

**TONG YANG INDUSTRY CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021 AND 2020**

**WITH**

**REVIEW 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.

**Review Report of Independent Auditors**  
English Translation of a Report Originally Issued in Chinese

The Board of Directors and Shareholders of  
TONG YANG INDUSTRY CO., LTD.

**Introduction**

We have reviewed the accompanying consolidated balance sheets of TONG YANG INDUSTRY CO., LTD. (the “Company”) and its subsidiaries as of 30 September 2021 and 2020, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2021 and 2020, changes in equity and cash flows for the nine-month periods ended 30 September 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China on Taiwan. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

**Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China on Taiwan. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China on Taiwan and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis for Qualified Conclusion**

As explained in Note IV.3, the financial statements of certain insignificant subsidiaries were not reviewed by independent accountants. Those statements reflect total assets of NT\$6,319,579 thousand and NT\$6,723,800 thousand, constituting 18.58% and 18.92% of the consolidated total assets, and total liabilities of NT\$2,728,790 thousand and NT\$2,809,873 thousand, constituting 22.80% and 20.95% of the consolidated total liabilities as of 30 September 2021 and 2020, respectively; the total comprehensive income of NT\$(103,778) thousand, NT\$36,099 thousand, NT\$(226,094) thousand and NT\$(231,243) thousand which represented 219.65%, 6.93%, (132.67)% and (50.39)% of the consolidated total comprehensive income, for the three-month

periods and the nine-month periods ended 30 September 2021 and 2020, respectively. As explained in Note VI.7, the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$1,929,034 thousand and NT\$2,037,024 thousand as of 30 September 2021 and 2020, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$(30,196) thousand, NT\$43,605 thousand, NT\$(3,615) thousand and NT\$51,452 thousand for the three-month periods and the nine-month periods ended 30 September 2021 and 2020, respectively; and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(2,327) thousand, NT\$31,732 thousand, NT\$(23,400) thousand and NT\$(23,660) thousand of the consolidated total comprehensive income for the three-month periods and the nine-month periods ended 30 September 2021 and 2020, respectively. The information related to above subsidiaries, and associates and joint ventures accounted for under the equity method disclosed in Note 13 was also not reviewed by independent accountants.

### **Qualified Conclusion**

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain insignificant subsidiaries, associates and joint ventures accounted for using equity method been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as at 30 September 2021 and 2020, and their consolidated financial performance and cash flows for the nine-month periods ended 30 September 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by Financial Supervisory Commission of the Republic of China on Taiwan.

Huang, Shih-Chieh

Hong, Mao-Yi

Ernst & Young, Taiwan

2 November 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

30 September 2021, 31 December 2020 and 30 September 2020

(30 September 2021 and 2020 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Current assets				
Cash and cash equivalents	IV/VI.1	\$1,045,670	\$1,537,440	\$1,405,158
Financial assets at amortized cost-current	IV/VI.3/VIII	10,032	30,266	126,630
Notes receivable-net	IV/VI.4.18/VIII	103,360	105,011	160,946
Accounts receivable-net	IV/VI.5.17.18	3,237,229	3,285,485	3,074,232
Accounts receivable-related parties-net	IV/VI.5.18/VII	79,973	91,784	93,365
Other receivables	IV	112,958	93,327	191,285
Inventories-net	IV/VI.6	3,084,349	2,663,891	2,715,691
Other current assets	IV	375,366	345,768	332,629
Total current assets		8,048,937	8,152,972	8,099,936
Non-current assets				
Financial assets at fair value through other comprehensive income-noncurrent	IV/VI.2	242,904	438,536	498,690
Financial assets at amortized cost-noncurrent	IV/VI.3/VIII	18,098	18,098	35,574
Investments accounted for under the equity method	IV/VI.7	3,545,368	3,942,256	3,748,629
Property, plant and equipment	IV/VI.8/VIII	18,931,290	19,457,694	19,566,729
Right-of-use asset	IV/VI.19/VIII	286,394	313,243	315,138
Intangible assets	IV/VI.9.10	1,285,954	1,435,800	1,451,605
Deferred tax assets	IV/VI.23	257,590	258,893	255,714
Prepayment for equipments		1,036,638	1,223,247	1,296,486
Other assets-others		367,516	312,460	269,071
Total non-current assets		25,971,752	27,400,227	27,437,636
Total assets		\$34,020,689	\$35,553,199	\$35,537,572

(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  
30 September 2021, 31 December 2020 and 30 September 2020  
(30 September 2021 and 2020 are unaudited)  
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Current liabilities				
Short-term loans	IV/VI.11	\$1,715,392	\$1,820,892	\$2,527,939
Short-term notes and bills payable	IV/VI.12	-	99,969	289,937
Notes payable		26,158	37,726	186,240
Accounts payable		2,328,122	2,417,768	2,189,176
Accounts payable-related parties	VII	72,825	67,338	79,480
Other payables		933,811	987,734	892,559
Balance payable-machinery and equipment		431,260	471,084	478,302
Current tax liabilities	IV/VI.23	131,186	152,460	129,728
Reserves-current	IV/VI.15	1,449	1,449	1,449
Lease liability-current	IV/VI.19	16,785	19,741	20,170
Current portion of long-term liabilities	IV/VI.13	136,429	2,538	2,465
Other current liabilities	IV/VI.17	435,585	302,823	311,502
Total current liabilities		6,229,002	6,381,522	7,108,947
Non-current liabilities				
Long-term loans	IV/VI.13	4,963,948	5,926,279	5,427,498
Deferred tax liabilities	IV/VI.23	362,943	360,845	340,053
Lease liability-non current	IV/VI.19	26,005	41,121	40,530
Accrued pension liabilities	IV/VI.14	354,518	452,071	462,966
Other liabilities-others		33,634	31,969	30,706
Total non-current liabilities		5,741,048	6,812,285	6,301,753
Total liabilities		11,970,050	13,193,807	13,410,700
Equity attributable to the parent company				
Capital	IV/VI.16			
Common stock		5,914,771	5,914,771	5,914,771
Capital surplus	IV/VI.16	4,149,879	4,149,554	4,149,554
Retained earnings	IV/VI.16			
Legal reserve		2,577,332	2,494,730	2,494,730
Special reserve		202,797	141,576	141,576
Unappropriated earnings		9,059,525	9,173,411	8,978,481
Subtotal		11,839,654	11,809,717	11,614,787
Other equity	IV/VI.16	(489,614)	(202,797)	(244,254)
Non-controlling interests	IV/VI.16	635,949	688,147	692,014
Total equity		22,050,639	22,359,392	22,126,872
Total liabilities and equity		\$34,020,689	\$35,553,199	\$35,537,572

(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 three-month and nine-month periods ended 30 September 2021 and 2020  
(Reviewed, Not Audited)  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	NOTE	2021.7.1~ 2021.9.30	2020.7.1~ 2020.9.30	2021.1.1~ 2021.9.30	2020.1.1~ 2020.9.30
Sales revenues	IV/VI.17/VII	\$4,467,546	\$4,526,048	\$13,444,223	\$12,627,254
Cost of goods sold	IV/VI.20/VII	(3,623,269)	(3,573,997)	(10,836,675)	(10,147,707)
Gross profit		844,277	952,051	2,607,548	2,479,547
Operating expenses	IV/VI.18.19.20/VII				
Sales and marketing expenses		(360,888)	(361,121)	(1,079,817)	(1,057,512)
General and administrative expenses		(256,523)	(265,834)	(717,977)	(711,925)
Research and development expenses		(128,118)	(129,777)	(369,132)	(376,875)
Expected credit losses		-	(1,328)	-	(17,188)
Subtotal		(745,529)	(758,060)	(2,166,926)	(2,163,500)
Operating income		98,748	193,991	440,622	316,047
Non-operating income and expenses					
Other revenue	IV/VI.21	43,531	84,475	158,620	379,607
Other gain and loss	IV/VI.21	102	(55,212)	(115,557)	(174,862)
Financial costs	IV/VI.21	(30,063)	(32,643)	(89,775)	(117,517)
Share of profit or loss of associates and joint ventures	IV/VI.7	6,415	141,934	185,380	255,941
Subtotal		19,985	138,554	138,668	343,169
Income from continuing operations before income tax		118,733	332,545	579,290	659,216
Income tax expense	IV/VI.23	(25,513)	(69,867)	(116,768)	(91,419)
Net income		\$93,220	\$262,678	\$462,522	\$567,797
Other comprehensive income	IV/VI.22				
Items that may not be reclassified subsequently to profit or loss					
Unrealized loss on investments in equity instruments at fair value through other comprehensive income		(127,180)	139,431	(195,632)	(21,327)
To be reclassified to profit or loss in subsequent periods					
Exchange differences resulting from translating the financial statements of a foreign operations		(8,904)	54,022	(55,069)	(42,872)
Share of other comprehensive income of associates accounted for using the equity method		(4,384)	64,473	(41,406)	(44,685)
Total other comprehensive income, net of tax		(140,468)	257,926	(292,107)	(108,884)
Total comprehensive income		\$(47,248)	\$520,604	\$170,415	\$458,913
Net income (loss) attributable to:					
Stockholders of the parent		\$111,460	\$265,403	\$503,119	\$631,093
Non-controlling interests		\$(18,240)	\$(2,725)	\$(40,597)	\$(63,296)
Comprehensive income attributable to:					
Stockholder of the parent		\$(28,387)	\$513,350	\$216,302	\$528,415
Non-controlling interests		\$(18,861)	\$7,254	\$(45,887)	\$(69,502)
Earnings per share (NTD)					
Earnings per share-basic	IV/VI.24	\$0.19	\$0.45	\$0.85	\$1.07
Earnings per share-diluted	IV/VI.24	\$0.19	\$0.45	\$0.85	\$1.07

(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 nine-month ended 30 September 2021 and 2020

(Reviewed, Not Audited)

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company								Non-controlling interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other equity		Total		
			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			
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 (loss) for the nine-month ended 30 September 2020	-	-	-	-	631,093	-	-	631,093	(63,296)	567,797
Other comprehensive income, net of tax for the nine-month ended 30 September 2020	-	-	-	-	-	(81,351)	(21,327)	(102,678)	(6,206)	(108,884)
Total comprehensive income	-	-	-	-	631,093	(81,351)	(21,327)	528,415	(69,502)	458,913
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(6,311)	(6,311)
Balance as of 30 September 2020	<u>\$5,914,771</u>	<u>\$4,149,554</u>	<u>\$2,494,730</u>	<u>\$141,576</u>	<u>\$8,978,481</u>	<u>\$(666,560)</u>	<u>\$422,306</u>	<u>\$21,434,858</u>	<u>\$692,014</u>	<u>\$22,126,872</u>
Balance as of 1 January 2021	\$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
Appropriation and distribution of 2020 retained earning										
Legal reserve	-	-	82,602	-	(82,602)	-	-	-	-	-
Special reserve	-	-	-	61,221	(61,221)	-	-	-	-	-
Cash dividends	-	-	-	-	(473,182)	-	-	(473,182)	-	(473,182)
Other changes in additional paid-in capital	-	325	-	-	-	-	-	325	-	325
Net income (loss) for the nine-month ended 30 September 2021	-	-	-	-	503,119	-	-	503,119	(40,597)	462,522
Other comprehensive income, net of tax for the nine-month ended 30 September 2021	-	-	-	-	-	(91,185)	(195,632)	(286,817)	(5,290)	(292,107)
Total comprehensive income	-	-	-	-	503,119	(91,185)	(195,632)	216,302	(45,887)	170,415
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	(6,311)	(6,311)
Balance as of 30 September 2021	<u>\$5,914,771</u>	<u>\$4,149,879</u>	<u>\$2,577,332</u>	<u>\$202,797</u>	<u>\$9,059,525</u>	<u>\$(656,134)</u>	<u>\$166,520</u>	<u>\$21,414,690</u>	<u>\$635,949</u>	<u>\$22,050,639</u>

(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 nine-month ended 30 September 2021 and 2020  
(Reviewed, Not Audited)  
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2021.1.1~ 2021.9.30	2020.1.1~ 2020.9.30	ITEMS	2021.1.1~ 2021.9.30	2020.1.1~ 2020.9.30
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$579,290	\$659,216	Acquisition of financial assets at amortized cost	-	(132,939)
Adjustments for:			Proceeds from disposal of financial assets at amortized cost	20,234	-
Income and expense adjustments:			Acquisition of investments accounted for under the equity method	-	(11,572)
Depreciation(including right-of-use assets)	2,229,119	2,238,998	Proceeds from disposal of investments accounted for under the equity method	78,659	-
Amortization	207,913	256,491	Proceeds from capital reduction of equity investments under equity method	12,676	5,614
Expected credit losses	-	17,188	Acquisition of property, plant and equipment	(1,792,017)	(1,683,862)
Interest expense	89,775	117,517	Proceeds from disposal of property, plant and equipment	35,870	40,298
Interest revenue	(4,466)	(3,834)	Acquisition of intangible assets	(261,591)	(198,657)
Share of profit of associates for using the equity method	(185,380)	(255,941)	Proceeds from disposal of intangible assets	193,086	194,929
Loss (gain) on disposal of property, plant and equipment	(1,910)	(13,832)	(Increase) in prepayment for equipments	-	(190,133)
Loss on disposal of Intangible Assets	-	7,444	Decrease in prepayment for equipments	186,609	-
Impairment loss on non-financial assets	-	42,664	Net cash used in investing activities	(1,526,474)	(1,976,322)
Realized profit from affiliated companies	-	(1,928)	Cash flows from financing activities:		
Changes in operating assets and liabilities:			(Decrease) increase in short-term borrowings	(105,500)	222,210
Notes receivable-net	1,651	(38,556)	(Decrease) increase in short-term notes and bills payable	(99,969)	290,000
Accounts receivable-net	48,256	1,141,392	Reimburse corporate bond	-	(600,000)
Accounts receivable-related parties-net	11,811	35,297	Borrow in long-term borrowings	1,225,291	1,903,211
Other receivable	(5,231)	100,133	Reimburse long-term borrowings	(2,042,446)	(2,218,617)
Inventories	(420,458)	(132,084)	Reimburse lease principal	(19,032)	(18,291)
Other current assets	(29,598)	77,835	Cash dividends	(473,182)	(1,064,658)
Other non-current assets	(55,056)	(20,442)	Interest paid	(91,109)	(132,081)
Notes payable	(11,568)	141,402	Change in non-controlling interests	(6,311)	(6,311)
Accounts payable	(89,646)	(169,370)	Net cash used in financing activities	(1,612,258)	(1,624,537)
Accounts payable-related parties	5,487	1,817	Effect of exchange rate changes on cash and cash equivalents	(2,153)	(546)
Other payables	(52,264)	(265,533)	Net increase in cash and cash equivalents	(491,770)	225,458
Other current liabilities	132,762	114,907	Cash and cash equivalents at beginning of period	1,537,440	1,179,700
Accrued pension liabilities	(97,553)	(71,109)	Cash and cash equivalents at end of period	\$1,045,670	\$1,405,158
Other non-current liabilities	(580)	1,855			
Cash generated from operations	2,352,354	3,981,527			
Interest received	4,466	3,834			
Dividend received	426,936	126,869			
Income tax paid	(134,641)	(285,367)			
Net cash provided by operating activities	2,649,115	3,826,863			

(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  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Nine-Month Periods Ended 30 September 2021 and 2020  
(Reviewed, Not Audited)  
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

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 nine months ended 30 September 2021 and 2020 were authorized for issue in accordance with a resolution of the Board of directors on 2 November 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 2021. The adoption of these new standards and amendments had no material impact on the Group.

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

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	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

(1) 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.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The standards and interpretations have no material impact on the Group.

3. Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are not endorsed by FSC, but 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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
5	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
6	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	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 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) 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.

(5) 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.

(6) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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 consolidated financial statements of the Group for the nine months ended 30 September 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

## 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:

- derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interest;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any surplus or deficit in profit or loss; and
- 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 (%)		
			30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
The Company	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Manufacture and sale of automobile parts	58.95%	58.95%	58.95%
The Company	TONG YANG HOLDING CORPORATION (TONG YANG HOLDING)	Investment holding	100.00%	100.00%	100.00%
The Company	HOW BOND INVESTMENT CO., LTD. (HOW BOND)	Investment holding	100.00%	100.00%	100.00%
The Company	TYG EUROPE S.R.L (TYG EUROPE)	Manufacture and sale of automobile parts	100.00%	100.00%	100.00%
The Company	DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Sale of automobile parts and tooling mold	100.00%	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%	55.00%
TONG YANG HOLDING	FUZHOU TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%	100.00%
TONG YANG HOLDING	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	25.00% (NOTE)	25.00% (NOTE)	25.00% (NOTE)
TONG YANG HOLDING	GUANGZHOU TONG YANG TATEMATSU MOLD MANUFACTURING CO., LTD.	Design, manufacture and sale of tooling mold	90.00%	90.00%	90.00%
TONG YANG HOLDING	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%	100.00%

Invest Company	Investee Company	Major business	Percentage of Ownership (%)		
			30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
TONG YANG HOLDING	FUSHUN TONG YANG AUTOMOBILE COMPONENT CO., LTD. (FUSHUN TONG YANG)	Manufacture and sale of automobile parts	100.00%	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%	100.00%
DAJING YUCHYANG	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	Manufacture and sale of automobile parts	54.55%	54.55%	54.55%
HOW BOND	TYG HOLDING (U.S.A.), INC. (TYG HOLDING)	Investment holding	100.00%	100.00%	100.00%
HOW BOND	NANJING TONG YANG AUTO PARTS CO., LTD.	Manufacture and sale of automobile parts	100.00%	100.00%	100.00%
TYG HOLDING	TYG MANAGEMENT, INC.	Management consult	100.00%	100.00%	100.00%
TYG HOLDING	TYG LEASING, L.P.	Leasing	99.00%	99.00%	99.00%
TYG HOLDING	TYG PRODUCTS, L.P.	Manufacture and sale of automobile parts	99.00%	99.00%	99.00%

Note : The Company and subsidiaries directly or indirectly hold more than 50% of shares.

Except for TONG YANG HOLDING and FUZHOU TONG YANG, the other consolidated subsidiaries' financial reports were not reviewed by the independent accountants and whose total assets amounted to NT\$ 6,319,579 thousand and NT\$6,723,800 thousand; total liabilities amounted to NT\$2,728,790 thousand and NT\$2,809,873 thousand as of 30 September 2021 and 2020; the total comprehensive income amounted to NT\$(103,778) thousand, NT\$36,099 thousand, NT\$(226,094) thousand and NT\$(231,243) thousand for the three-month periods and the nine-month periods ended 30 September 2021 and 2020.



#### 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.

#### Financial assets measured at amortized cost

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.

#### Financial liabilities at amortized cost

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.

#### Derecognition of financial liabilities

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 affect 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. 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
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 liability is recognized 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 have a right to an amount of consideration that is unconditional, these contracts 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 arises.

#### 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.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

## 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.

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with IAS 12. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

## 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 countries 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.

## VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	<u>30 Sep. 2021</u>	<u>31 Dec. 2020</u>	<u>30 Sep. 2020</u>
Cash on hand	\$4,359	\$3,964	\$5,591
Saving account	907,786	1,382,897	1,224,282
Time deposits	37,843	60,065	84,848
Cash equivalents—short-term notes and bills	95,682	90,514	90,437
Total	<u>\$1,045,670</u>	<u>\$1,537,440</u>	<u>\$1,405,158</u>

2. Financial assets at fair value through other comprehensive income

	<u>30 Sep. 2021</u>	<u>31 Dec. 2020</u>	<u>30 Sep. 2020</u>
Equity instrument investments measured at fair value through other comprehensive income – Non-current			
Unlisted companies stocks	<u>\$242,904</u>	<u>\$438,536</u>	<u>\$498,690</u>

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

### 3. Financial assets measured at amortized cost

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Time deposits	\$28,130	\$28,361	\$30,040
Restricted deposits	-	20,003	132,164
Total	<u>\$28,130</u>	<u>\$48,364</u>	<u>\$162,204</u>
Current	\$10,032	\$30,266	\$126,630
Non-current	18,098	18,098	35,574
Total	<u>\$28,130</u>	<u>\$48,364</u>	<u>\$162,204</u>

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

Please refer to Note 6.(18) 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

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Notes receivables-from operating	\$104,011	\$105,662	\$166,732
Less: allowance for doubtful accounts	(651)	(651)	(5,786)
Total	<u>\$103,360</u>	<u>\$105,011</u>	<u>\$160,946</u>

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.(18) for more details on accumulated impairment and Note 12 for more details on credit risk.

### 5. Accounts Receivables and Accounts Receivables-Related Parties

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Accounts receivables	\$3,276,101	\$3,329,913	\$3,168,428
Less: allowance for doubtful accounts	(38,872)	(44,428)	(94,196)
Subtotal	<u>3,237,229</u>	<u>3,285,485</u>	<u>3,074,232</u>
Accounts receivables-related parties	79,973	91,784	93,365
Less: allowance for doubtful accounts	-	-	-
Subtotal	<u>79,973</u>	<u>91,784</u>	<u>93,365</u>
Total	<u>\$3,317,202</u>	<u>\$3,377,269</u>	<u>\$3,167,597</u>

Accounts receivables were not pledged.

Trade receivables are generally on 15-120 day terms. Accounts receivables amounted to NT\$3,356,074 thousand, NT\$3,421,697 and NT\$3,261,793 thousand as at 30 September 2021, 31 December 2020 and 30 September 2020. Please refer to Note 6.(18) for more details on impairment of trade receivables for the nine-month ended 30 September 2021 and 2020 and please refer to Note 12 for credit risk disclosure.



## 6. Inventories

Details are as follows:

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Raw materials	\$681,687	\$514,055	\$523,358
Supplies and parts	244,424	216,141	214,488
Work in process	647,274	496,639	523,493
Finished goods	1,391,212	1,339,441	1,350,857
Merchandise	119,752	97,615	103,495
Net	<u>\$3,084,349</u>	<u>\$2,663,891</u>	<u>\$2,715,691</u>

The cost of inventories recognized in expenses amounted to NT\$3,623,269 thousand and NT\$3,573,997 thousand for the three-month periods ended 30 September 2021 and 2020, respectively, including the write-down of inventories gain from price recovery of NT\$8,905 thousand and write-down of inventories of NT\$(5,476) thousand for the three month periods ended 30 September 2021 and 2020, respectively.

The cost of inventories recognized in expenses amounted to NT\$10,836,675 thousand and NT\$10,147,707 thousand for the nine-month periods ended 30 September 2021 and 2020, respectively, including the write-down of inventories gain from price recovery of NT\$2,270 thousand and write-down of inventories of NT\$(2,193) thousand for the nine-month periods ended 30 September 2021 and 2020, respectively.

Inventories were not pledged.

## 7. Investments Accounted For Under The Equity Method

(1) Details are as follows:

Investee Company	30 Sep. 2021		31 Dec. 2020		30 Sep. 2020	
	Amount	Percentage of ownership	Amount	Percentage of ownership	Amount	Percentage of ownership
<u>Unlisted company</u>						
TUNG YANG CHEMICAL CO., LTD.	\$113,858	40.00%	\$121,034	40.00%	\$116,152	<u>40.00%</u>
C&D CAPITAL CORPORATION.	10,369	33.34%	8,171	33.34%	19,217	<u>33.34%</u>
CHINA INTERNATIONAL INVESTMENT CO., LTD.(Note1)	-	-%	-	-%	-	<u>33.34%</u>
C&D II CAPITAL CORPORATION.	74,855	42.53%	91,373	42.53%	94,910	42.53%
CHANG CHUEN FAWAY TONG YANG PLASTICS CO., LTD.	1,616,334	49.00%	1,872,020	49.00%	1,711,605	49.00%

Investee Company	30 Sep. 2021		31 Dec. 2020		30 Sep. 2020	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
		of ownership		of ownership		of ownership
CHANGSHA GACC TONG YANG AUTOMOBILE COMPONENT CO., LTD.	515,068	49.00%	546,529	49.00%	564,638	49.00%
DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	330,319	45.00%	347,907	45.00%	336,850	45.00%
NBC (WUHAN) CO., LTD.	273,312	40.00%	258,878	40.00%	235,736	40.00%
NBC (NANJING) CO., LTD.	63,209	40.00%	72,050	40.00%	72,558	40.00%
NBC (TIANJIN) CO., LTD.	108,148	40.00%	116,030	40.00%	110,258	40.00%
TIANJIN BINHAI NBC CO., LTD.(Note2)	-	-%	79,677	40.00%	85,090	40.00%
WUHAN XIANG XING AUTO PARTS CO., LTD.	92,544	25.00%	100,260	25.00%	96,262	25.00%
NBC (CHANGCHUEN) CO., LTD.	-	40.00%	-	40.00%	-	40.00%
NBC (GUANGZHOO) CO., LTD.	332,186	40.00%	313,386	40.00%	290,383	40.00%
WU'S PLASTICS CO.,LTD.(literal translation)	15,166	50.00%	14,941	50.00%	14,970	50.00%
Total	<u>\$3,545,368</u>		<u>\$3,942,256</u>		<u>\$3,748,629</u>	

Note1: CHINA INTERNATIONAL INVESTMENT CO., LTD. was disposed in November 2020.

Note2: TIANJIN BINHAI NBC CO., LTD. was liquidated and cancelled in September 2021.

- (2) The Group's investments in the associates are not individually material. The related share of investment in the associates amounted to NT\$3,545,368 thousand, NT\$3,942,256 and NT\$3,748,629 thousand as at 30 September 2021, 31 December 2020 and 30 September 2020.

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

	1 Jul.~ 30 Sep.2021	1 Jul.~ 30 Sep.2020	1 Jan.~ 30 Sep.2021	1 Jan.~ 30 Sep.2020
Profit or loss from continuing operations	\$6,415	\$141,934	\$185,380	\$255,941
Other comprehensive income	(4,384)	64,473	(41,406)	(44,685)
Total comprehensive income	<u>\$2,031</u>	<u>\$206,407</u>	<u>\$143,974</u>	<u>\$211,256</u>

- (3) The carrying amount of investments accounted for under the equity method in investees except for Chang Chuen Faway Tong Yang Plastics Co., Ltd., whose unreviewed financial statements, amounted to NT\$1,929,034 thousand and NT\$2,037,024 thousand, as of 30 September 2021 and 2020, respectively. The share of the profit or loss of these associates and joint ventures accounted for using the equity method amounted to NT\$(30,196) thousand, NT\$43,605 thousand, NT\$(3,615) thousand and NT\$51,452 thousand for the three-month periods starting from 1 July and the nine-month periods ended 30 September 2021 and 2020, respectively. The share of other comprehensive income of these associates and joint ventures accounted for using the equity method amounted to NT\$(2,327) thousand, NT\$31,732 thousand, NT\$(23,400) thousand and NT\$(23,660) thousand for the three-month periods starting from 1 July and the nine-month periods ended 30 September 2021 and 2020, respectively. These amounts were based on the unreviewed financial statements of the investees.
- (4) The associates had no contingent liabilities or capital commitments and as investment in the associates were not pledged of 30 September 2021, 31 December 2020 and 30 September 2020.

8. Property, plant and equipment

	<u>30 Sep. 2021</u>	<u>31 Dec. 2020</u>	<u>30 Sep. 2020</u>
Owner occupied property, plant and equipment	<u>\$18,931,290</u>	<u>\$19,457,694</u>	<u>\$19,566,729</u>

										Construction in progress and equipment awaiting inspection	Total
	Land	Buildings	Machinery and equipment	Molding equipment	Office equipment	Transportation equipment	Utilities equipment	Other facilities	Leasehold Improvements		
Cost:											
1 Jan. 2021	\$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
Addition	857	16,461	178,115	1,386,845	14,424	23,973	18,840	47,637	-	74,731	1,761,883
Disposal	-	(15,918)	(243,156)	(605,267)	(20,843)	(18,965)	(28,032)	(116,583)	-	-	(1,048,764)
Exchange difference	(299)	(29,258)	(49,034)	(29,493)	(806)	(533)	(707)	(1,570)	-	(1,409)	(113,109)
Transfer	-	46,111	15,759	779	1,522	-	-	-	-	(64,171)	-
Other	-	-	(3,251)	-	-	-	-	-	-	(7,487)	(10,738)
30 Sep. 2021	<u>\$3,990,897</u>	<u>\$8,075,159</u>	<u>\$7,629,642</u>	<u>\$13,084,159</u>	<u>\$126,024</u>	<u>\$440,519</u>	<u>\$530,419</u>	<u>\$607,644</u>	<u>\$135</u>	<u>\$186,805</u>	<u>\$34,671,403</u>
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	9,097	19,190	186,945	1,100,670	7,280	27,319	24,775	34,272	135	207,102	1,616,785
Disposal	-	(15,354)	(293,917)	(779,829)	(11,209)	(10,448)	(6,402)	(64,212)	(850)	-	(1,182,221)
Exchange difference	(456)	(30,581)	(35,268)	(7,798)	(542)	(508)	(657)	(1,548)	-	(3,095)	(80,453)
Transfer	-	504,751	-	576	2,900	-	-	(1,492)	-	(659,725)	(152,990)
30 Sep. 2020	<u>\$3,989,915</u>	<u>\$7,998,650</u>	<u>\$7,997,945</u>	<u>\$12,506,056</u>	<u>\$133,798</u>	<u>\$472,806</u>	<u>\$554,408</u>	<u>\$716,552</u>	<u>\$135</u>	<u>\$206,554</u>	<u>\$34,576,819</u>
Depreciation and impairment:											
1 Jan. 2021	\$-	\$2,736,177	\$4,455,080	\$6,345,279	\$85,167	\$239,419	\$275,603	\$487,682	\$30	\$-	\$14,624,437
Depreciation	-	236,074	526,702	1,274,678	13,099	40,419	41,085	71,622	34	-	2,203,713
Disposal	-	(15,872)	(232,343)	(582,997)	(20,563)	(18,874)	(27,953)	(116,202)	-	-	(1,014,804)
Exchange difference	-	(12,098)	(33,636)	(23,588)	(622)	(396)	(402)	(1,443)	-	-	(72,185)
Other	-	-	(1,048)	-	-	-	-	-	-	-	(1,048)
30 Sep. 2021	<u>\$-</u>	<u>\$2,944,281</u>	<u>\$4,714,755</u>	<u>\$7,013,372</u>	<u>\$77,081</u>	<u>\$260,568</u>	<u>\$288,333</u>	<u>\$441,659</u>	<u>\$64</u>	<u>\$-</u>	<u>\$15,740,113</u>

	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. 2020	\$-	\$2,476,159	\$4,379,242	\$6,079,660	\$87,099	\$229,981	\$250,585	\$485,539	\$850	\$-	\$13,989,115
Depreciation	-	234,393	555,179	1,225,574	15,592	43,632	44,240	95,102	19	-	2,213,731
Disposal	-	(15,354)	(285,951)	(761,547)	(11,084)	(10,380)	(6,399)	(64,190)	(850)	-	(1,155,755)
Exchange difference	-	(12,486)	(18,468)	(3,665)	(443)	(259)	(325)	(1,355)	-	-	(37,001)
30 Sep. 2020	\$-	\$2,682,712	\$4,630,002	\$6,540,022	\$91,164	\$262,974	\$288,101	\$515,096	\$19	\$-	\$15,010,090

Net book value:

30 Sep. 2021	\$3,990,897	\$5,130,878	\$2,914,887	\$6,070,787	\$48,943	\$179,951	\$242,086	\$165,985	\$71	\$186,805	\$18,931,290
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
30 Sep. 2020	\$3,989,915	\$5,315,938	\$3,367,943	\$5,966,034	\$42,634	\$209,832	\$266,307	\$201,456	\$116	\$206,554	\$19,566,729

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

Items	1 Jan. ~ 30 Sep. 2021	1 Jan. ~ 30 Sep. 2020
Construction in progress	\$3,846	\$7,346
The interest rate interval of borrowing cost capitalization	0.52%~0.61%	0.71%~1.04%

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. 2021	\$248,081	\$3,279,442	\$329,970	\$3,857,493
Addition - acquired separately	12,703	248,888	-	261,591
Decrease	(3,876)	(198,808)	-	(202,684)
Exchange differences	(910)	(38,487)	-	(39,397)
30 Sep. 2021	<u>\$255,998</u>	<u>\$3,291,035</u>	<u>\$329,970</u>	<u>\$3,877,003</u>
1 Jan. 2020	\$238,533	\$3,259,269	\$329,970	\$3,827,772
Addition - acquired separately	15,999	182,658	-	198,657
Decrease	(12,523)	(423,941)	-	(436,464)
Transfer	-	152,990	-	152,990
Exchange differences	(713)	(32,283)	-	(32,996)
30 Sep. 2020	<u>\$241,296</u>	<u>\$3,138,693</u>	<u>\$329,970</u>	<u>\$3,709,959</u>
Amortization and impairment:				
1 Jan. 2021	\$165,828	\$2,245,545	\$10,320	\$2,421,693
Amortization	28,289	179,624	-	207,913
Decrease	(3,876)	(5,722)	-	(9,598)
Exchange differences	(766)	(28,193)	-	(28,959)
30 Sep. 2021	<u>\$189,475</u>	<u>\$2,391,254</u>	<u>\$10,320</u>	<u>\$2,591,049</u>
1 Jan. 2020	\$159,691	\$2,054,299	\$-	\$2,213,990
Amortization	29,686	226,805	-	256,491
Impairment	-	42,664	-	42,664
Decrease	(12,523)	(221,568)	-	(234,091)
Exchange differences	(547)	(20,153)	-	(20,700)
30 Sep. 2020	<u>\$176,307</u>	<u>\$2,082,047</u>	<u>\$-</u>	<u>\$2,258,354</u>
Net book value:				
30 Sep. 2021	<u>\$66,523</u>	<u>\$899,781</u>	<u>\$319,650</u>	<u>\$1,285,954</u>
31 Dec. 2020	<u>\$82,253</u>	<u>\$1,033,897</u>	<u>\$319,650</u>	<u>\$1,435,800</u>
30 Sep. 2020	<u>\$64,989</u>	<u>\$1,056,646</u>	<u>\$329,970</u>	<u>\$1,451,605</u>

## Intangible assets amortization

	1 Jul. ~ 30 Sep.2021	1 Jul. ~ 30 Sep.2020	1 Jan. ~ 30 Sep.2021	1 Jan. ~ 30 Sep.2020
Included in cost of goods sold :				
Amortization	<u>\$60,769</u>	<u>\$36,046</u>	<u>\$176,366</u>	<u>\$208,827</u>
Included in sales and marketing expenses :				
Amortization	<u>\$84</u>	<u>\$4,202</u>	<u>\$255</u>	<u>\$16,260</u>
Included in general and administrative expenses :				
Amortization	<u>\$9,705</u>	<u>\$9,566</u>	<u>\$29,022</u>	<u>\$29,213</u>
Included in research and development expenses :				
Amortization	<u>\$742</u>	<u>\$726</u>	<u>\$2,270</u>	<u>\$2,191</u>

## 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
30 Sep. 2021	<u>\$319,650</u>	<u>\$-</u>	<u>\$319,650</u>
31 Dec. 2020	<u>\$319,650</u>	<u>\$-</u>	<u>\$319,650</u>
30 Sep. 2020	<u>\$319,650</u>	<u>\$10,320</u>	<u>\$329,970</u>

## After Market-Department A CGU

The recoverable amount NT\$6,275,666 thousand and NT\$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 nine-month periods ended 30 September 2021 and 2020, 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 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

	<u>Interest rate range</u>	<u>30 Sep. 2021</u>
Unsecured Loans	1.10%~6.48%	\$1,152,384
Secured Loans	4.05%~5.09%	563,008
Total		<u>\$1,715,392</u>

	<u>Interest rate range</u>	<u>31 Dec. 2020</u>	<u>Interest rate range</u>	<u>30 Sep. 2020</u>
Unsecured Loans	2.00%~7.20%	\$1,261,283	0.52%~5.46%	\$1,963,077
Secured Loans	3.89%~5.44%	559,609	3.89%~5.44%	564,862
Total		<u>\$1,820,892</u>		<u>\$2,527,939</u>

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

# 12. Short-term Notes and Bills Payable-net

30 Sep. 2021 : None

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

<u>Guarantors</u>	<u>30 Sep. 2020</u>		
	<u>Interest rate range</u>	<u>Amount</u>	<u>Pledge or Collateral</u>
Commercial paper payable			
CHINA BILLS FINANCE CORPORATION	0.88%	\$150,000	None
INTERNATIONAL BILLS FINANCE CORPORATION	0.99%	50,000	None
GRAND BILLS FINANCE CORPORATION	0.88%	50,000	None
TAIWAN COOPERATIVE BILLS FINANCE CORPORATION	0.94%	40,000	None
Subtotal		\$290,000	
Less: Discount of commercial paper payable		(63)	
Net		<u>\$289,937</u>	

### 13. Long-term Borrowing

Details are as follows:

		30 Sep. 2021		
Creditors	Period	Amount	Interest rate	Redemption
Unsecured Loan:				
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	147,000	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,502 dollars, with the last payment being NT\$3,062,406 dollars, starting from Aug. 2022.
Chang Hwa Bank	17 Dec. 2020~ 15 Dec. 2030	2,438	(Note)	Principal is repaid by 84 monthly payment of NT\$29,024 dollars, with the last payment being NT\$29,008 dollars, starting from Jan. 2024.
Bank of Taiwan	25 Dec. 2020~ 25 Dec. 2022	180,000	0.95%	Bullet repayment on expiry date.
Hua Nan Bank	19 Aug. 2019~ 15 Sep. 2024	348,055	(Note)	Principal is repaid by 24 monthly payment of NT\$14,502,293 dollars, with the last payment being NT\$14,502,261 dollars, starting from Oct. 2022.
Hua Nan Bank	17 Jun. 2021~ 15 Jun. 2026	79,200	(Note)	Principal is repaid by 24 monthly payment of NT\$3,300 thousand, starting from Jul. 2024.
KGI Bank	25 Dec. 2020~ 25 Dec. 2023	100,000	0.89%	Bullet repayment on expiry date.

Creditors	Period	30 Sep. 2021		Redemption
		Amount	Interest rate	
KGI Bank	25 Dec. 2020~ 25 Dec. 2023	348,055	(Note)	Principal is repaid by 25 monthly payment of NT\$13,922,200 dollars, starting from Sep. 2022.
First Bank	24 Nov. 2020~ 24 Nov. 2022	320,000	0.95%	Bullet repayment on expiry date.
Yuanta Commercial Bank	9 Sep. 2020~ 8 Sep. 2022	50,000	0.95%	Bullet repayment on expiry date.
E. Sun Commercial Bank	22 Jun. 2021~ 22 Jun. 2024	50,000	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.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	171,500	(Note)	Principal is repaid by 48 monthly payment of NT\$3,572,919 dollars, with the last payment being NT\$3,572,807 dollars, starting from Aug. 2022.
Taishin International Bank	31 Oct. 2020~ 31 Oct. 2022	100,000	0.95%	Bullet repayment on expiry date.
Mega Commercial Bank	8 Aug. 2021~ 7 Aug. 2023	20,000	1.00%	Bullet repayment on expiry date.
Bank Sinopac	11 Dec. 2020~ 31 Dec. 2022	150,000	1.03%	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	147,000	(Note)	Principal is repaid by 48 monthly payment of NT\$3,062,500 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
O-bank	4 Jul. 2019~ 15 Jul. 2026	118,500	(Note)	Principal is repaid by 49 monthly payment of NT\$2,419,142 dollars, with the last payment being NT\$2,381,184 dollars, starting from Jul. 2022
HSBC Bank	1 Apr. 2021~ 31 Mar. 2023	330,000	0.93%	Bullet repayment on expiry date.
Mizuho Corporate Bank	30 Jul. 2021~ 30 Jul. 2023	170,000	0.93%	Bullet repayment on expiry date.
DBS Bank	16 Oct. 2020~ 16 Oct. 2022	130,000	0.95%	Bullet repayment on expiry date.
BPM Bank	20 Dec. 2019~ 31 Dec. 2022	2,974 (EUR 92)	1.75%	Principal is repaid by 12 quarterly payments of EUR 17 thousand.
Bank of Taiwan	7 Sep. 2021~ 24 Dec. 2022	41,799 (USD 1,500)	1.22%	Bullet repayment on expiry date.
Hua Nan Bank	2 Sep. 2021~ 21 Oct. 2022	60,191 (USD 2,160)	1.15%	Bullet repayment on expiry date.
Fubon Bank	12 Aug. 2021~ 21 Jun. 2023	9,753 (USD 350)	1.14%	Bullet repayment on expiry date.
CTBC Bank	8 Jul. 2021~ 31 Oct. 2022	23,129 (USD 830)	1.20%	Bullet repayment on expiry date.
Chang Hwa Bank	7 Jul. 2021~ 30 Apr. 2023	47,929 (USD 1,720)	0.99%	Bullet repayment on expiry date.
Taishin International Bank	26 Aug. 2021~ 31 May. 2023	66,878 (USD 2,400)	1.13%	Bullet repayment on expiry date.
E. Sun Commercial Bank	14 Jul. 2021~ 14 Jul. 2023	23,686 (USD 850)	1.13%	Bullet repayment on expiry date.
Subtotal		5,100,377		
Less: current portion		(136,429)		
Total		<u>\$4,963,948</u>		

		31 Dec. 2020		
Creditors	Period	Amount	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.

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.

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.

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		<u>\$5,926,279</u>		



		30 Sep. 2020		
Creditors	Period	Amount	Interest rate	Redemption
Unsecured Loan:				
Chang Hwa Bank	26 Dec. 2017~ 26 Dec. 2022	\$150,000	1.06%	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 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	374,740	(Note)	Principal is repaid by 84 monthly payment of NT\$4,461,190 dollars, with the last payment being NT\$4,461,230 dollars, starting from Aug. 2022.
Chang Hwa Bank	5 Jul. 2019~ 15 Jul. 2026	102,699	(Note)	Principal is repaid by 48 monthly payment of NT\$2,139,565 dollars, with the last payment being NT\$2,139,445 dollars, starting from Aug. 2022.
Bank of Taiwan	26 Dec. 2019~ 26 Dec. 2021	150,000	0.96%	Bullet repayment on expiry date.
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.

Creditors	Period	30 Sep. 2020		Redemption
		Amount	Interest rate	
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	200,000	0.93%	Bullet repayment on expiry date.
KGI Bank	21 Dec. 2018~ 21 Dec. 2021	250,000	1.06%	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	28 Dec. 2018~ 28 Dec. 2023	200,000	1.08%	Principal is repaid by 2 semiannual payments of NT\$100,000 thousand, starting from Jun. 2023.
E. Sun Commercial Bank	11 Nov. 2019~ 11 Nov. 2022	100,000	0.82%	Bullet repayment on expiry date.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2029	437,200	(Note)	Principal is repaid by 84 monthly payment of NT\$5,204,761 dollars, with the last payment being NT\$5,204,837 dollars, starting from Aug. 2022.
E. Sun Commercial Bank	4 Jul. 2019~ 15 Jul. 2026	119,817	(Note)	Principal is repaid by 48 monthly payment of NT\$2,496,190 dollars, with the last payment being NT\$2,496,070 dollars, starting from Aug. 2022.
Taishin International Bank	31 Oct. 2019~ 31 Oct. 2021	100,000	0.95%	Bullet repayment on expiry date.
Taishin International Bank	19 Dec. 2018~ 19 Dec. 2021	100,000	1.09%	Non-revolving credit, Bullet repayment on expiry date.

		30 Sep. 2020		
Creditors	Period	Amount	Interest	Redemption
			rate	
Mega Commercial Bank	8 Aug. 2020~ 7 Aug. 2022	170,000	0.99%	Bullet repayment on expiry date.
Cathay United Bank	30 Apr. 2020~ 30 Apr. 2022	120,000	0.95%	Bullet repayment on expiry date.
CTBC Bank	7 Dec. 2018~ 7 Dec. 2021	150,000	1.10%	Non-revolving credit, Bullet repayment on expiry date.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2029	374,740	(Note)	Principal is repaid by 84 monthly payment of NT\$4,461,188 dollars, with the last payment being NT\$4,461,396 dollars, starting from Aug. 2022.
CTBC Bank	5 Jul. 2019~ 15 Jul. 2026	102,699	(Note)	Principal is repaid by 48 monthly payment of NT\$2,139,563 dollars, with the last payment being NT\$2,139,539 dollars, starting from Aug. 2022.
O-bank	27 Dec. 2018~ 27 Dec. 2022	40,000	1.18%	Principal is repaid by 5 quarterly payments of NT\$80,000 thousand, starting from Dec. 2021. The company has repaid NT\$360,000 thousand in 2019 and 2020.
O-bank	4 Jul. 2019~ 15 Jul. 2029	312,291	(Note)	Principal is repaid by 85 monthly payment of NT\$3,674,036 dollars, with the last payment being NT\$3,671,976 dollars, starting from Jul. 2022.
O-bank	4 Jul. 2019~ 15 Jul. 2026	85,589	(Note)	Principal is repaid by 49 monthly payment of NT\$1,747,479 dollars, with the last payment being NT\$1,710,008 dollars, starting from Jul. 2022.
HSBC Bank	1 Apr. 2020~ 31 Mar. 2022	250,000	0.93%	Bullet repayment on expiry date.

Creditors	Period	30 Sep. 2020		Redemption
		Amount	Interest rate	
Mizuho Corporate Bank	30 Jul. 2020~ 30 Jul. 2022	100,000	1.00%	Bullet repayment on expiry date.
DBS Bank	8 Nov. 2019~ 8 Nov. 2021	200,000	1.00%	Bullet repayment on expiry date.
BPM Bank	20 Dec. 2019~ 31 Dec. 2022	5,608 (EUR 164)	1.75%	Principal is repaid by 12 quarterly payments of EUR 17 thousand.
CTBC Bank	16 Dec. 2019~ 11 Nov. 2022	24,390 (RMB 5,700)	5.00%	Bullet repayment on expiry date.
Bank of Taiwan	11 Sep. 2020~ 24 Dec. 2021	87,378 (USD 3,000)	1.36%	Bullet repayment on expiry date.
KGI Bank	29 Sep. 2020~ 29 Sep. 2022	111,261 (USD 3,820)	1.29%	Bullet repayment on expiry date.
First Bank	15 Jul. 2020~ 14 Aug. 2022	145,630 (USD 5,000)	1.40%	Bullet repayment on expiry date.
CTBC Bank	8 Jul. 2020~ 31 Oct. 2021	85,048 (USD 2,920)	1.32% ~1.35%	Bullet repayment on expiry date.
Chang Hwa Bank	6 Jul. 2020~ 30 Apr. 2022	93,203 (USD 3,200)	1.29%	Bullet repayment on expiry date.
Taishin International Bank	29 Sep. 2020~ 31 May. 2022	59,126 (USD 2,030)	1.29%	Bullet repayment on expiry date.
E. Sun Commercial Bank	22 Sep. 2020~ 7 Jul. 2022	58,544 (USD 2,010)	1.32%	Bullet repayment on expiry date.
Subtotal		5,429,963		
Less: current portion		(2,465)		
Total		<u>\$5,427,498</u>		

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.

#### 14. Post-Employment Benefits

##### Defined contribution plan

Pension expenses under the defined contribution plan for the three-month periods ended 30 September 2021 and 2020 were NT\$27,356 thousand and NT\$20,991 thousand, respectively.

Pension expenses under the defined contribution plan for the nine-month periods ended 30 September 2021 and 2020 were NT\$81,203 thousand and NT\$70,077 thousand, respectively.

##### Defined benefits plan

Pension expenses under the defined benefits plan for the three-month periods ended 30 September 2021 and 2020 were NT\$671 thousand and NT\$1,242 thousand, respectively.

Pension expenses under the defined benefits plan for the nine-month periods ended 30 September 2021 and 2020 were NT\$2,014 thousand and NT\$3,726 thousand, respectively.

#### 15. Provision

	Sales returns and discounts
1 Jan. 2021 Balance	\$1,449
Amounts recognized during the period	-
Amounts reversed during the period	-
30 Sep. 2021 Balance	\$1,449
Current — 30 Sep. 2021	\$1,449
Non-current — 30 Sep. 2021	\$-
Current — 31 Dec. 2020	\$1,449
Non-current — 31 Dec. 2020	\$-
31 Dec. 2020 Balance	\$1,449
Current — 30 Sep. 2020	\$1,449
Non-current — 30 Sep. 2020	\$-
30 Sep. 2020 Balance	\$1,449

#### 16. Equity

##### (1) Common stock

As of 30 September 2021, 31 December 2020 and 30 September 2020, 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		
	30 Sep. 2021	31 Dec. 2020	30 Sep.2020
Common stock	\$232,190	\$232,190	\$232,190
Bond conversion	695,219	695,219	695,219
Treasury stock transactions	93,950	93,950	93,950
Difference between acquisition of subsidiaries' share and book value	6,032	6,032	6,032
Changes in ownership interests in subsidiaries	3,712	3,712	3,712
Share of comprehensive income of associate and joint ventures accounted for under the equity method	90,302	90,302	90,302
Premium from merger	2,960,398	2,960,398	2,960,398
Other	68,076	67,751	67,751
Total	<u>\$4,149,879</u>	<u>\$4,149,554</u>	<u>\$4,149,554</u>

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.

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains 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 special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The appropriations of earnings for 2020 and 2019 were resolved by the general shareholders’ meetings on 29 July 2021 and 19 June 2020. The details of the distribution are 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	<u>\$617,005</u>	<u>\$1,198,994</u>		

Please refer to Note 6.(20) for relevant information on estimation basis and recognized amount of employees compensations and remunerations to directors and supervisors.

(4) Non-controlling interests:

	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
Balance as of 1 January	\$688,147	\$767,827
Attributable to non-controlling interests net (loss)	(40,597)	(63,296)
Attributable to non-controlling interests other comprehensive income:		
Exchange differences resulting from translating the financial statements of foreign operations	(5,290)	(6,206)
Other	(6,311)	(6,311)
Balance as of 30 September	<u>\$635,949</u>	<u>\$692,014</u>

17. Sales Revenue

	1 Jul. 2021~ 30 Sep. 2021	1 Jul. 2020~ 30 Sep. 2020	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
Sales - Finished goods	\$3,748,709	\$3,788,465	\$11,304,459	\$10,436,310
Sales - Merchandise	549,955	569,308	1,730,311	1,704,615
Sales - Others	168,882	168,275	409,453	486,329
Total	<u>\$4,467,546</u>	<u>\$4,526,048</u>	<u>\$13,444,223</u>	<u>\$12,627,254</u>

Analysis of revenue from contracts with customers during the nine-month periods ended 30 September 2021 and 2020 are as follows:

(1) Disaggregation of revenue

For the three-month period ended 30 September 2021

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$1,111,013	\$2,637,696	\$3,748,709
Sales - Merchandise	42,845	507,110	549,955
Sales - Others	130,390	38,492	168,882
Total	<u>\$1,284,248</u>	<u>\$3,183,298</u>	<u>\$4,467,546</u>

Timing of revenue recognition:

At a point in time	<u>\$1,284,248</u>	<u>\$3,183,298</u>	<u>\$4,467,546</u>
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For the nine-month period ended 30 September 2021:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$3,436,715	\$7,867,744	\$11,304,459
Sales - Merchandise	118,489	1,611,822	1,730,311
Sales - Others	298,340	111,113	409,453
Total	<u>\$3,853,544</u>	<u>\$9,590,679</u>	<u>\$13,444,223</u>

Timing of revenue recognition:

At a point in time	<u>\$3,853,544</u>	<u>\$9,590,679</u>	<u>\$13,444,223</u>
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For the three-month period ended 30 September 2020:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$1,160,268	\$2,628,197	\$3,788,465
Sales - Merchandise	26,536	542,772	569,308
Sales - Others	135,860	32,415	168,275
Total	<u>\$1,322,664</u>	<u>\$3,203,384</u>	<u>\$4,526,048</u>

Timing of revenue recognition:

At a point in time	<u>\$1,322,664</u>	<u>\$3,203,384</u>	<u>\$4,526,048</u>
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For the nine-month period ended 30 September 2020:

	Assembly Market	Maintenance Market	Total
Sales - Finished goods	\$2,990,652	\$7,445,658	\$10,436,310
Sales - Merchandise	54,385	1,650,230	1,704,615
Sales - Others	411,591	74,738	486,329
Total	<u>\$3,456,628</u>	<u>\$9,170,626</u>	<u>\$12,627,254</u>

Timing of revenue recognition:

At a point in time	<u>\$3,456,628</u>	<u>\$9,170,626</u>	<u>\$12,627,254</u>
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(2) Contract balances

A. Contract assets - current

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020	1 Jan. 2020
Sales of goods	\$122,318	\$128,868	\$118,300	\$176,260
Less: loss allowance	-	-	-	-
Total	<u>\$122,318</u>	<u>\$128,868</u>	<u>\$118,300</u>	<u>\$176,260</u>

The significant changes in the Group's balances of contract assets during the nine-month periods ended 30 September 2021 and 2020 are as follows:

	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
The opening balance transferred to trade receivables	\$(128,830)	\$(171,625)
The current contract consideration has not yet been unconditionally charged	122,280	113,665

B. Contract liabilities - current

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020	1 Jan. 2020
Sales of goods	<u>\$317,977</u>	<u>\$166,319</u>	<u>\$179,897</u>	<u>\$93,991</u>

The significant changes in the Group's balances of contract liabilities for the nine-month periods ended 30 September 2021 and 2020 are as follows:

	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
The opening balance transferred to revenue	\$(83,302)	\$(66,884)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	234,960	152,790

18. Expected credit losses / (gains)

	1 Jul. 2021~ 30 Sep. 2021	1 Jul. 2020~ 30 Sep. 2020	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
Operating Expense- Expected credit losses				
Accounts Receivables	<u>\$-</u>	<u>\$1,328</u>	<u>\$-</u>	<u>\$17,188</u>

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 30 September 2021, 31 December 2020 and 30 September 2020 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 30 September 2021

	Overdue						Total
	Not yet due	<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
Gross carrying amount	\$3,045,358	\$356,748	\$41,297	\$11,625	\$3,596	\$1,461	\$3,460,085
Loss ratio	0.5%	0.5~1%	1~5%	6~15%	15~65%	100%	
Lifetime expected credit losses	31,609	2,986	1,248	1,099	1,120	1,461	39,523
Carrying amount	<u>\$3,013,749</u>	<u>\$353,762</u>	<u>\$40,049</u>	<u>\$10,526</u>	<u>\$2,476</u>	<u>\$-</u>	<u>\$3,420,562</u>

As at 31 December 2020

	Overdue						Total
	Not yet due	<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
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	<u>\$3,286,308</u>	<u>\$178,411</u>	<u>\$16,549</u>	<u>\$980</u>	<u>\$32</u>	<u>\$-</u>	<u>\$3,482,280</u>

As at 30 September 2020

	Overdue						Total
	Not yet due	<=30 days	31-90 days	91-180days	181-360 days	>=360 days	
Gross carrying amount	\$3,181,732	\$152,732	\$19,900	\$8,286	\$2,917	\$62,958	\$3,428,525
Loss ratio	0.5%	0.5~1%	2~8%	9~25%	25~85%	100%	
Lifetime expected credit losses	31,007	1,335	1,354	817	2,511	62,958	99,982
Carrying amount	\$3,150,725	\$151,397	\$18,546	\$7,469	\$406	\$-	\$3,328,543

The movement in the provision for impairment of note receivables and trade receivables during the nine-month periods ended 30 September 2021 and 2020 are as follows:

	Contract assets	Note receivables	Trade receivables
1 Jan. 2021	\$-	\$651	\$44,428
Addition/(reversal) for the current period	-	-	-
Write off	-	-	(5,217)
Exchange difference	-	-	(339)
30 Sep. 2021	\$-	\$651	\$38,872

  

	Contract assets	Note receivables	Trade receivables
1 Jan. 2020	\$-	\$5,839	\$77,677
Addition/(reversal) for the current period	-	-	17,188
Write off	-	-	-
Exchange difference	-	(53)	(669)
30 Sep. 2020	\$-	\$5,786	\$94,196

## 19. 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		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Land	\$274,581	\$294,995	\$294,744
Molding equipment	1,178	4,712	5,891
Other equipment	10,635	13,536	14,503
Total	<u>\$286,394</u>	<u>\$313,243</u>	<u>\$315,138</u>

During the nine-month periods ended 30 September 2021 and 2020, the Group's additions to right-of-use assets amounting to NT\$960 thousand and NT\$2,484 thousand.

### (b) Lease liabilities

	As at		
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Lease liabilities	<u>\$42,790</u>	<u>\$60,862</u>	<u>\$60,700</u>
Current	16,785	19,741	20,170
Non-current	26,005	41,121	40,530
Total	<u>\$42,790</u>	<u>\$60,862</u>	<u>\$60,700</u>

Please refer to Note 6.(21) for the interest on lease liabilities recognized during the nine-month periods ended 30 September 2021 and 2020 refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 30 September 2021 and 2020.

## B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	1 Jul. 2021~ 30 Sep. 2021	1 Jul. 2020~ 30 Sep. 2020	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
Land	\$6,311	\$6,261	\$18,971	\$18,832
Molding equipment	1,178	1,178	3,534	3,534
Other equipment	967	967	2,901	2,901
Total	<u>\$8,456</u>	<u>\$8,406</u>	<u>\$25,406</u>	<u>\$25,267</u>

### C. Income and costs relating to leasing activities

	1 Jul. 2021~ 30 Sep. 2021	1 Jul. 2020~ 30 Sep. 2020	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
The expenses relating to short-term leases	\$2,491	\$171	\$7,405	\$644
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	297	114	833	374
Total	<u>\$2,788</u>	<u>\$285</u>	<u>\$8,238</u>	<u>\$1,018</u>

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group recognized in other income for the three-month periods ended 30 September 2021 and 2020 were NT\$6 thousand and NT\$6 thousand and for the nine-month periods ended 30 September 2021 and 2020 were NT\$1,087 thousand and NT\$2,181 thousand, to reflect changes in lease payments that arise from such rent concessions to which the Group has applied the practical expedient.

### D. Cash outflow relating to leasing activities

During the nine-month periods ended 30 September 2021 and 2020, the Group's total cash outflows for leases amounting to NT\$27,740 thousand and NT\$19,933 thousand.

20. For the three-month periods and nine-month periods ended 30 September 2021 and 2020, the Group's personnel, depreciation and amortization expenses are summarized as follows:

Function Character	1 Jul. 2021~30 Sep. 2021			1 Jul. 2020~30 Sep. 2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating costs	Classified as operating costs
Salaries	\$345,678	\$247,802	\$593,480	\$373,841	\$247,894	\$621,735
Insurances	40,857	25,903	66,760	38,080	23,914	61,994
Pensions	15,160	12,867	28,027	11,534	10,699	22,233
Other personnel expenses	17,756	16,217	33,973	19,222	14,428	33,650
Depreciations	674,539	67,659	742,198	670,138	72,664	742,802
Amortization	60,769	10,531	71,300	36,046	14,494	50,540

Function Character	1 Jan. 2021~30 Sep. 2021			1 Jan. 2020~30 Sep. 2020		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Salaries	\$1,065,781	\$753,309	\$1,819,090	\$1,067,905	\$746,694	\$1,814,599
Insurances	123,763	78,854	202,617	122,680	74,613	197,293
Pensions	44,755	38,462	83,217	39,224	34,579	73,803
Other personnel expenses	55,256	46,116	101,372	58,881	47,031	105,912
Depreciations	2,022,801	206,318	2,229,119	2,015,901	223,097	2,238,998
Amortization	176,366	31,547	207,913	208,827	47,664	256,491

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 the form of shares or 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.

The Company accrued employees' compensation and remunerations to director based on the level of the profit of the nine-month periods ended 30 September 2021 and 2020. The amounts of employees' compensation and remunerations to directors were NT\$1,250 thousand and NT\$3,750 thousand, for the three-month periods ended 30 September 2021 and 2020, the amounts of employees' compensation and remunerations to directors were NT\$3,750 thousand and NT\$11,250 thousand, for the nine-month periods ended 30 September 2021 and 2020.

A resolution was approved at the 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 2020 earnings and the estimated amount in the financial statements for the year ended 2020.

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.

## 21. Non-operating income and expenses

### (1) Other income

	1 Jul. 2021~ 30 Sep. 2021	1 Jul. 2020~ 30 Sep. 2020	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
Rent income	\$3,153	\$3,110	\$7,762	\$7,530
Interest income	1,074	1,943	4,466	3,834
Dividend income	-	-	16,286	22,969
Other income-other	39,304	79,422	130,106	345,274
Total	<u>\$43,531</u>	<u>\$84,475</u>	<u>\$158,620</u>	<u>\$379,607</u>

### (2) Other gains and losses

	1 Jul. 2021~ 30 Sep. 2021	1 Jul. 2020~ 30 Sep. 2020	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
Gains on disposal of property, plant and equipment	\$2,167	\$1,263	\$1,910	\$13,832
Loss on disposal of Intangible assets	-	(7,444)	-	(7,444)
Foreign exchange loss - net	(6,695)	(49,950)	(113,136)	(117,109)
Other gains and (losses)	4,630	919	(4,331)	(64,141)
Total	<u>\$102</u>	<u>\$(55,212)</u>	<u>\$(115,557)</u>	<u>\$(174,862)</u>

### (3) Finance costs

	1 Jul. 2021~ 30 Sep. 2021	1 Jul. 2020~ 30 Sep. 2020	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
Bank Loans	\$(29,934)	\$(32,460)	\$(89,305)	\$(116,305)
Bonds payable interest expenses	-	-	-	(588)
Lease liability interest expenses	(129)	(183)	(470)	(624)
Interest expenses subtotal	<u>(30,063)</u>	<u>(32,643)</u>	<u>(89,775)</u>	<u>(117,517)</u>
Total	<u>\$(30,063)</u>	<u>\$(32,643)</u>	<u>\$(89,775)</u>	<u>\$(117,517)</u>



## 22. Components of other comprehensive income

	Arising during	Income tax profit	Other
Three months ended 30 Sep. 2021	the period	(expense)	comprehensive
Not to be reclassified to profit or loss in subsequent periods:			income, net of tax
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$(127,180)	\$-	\$(127,180)
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(8,904)	-	(8,904)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(4,384)	-	(4,384)
Total other comprehensive income	<u>\$(140,468)</u>	<u>\$-</u>	<u>\$(140,468)</u>

  

	Arising during	Income tax profit	Other
Three months ended 30 Sep. 2020	the period	(expense)	comprehensive
Not to be reclassified to profit or loss in subsequent periods:			income, net of tax
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$139,431	\$-	\$139,431
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	54,022	-	54,022
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	64,473	-	64,473
Total other comprehensive income	<u>\$257,926</u>	<u>\$-</u>	<u>\$257,926</u>

	Arising during	Income tax profit	Other comprehensive income, net of tax
Nine months ended 30 Sep. 2021	<u>the period</u>	<u>(expense)</u>	
Not to be reclassified to profit or loss in subsequent periods:			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$(195,632)	\$-	\$(195,632)
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(55,069)	-	(55,069)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	<u>(41,406)</u>	<u>-</u>	<u>(41,406)</u>
Total other comprehensive income	<u>\$(292,107)</u>	<u>\$-</u>	<u>\$(292,107)</u>

	Arising during	Income tax profit	Other comprehensive income, net of tax
Nine months ended 30 Sep. 2020	<u>the period</u>	<u>(expense)</u>	
Not to be reclassified to profit or loss in subsequent periods:			
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	\$(21,327)	\$-	\$(21,327)
To be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(42,872)	-	(42,872)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	<u>(44,685)</u>	<u>-</u>	<u>(44,685)</u>
Total other comprehensive income	<u>\$(108,884)</u>	<u>\$-</u>	<u>\$(108,884)</u>

## 23. Income Tax

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

### Income tax recorded in profit or loss

	1 Jul. 2021 ~ 30 Sep. 2021	1 Jul. 2020 ~ 30 Sep. 2020	1 Jan. 2021 ~ 30 Sep. 2021	1 Jan. 2020 ~ 30 Sep. 2020
Current income tax expense (income):				
Current income tax charge	\$24,593	\$69,867	\$121,201	\$124,912
Adjustments in respect of current income tax of prior periods	-	-	(7,224)	2,308
Deferred tax expense (income):				
Deferred tax expense (income) relating to origination reversal of temporary difference	920	-	2,791	(35,801)
Total Income tax expense	<u>\$25,513</u>	<u>\$69,867</u>	<u>\$116,768</u>	<u>\$91,419</u>

### The assessment of income tax returns

As of 30 September 2021, the Company and subsidiaries' income tax filings are as follows:

	The assessment of income tax returns
The Company	2019
Subsidiary—RU YANG INDUSTRIAL CO., LTD.	2019
Subsidiary—DING CHUNG INDUSTRY CO., LTD.	2019

## 24. 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.

	1 Jul. 2021～ 30 Sep. 2021	1 Jul. 2020～ 30 Sep. 2020	1 Jan. 2021～ 30 Sep. 2021	1 Jan. 2020～ 30 Sep. 2020
(1) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$111,460	\$ 265,403	\$503,119	\$631,093
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477	591,477	591,477
Basic earnings per share (NT\$)	\$0.19	\$0.45	\$0.85	\$1.07
(2) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$111,460	\$ 265,403	\$503,119	\$631,093
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	591,477	591,477	591,477	591,477
Effect of dilution:				
Employee bonus—stock (in thousands)	110	105	110	105
Weighted average number of ordinary shares outstanding after dilution (in thousands)	591,587	591,582	591,587	591,582
Diluted earnings per share (NT\$)	\$0.19	\$0.45	\$0.85	\$1.07

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

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
TUNG YANG CHEMICAL CO., LTD.	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.	Associate
NBC (WUHAN) CO., LTD.	Associate
WUHAN XIANG XING AUTO PARTS CO., LTD.	Associate
NBC (GUANGZHOO) CO., LTD.	Associate
TAI Plus LLC	Other related party

### Significant related party transactions

#### (1) Sales

	1 Jul. 2021 ~ 30 Sep. 2021	1 Jul. 2020 ~ 30 Sep. 2020	1 Jan. 2021 ~ 30 Sep. 2021	1 Jan. 2020 ~ 30 Sep. 2020
Associates industries	<u>\$63,806</u>	<u>\$77,671</u>	<u>\$189,642</u>	<u>\$169,886</u>

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

#### (2) Purchases

	1 Jul. 2021 ~ 30 Sep. 2021	1 Jul. 2020 ~ 30 Sep. 2020	1 Jan. 2021 ~ 30 Sep. 2021	1 Jan. 2020 ~ 30 Sep. 2020
Associates industries	<u>\$53,305</u>	<u>\$64,098</u>	<u>\$161,625</u>	<u>\$156,426</u>

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

#### (3) Accounts Receivables - Related parties

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Associates industries	<u>\$79,973</u>	<u>\$91,784</u>	<u>\$93,365</u>

## (4) Accounts Payables - Related parties

	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020
Associates industries	\$72,825	\$67,338	\$79,480

## (5) Key management personnel compensation

	1 Jul. 2021 ~ 30 Sep. 2021	1 Jul. 2020 ~ 30 Sep. 2020	1 Jan. 2021 ~ 30 Sep. 2021	1 Jan. 2020 ~ 30 Sep. 2020
Short-term employee benefits	\$18,016	\$17,876	\$53,409	\$52,404
Post-employment benefits	27	27	81	81
Total	\$18,043	\$17,903	\$53,490	\$52,485

## (6) Other

The amount of service fees paid by the Group to an other related party for the three-month periods ended 30 September 2021 and 2020 were NT\$2,510 thousand and NT\$3,557 thousand, respectively. And for the nine-month periods ended 30 September 2021 and 2020 were NT\$7,613 thousand and NT\$10,794 thousand, respectively.

VIII. ASSETS PLEDGED AS COLLATERAL

Item	Amount			Purpose of pledge
	30 Sep. 2021	31 Dec. 2020	30 Sep. 2020	
Financial assets measured at amortized cost- time deposits	\$18,098	\$18,098	\$18,098	Tax refund and guarantee
Financial assets measured at amortized cost- restricted deposits	-	2,876	114,688	Notes payables
Notes receivables	25,590	34,468	71,068	Notes payables
Property, plant and equipment- Land	225,647	225,647	225,647	Bank loans
Property, plant and equipment- Buildings	969,029	1,016,793	756,526	Bank loans
Right-of-use asset	171,300	178,117	176,490	Bank loans
Total	\$1,409,664	\$1,475,999	\$1,362,517	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

1. As of 30 September 2021, the Company was involved in the following activities that were not shown in the financial statements:

(1) Unused letters of credit (in thousands)

<u>Currency</u>	<u>30 Sep. 2021</u>
USD	651
NTD	23,155

(2) The financial institution provided a guarantee of NTD\$70,900 thousand to the Company's vendors for securing the Company's purchases from them.

2. As of 30 September 2021, the related parties, FUZHOU TONG YANG, TONG YANG HOLDING CORPORATION, XIANGYANG TONG YANG, GUANGZHOU TONG YANG TATEMATSU, DA JIANG YU QIANG, DA JIANG TONG YANG 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 30 September 2021, 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 30 September 2021, the Company has entered into a binding contract for the fourth quarter of 2021 with CHINA STEEL CORPORATION. The contract price is NT\$274,714 thousand. The Company has already drawn up a guarantee note of NT\$17,500 thousand.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

The Company's board of directors resolved to sell a certain portion of the mainland China reinvestment companies held by the Company's investment business in the third region, TONG YANG HOLDING CORPORATION on November 2, 2021, i.e. 40% share ownership held by TONG YANG HOLDING CORPORATION reinvestment in the following five businesses: NBC (GUANGZHOU), NBC (TIANJIN), NBC (WUHAN), NBC (NANJING), NBC (CHANGCHUEN). The disposal of the reinvestment started after the resolution.

## XII. OTHER

### 1. Categories of financial instruments

#### Financial Assets

	<u>30 Sep. 2021</u>	<u>31 Dec. 2020</u>	<u>30 Sep. 2020</u>
Financial assets at fair value through other comprehensive income	\$242,904	\$438,536	\$498,690
Financial assets measured at amortized cost:			
Cash and cash equivalents (excludes cash on hand)	1,041,311	1,533,476	1,399,567
Financial assets measured at amortized cost	28,130	48,364	162,204
Notes receivables	103,360	105,011	160,946
Accounts receivables(related parties included)	3,317,202	3,377,269	3,167,597
Other receivables	<u>112,958</u>	<u>93,327</u>	<u>191,285</u>
Total	<u>\$4,845,865</u>	<u>\$5,595,983</u>	<u>\$5,580,289</u>

#### Financial Liabilities

	<u>30 Sep. 2021</u>	<u>31 Dec. 2020</u>	<u>30 Sep. 2020</u>
Financial liabilities at amortized cost:			
Short-term loans	\$1,715,392	\$1,820,892	\$2,527,939
Payables	3,792,176	4,081,619	4,115,694
Lease liabilities	42,790	60,862	60,700
Long-term loans(current portion included)	<u>5,100,377</u>	<u>5,928,817</u>	<u>5,429,963</u>
Total	<u>\$10,650,735</u>	<u>\$11,892,190</u>	<u>\$12,134,296</u>

### 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 nine-month periods ended 30 September 2021 and 2020 decreases/increases by NT\$17,728 thousand and NT\$14,643 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 nine-month periods ended 30 September 2021 and 2020 to decrease/increase by NT\$4,331 thousand and NT\$4,919 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 30 September 2021, 31 December 2020 and 30 September 2020, accounts receivables from top ten customers represented 33%, 33% and 31% 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.

### Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	> 3 years	Total
30 Sep. 2021					
Loans	\$1,972,762	\$2,512,702	\$987,888	\$1,486,498	\$6,959,850
Payables	3,792,176	-	-	-	3,792,176
Lease liabilities	16,787	15,587	10,811	389	43,574
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
30 Sep. 2020					
Loans	\$2,661,127	\$2,517,337	\$1,100,204	\$1,850,467	\$8,129,135
Notes and bills payables	289,937	-	-	-	289,937
Payables	3,825,757	-	-	-	3,825,757
Lease liabilities	20,171	15,971	14,771	11,200	62,113

## 6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine months ended 30 September 2021 :

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
1 Jan. 2021	\$1,820,892	\$5,928,817	\$60,862	\$7,810,571
Cash flows	(105,500)	(817,155)	(19,032)	(941,687)
Non-cash change	-	-	960	960
Foreign exchange movement	-	(11,285)	-	(11,285)
30 Sep. 2021	<u>\$1,715,392</u>	<u>\$5,100,377</u>	<u>\$42,790</u>	<u>\$6,858,559</u>

Reconciliation of liabilities for the nine months ended 30 September 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	222,210	(315,406)	(18,291)	(111,487)
Non-cash change	-	-	2,484	2,484
Foreign exchange movement	-	(20,175)	-	(20,175)
30 Sep. 2020	<u>\$2,527,939</u>	<u>\$5,429,963</u>	<u>\$60,700</u>	<u>\$8,018,602</u>

## 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:

30 Sep. 2021

	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	\$-	\$-	\$242,904	\$242,904

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

30 Sep. 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	\$-	\$-	\$498,690	\$498,690

Transfers between Level 1 and Level 2 during the period

During the nine-month periods ended 30 September 2021 and 2020, 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
	1 Jan. 2021~ 30 Sep. 2021	1 Jan. 2020~ 30 Sep. 2020
Beginning balances	\$438,536	\$520,017
Total gains and losses recognized:		
Amount recognized in OCI	(195,632)	(21,237)
Ending balances	\$242,904	\$498,690

### 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 30 September 2021

	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	9.54~ 23.74	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 equity by NT\$23,290 thousand

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 equity by NT\$42,854 thousand

As at 30 September 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	16.05~ 27.78	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 equity by NT\$ 48,869 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			
30 Sep. 2021			
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$75,743	27.866	\$2,110,654
CNY	311,754	4.311	1,343,971
Non-monetary items:			
CNY	772,702	4.311	3,331,120
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$12,125	27.866	\$337,875
CNY	675,932	4.311	2,913,943
31 Dec. 2020			
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
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
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$27,981	28.508	\$797,682
CNY	682,185	4.358	2,972,962



	30 Sep. 2020		
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$76,628	29.126	\$2,231,867
CNY	359,176	4.279	1,536,914
Non-monetary items:			
CNY	818,738	4.279	3,503,380
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$26,353	29.126	\$767,557
CNY	657,013	4.279	2,811,359

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the three-months periods and the nine-month periods ended 30 September 2021 and 2020, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT\$(6,695) thousand, NT\$(49,950) thousand, NT\$(113,136) thousand and NT\$(117,109) 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 nine months ended 30 September 2021: Please refer to Attachment 2.
  - (b) Endorsement/Guarantee provided to others for the nine months ended 30 September 2021: Please refer to Attachment 3.
  - (c) Securities held as of 30 September 2021 (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 nine months ended 30 September 2021: 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 nine months ended 30 September 2021: 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 nine months ended 30 September 2021: 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 nine months ended 30 September 2021: 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 30 September 2021: None.
- (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 30 September 2021, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2021: 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 7.
- (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 7.

(4) Information on major shareholders:

Name of major shareholders, number of shares held and proportion of shares held: Please refer to Attachment 8.

#### 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.

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

1 Jul. 2021~ 30 Sep. 2021	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External customers	\$1,284,248	\$3,183,298	\$-	\$4,467,546
Inter-segment	-	-	-	-
Total revenue	<u>\$1,284,248</u>	<u>\$3,183,298</u>	<u>\$-</u>	<u>\$4,467,546</u>
Segment profit	<u>\$(159,271)</u>	<u>\$296,244</u>	<u>\$(18,240)</u> Note(1)	<u>\$118,733</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$ (18,240) thousand.

1 Jan. 2021~ 30 Sep. 2021	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External customers	\$3,853,544	\$9,590,679	\$-	\$13,444,223
Inter-segment	-	-	-	-
Total revenue	<u>\$3,853,544</u>	<u>\$9,590,679</u>	<u>\$-</u>	<u>\$13,444,223</u>
Segment profit	<u>\$(219,400)</u>	<u>\$839,287</u>	<u>\$(40,597)</u> Note(1)	<u>\$579,290</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$ (40,597) thousand.

1 Jul. 2020~ 30 Sep. 2020	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External customers	\$1,322,664	\$3,203,384	\$-	\$4,526,048
Inter-segment	-	-	-	-
Total revenue	<u>\$1,322,664</u>	<u>\$3,203,384</u>	<u>\$-</u>	<u>\$4,526,048</u>
Segment profit	<u>\$(9,329)</u>	<u>\$344,599</u>	<u>\$(2,725)</u> Note(1)	<u>\$332,545</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$(2,725) thousand.

1 Jan. 2020~ 30 Sep. 2020	Assembly Market	Maintenance Market	Adjustments and eliminations	Total
Revenue				
External customers	\$3,456,628	\$9,170,626	\$-	\$12,627,254
Inter-segment	-	-	-	-
Total revenue	<u>\$3,456,628</u>	<u>\$9,170,626</u>	<u>\$-</u>	<u>\$12,627,254</u>
Segment profit	<u>\$(220,298)</u>	<u>\$942,810</u>	<u>\$(63,296)</u> Note(1)	<u>\$659,216</u>

Note:

(1) None of the operating division's profit/loss included profit attributable to non-controlling interest (loss) of NT\$(63,296) thousand.

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

No.(Note 1)	Related-party	Counterparty	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	\$66,501	Approximately 45-120 days from the date of sale	0.49%
0	The Company	TYG PRODUCTS	1	Sales	82,120	Approximately 90 days from the date of sale	0.61%
0	The Company	TONG YANG HOLDING CORPORATION	1	Other income	26,442	120 days after the invoice is opened	0.20%
0	The Company	DING CHUNG INDUSTRY CO., LTD.	1	Account receivables	29,210	Approximately 45-120 days from the date of sale	0.09%
0	The Company	TYG PRODUCTS	1	Account receivables	55,849	Approximately 90 days from the date of sale	0.16%
0	The Company	TONG YANG HOLDING CORPORATION	1	Other receivables	16,360	120 days after the invoice is opened	0.05%
1	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD.	3	Sales	530,722	90 days after shipment	3.95%
1	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD.	3	Account receivables	20,710	90 days after shipment	0.06%
2	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	FUZHOU TONG YANG PLASTICS CO., LTD.	3	Sales	108,025	90 days after the invoice is opened	0.80%
2	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	FUZHOU TONG YANG PLASTICS CO., LTD.	3	Account receivables	92,898	90 days after the invoice is opened	0.27%
3	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	3	Other receivables	90,531	Financing	0.27%
3	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	3	Other receivables	124,071	Financing	0.36%
4	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	3	Other receivables	139,330	Financing	0.41%

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	Counterparty	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) counterparty (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counterparty (Note 2)	Limit of total financing amount (Note 3)	Note
													Item	Value			
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	Other receivables	Y	\$91,161 (RMB 21,000)	\$90,531 (RMB 21,000)	\$90,531 (RMB 21,000)	1.62%	2	-	Need for operating	-	-	-	\$1,028,423 (USD 36,906)	\$2,056,817 (USD 73,811)	(Note 7)
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	Other receivables	Y	\$169,901 (RMB 38,500)	\$125,019 (RMB 29,000)	\$124,071 (RMB 28,780)	1.62%	2	-	Need for operating	-	-	-	\$1,028,423 (USD 36,906)	\$2,056,817 (USD 73,811)	(Note 7)
2	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	Other receivables	Y	\$156,921 (USD 5,500)	\$153,263 (USD 5,500)	\$139,330 (USD 5,000)	-%	2	-	Need for operating	-	-	-	\$315,068	\$420,091	(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 counterparty:

- (1) Limit of financing amount for individual counterparty 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 1:27.866

The exchange rate of the RMB to the NTD is 1:4.311.

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	Relationship (Note 2)											
1	TONG YANG HOLDING CORPORATION	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD	(2)	\$1,028,423 (USD 36,906)	\$748,888 (RMB 172,000)	\$741,492 (RMB 172,000)	\$470,188 (RMB 109,067)	-	14.42%	\$2,056,817 (USD 73,811)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	FUZHOU TONG YANG PLASTICS CO., LTD.	(2)	\$1,028,423 (USD 36,906)	\$514,913 (RMB 119,000)	\$513,009 (RMB 119,000)	\$348,079 (RMB 80,742)	-	9.98%	\$2,056,817 (USD 73,811)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	(2)	\$1,028,423 (USD 36,906)	\$142,655 (USD 5,000)	\$139,330 (USD 5,000)	\$129,330 (RMB 30,000)	-	2.71%	\$2,056,817 (USD 73,811)	Y	N	Y	(Note 5)
1	TONG YANG HOLDING CORPORATION	CHONGQING DAJING YUCHANG PLASTICS CO., LTD.	(2)	\$1,028,423 (USD 36,906)	\$123,564 (RMB 28,000)	\$86,220 (RMB 20,000)	\$86,220 (RMB 20,000)	-	1.68%	\$2,056,817 (USD 73,811)	Y	N	Y	(Note 5)
2	HOW BOND INVESTMENT CO.,LTD	NANJING TONG YANG AUTO PARTS CO., LTD.	(2)	\$210,045	\$132,390 (RMB 30,000)	\$64,665 (RMB 15,000)	-	-	6.16%	\$420,091	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 30 September 2021.

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 30 September 2021.

Note 5: The above transactions 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 dollar to NTD is 1:27.866.

The exchange rate of the RMB to the NTD is 1:4.311.



Attachment 4: Securities held as of 30 September 2021. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 30 September 2021				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 INDUSTRIAL,CO.,LTD	"	"	5,472	196,622	14.14%	35.93	
DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	stock-PRO FORTUNE INDUSTRIAL,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	36,282	2.61%	35.93	

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 30 September 2021, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2021

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 30 September 2021			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%	\$113,858	\$111,800	\$18,059	\$7,224	
	TONG YANG HOLDING CORPORATION	Cayman Islands	Holding company	3,549,040 (USD 107,525)	3,549,040 (USD 107,525)	75,467	100.00%	5,141,663	5,142,051	(190,228)	(190,228)	(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%	1,037,864	1,050,227	46,546	46,546	(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%	107,363	107,363	(13,380)	(13,380)	(Note4)
	DING CHUNG INDUSTRY CO., LTD. (DING CHUNG)	Taiwan	Automobile parts and components import and export business	66,865	66,865	2,000	100.00%	59,710	59,710	3,227	3,227	(Note4)
	RU YANG INDUSTRIAL CO., LTD. (RU YANG)	Taiwan	Production and sales of automotive parts	242,740	242,740	12,947	58.95%	245,532	245,540	7,286	4,295	(Note4)
	C&D CAPITAL CORPORATION	British Virgin Islands	Holding company	5,126 (USD 242)	5,126 (USD 242)	242	33.34%	10,369	7,369	6,027	2,345	(Note6)
	C&D CAPITAL II CORPORATION	British Virgin Islands	Holding company	157,584 (USD 4,881)	170,260 (USD 5,335)	4,881	42.53%	74,855	135,827	(73)	(461)	(Note6)
	WU'S PLASTICS CO.,LTD.(literal translation)	Taiwan	Production and sales of automotive parts	15,000	15,000	1,500	50.00%	15,166	15,166	485	225	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 30 September 2021, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2021

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 30 September 2021			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 58,004	USD 13,680	USD 6,703	
	FUZHOU TONG YANG PLASTICS CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 18,000	USD 18,000	-	100.00%	USD 4,915	USD (6,866)	USD (6,866)	(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 12,979	USD (2,604)	USD (1,432)	(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 6,793	USD (1,663)	USD (416)	(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 11,854	USD (1,093)	USD (492)	
	XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	China	Production and sales of various plastic vehicles, plastic products, etc.	USD 29,298	USD 29,298	-	100.00%	USD 7,810	USD (3,580)	USD (3,580)	(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 19,296	USD (781)	USD (781)	(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 (189)	USD (76)	
	NBC (GUANGZHOO) CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 240	USD 240	-	40.00%	USD 11,921	USD 1,990	USD 796	
	NBC (TIANJIN) CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 480	USD 480	-	40.00%	USD 3,881	USD 335	USD 134	
	TIANJIN BINHAI NBC CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD -	USD 2,960	-	-	USD -	USD (13)	USD (5)	(Note7)
	NBC (WUHAN) CO., LTD.	China	Processing and trading of paint, varnish, paint materials and fine chemicals	USD 600	USD 600	-	40.00%	USD 9,808	USD 1,546	USD 618	
	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 2,268	USD (720)	USD (288)	

Attachment 5: Names, locations, main businesses and products, original investment amount, investment as of 30 September 2021, net income (loss) of investee company and investment income (loss) recognized as of 30 September 2021

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 30 September 2021			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 3,321	USD (946)	USD (236)	
	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 4,590	USD (341)	USD (307)	(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 18,484	USD (1,857)	USD (910)	
	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 2,074	USD 151	USD 151	(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 95,813	RMB (10,783)	RMB (5,882)	(Note 4)
HOW BOND INVESTMENT CO., LTD.	TYG HOLDING (U.S.A), INC.	America	Investment holding	USD -	USD -	1	100.00%	517,339	81,720	81,720	(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%	358,744	(31,681)	(31,681)	(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: TIANJIN BINHAI NBC CO., LTD. was liquidated and cancelled in September 2021.

Note 8: The exchange rate of US dollar to NTD is 1:27.866.

The exchange rate of RMB to NTD is 1:4.311.

The average exchange rate of US dollar to NTD is 1: 28.195.

The average exchange rate of RMB to NTD is 1:4.349.

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 30 September 2021

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.	TUNG YANG CHEMICAL CO., LTD.	Associate	Purchases	\$109,359	2.31%	Net 90 days	N/A	N/A	\$34,259	2.69%	
CHONGQING DAJING TONG YANG PLASTICS CO., LTD.	CHONGQING DAJING YUCHYANG PLASTICS CO., LTD. (DAJING YUCHYANG)	Parent-subsidiary	Sales	\$530,722 (RMB 122,033)	47.31%	90 days after shipment	N/A	N/A	\$20,710 (RMB 4,804)	5.28%	(Note)
XIANGYANG TONG YANG AUTOMOBILE COMPONENT CO., LTD.	FUZHOU TONG YANG PLASTICS CO., LTD.	Associate	Sales	\$108,025 (RMB 24,839)	38.21%	90 days after the invoice is opened	N/A	N/A	\$92,898 (RMB 21,549)	39.44%	(Note)
FUZHOU TONG YANG PLASTICS CO., LTD.	DAIKYO NISHIKAWA TONG YANG AUTO PARTS (NANJING) CO., LTD.	Associate	Sales	\$130,922 (RMB 30,104)	24.89%	Approximately 60 days from the date of sale	N/A	N/A	\$38,484 (RMB 8,927)	12.91%	

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

Attachment 7: 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 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 30 September 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 3/4)	Carrying Value as of 30 September 2021 (Note 3/5)	Accumulated Inward Remittance of Earnings as of 30 September 2021
					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.	USD -	Note 1	USD 3,659	-	-	USD 3,659	-	-	-	-	-
Wuhu You Shr Tongyang Plastics Co., Ltd.		USD -	Note 1	USD 4,407	-	-	USD 4,407	-	-	-	-	-
Haerbin Hafei Kai Yih Metal Co., Ltd.		USD -	Note 1	USD 10,860	-	-	USD 10,860	-	-	-	-	-
Tianjin Mitsuboshi Belting Co., Ltd.		USD -	Note 1	USD 1,033	-	-	USD 1,033	-	-	-	-	-
Tianjin Nagase Plastics Co., Ltd.		USD -	Note 1	USD 54	-	-	USD 54	-	-	-	-	-
Fuzhou Tongyang Plastic Products Co., Ltd.		USD 19,000	Note 1	USD 18,308	-	-	USD 18,308	USD (6,866)	100.00%	USD (6,866)	USD 4,915	-
Chongqing Dajing Yuchyang Plastics Co., Ltd.		USD 13,000	Note 1	USD 6,372	-	-	USD 6,372	USD (2,604)	55.00%	USD (1,432)	USD 12,979	USD 4,000
NBC (Guangzhoo) Co., Ltd.		USD 5,400	Note 1	USD 1,162	-	-	USD 1,162	USD 1,990	40.00%	USD 796	USD 11,921	-
NBC (Changchuen) Co., Ltd.		USD 1,500	Note 1	USD 474	-	-	USD 474	USD (189)	40.00%	USD (76)	USD -	-
NBC (Tianjin) Co., Ltd.		USD 5,200	Note 1	USD 887	-	-	USD 887	USD 335	40.00%	USD 134	USD 3,881	-
Tianjin Binhai NBC Co., Ltd.		RMB -	Note 1	USD 2,960	-	-	USD 2,960	USD (13)	-	USD (5)	USD -	-
Chang Chuen Faway Tong Yang Plastics Co., Ltd.		USD 27,000	Note 1	USD 9,747	-	-	USD 9,747	USD 13,680	49.00%	USD 6,703	USD 58,004	USD 7,000
Haerbin Hafei Tongyang Plastic Products Co., Ltd.		USD -	Note 1	USD 4,113	-	-	USD 4,113	-	-	-	-	-
NBC (Wuhan) Co., Ltd.		USD 1,500	Note 1	USD 965	-	-	USD 965	USD 1,546	40.00%	USD 618	USD 9,808	-
NBC (Nanjing) Co., Ltd.		USD 3,000	Note 1	USD 1,465	-	-	USD 1,465	USD (720)	40.00%	USD (288)	USD 2,268	-
Chongqing Dajiang Tongyang Plastic Products Co., Ltd.		USD 13,000	Note 1	USD 3,692	-	-	USD 3,692	USD (1,663)	25.00%	USD (416)	USD 6,793	-
Daikyo Nishikawa Tong Yang Auto Parts (Nanjing) Co., Ltd.		USD 27,500	Note 1	USD 19,670	-	-	USD 19,670	USD (1,093)	45.00%	USD (492)	USD 11,854	-
Wuhan Xiangxing Auto Parts Co., Ltd.		USD 12,000	Note 1	USD 3,228	-	-	USD 3,228	USD (946)	25.00%	USD (236)	USD 3,321	-
Nanjing Tong Yang Auto Parts Co., Ltd.		USD 28,000	Note 2	USD 27,453	-	-	USD 27,453	(31,681)	100.00%	(31,681)	358, 744	-
Guangzhou Tong Yang Tatematsu Mold Manufacturing Co., Ltd.		RMB 100,000	Note 1	USD 11,172	-	-	USD 11,172	USD (341)	90.00%	USD (307)	USD 4,590	-
Changsha Gacc Tong Yang Automobile Component Co., Ltd.		USD 35,000	Note 1	USD 17,132	-	-	USD 17,132	USD (1,857)	49.00%	USD (910)	USD 18,484	-
Fuzhou Kai Ming Mold Co., Ltd.		USD -	Note 3	USD 200	-	-	USD 200	-	-	-	-	-
Xiangyang Tong Yang Automobile Component Co., Ltd.		USD 38,000	Note 1	USD 39,651	-	-	USD 39,651	USD (3,580)	100.00%	USD (3,580)	USD 7,810	-
Fushun Tong Yang Automobile Component Co., Ltd.		USD 18,500	Note 1	USD 18,586	-	-	USD 18,586	USD (781)	100.00%	USD (781)	USD 19,296	-
Tong Yang (Guangzhou) Technology R&D Service Co., Ltd.		RMB 12,000	Note 1	USD 1,840	-	-	USD 1,840	USD 151	100.00%	USD 151	USD 2,074	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
US\$209,090	US\$216,590	(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 1:27.866, the exchange rate of RMB to NTD is 1:4.311; the average exchange rate of US dollar to NTD is 1: 28.195, the average exchange rate of RMB to NTD is 1: 4.349.

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 8:Information on major shareholders

Name of major shareholders	Name of ordinary shares	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.