22,766	(6,642)	-	830	
Deferred tax assets and liability net	$(118,906)					$(101,952)
As presented on the financial statement:						
Deferred tax assets	$251,194					$258,893
Deferred tax liabilities	$(370,100)					$(360,845)

For the year ended December 31, 2019

	As of 1 Jan. 2019	Recognized in income	Recognized in other comprehensive income	Recognized in equity	Exchange differences	As of 31 Dec. 2019
Temporary differences						
Allowance for inventory valuation losses	$15,395	$(4,544)	$-	$-	$24	$10,875
Unrealized exchange (gain)	1,597	11,554	-	-	-	13,151
Unrealized sales returns and discounts	6,581	(1,741)	-	-	-	4,840
Unrealized gross profits	1,521	220	-	-	-	1,741
Valuation foreign investment under equity method (gain)	(355,479)	25,158	-	-	-	(330,321)
Valuation foreign investment under equity method Loss	7,967	(1,209)	-	-	-	6,758
Unrealized pension expenses	71,204	(19,501)	-	-	-	51,703
Loss from defined benefit plan	29,608	-	4,477	-	-	34,085
Goodwill	(35,517)	(4,262)	-	-	-	(39,779)
Exchange differences on translation of foreign operations	8,728	2,120	42,615	-	-	53,463
Impairment loss of financial assets carried at cost	8,113	(7,082)	-	-	-	1,031
Compensated absences provisions	14,928	240	-	-	-	15,168
Allowance for doubtful debts	1,308	(1,317)	-	-	9	-
Impairment loss of assets	3,053	-	-	-	(101)	2,952
Depreciation	5,910	-	-	-	(196)	5,714
Amortization	20,779	1,386	-	-	(745)	21,420
Difference between acquisition of subsidiaries' share and book value	28,293	-	-	-	-	28,293
Deferred income tax (expenses)		1,022	47,092	-	(1,009)	
Deferred tax assets and liability net	$(166,011)					$(118,906)
As presented on the financial statement:						
Deferred tax assets	$224,985					$251,194
Deferred tax liabilities	$(390,996)					$(370,100)

The assessment of income tax returns

As of 31 December 2020, the Company and subsidiaries' income tax filings are as follows:

	The assessment of income tax returns
The Company	2018
Subsidiary－RU YANG INDUSTRIAL CO., LTD.	2018
Subsidiary－DING CHUNG INDUSTRY CO., LTD.	2018

25. Earnings per share

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after adjusting for interest on the convertible bonds payable) by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2020	2019
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$819,609	$1,984,424
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477
Basic earnings per share (NT$)	$1.39	$3.36
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$819,609	$1,984,424
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477
Effect of dilution:		
Employee bonus－stock (in thousands)	128	107
Weighted average number of ordinary shares outstanding after dilution (in thousands)	591,605	591,584
Diluted earnings per share (NT$)	$1.39	$3.35

During the reporting date and the date the financial statement was prepared, no other transactions affected the common shares and dilutive potential ordinary shares.

VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follow:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
TUNG YANG CHEMICAL CO., LTD. (TUNG YANG CHEMICAL)	Associate
CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	Associate
CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Associate
DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD. (DAIKYO NISHIKAWA TONG YANG)	Associate
NBC (WUHAN) CO., LTD.	Associate
WUHAN XIANG XING AUTO PARTS CO., LTD. (WUHAN XIANG XING)	Associate
NBC (GUANGZHOO) CO., LTD. (NBC (GUANGZHOO))	Associate
TAI Plus LLC	Other related party

Significant related party transactions

(1) Sales

	2020	2019
Associates industries	$244,844	$420,040

The prices and payment conditions are the same between associates industries and non-related parties.

(2) Purchases

	2020	2019
Associates industries	$214,055	$319,511

The prices and payment conditions are the same between associates industries and non-related parties.

(3) Accounts Receivables - Related parties

	Dec. 31, 2020	Dec. 31, 2019
Associates industries	$91,784	$128,662

(4) Accounts Payables - Related parties

	Dec. 31, 2020	Dec. 31, 2019
Associates industries	$67,338	$77,663

(5) Key management personnel compensation

	2020	2019
Short-term employee benefits	$71,750	$73,144
Post-employment benefits	108	107
Total	$71,858	$73,251

(6) Other

The amount of service fees paid by the Group to an other related party for the year ended 31 December 2020 and 2019 were NT$14,284 thousand and NT$13,013 thousand, respectively.

VIII. ASSETS PLEDGED AS COLLATERAL

	Amount		
Item	31 Dec. 2020	31 Dec. 2019	Purpose of pledge
Financial assets measured at amortized costs-time deposits	$18,098	$18,728	Tax refund and guarantee
Financial assets measured at amortized cost- restricted deposits	2,876	-	Notes payables
Notes receivables	34,468	-	Notes payables
Property, plant and equipment-Land	225,647	225,647	Bank loans
Property, plant and equipment-Buildings	1,016,793	788,057	Bank loans
Right-of-use asset	178,117	183,235	Bank loans
Total	$1,475,999	$1,215,667	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

1. As of 31 December 2020, the Company was involved in the following activities that were not shown in the financial statements:

(1) Unused letters of credit (in thousands)

Currency	31 Dec. 2020
USD	$787
NTD	71,059

(2) The financial institution provided a guarantee of NTD$66,900 thousand to the Company’s vendors for securing the Company’s purchases from them.

2. As of 31 December 2020, the related parties, FUZHOU TONG YANG, GUANGZHOU TONG YANG TATEMATSU, XIANGYANG TONG YANG, DA JIANG YU QIANG, DA JIANG TONG YANG, TONG YANG HOLDING CORPORATION and NANJING TONG YANG borrowed from the financial institution and the Company issued "letter of support" to the financial institution stating that the Company will continue to assist the affiliated institutions to sustain a satisfactory financial position until the related bank borrowings have been paid off.

3. As of 31 December 2020, the related parties, FUSHUN TONG YANG borrowed from the financial institution and the TONG YANG HOLDING CORPORATION issued "letter of support" to the financial institution stating that the Company will continue to assist the affiliated institutions to sustain a satisfactory financial position until the related bank borrowings have been paid off.

4. As of 31 December 2020, the Company has entered into a binding contract for the first quarter of 2021 with CHINA STEEL CORPORATION. The contract price is NT$176,129 thousand. The Company has already drawn up a guarantee note of NT$17,500 thousand.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

Recently the wide spread of the COVID-19 pandemic has resulted in measures such as lockdown, quarantines and traffic controls taking effect in some part of the world where the Group's customers operate, which adversely affected the Group's business and financial condition in the current year. However, as various regions gradually lifted the lockdowns, the impact of the epidemic on the Group has gradually reduced. Because of the significant uncertainties surrounding the future development of the COVID-19 outbreak, the extent of its business and the related financial impact cannot be reasonably predicted at this time.

XII. OTHER

1. Categories of financial instruments

Financial Assets

	31 Dec. 2020	31 Dec. 2019
Financial assets at fair value through other comprehensive income	$438,536	$520,017
Financial assets measured at amortized cost:		
Cash and cash equivalents (excludes cash on hand)	1,533,476	1,175,031
Financial assets measured at amortized cost	48,364	29,265
Notes receivables	105,011	122,390
Accounts receivables(related parties included)	3,377,269	4,361,474
Other receivables	93,327	166,160
Total	$5,595,983	$6,374,337

Financial Liabilities

	31 Dec. 2020	31 Dec. 2019
Financial liabilities at amortized cost:		
Short-term loans	$1,820,892	$2,305,729
Payables	4,081,619	4,199,110
Bonds payables (current portion included)	-	600,000
Lease liabilities	60,862	76,507
Long-term loans(current portion included)	5,928,817	5,765,544
Total	$11,892,190	$12,946,890

2. Financial risk management objectives and policies

The Group's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity instruments related risks).

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly affected by USD. Sensitivity analysis is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2020 and 2019 decreases/increases by NT$19,262 thousand and NT$18,763 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates.

At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2020 and 2019 to decrease/increase by NT$ 6,216 thousand and NT$6,966 thousand, respectively.

Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

Please refer to Note 12.(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancement procedures, such as requesting for prepayment or insurance.

As of 31 December 2020 and 2019, accounts receivables from top ten customers represented 33% and 38% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

<u>Non-derivative financial instruments</u>

	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	Total
31 Dec. 2020					
Loans	$1,947,483	$2,923,983	$1,369,121	$1,682,391	$7,922,978
Notes and bills payables	99,969	-	-	-	99,969
Payables	3,981,650	-	-	-	3,981,650
Lease liabilities	20,587	15,587	14,771	11,170	62,115
31 Dec. 2019					
Loans	$2,482,184	$3,123,290	$945,306	$1,765,392	$8,316,172
Payables	4,199,110	-	-	-	4,199,110
Bonds payables	600,675	-	-	-	600,675
Lease liabilities	20,030	19,350	14,350	24,739	78,469

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2020:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
1 Jan. 2020	$2,305,729	$5,765,544	$76,507	$8,147,780
Cash flows	(484,837)	196,944	(20,558)	(308,451)
Non-cash change	-	-	4,913	4,913
Foreign exchange movement	-	(33,671)	-	(33,671)
31 Dec. 2020	$1,820,892	$5,928,817	$60,862	$7,810,571

Reconciliation of liabilities as at 31 December 2019:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
1 Jan. 2019	$2,000,902	$6,323,940	$76,287	$8,401,129
Cash flows	304,827	(550,964)	(20,267)	(266,404)
Non-cash change	-	-	20,487	20,487
Foreign exchange movement	-	(7,432)	-	(7,432)
31 Dec. 2019	$2,305,729	$5,765,544	$76,507	$8,147,780

7. Fair value of financial instruments

(1) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivables and accounts payable approximate their fair value due to their short maturities.

B. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities)

C. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

D. Other financial assets and financial liabilities' fair value are based on future cash flow discount estimations.

(2) Fair value measurement hierarchy for financial instruments

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Group.

8. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 - Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

31 Dec. 2020

	Level	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$438,536	$438,536

31 Dec. 2019

	Level	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$520,017	$520,017

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	Measured at fair value through other comprehensive income- stocks	Measured at fair value through other comprehensive income- stocks
	2020	2019
Beginning balances	$520,017	$276,612
Total gains and losses recognized:		
Amount recognized in OCI	(81,481)	243,405
Ending balances	$438,536	$520,017

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at 31 December 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income					
Stocks	Market approach	P/E ratio of similar entities	20.31~ 29.14	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's profit or loss by NT$42,854 thousand

As at 31 December 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income					
Stocks	Market approach	P/E ratio of similar entities	11.02~ 14.05	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's profit or loss by NT$51,002 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

9. Significant assets and liabilities denominated in foreign currencies

The Company's significant assets and liabilities denominated in foreign currencies are as follows:

Unit: thousands

	31 Dec. 2020		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	$72,456	28.508	$2,065,576
CNY	371,030	4.358	1,616,949
Non-monetary items:			
CNY	850,559	4.358	3,706,737
Financial Liabilities			
Monetary items:			
USD	$27,981	28.508	$797,682
CNY	682,185	4.358	2,972,962

	31 Dec. 2019		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	$97,317	30.106	$2,929,826
CNY	391,122	4.324	1,691,212
Non-monetary items:			
CNY	806,269	4.324	3,486,306
Financial Liabilities			
Monetary items:			
USD	$40,607	30.106	$1,222,514
CNY	720,331	4.324	3,114,711

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2020 and 2019, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT$(202,008) thousand, NT$(115,905) thousand, respectively.

The above information is disclosed based on the carrying amounts of the foreign currencies (after conversion to the functional currency).

10. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

11. Technical license agreement:

① According to a technical license agreement made between the Company and MAZDA MOTOR CORPORATION, starting on 1 March 2015, MAZDA shall provide technical information and assistance to the Company. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

② According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 11 March 2016, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts on instrument panels of GS BMC cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

③ According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 11 September 2017, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 4X45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

④ According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 19 March 2018, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 4B45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

⑤ According to a technical license agreement made between the Company and Hitachi Chemical CORPORATION (Now renamed to Showa Denko Materials Co., Ltd) on 17 July 2018, Hitachi shall provide technical information and relevant technical assistance regarding to all-plastic tailgate of cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

⑥ According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 15 March 2019, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 20MY 3X45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

⑦ According to a technical license agreement made between the Company and SUIRYO PLASTICS CORPORATION on 4 December 2020, SUIRYO shall provide technical information and relevant technical assistance regarding to automobile parts of 5A45 cars. Accordingly, the Company shall pay royalty under the term of payment state in the agreement.

XIII. ADDITIONAL DISCLOSURES

(1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

(a) Financing provided to others for the year ended 31 December 2020: Please refer to Attachment 2.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2020: Please refer to Attachment 3.

(c) Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 4.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2020: Please refer to Attachment 6.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2020: Please refer to Attachment 7.

(i) Financial instruments and derivative transactions: None.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 1.

(2) Information on investees:

Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2020: Please refer to Attachment 5.

(3) Investment in Mainland China:

(a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 8.

(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 2, Attachment 3 and Attachment 8.

(4) Information on major shareholders:

Name of major shareholders, number of shares held and proportion of shares held: Please refer to Attachment 9.

XIV. OPERATING SEGMENT INFORMATION

For management purposes, the Company is organized into business units based on its products and services and has two reportable segments as follows:

Assembly Market: Responsible for the required automobile parts of the car market of production and sales group.

Maintenance Market: Responsible for the production and sales of after-sales maintenance services market automobile parts.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

1. Segment information about profit and assets (loss and liabilities).

2020	Assembly Market	Maintenance Market	Adjustments and eliminations		Total
Revenue					
External customers	$5,057,212	$12,265,774	$-		$17,322,986
Inter-segment	-	-	-		-
Total revenue	$5,057,212	$12,265,774	$-		$17,322,986
Segment profit	$(198,544)	$1,160,323	$(77,022)	Note(1)	$884,757

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT$(77,022) thousand.

2019	Assembly Market	Maintenance Market	Adjustments and eliminations		Total
Revenue					
External customers	$5,736,907	$15,876,773	$-		$21,613,680
Inter-segment	-	-	-		-
Total revenue	$5,736,907	$15,876,773	$-		$21,613,680
Segment profit	$(218,273)	$2,704,919	$(129,103)	Note(1)	$2,357,543

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT$(129,103) thousand.

2. Product information:

Product	2020	2019
Homemade - steam locomotive parts - plastic parts	$11,463,669	$14,283,661
Homemade - the components of the steam locomotive - Iron	2,391,392	3,068,015
Purchased product	2,269,921	2,870,954
Others	1,198,004	1,391,050
Total	$17,322,986	$21,613,680

3. Geographic information:

From outside client revenue:

Country	2020	2019
Taiwan	$4,080,999	$4,917,542
China	3,234,641	3,764,888
America	6,030,309	7,816,409
Others	3,977,037	5,114,841
Total	$17,322,986	$21,613,680

Non-current assets:

Country	31 Dec. 2020	31 Dec. 2019
Taiwan	$17,770,013	$18,364,457
China	4,114,454	4,434,333
Others	857,977	911,867
Total	$22,742,444	$23,710,657

4. Important client information:

	2020	2019
Client A	$1,871,834	$3,182,661

Attachment 1: The business relationship, significant transactions and amounts between parent company and subsidiaries

No.(Note 1)	Related-party	Counter-party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	The Company	DING CHUNG INDUSTRY CO., LTD.	1	Sales	$82,695	Approximately 45-120 days from the date of sale	0.48%
0	The Company	TYG PRODUCTS	1	Sales	115,977	Approximately 90 days from the date of sale	0.67%
1	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD.	3	Sales	734,093	90 days after shipment	4.24%
1	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD.	3	Account receivables	142,969	90 days after shipment	0.40%
2	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	FUZHOU TONG YANG PLASTICS CO., LTD.	3	Sales	126,065	90 days after the invoice is opened	0.73%
2	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	FUZHOU TONG YANG PLASTICS CO., LTD.	3	Account receivables	87,696	90 days after the invoice is opened	0.25%
3	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	3	Other receivables	166,911	Financing	0.47%

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, interim cumulative balances are used as basis.

Attachment 2: Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period (Note 8)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)	Note
													Item	Value			
0	TONG YANG INDUSTRY CO., LTD.	FUZHOU TONG YANG PLASTICS CO., LTD.	Other receivables	Y	$102,980 (RMB 23,490)	$102,369 (RMB 23,490)	$-	-%	2	-	Need for operating	-	-	-	$2,167,125	$8,668,498	(Note 7)
0	TONG YANG INDUSTRY CO., LTD.	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Other receivables	Y	$24,349 (RMB 5,554)	$24,204 (RMB 5,554)	$-	-%	2	-	Need for operating	-	-	-	$2,167,125	$8,668,498	(Note 7)
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Other receivables	Y	$201,342 (RMB 47,000)	$167,783 (RMB 38,500)	$166,911 (RMB 38,300)	1.61%	2	-	Need for operating	-	-	-	$1,079,113 (USD 37,853)	$2,158,227 (USD 75,706)	(Note 7)
2	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	Other receivables	Y	$156,794 (USD 5,500)	$156,794 (USD 5,500)	$-	-%	2	-	Need for operating	-	-	-	$305,601	$407,468	(Note 7)

(Note 1) The financial information of the parent company and its subsidiaries are coded as follows:

(1) The parent company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) Limit of financing amount for individual counter-party:

(1) Limit of financing amount for individual counter-party shall not exceed the needed amount for operation.

(2) The Company：Limit of financing amount for individual counterparty shall not exceed 10% of the lender's net assets value as of the period.

TONG YANG HOLDING CORPORATION：Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

HOW BOND INVESTMENT CO.,LTD：Limit of financing amount for individual counterparty shall not exceed 30% of the lender's net assets value as of the period.

(Note 3) Limit of total financing amount shall not exceed 40% of the Company's net asset value.

(Note 4) The financing provided to others are coded as follows:

(1) Business contacts is coded "1".

(2) Short-term financing is coded "2".

(Note 5) If financing provided to others is coded "1" , the amount of business transactions should be filled in.

(Note 6) If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and objects.

(Note 7) The above transations were all made between consolidated entities in the Group and have been reversed.

(Note 8) The balance of which is at its maximum balance of financing provided to others in the current year.

(Note 9) The exchange rate of the US dollar to the NTD is 1:28.508.

The exchange rate of the RMB to the NTD is 1:4.358.

Attachment 3: Endorsement/Guarantee provided to others

No. (Note1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 6)	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China	Note
		Company name	Releationship (Note 2)											
1	TONG YANG HOLDING CORPORATION	DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	(6)	$1,079,113 (USD 37,853)	$151,250 (USD 5,000)	-	-	-	-%	$2,158,227 (USD 75,706)	N	N	Y	
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD	(2)	$1,079,113 (USD 37,853)	$761,696 (USD 11,000、RMB 98,000)	$742,308 (USD 8,000、RMB 118,000)	$359,029 (RMB 82,384)	-	13.76%	$2,158,227 (USD 75,706)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	(2)	$1,079,113 (USD 37,853)	$438,400 (RMB 100,000)	$435,800 (RMB 100,000)	$327,352 (RMB 75,115)	-	8.08%	$2,158,227 (USD 75,706)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD.	(2)	$1,079,113 (USD 37,853)	$122,752 (RMB 28,000)	$122,024 (RMB 28,000)	$122,024 (RMB 28,000)	-	2.26%	$2,158,227 (USD 75,706)	Y	N	Y	(Note 5)
2	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	(2)	$203,734	$131,520 (RMB 30,000)	$130,740 (RMB 30,000)	$13,074 (RMB 3,000)	-	12.83%	$407,468	Y	N	Y	(Note 5)

Note 1: The Company and its subsidiaries are coded as follows:

The Company is coded "0".

The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, the receiving parties shall be disclosed as one of the following:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50 % of the voting shares in the public company

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Limit of guarantee/endorsement amount for receiving party is 20% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2020.

Note 4: Limit of total guarantee/ endorsement amount is 40% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2020.

Note 5: The above transations were all made between consolidated entities in the Group and have been reversed.

Note 6: The balance of which is at its maximum balance of endorsement/guarantee provided to others in the current year.

Note 7: The exchange rate of US to NTD is 1:28.508.

The exchange rate of the RMB to the NTD is 1:4.358.

Attachment 4: Securities held as of 31 December 2020. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 31 December 2020				Note
				Shares(thousand)	Book value (thousands)	Percentage of ownership (%)	Fair value (Note2)	
TONG YANG INDUSTRY CO., LTD.	stock-FONG YUE CO.,LTD	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses - non-current	20	10,000	10.00%	500	
	stock-PRO FORTUNE INDUSTRAL,CO.,LTD	"	"	5,472	361,778	14.14%	66.11	
DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	stock-PRO FORTUNE INDUSTRAL,CO.,LTD	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses - non-current	1,010	66,758	2.61%	66.11	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.

Note 2: Financial asset measured at fair value through other comprehensive income-non current refers to the fair value per share after the comparable company's evaluation.

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2020: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 December 2020			Shareholding ratio* net value of the investee company at the end of the period	Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares(thousand)	Percentage of ownership (%)	Book value (Note3)				
TONG YANG INDUSTRY CO., LTD.	TUNG YANG CHEMICAL CO., LTD.	Taiwan	Processing and trading of coatings and chemical raw materials	$58,465	$58,465	3,600	40.00%	$121,034	$118,977	$36,133	$14,453	
	TONG YANG HOLDING CORPORATION	Cayman Islands	Holding company	3,549,040 (USD 107,525)	3,549,040 (USD 107,525)	75,467	100.00%	5,395,165	5,395,553	(124,983)	(124,983)	(Note4)
	HOW BOND INVESTMENT CO.,LTD.	British Virgin Islands	Holding company	603,434 (USD 16,000)	603,434 (USD 16,000)	16,000	100.00%	1,005,915	1,018,670	51,093	51,093	(Note4)
	TYG EUROPE S.R.L.	Italy	Production and sales of steam locomotive parts	357,691 (ITL 3,495,623) (EUR 7,810) (USD 170)	357,691 (ITL 3,495,623) (EUR 7,810) (USD 170)	4,859	100.00%	130,136	130,136	(15,192)	(15,192)	(Note4)
	CHINA INTERNATIONAL INVESTMENT CO., LTD.	Taiwan	Holding company	-	-	-	-%	-	-	(17,821)	2,008	(Note6.8)
	DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Taiwan	Automobile parts and components import and export business	66,865	66,865	2,000	100.00%	90,158	90,158	3,566	3,566	(Note4)
	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Taiwan	Production and sales of automotive parts	242,740	242,740	12,947	58.95%	250,299	250,307	11,571	6,821	(Note4)
	C&D CAPITAL CORPORATION	British Virgin Islands	Holding company	5,126 (USD 242)	20,142 (USD 755)	242	33.34%	8,171	5,507	1,186	(3,003)	(Note6)
	C&D CAPITAL II CORPORATION	British Virgin Islands	Holding company	170,260 (USD 5,335)	170,260 (USD 5,335)	5,335	42.53%	91,373	151,915	(210)	(25,933)	(Note6)
	WU'S PLASTICS CO.,LTD.(literal translation)	Taiwan	Production and sales of automotive parts	15,000	-	1,500	50.00%	14,941	14,941	(81)	(59)	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2020: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 December 2020			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares(thousand)	Percentage of ownership (%)	Book value (Note3)			
TONG YANG HOLDING CORPORATION	CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 13,230	USD 13,230	-	49.00%	USD 65,666	USD 22,716	USD 11,131	
	FUZHOU TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 18,000	USD 16,500	-	100.00%	USD 11,666	USD (11,000)	USD (11,000)	(Note 4)
	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD. (DAJING YUCHYANG)	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 8,150	USD 8,150	-	55.00%	USD 14,248	USD (4,141)	USD (2,278)	(Note 4)
	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 3,250	USD 3,250	-	25.00%	USD 7,126	USD (4,126)	USD (1,032)	(Note 4)
	DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 12,375	USD 12,375	-	45.00%	USD 12,204	USD 1,362	USD 613	
	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 29,298	USD 12,005	-	100.00%	USD 11,270	USD (4,404)	USD (3,313)	(Note 4)
	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD. (FUSHUN TONG YANG)	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 18,500	USD 18,500	-	100.00%	USD 19,846	USD 179	USD 179	(Note 4)
	NBC (CHANGCHUEN) CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 600	USD 600	-	40.00%	USD -	USD (260)	USD (104)	
	NBC (GUANGZHOO) CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 240	USD 240	-	40.00%	USD 10,993	USD 4,120	USD 1,648	
	NBC (TIANJIN) CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 480	USD 480	-	40.00%	USD 4,070	USD 893	USD 357	
	TIANJIN BINHAI NBC CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 2,960	USD 2,546	-	40.00%	USD 2,795	USD (619)	USD (248)	
	NBC (WUHAN) CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 600	USD 600	-	40.00%	USD 9,081	USD 2,992	USD 1,197	
	NBC (NANJING) CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 1,200	USD 1,200	-	40.00%	USD 2,527	USD (383)	USD (153)	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2020: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 December 2020			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares(thousand)	Percentage of ownership (%)	Book value (Note3)			
TONG YANG HOLDING CORPORATION	WUHAN XIANG XING AUTO PARTS CO., LTD.	China	Production and sales of various motor vehicles supporting plastic products, etc.	USD 3,000	USD 3,000	-	25.00%	USD 3,517	USD (138)	USD (34)	
	GUANGZHOU TONG YANG TATEMATSU MOLD MANUFACTURING CO., LTD.	China	Design, manufacture, maintenance and trading of all types of molds	USD 7,599	USD 7,599	-	90.00%	USD 4,841	USD (405)	USD (365)	(Note 4)
	CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 17,150	USD 17,150	-	49.00%	USD 19,171	USD (1,571)	USD (770)	
	TONG YANG (GUANGZHOU) TECHNOLOGY R&D SERVICE CO., LTD.	China	Product design, technology development, experimental testing and service management, etc.	USD 1,840	USD 1,840	-	100.00%	USD 1,899	USD 29	USD 29	(Note 4)
CHONGQING DAJING YUCHYANG PLASTICS CO., LTD. (DAJING YUCHYANG)	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	RMB 56,985	RMB 56,985	-	54.55%	RMB 101,695	RMB (28,654)	RMB (15,631)	(Note 4)
FUZHOU TONG YANG PLASTICS CO., LTD.	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	RMB -	RMB 31,953	-	-%	RMB -	RMB (30,586)	RMB (7,663)	(Note 4)
HOW BOND INVESTMENT CO., LTD.	TYG HOLDING (U.S.A), INC.	America	Investment holding	USD -	USD 2,511	1	100.00%	446,631	97,099	97,099	(Note 4.5)
	NANJING TONG YANG AUTO PARTS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	820,610	820,610	-	100.00%	394,402	(39,598)	(39,598)	(Note 4)

Note 1: The original investment amount does not include the amount of surplus to capital increase.

Note 2: The investment income recognized for this period is based on the direct investee companies own outstanding shares.

Note 3: The investment income recognized for this period had eliminated unrealized gain or loss on the transactions between the Company and its investees.

Note 4: The above transations were all made between consolidated entities in the Group and have been reversed.

Note 5: TYG HOLDING (U.S.A), INC is a foreign holding investee company, and it prepares consolidated financial statements only, the disclosure of the company's investments over which the Company has significant influence or control, directly or indirectly, is only disclosed to the level of the holding company.

Note 6: Investment income(loss) recognized during this period includes the valuation income(loss) of financial assets at fair value according to IFRS9.

Note 7: The exchange rate of US dollar to NTD is 1:28.508.

The exchange rate of RMB to NTD is 1:4.358.

The average exchange rate of US dollar to NTD is 1: 29.758.

The average exchange rate of RMB to NTD is 1:4.285.

Note 8: CHINA INTERNATIONAL INVESTMENT CO., LTD. was disposed in November 2020.

Attachment 6: Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December 2020

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
TONG YANG INDUSTRY CO.,LTD.	TYG PRODUCTS L.P.	Parent-subsidiary	Sales	$115,977	0.87%	Net 90 days	N/A	N/A	$15,479	0.74%	(Note)
TONG YANG INDUSTRY CO.,LTD.	TUNG YANG CHEMICAL CO., LTD.	Associate	Purchases	$146,731	2.57%	Net 90 days	N/A	N/A	$41,019	3.36%	-
CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD.	Parent-subsidiary	Sales	$734,093 (RMB 171,317)	54.01%	90 days after shipment	N/A	N/A	$142,969 (RMB 32,806)	32.14%	(Note)
FUZHOU TONG YANG PLASTICS CO., LTD.	DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	Associate	Sales	$181,251 (RMB 42,299)	29.52%	Approximately 60 days from the date of sale	N/A	N/A	$51,664 (RMB 11,855)	16.68%	-
XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	FUZHOU TONG YANG PLASTICS CO., LTD.	Associate	Sales	$126,065 (RMB 29,420)	30.57%	90 days after the invoice is opened	N/A	N/A	$87,696 (RMB 20,123)	38.68%	(Note)

(Note): The above transations were all made between consolidated entities in the Group and have been reversed.

Attachment 7: Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2020

Related party	Counterparty	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Processing method			
CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD.	Parent-subsidiary	$142,969 (RMB 32,806)	5.25	$-	-	$142,969 (RMB 32,806)	$-	(Note)

(Note): The above transations were all made between consolidated entities in the Group and have been reversed.

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of 1 January 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 Decembe 2020	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 3/4)	Carrying Value as of 31 December 2020 (Note 3/5)	Accumulated Inward Remittance of Earnings as of 31 December 2020
					Outflow	Inflow						
Nanjing Tongyang Plastic Products Co., Ltd.	1. Regarding automobile bumpers and their parts, and other motor vehicles, parts and accessories for motorcycles, chemical raw materials, production and sales of pollution prevention equipment, and varnished water and other varnishes based on natural polymers. Business of processing and trading of paint materials and fine chemical raw materials. 2. All of them are domestic products sold in mainland China. Due to market segmentation, there is no adverse impact on the company's operations.	-	Note 1	USD 3,659	-	-	USD 3,659	-	-	-	-	-
Wuhu You Shr Tongyang Plastics Co., Ltd.		-	Note 1	USD 4,407	-	-	USD 4,407	-	-	-	-	-
Haerbin Hafei Kai Yih Metal Co., Ltd.		-	Note 1	USD 10,860	-	-	USD 10,860	-	-	-	-	-
Tianjin Mitsuboshi Belting Co., Ltd.		-	Note 1	USD 1,033	-	-	USD 1,033	-	-	-	-	-
Tianjin Nagase Plastics Co., Ltd.		-	Note 1	USD 54	-	-	USD 54	-	-	-	-	-
Fuzhou Tongyang Plastic Products Co., Ltd.		USD 19,000	Note 1	USD 16,808	USD 1,500	-	USD 18,308	USD (11,000)	100.00%	USD (11,000)	USD 11,666	-
Chongqing Dajing Yuchyang Plastics Co., Ltd.		USD 13,000	Note 1	USD 6,372	-	-	USD 6,372	USD (4,141)	55.00%	USD (2,278)	USD 14,248	USD 4,000
NBC (Guangzhoo) Co., Ltd.		USD 5,400	Note 1	USD 1,162	-	-	USD 1,162	USD 4,120	40.00%	USD 1,648	USD 10,993	-
NBC (Changchuen) Co., Ltd.		USD 1,500	Note 1	USD 474	-	-	USD 474	USD (260)	40.00%	USD (104)	-	-
NBC (Tianjin) Co., Ltd.		USD 5,200	Note 1	USD 887	-	-	USD 887	USD 893	40.00%	USD 357	USD 4,070	-
Tianjin Binhai NBC Co., Ltd.		RMB 50,000	Note 1	USD 2,546	USD 414	-	USD 2,960	USD (619)	40.00%	USD (248)	USD 2,795	-
Chang Chuen Faway Tong Yang Plastics Co., Ltd.		USD 27,000	Note 1	USD 15,747	-	USD 6,000	USD 9,747	USD 22,716	49.00%	USD 11,131	USD 65,666	USD 7,000
Haerbin Hafei Tongyang Plastic Products Co., Ltd.		-	Note 1	USD 4,113	-	-	USD 4,113	-	-	-	-	-
NBC (Wuhan) Co., Ltd.		USD 1,500	Note 1	USD 965	-	-	USD 965	USD 2,992	40.00%	USD 1,197	USD 9,081	-
NBC (Nanjing) Co., Ltd.		USD 3,000	Note 1	USD 1,465	-	-	USD 1,465	USD (383)	40.00%	USD (153)	USD 2,527	-
Chongqing Dajiang Tongyang Plastic Products Co., Ltd.		USD 13,000	Note 1	USD 3,692	-	-	USD 3,692	USD (4,126)	25.00%	USD (1,032)	USD 7,126	-
Daikyo Nishikawa Tong Yang Auto Parts (Nanjing) Co., Ltd.		USD 27,500	Note 1	USD 19,670	-	-	USD 19,670	USD 1,362	45.00%	USD 613	USD 12,204	-
Wuhan Xiangxing Auto Parts Co., Ltd.		USD 12,000	Note 1	USD 3,228	-	-	USD 3,228	USD (138)	25.00%	USD (34)	USD 3,517	-
Nanjing Tong Yang Auto Parts Co., Ltd.		USD 28,000	Note 2	USD 27,453	-	-	USD 27,453	(39,598)	100.00%	(39,598)	394,402	-
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.		RMB 100,000	Note 1	USD 11,172	-	-	USD 11,172	USD (405)	90.00%	USD (365)	USD 4,841	-
Changsha Gacc Tong Yang Automobile Component Co., Ltd.		USD 35,000	Note 1	USD 17,132	-	-	USD 17,132	USD (1,571)	49.00%	USD (770)	USD 19,171	-
Fuzhou Kai Ming Mold Co., Ltd.		-	Note 3	USD 200	-	-	USD 200	-	-%	-	-	-
Xiangyang Tong Yang Automobile Component Co., Ltd.		USD 38,000	Note 1	USD 22,359	USD 13,500	-	USD 35,859	USD (4,404)	100.00%	USD (3,313)	USD 11,270	-
Fushun Tong Yang Automobile Component Co., Ltd.		USD 18,500	Note 1	USD 18,586	-	-	USD 18,586	USD 179	100.00%	USD 179	USD 19,846	-
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.		RMB 12,000	Note 1	USD 1,840	-	-	USD 1,840	USD 29	100.00%	USD 29	USD 1,899	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US$205,298	US$205,298	(Note 6)

Note 1: Indirectly investment in Mainland China through companies registered in a third region - TONG YANG HOLDING CORPORATION.

Note 2: Indirectly investment in Mainland China through companies registered in a third region - HOW BOND INVESTMENT CO., LTD.

Note 3: Indirectly investment in Mainland China through companies registered in a third region - Jundong International Co., Ltd.

Note 4: The exchange rate of US dollar to NTD is 1:28.508, the exchange rate of RMB to NTD is 1:4.358; the average exchange rate of US dollar to NTD is 1: 29.758, the average exchange rate of RMB to NTD is 1: 4.285.

Note 5. The book value of the investment at the end of the period is calculated based on the shareholding ratio of the direct or indirect investment of the company.

Note 6: According to the provisions of 97.8.22 “Investment or Technical Cooperation Licensing in Mainland China” and “Investment or Technical Cooperation Review Principles in Mainland China”, the cumulative amount of investors' investment in mainland China depends on the upper limit of other enterprises: net value or a combined net value of 60%, whichever is higher. However, the Ministry of Economic Affairs issued the certificate of compliance with the business scope of the company's operating headquarters. The enterprise or multinational company is not limited to this. The company is applicable to the corporate operation headquarters, so there is no quota.

Attachment 9:Information on major shareholders

Name of ordinary shares / Name of major shareholders	Number of shares held	Percentage of ownership
YEONG-MAW WU	52,353,387	8.85%
YUNG-FENG WU	51,666,397	8.73%
YUNG-HSIANG WU	47,671,230	8.05%

Note 1: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders which have completed the dematerialized delivery and registration of the shares of the Company (including treasury shares) is more than 5%. The share capital recorded in the Company's financial report and the number of shares actually delivered by the Company with dematerialized registration may differ because the calculation bases were different.

Note 2: If the above information included the shareholders' shares transferred to a trust, it is disclosed by the individual settlor account opened by the trustee. Where the shareholders declared insider equity holding for more than 10% shareholding according to the Securities and Exchange Act, such holdings shall include the shares held by shareholders and the trusted assets with right to use. For information regarding insider shareholding declaration, please refer to the Market Observation Post System of the Taiwan Stock Exchange Corporation.