

**Y.C.C. PARTS MFG. CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Y.C.C. Parts Mfg. Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Y.C.C. Parts Mfg. Co., Ltd. and subsidiaries (the "Group") as at September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the related statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of 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 by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of review

Except as explained in the Basis for Qualified Conclusion, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. 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 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 4(3), the financial statements of insignificant consolidated subsidiaries were not reviewed by independent auditors. Total assets of these subsidiaries amounted to NT\$749,637 thousand and NT\$571,460 thousand, constituting 14.79% and 10.70% of the consolidated total assets as at September 30, 2021 and 2020, respectively, total liabilities amounted to NT\$265,884 thousand and

NT\$143,351 thousand, constituting 16.86% and 7.91% of the consolidated total liabilities as at September 30, 2021 and 2020, respectively, and the total comprehensive gain (loss) amounted to NT\$396 thousand, (NT\$11,490) thousand, (NT\$8,710) thousand and (NT\$4,584) thousand, constituting 9.63%, (19.51%), (16.32%) and (5.97%) of the consolidated total comprehensive gain (loss) for the three months and nine months then ended, respectively.

Qualified conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of consolidated subsidiaries been reviewed by independent auditors as described in the *Basis for qualified conclusion* section above, based on our reviews, 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 Group as at September 30, 2021 and 2020, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wang, Yu-Chuan

Liu, Mei-Lan

For and on behalf of PricewaterhouseCoopers, Taiwan
November 12, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' review report 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, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers 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.

Y.C.C. PARTS MFG. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

			September 30, 2021		December 31, 2020		September 30, 2020				
Assets			Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%		
Current assets											
1100	Cash and cash equivalents	6(1)	\$	607,924	12	\$	742,410	14	\$	657,399	12
1110	Financial assets at fair value	6(2)									
	through profit or loss - current			101,973	2		18,301	-		38,684	1
1136	Financial assets at amortised cost -	6(4)									
	current			252,685	5		261,058	5		423,203	8
1150	Notes receivable, net	6(5)		82,079	2		29,553	-		55,695	1
1170	Accounts receivable, net	6(5)		433,971	9		591,658	11		555,340	10
1200	Other receivables			5,854	-		3,579	-		6,028	-
130X	Inventories	6(6)		326,315	6		302,754	6		302,728	6
1470	Other current assets	6(7) and 8		69,347	1		86,426	2		41,022	1
11XX	Current Assets			1,880,148	37		2,035,739	38		2,080,099	39
Non-current assets											
1517	Financial assets at fair value	6(3)									
	through other comprehensive										
	income - non-current			40,272	1		52,241	1		47,281	1
1535	Financial assets at amortised cost -	6(4) and 8									
	non-current			300	-		300	-		327	-
1600	Property, plant and equipment	6(8) and 8		2,804,210	55		2,767,101	52		2,631,976	49
1755	Right-of-use assets	6(9) and 8		140,434	3		146,668	3		141,871	3
1760	Investment property, net	6(10) and 8		15,575	-		16,506	1		16,369	-
1780	Intangible assets	6(11)		6,971	-		8,203	-		37,428	1
1840	Deferred income tax assets			108,584	2		115,287	2		110,483	2
1900	Other non-current assets	6(12)		71,756	2		156,356	3		273,283	5
15XX	Total non-current assets			3,188,102	63		3,262,662	62		3,259,018	61
1XXX	Total assets		\$	5,068,250	100	\$	5,298,401	100	\$	5,339,117	100

(Continued)

Y.C.C. PARTS MFG. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2021, DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of September 30, 2021 and 2020 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2021		December 31, 2020		September 30, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(13)	\$ 402,915	8	\$ 333,396	6	\$ 436,316	8
2120	Financial liabilities at fair value through profit or loss - current	6(2)	4,560	-	27,305	1	10,214	-
2130	Current contract liabilities	6(21)	19,245	1	20,177	-	21,177	1
2150	Notes payable		84,684	2	118,492	2	109,758	2
2170	Accounts payable		151,343	3	251,103	5	246,520	5
2200	Other payables	6(14)	116,331	2	134,314	3	122,584	2
2230	Current income tax liabilities	6(28)	60,526	1	78,868	1	69,185	1
2320	Long-term liabilities, current portion	6(15)	112,797	2	137,261	3	156,565	3
2399	Other current liabilities, others		1,751	-	1,507	-	643	-
21XX	Current Liabilities		<u>954,152</u>	<u>19</u>	<u>1,102,423</u>	<u>21</u>	<u>1,172,962</u>	<u>22</u>
	Non-current liabilities							
2540	Long-term borrowings	6(15)	566,073	11	575,299	11	607,427	11
2560	Income tax liabilities - non-current	6(28)	42,163	1	20,630	-	24,469	1
2600	Other non-current liabilities	6(9)(16)	15,068	-	14,388	-	7,787	-
25XX	Total non-current liabilities		<u>623,304</u>	<u>12</u>	<u>610,317</u>	<u>11</u>	<u>639,683</u>	<u>12</u>
2XXX	Total Liabilities		<u>1,577,456</u>	<u>31</u>	<u>1,712,740</u>	<u>32</u>	<u>1,812,645</u>	<u>34</u>
	Equity attributable to owners of parent							
	Share capital	6(18)						
3110	Share capital - common stock		741,389	15	741,389	14	741,389	14
	Capital surplus	6(19)						
3200	Capital surplus		1,193,259	24	1,193,259	23	1,193,024	23
	Retained earnings	6(20)						
3310	Legal reserve		329,574	7	317,795	6	317,795	6
3320	Special reserve		105,212	2	119,480	2	119,480	2
3350	Unappropriated retained earnings		1,135,908	22	1,203,831	23	1,174,236	22
	Other equity interest							
3400	Other equity interest		(122,258)	(3)	(105,211)	(2)	(129,224)	(3)
3500	Treasury shares	6(18)	(526)	-	(526)	-	(526)	-
31XX	Equity attributable to owners of the parent		<u>3,382,558</u>	<u>67</u>	<u>3,470,017</u>	<u>66</u>	<u>3,416,174</u>	<u>64</u>
36XX	Non-controlling interests		<u>108,236</u>	<u>2</u>	<u>115,644</u>	<u>2</u>	<u>110,298</u>	<u>2</u>
3XXX	Total equity		<u>3,490,794</u>	<u>69</u>	<u>3,585,661</u>	<u>68</u>	<u>3,526,472</u>	<u>66</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date	11						
3X2X	Total liabilities and equity		<u>\$ 5,068,250</u>	<u>100</u>	<u>\$ 5,298,401</u>	<u>100</u>	<u>\$ 5,339,117</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

Y.C.C. PARTS MFG. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

	Items	Notes	Three months ended September 30		2020		Nine months ended September 30		2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(21)	\$ 462,340	100	\$ 607,721	100	\$ 1,443,711	100	\$ 1,529,939	100
5000	Operating costs	6(6)(26)(27)	(357,840)	(77)	(425,349)	(70)	(1,104,358)	(77)	(1,076,188)	(71)
5900	Net operating margin		104,500	23	182,372	30	339,353	23	453,751	29
	Operating expenses	6(26)(27)								
6100	Selling expenses		(25,477)	(6)	(31,915)	(5)	(89,715)	(6)	(92,559)	(6)
6200	General and administrative expenses		(28,994)	(6)	(39,289)	(7)	(89,193)	(6)	(98,317)	(6)
6300	Research and development expenses		(11,041)	(2)	(7,744)	(1)	(25,518)	(2)	(23,655)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(2,517)	(1)	1,883	-	(1,928)	-	(1,468)	-
6000	Total operating expenses		(68,029)	(15)	(77,065)	(13)	(206,354)	(14)	(215,999)	(14)
6900	Operating profit		36,471	8	105,307	17	132,999	9	237,752	15
	Non-operating income and expenses									
7100	Interest income	6(22)	526	-	1,398	-	2,150	-	7,658	1
7010	Other income	6(23)	8,684	2	8,704	1	16,502	1	15,530	1
7020	Other gains and losses	6(24)	(6,726)	(2)	(50,517)	(8)	(35,287)	(2)	(110,231)	(7)
7050	Finance costs	6(25)	(4,872)	(1)	(2,518)	-	(13,977)	(1)	(10,951)	(1)
7000	Total non-operating income and expenses		(2,388)	(1)	(42,933)	(7)	(30,612)	(2)	(97,994)	(6)
7900	Profit before income tax		34,083	7	62,374	10	102,387	7	139,758	9
7950	Income tax expense	6(28)	(12,104)	(2)	(20,486)	(3)	(30,422)	(2)	(52,497)	(3)
8200	Profit for the period		\$ 21,979	5	\$ 41,888	7	\$ 71,965	5	\$ 87,261	6

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Y.C.C. PARTS MFG. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings per share)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2021		2020		2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Other comprehensive income										
Components of other comprehensive income that will not be reclassified to profit or loss										
8316	Unrealised gains (losses) on valuation of equity instrument at fair value through profit or loss	6(3)	(\$ 16,160)	(4)	(\$ 258)	-	(\$ 11,970)	(1)	(\$ 10,261)	(1)
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(16,160)	(4)	(258)	-	(11,970)	(1)	(10,261)	(1)
Components of other comprehensive income that will be reclassified to profit or loss										
8361	Financial statements translation differences of foreign operations		(1,705)	-	17,275	3	(6,614)	-	(169)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss		(1,705)	-	17,275	3	(6,614)	-	(169)	-
8300	Total other comprehensive (loss) income for the period		(\$ 17,865)	(4)	\$ 17,017	3	(\$ 18,584)	(1)	(\$ 10,430)	(1)
8500	Total comprehensive income for the period		\$ 4,114	1	\$ 58,905	10	\$ 53,381	4	\$ 76,831	5
Profit (loss), attributable to:										
8610	Owners of parent		\$ 23,741	5	\$ 38,635	6	\$ 77,836	5	\$ 88,199	6
8620	Profit (loss), attributable to : Non-controlling interests		(1,762)	-	3,253	1	(5,871)	-	(938)	-
	Total		\$ 21,979	5	\$ 41,888	7	\$ 71,965	5	\$ 87,261	6
Comprehensive income attributable to:										
8710	Owners of parent		\$ 6,128	1	\$ 53,592	9	\$ 60,789	5	\$ 78,456	5
8720	Non-controlling interests		(2,014)	-	5,313	1	(7,408)	(1)	(1,625)	-
	Total		\$ 4,114	1	\$ 58,905	10	\$ 53,381	4	\$ 76,831	5
Basic earnings per share										
9750	Basic earnings per share	6(29)	\$ 0.32		\$ 0.52		\$ 1.05		\$ 1.19	
9850	Diluted earnings per share		\$ 0.32		\$ 0.52		\$ 1.05		\$ 1.19	

The accompanying notes are an integral part of these consolidated financial statements.

Y.C.C. PARTS MFG. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent											

The accompanying notes are an integral part of these consolidated financial statements.

Y.C.C. PARTS MFG. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 102,387	\$ 139,758
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property)	6(26)	246,086	223,614
Depreciation expense - right-of-use assets	6(26)	4,216	3,393
Amortisation expense	6(26)	5,322	5,602
Expected credit impairment loss	12(2)	1,928	1,468
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(24)	(25,283)	2,609
Interest expense	6(25)	13,977	10,951
Interest income	6(22)	(2,150)	(7,658)
Government grant	6(16)	(676)	-
Dividend income	6(23)	(4,036)	(4,036)
Gain on disposal of property, plant and equipment	6(24)	(1,083)	(275)
Impairment loss	6(24)	-	56,522
Unrealised foreign exchange (gain) loss		(6,507)	15,372
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(52,566)	(32,815)
Accounts receivable, net		157,957	200,416
Other receivables		(2,587)	(1,169)
Inventories		(23,561)	(38,841)
Other current assets		(2,272)	(13,087)
Other non-current assets		-	4,405
Changes in operating liabilities			
Contract liabilities - current		(932)	6,851
Notes payable		(35,766)	(3,671)
Accounts payable		(99,760)	(1,256)
Other payables		(52,597)	(37,559)
Other current liabilities		218	121
Cash inflow generated from operations		222,315	530,715
Interest received		2,462	9,344
Interest paid		(14,130)	(11,299)
Dividend received		4,036	4,036
Income taxes paid		(16,443)	(8,590)
Net cash flows from operating activities		198,240	524,206

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Y.C.C. PARTS MFG. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30 2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through profit or loss		(\$ 102,121)	(\$ 15,379)
Proceeds from disposal of financial assets at fair value through profit or loss		20,987	19,286
Decrease (increase) in financial assets at amortised cost		12,722	(268,102)
Acquisition of property, plant and equipment	6(30)	(129,195)	(81,866)
Payment for capitalized interest	6(8)	(1,627)	(2,330)
Gain on disposal of property, plant and equipment		2,073	275
Acquisition of intangible assets	6(11)	(1,432)	(4,000)
Acquisition of use-of-right assets	6(9)	-	(32,819)
Decrease in other current assets		19,351	33,940
Increase in other non-current assets		(43,574)	(119,687)
(Increase) decrease in refundable deposits		(15)	12
Net cash flows used in investing activities		(222,831)	(470,670)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		749,128	355,651
Decrease in short-term borrowings		(675,514)	(170,513)
Proceeds from long-term borrowings		75,860	200,100
Repayments of long-term borrowings		(109,626)	(317,486)
Repayment of principal portion of lease liabilities	6(31)	(445)	-
Increase in guarantee deposits received	6(31)	-	273
Cash dividends paid	6(31)	(148,248)	(148,248)
Net cash flows used in financing activities		(108,845)	(80,223)
Effect of exchange rate changes on cash and cash equivalents		(1,050)	(16,544)
Net decrease in cash and cash equivalents		(134,486)	(43,231)
Cash and cash equivalents at beginning of period		742,410	700,630
Cash and cash equivalents at end of period		\$ 607,924	\$ 657,399

The accompanying notes are an integral part of these consolidated financial statements.

Y.C.C. PARTS MFG. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED SEPTEMBER 30, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Reviewed, not audited)

1. History and Organisation

Y.C.C. PARTS MFG. CO., LTD. (the “Company”) was incorporated in March 1986 and has been listed on the Taiwan Stock Exchange since April 2012. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and trading automobiles parts, import and export as well as operating and reinvesting related businesses.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were reported to the Board of Directors on November 12, 2021.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note: Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standard Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2020, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial

statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements are the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2020.

- B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
The Company	RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT)	Holding company and selling interior and exterior accessories of	100.00%	100.00%	100.00%	Note 1
The Company	UNITED SKILLS CO., LTD. (UNITED SKILLS)	Manufacturing automobiles and their parts	100.00%	100.00%	100.00%	Note 2
RISE BRIGHT	CHINA FIRST HOLDINGS LTD. (CHINA FIRST)	Holding company and selling interior and exterior accessories of	89.44%	89.44%	89.44%	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership(%)			Description
			September 30, 2021	December 31, 2020	September 30, 2020	
RISE BRIGHT	CHANG JIE TECHNOLOGY CO., LTD. (CHANG JIE)	Producing and selling interior and exterior accessories of automobiles	99.78%	99.78%	99.60%	Note 1 Note 2
CHINA FIRST	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. (CHANGSHU FUTE)	Producing and selling interior and exterior accessories of automobiles	100.00%	100.00%	100.00%	
CHINA FIRST	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD. (LIAONING HETAI)	Producing and selling interior and exterior accessories of automobiles	82.61%	82.61%	82.61%	Note 2
CHINA FIRST	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD. (CHANGSHU XINXIANG)	Producing and selling interior and exterior accessories of automobiles	100.00%	100.00%	100.00%	Note 2

Note 1: The Board of Directors resolved to increase its capital in the subsidiary, Rise Bright Holdings Ltd., in the amount of US\$2 million (NT\$57,360 thousand) on August 11, 2020, and then reinvested in Chang Jie Technology Co., Ltd.. The capital was remitted in October 2020. Due to the original shareholders of Chang Jie Technology Co., Ltd. not subscribing proportionately, Rise Bright Holdings Ltd.'s shareholding ratio increased to 99.78%.

Note 2: The financial statements of the entity as of and for the nine months ended September 30, 2021 and 2020 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiaries.

C. Subsidiaries not included in the consolidated financial statements

None.

D. Adjustments for subsidiaries with different balance sheet dates

None.

E. Significant restrictions

None.

F. Subsidiaries that have non-controlling interests that are material to the Group

None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

- A. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.
- B. The accounting policy of effect of changes in tax rate from tax regulation amendments for the interim period and the transactions with tax consequences are consistent. The effect is recognised in profit or loss, other comprehensive income or equity immediately in the interim period in which the change occurs.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes as of June 30, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Cash on hand	\$ 384	\$ 374	\$ 434
Time deposits	295,635	319,581	560,022
Checking accounts and demand deposits	158,510	207,863	76,568
Short-term notes and bills - Re-Purchase	153,395	214,592	20,375
	<u>\$ 607,924</u>	<u>\$ 742,410</u>	<u>\$ 657,399</u>
Interest rate range			
Time deposits	<u>0.13%~0.35%</u>	<u>0.1%~0.41%</u>	<u>0.13%~1.52%</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. The time deposits maturing over three months and time deposits that are restricted and are not held for the purpose of meeting short-term cash commitments were presented as 'financial assets at amortised cost'. Refer to Note 6(4) for details.

(2) Financial assets and liabilities at fair value through profit or loss - current

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 105,694	\$ 20,213	\$ 44,918
Valuation adjustment	(3,721)	(1,912)	(6,234)
Total	<u>\$ 101,973</u>	<u>\$ 18,301</u>	<u>\$ 38,684</u>
Financial assets (liabilities) held for trading			
Foreign exchange swap contracts	<u>(\$ 4,560)</u>	<u>(\$ 27,305)</u>	<u>(\$ 10,214)</u>

- A. The Group recognised financial assets and liabilities at fair value through profit or loss of (\$13,239),

\$5,060, \$25,283, and (\$2,609) for the three months and nine months ended September 30, 2021 and 2020, respectively.

- B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Group does not adopt hedge accounting are as follows:

September 30, 2021		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Foreign exchange swap contracts	USD 71,740 thousand	2021.07.05 ~ 2022.01.27
December 31, 2020		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Foreign exchange swap contracts	USD 47,460 thousand	2020.10.05 ~ 2021.01.25
September 30, 2020		
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount (Notional principal)</u>	<u>Contract period</u>
Foreign exchange swap contracts	USD 33,210 thousand	2020.09.21 ~ 2020.11.30

- C. The Group has no financial assets and liabilities at fair value through profit or loss pledged to others as collateral.

- D. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income-non-current

<u>Items</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 81,856	\$ 81,856	\$ 81,856
Valuation adjustment	(41,584)	(29,615)	(34,575)
	<u>\$ 40,272</u>	<u>\$ 52,241</u>	<u>\$ 47,281</u>

- A. The Group has elected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$40,272, \$52,241 and \$47,281 as at September 30, 2021, December 31, 2020 and September 30, 2020, respectively.

- B. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three months ended September 30,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 16,160)	(\$ 258)
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ -
Dividend income recognised in profit or loss	\$ 2,993	\$ 2,993
Held at end of period		
	Nine months ended September 30,	
	2021	2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 11,970)	(\$ 10,261)
Cumulative gains reclassified to retained earnings due to derecognition	\$ -	\$ -
Dividend income recognised in profit or loss	\$ 2,993	\$ 2,993
Held at end of period		

C. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were \$40,272, \$52,241 and \$47,281, respectively.

D. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(4) Financial assets at amortised cost

Items	September 30, 2021	December 31, 2020	September 30, 2020
Current items:			
Time deposits maturing over three months	\$ 28,365	\$ 261,058	\$ 423,203
USD bonds sold under repurchase agreement	224,320	-	-
	<u>\$ 252,685</u>	<u>\$ 261,058</u>	<u>\$ 423,203</u>
Non-current items			
Restricted time deposits	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 327</u>

A. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group were \$252,985, \$261,358 and \$423,530, respectively.

B. Information about the financial assets at amortised cost that were pledged to others as collateral is provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable, net

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Notes receivable	\$ 82,198	\$ 29,632	\$ 55,863
Less: Allowance for uncollectible accounts	(119)	(79)	(168)
	<u>\$ 82,079</u>	<u>\$ 29,553</u>	<u>\$ 55,695</u>
	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Accounts receivable	\$ 479,084	\$ 635,490	\$ 599,367
Less: Allowance for uncollectible accounts	(45,113)	(43,832)	(44,027)
	<u>\$ 433,971</u>	<u>\$ 591,658</u>	<u>\$ 555,340</u>

A. The aging analysis of notes receivable and accounts receivable are as follows:

	<u>September 30, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 82,198	\$ 438,311
0~60 days	-	13,781
61~120 days	-	3,025
121~180 days	-	11,338
181-240 days	-	227
Over 241 days	-	12,402
	<u>\$ 82,198</u>	<u>\$ 479,084</u>
	<u>December 31, 2020</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 29,632	\$ 562,115
0~60 days	-	61,842
61~120 days	-	996
121~180 days	-	1,701
181-240 days	-	2,398
Over 241 days	-	6,438
	<u>\$ 29,632</u>	<u>\$ 635,490</u>

	September 30, 2020	
	Notes receivable	Accounts receivable
Not past due	\$ 55,863	\$ 511,983
0~60 days	-	57,534
61~120 days	-	12,772
121~180 days	-	1,870
181-240 days	-	6,476
Over 241 days	-	8,732
	<u>\$ 55,863</u>	<u>\$ 599,367</u>

As of September 30, 2021, December 31, 2020 and September 30, 2020, the ageing analysis was based on past due date.

B. As of September 30, 2021, December 31, 2020 and September 30, 2020, the balances of accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020, the balances of accounts receivable and notes receivable from contracts with customers amounted to \$800,271 and \$22,948, respectively.

C. As at September 30, 2021, December 31, 2020 and September 30, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable and accounts receivable were \$82,079, \$29,553 and \$55,695 as well as \$433,971, \$591,658 and \$555,340, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(6) Inventories

	September 30, 2021		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 107,331	(\$ 30,277)	\$ 77,054
Work in progress	33,145	(4,676)	28,469
Semi-finished goods	24,811	(8,291)	16,520
Finished goods	214,875	(33,125)	181,750
Merchandise	22,522	-	22,522
Total	<u>\$ 402,684</u>	<u>(\$ 76,369)</u>	<u>\$ 326,315</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 89,696	(\$ 27,408)	\$ 62,288
Work in progress	62,902	(6,192)	56,710
Semi-finished goods	11,255	(7,220)	4,035
Finished goods	187,057	(29,436)	157,621
Merchandise	22,100	-	22,100
Total	<u>\$ 373,010</u>	<u>(\$ 70,256)</u>	<u>\$ 302,754</u>
	September 30, 2020		
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 107,959	(\$ 28,283)	\$ 79,676
Work in progress	40,308	(7,075)	33,233
Semi-finished goods	13,585	(5,125)	8,460
Finished goods	192,473	(34,594)	157,879
Merchandise	23,480	-	23,480
Total	<u>\$ 377,805</u>	<u>(\$ 75,077)</u>	<u>\$ 302,728</u>

The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2021	2020
Cost of goods sold	\$ 334,147	\$ 405,346
Unallocated fixed overheads	27,323	17,860
Loss on scrapping inventory	373	379
(Gain on reversal of) loss on market value decline and obsolete and slow-moving inventories	(3,067)	4,330
Gain on physical inventory	(936)	(2,566)
	<u>\$ 357,840</u>	<u>\$ 425,349</u>
	Nine months ended September 30,	
	2021	2020
Cost of goods sold	\$ 1,010,508	\$ 994,505
Unallocated fixed overheads	92,286	73,632
Loss on scrapping inventory	1,304	3,025
Loss on market value decline and obsolete and slow-moving inventories	6,914	13,256
Gain on physical inventory	(6,654)	(8,230)
	<u>\$ 1,104,358</u>	<u>\$ 1,076,188</u>

For the three months ended September 30, 2021, the Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the Company has

continuously disposed certain inventories and the factors affecting previous recognition of loss on decline in market value have improved.

(7) Other current assets

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Prepayments	\$ 59,583	\$ 58,982	\$ 39,344
Other financial assets	6,862	26,213	-
Other current assets - others	<u>2,902</u>	<u>1,231</u>	<u>1,678</u>
	<u>\$ 69,347</u>	<u>\$ 86,426</u>	<u>\$ 41,022</u>

Information about the other financial assets that were pledged to others as collaterals is provided in Note 8.

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(8) Property, plant and equipment

		Nine months ended September 30, 2021						
		<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Net exchange differences</u>	<u>Ending balance</u>	
Cost								
Land	\$	956,365	\$ -	\$ -	\$ -	\$ -	\$	956,365
Buildings and structures		1,548,691	4,252	(5,031)	1,302	(5,395)		1,543,819
Machinery and equipment		1,207,914	35,566	(11,917)	47,902	(5,531)		1,273,934
Molding equipment		1,678,794	34,047	(702)	181,016	(366)		1,892,789
Transportation equipment		32,456	-	(24)	-	(27)		32,405
Furniture equipment		3,195	68	(132)	-	(14)		3,117
Other equipment		181,056	2,713	(7,331)	568	(552)		176,454
Unfinished construction and equipment under acceptance		<u>259,837</u>	<u>40,960</u>	<u>-</u>	<u>(55,780)</u>	<u>(1,157)</u>		<u>243,860</u>
	\$	<u>5,868,308</u>	<u>\$ 117,606</u>	<u>(\$ 25,137)</u>	<u>\$ 175,008</u>	<u>(\$ 13,042)</u>	\$	<u>6,122,743</u>
Accumulated Depreciation								
Buildings and structures	(\$	767,777)	(\$ 52,327)	\$ 5,012	\$ -	\$ 1,148	(\$	813,944)
Machinery and equipment	(	779,366)	(72,416)	10,992	-	2,346	(	838,444)
Molding equipment	(	1,402,903)	(104,586)	702	-	168	(	1,506,619)
Transportation equipment	(	25,534)	(1,742)	24	-	15	(	27,237)
Furniture equipment	(	2,449)	(197)	132	-	7	(	2,507)
Other equipment	(	123,178)	(14,121)	7,285	-	232	(	129,782)
	(	<u>3,101,207)</u>	<u>(\$ 245,389)</u>	<u>\$ 24,147</u>	<u>\$ -</u>	<u>\$ 3,916</u>	(	<u>3,318,533)</u>
Total	\$	<u>2,767,101</u>					\$	<u>2,804,210</u>

Nine months ended September 30, 2020						
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Net exchange differences</u>	<u>Ending balance</u>
Cost						
Land	\$ 956,365	\$ -	\$ -	\$ -	\$ -	\$ 956,365
Buildings and structures	1,519,897	5,770 (	9,094)	23,258 (	1,911)	1,537,920
Machinery and equipment	1,170,965	16,724 (	6,556)	43,193 (	2,088)	1,222,238
Molding equipment	1,615,001	18,111 (	14,524)	59,061 (	231)	1,677,418
Transportation equipment	29,976	905 (	1,181)	- (	9)	29,691
Furniture equipment	4,438	116 (	881)	- (	15)	3,658
Other equipment	168,298	15,914 (	14,269)	2,738 (	290)	172,391
Unfinished construction and equipment under acceptance	73,826	19,006	-	36,366 (	499)	128,699
	<u>\$ 5,538,766</u>	<u>\$ 76,546</u>	<u>(\$ 46,505)</u>	<u>\$ 164,616</u>	<u>(\$ 5,043)</u>	<u>\$ 5,728,380</u>
Accumulated Depreciation						
Buildings and structures	(\$ 705,279)	(\$ 52,921)	\$ 9,094	\$ -	\$ 443	(\$ 748,663)
Machinery and equipment	(749,234)	(72,612)	6,556	-	1,084	(814,206)
Molding equipment	(1,314,590)	(81,347)	14,524	-	150	(1,381,263)
Transportation equipment	(24,654)	(1,512)	1,181	-	8	(24,977)
Furniture equipment	(3,884)	(312)	881	-	13	(3,302)
Other equipment	(124,220)	(14,224)	14,269	-	182	(123,993)
	<u>(2,921,861)</u>	<u>(\$ 222,928)</u>	<u>\$ 46,505</u>	<u>\$ -</u>	<u>\$ 1,880</u>	<u>(3,096,404)</u>
	<u>\$ 2,616,905</u>					<u>\$ 2,631,976</u>

A. Transfers for the period were from prepayments for business facilities.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Amount capitalised	\$ 1,627	\$ 3,333	\$ 2,330
Range of the interest rates for capitalisation	0.81%	0.95%	0.97%

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(9) Lease transactions – lessee

A. The Group leases various assets including land and business vehicles. Rental contracts are typically made for periods of 5 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes. Upon expiry of the lease, the terms of lease agreements do not give priority rights to renew the lease or purchase the property.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 136,027	\$ 141,079	\$ 138,945
Transportation equipment (Business vehicles)	4,407	5,589	2,926
	<u>\$ 140,434</u>	<u>\$ 146,668</u>	<u>\$ 141,871</u>

Three months ended September 30,

	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 1,004	\$ 905
Transportation equipment (Business vehicles)	346	266
	<u>\$ 1,350</u>	<u>\$ 1,171</u>

Nine months ended September 30,

	<u>2021</u>	<u>2020</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 3,035	\$ 2,595
Transportation equipment (Business vehicles)	1,181	798
	<u>\$ 4,216</u>	<u>\$ 3,393</u>

C. For the three months and nine months ended September 30, 2021 and 2020, the additions to right-of-use assets were \$0, \$0, \$0 and \$32,819, respectively.

D. Information on profit or loss in relation to lease contracts are as follows:

	Three months ended September 30,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 7	\$ -
Expense on short-term lease contracts	\$ 187	\$ 332
Expense on leases of low-value assets	\$ 135	\$ 167
	Nine months ended September 30,	
	2021	2020

<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 22	\$ -
Expense on short-term lease contracts	\$ 611	\$ 807
Expense on leases of low-value assets	\$ 446	\$ 513

E. As of September 30, 2021, December 31, 2020 and September 30, 2020, the balances of lease liabilities -current and lease liabilities - non-current are as follows:

	September 30, 2021	December 31, 2020	September 30, 2020
Lease liabilities - current	\$ 599	\$ 594	\$ -
Lease liabilities - non-current	\$ 1,887	\$ 2,337	\$ -

F. For the three months and nine months ended September 30, 2021 and 2020, the Group's total cash outflow for leases were \$478, \$499, \$1,524 and \$1,320, respectively.

G. Information about the right-of-use assets that were pledged to others as collateral is provided in Note 8.

(10) Investment property

	Nine months ended September 30, 2021				
	Beginning balance	Additions	Decreases	Net exchange differences	Ending balance
Cost					
Land use right	\$ 4,580	\$ -	\$ -	(\$ 66)	\$ 4,514
Buildings and structures	16,218	-	-	(235)	15,983
	<u>\$ 20,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 301)</u>	<u>\$ 20,497</u>
Accumulated depreciation					
Land use right	(\$ 575)	(\$ 93)	\$ -	\$ 9	(\$ 659)
Buildings and structures	(3,717)	(604)	-	58	(4,263)
	<u>(4,292)</u>	<u>(\$ 697)</u>	<u>\$ -</u>	<u>\$ 67</u>	<u>(4,922)</u>
	<u>\$ 16,506</u>				<u>\$ 15,575</u>

Nine months ended September 30, 2020					
	Beginning balance	Additions	Decreases	Net exchange differences	Ending balance
Cost					
Land use right	\$ 4,185	\$ -	\$ -	(\$ 26)	\$ 4,159
Buildings and structures	<u>15,947</u>	<u>-</u>	<u>-</u>	<u>(88)</u>	<u>15,859</u>
	<u>\$ 20,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 114)</u>	<u>\$ 20,018</u>
Accumulated depreciation					
Land use right	(\$ 123)	(\$ 93)	\$ -	\$ 3	(\$ 213)
Buildings and structures	<u>(2,857)</u>	<u>(593)</u>	<u>-</u>	<u>14</u>	<u>(3,436)</u>
	<u>(2,980)</u>	<u>(\$ 686)</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>(3,649)</u>
	<u>\$ 17,152</u>				<u>\$ 16,369</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

Three months ended September 30,		
	2021	2020
Rental income from investment property	<u>\$ 814</u>	<u>\$ 792</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 230</u>	<u>\$ 228</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ -</u>	<u>\$ -</u>
Nine months ended September 30,		
	2021	2020
Rental income from investment property	<u>\$ 2,460</u>	<u>\$ 2,378</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 697</u>	<u>\$ 686</u>
Direct operating expenses arising from the investment property that did not generate rental income during the period	<u>\$ -</u>	<u>\$ -</u>

- B. The fair value of the investment property held by the Group, which is the land use right and buildings and structures, as at September 30, 2021, December 31, 2020 and September 30, 2020 was \$21,121, \$19,757 and \$20,153, respectively. The valuations were made using the carrying amount of land use rights upon the expiry of the lease and the discounted inflow of future rental income for 3 years, using the borrowing interest rate of 4.15%, after taking into consideration of future economic growth and results of inflation. The fair value is classified as a level 3 fair value.
- C. CHANGSHU FUTE subleases its 36.5-year land use right in Changshu city, Jiangsu Province, China to DAQIAOJIXIE JIANGSU YOUXIANGONGSI (DAQIAOJIXIE) under non-

cancellable operating lease agreements. The lease term is 3 years, and rental is adjusted to reflect market rental rates when the lessee exercises extension options. The lessee is not granted the right of priority to buy the investment property when the lease expires. On July 1, 2020, CHANGSHU FUTE re-signed the lease agreement with DAQIAOJIXIE and JIANGSU JIASHENGYU INTELLIGENT TECHNOLOGY., LTD (JIANGSU JIASHENGYU) and the lease term under this agreement is 2.5 years. As CHANGSHU FUTE pledged the buildings and structures as collateral to the Shanghai Pudong Development Bank for loans, it will terminate the agreement early with the DAQIAOJIXIE and JIANGSU JIASHENGYU and pay the relevant compensation if the bank exercises its rights to the pledged collateral and disposes it.

D. The future aggregate minimum lease payments receivable are as follows:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Not later than one year	\$ 3,404	\$ 3,284	\$ 3,204
Later than one year but not later than five years	<u>4,478</u>	<u>3,448</u>	<u>4,182</u>
	<u>\$ 7,882</u>	<u>\$ 6,732</u>	<u>\$ 7,386</u>

E. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(11) Intangible assets

<u>Nine months ended September 30, 2021</u>						
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Impairment loss</u>	<u>Net exchange differences</u>	<u>Ending balance</u>
Cost						
Goodwill	\$300,631	\$ -	\$ -	\$ -	\$ -	\$ 300,631
Computer software	<u>17,976</u>	<u>1,432</u>	<u>(106)</u>	<u>-</u>	<u>(24)</u>	<u>19,278</u>
	<u>\$318,607</u>	<u>\$ 1,432</u>	<u>(\$ 106)</u>	<u>\$ -</u>	<u>(\$ 24)</u>	<u>\$ 319,909</u>
Accumulated amortisation	<u>(\$ 9,773)</u>	<u>(\$ 2,650)</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>(\$ 12,307)</u>
Accumulated impairment						
Goodwill	<u>(\$300,631)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 300,631)</u>
Book value	<u>\$ 8,203</u>					<u>\$ 6,971</u>
<u>Nine months ended September 30, 2020</u>						
	<u>Beginning balance</u>	<u>Additions</u>	<u>Decreases</u>	<u>Impairment loss</u>	<u>Net exchange differences</u>	<u>Ending balance</u>
Cost						
Goodwill	\$316,465	\$ -	\$ -	\$ -	(\$ 9,290)	\$ 307,175
Computer software	<u>14,201</u>	<u>4,000</u>	<u>(239)</u>	<u>-</u>	<u>(7)</u>	<u>17,955</u>
	<u>\$330,666</u>	<u>\$ 4,000</u>	<u>(\$ 239)</u>	<u>\$ -</u>	<u>(\$ 9,297)</u>	<u>325,130</u>
Accumulated amortisation	<u>(\$ 6,629)</u>	<u>(\$ 2,484)</u>	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>(\$ 8,869)</u>
Accumulated impairment						
Goodwill	<u>(\$230,435)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 56,522)</u>	<u>\$ 8,124</u>	<u>(\$ 278,833)</u>
Book value	<u>\$ 93,602</u>					<u>\$ 37,428</u>

A. The above amortisation expenses were recognised under overheads, administrative expenses and research and development expenses in the statements of comprehensive income.

B. Goodwill arising from acquisition of CHINA FIRST and CHANGSHU FUTE in April 2015 amounted to US\$10,556 thousand and it arose mainly from anticipation of CHANGSHU FUTE that operating revenue will benefit from the growth of the auto parts market in Mainland China. However, the actual operation in CHANGSHU FUTE was not as expected as the auto part market in Mainland China was impacted by the continuous weak economic environment. The Group recognised impairment losses for the goodwill of \$56,522 for the nine months ended September 30, 2020.

C. The recoverable amount of CHANGSHU FUTE was determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by the management covering a five-year period and a discount rate of 9.74% per annum in 2020, respectively. Other key assumptions include expected operating revenue and gross profit. These assumptions are based on the cash-generating units' past operating performance and management's expectation of the market development. The Group provided accumulated impairment amounting to \$300,631 for goodwill in full as of December 31, 2020.

(12) Other non-current assets

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Prepayments for business facilities	\$ 64,014	\$ 148,897	\$ 265,805
Guarantee deposits paid	2,293	2,278	1,433
Others	5,449	5,181	6,045
	<u>\$ 71,756</u>	<u>\$ 156,356</u>	<u>\$ 273,283</u>

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Unsecured borrowings	\$ 48,884	\$ 71,266	\$ 79,584
Secured borrowings	354,031	262,130	356,732
	<u>\$ 402,915</u>	<u>\$ 333,396</u>	<u>\$ 436,316</u>
Interest rate range	<u>0.96%~4.15%</u>	<u>2.01%~4.15%</u>	<u>0.97%~4.15%</u>

(14) Other payables

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Salaries and bonus payable	\$ 33,034	\$ 34,920	\$ 33,990
Machinery and equipment payable	22,958	34,547	24,701
Employees' compensation payable	4,699	5,309	6,551
Directors' remuneration payable	2,841	4,010	2,967
Transportation fee payable	5,771	8,129	-
Others	47,028	47,399	54,375
	<u>\$ 116,331</u>	<u>\$ 134,314</u>	<u>\$ 122,584</u>

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>September 30, 2021</u>
Long-term bank borrowings			
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with 1-year grace period on principal only	\$ 76,334
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	39,997
Unsecured borrowings	From September 14, 2017 to September 14, 2022	Starting from October 14, 2018, principal and interest are repayable monthly in 48 installments	6,962
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	18,300
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	272,222
Secured borrowings	From December 26, 2019 to September 16, 2028	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	269,160
			\$ 682,975
Less: Current portion			(112,797)
Less: Discount on government grants			(4,105)
			<u>\$ 566,073</u>
Interest rate range			<u>0.75%~1.9%</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>December 31, 2020</u>
Long-term bank borrowings			
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with 1-year grace period on principal only	\$ 113,833
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	59,998
Unsecured borrowings	From April 12, 2016 to April 14, 2021	Repayment date is two years after the borrowing date; interest is repayable quarterly	21,807
Unsecured borrowings	From September 14, 2017 to September 14, 2022	Starting from October 14, 2018, principal and interest are repayable monthly in 48 installments	12,460
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	18,300
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	294,097
Secured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	193,300
Secured borrowings	From January 6, 2016 to January 6, 2021	Starting from February 6, 2016, principal and interest are repayable monthly	2,500
			<u>\$ 716,295</u>
Less: Current portion			(137,261)
Less: Discount on government grants			(3,735)
			<u>\$ 575,299</u>
Interest rate range			<u>0.75%~1.87%</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>September 30, 2020</u>
Long-term bank borrowings			
Unsecured borrowings	From November 26, 2018 to November 26, 2023	The loan is fully disbursed once the contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with 1-year grace period on principal only	\$ 126,333
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	66,665
Unsecured borrowings	From April 12, 2016 to April 14, 2021	Repayment date is two years after the borrowing date; interest is repayable quarterly	33,456
Unsecured borrowings	From September 14, 2017 to September 14, 2022	Starting from October 14, 2018, principal and interest are repayable monthly in 48 installments	14,549
Unsecured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract is signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	18,300
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	301,389
Secured borrowings	From December 26, 2019 to December 26, 2026	The loan is disbursed within three years after contract signed; interest is repayable monthly; principal is repayable monthly in 48 installments with a 3-year grace period on principal only	193,300
Secured borrowings	From January 6, 2016 to January 6, 2021	Starting from February 6, 2016, principal and interest are repayable monthly	10,000
			\$ 763,992
Less: Current portion			(156,565)
			\$ 607,427
Interest rate range			<u>0.75%~3.65%</u>

(16) Government grants

As of September 30, 2021, the Group obtained government concessional loans under the "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" from the Bank of Taiwan in the amounts of \$269,160 and \$18,300, respectively, for supporting capital expenditure and working capital. Such loans will mature in September 2028. The fair values for the loans were \$262,883 and \$17,871, respectively which were calculated at a market rate of 1.25%. The differences between the amount obtained and the fair value were \$6,277 and \$429, respectively, which were deemed as a low interest loan subsidy from government and recognised in deferred revenue (shown as other non-current liabilities). The deferred revenue is reclassified to other income on a straight-line basis over their estimated useful life during the period of paying interest. The realised deferred government grants revenue was \$676 for the nine months ended September 30, 2021.

(17) Pensions

- A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
- (b) For the aforementioned pension plan, the Group recognised pension costs of \$58, \$57, \$178 and \$171 for the three months and nine months ended September 30, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$237.
- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump

sum upon termination of employment.

- (b) The Company's mainland China subsidiaries, have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the nine months ended September 30, 2021 and 2020 were 16% and 8%, respectively. Other than the monthly contributions, the Group has no further obligations.
- (c) The notices of People's Republic of China, No. 11 2020, Ministry of Human Resources and Social Security and No. 49 2020 of the Ministry of Human Resources and Social Security provide for the temporary reduction and exemption of enterprises' contributions to basic pension insurance, unemployment insurance, and work-related injury insurance schemes (hereinafter referred to as "three social insurance schemes") from February 2020 to December 2020, reduced the burdens of enterprises, and provided strong support for enterprises' resumption of work and production.
- (d) The pension costs under the defined contribution pension plan of the Group for the three months and nine months ended September 30, 2021 and 2020 were \$3,937, \$1,655, \$11,772 and \$5,708, respectively.

(18) Share capital

A. As of September 30, 2021, the Company's authorised capital was \$1,000,000, constituting 100,000 thousand shares and the paid-in capital was \$741,389 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(a) Movements in the number of the Company's ordinary shares outstanding are as follows:

	Expressed in thousand shares	
	Nine months ended September 30,	
	2021	2020
Number of shares as of beginning and end of the period	74,124	74,124

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		September 30, 2021		December 31, 2020		September 30, 2020	
Name of company holding the shares	Reason for reacquisition	Number of thousand shares	Carrying amount	Number of thousand shares	Carrying amount	Number of thousand shares	Carrying amount
The Company	To be reissued to employees	15	\$ 526	15	\$ 526	15	\$ 526

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(19) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
<u>Used to offset deficits, distributed as cash dividends or transferred to share capital (Note 1)</u>			
Additional paid-in capital in excess of par-ordinary share	<u>\$ 1,163,298</u>	<u>\$ 1,163,298</u>	<u>\$ 1,163,298</u>
Difference between consideration and carrying amount of subsidiaries acquired	<u>\$ 2,035</u>	<u>\$ 2,035</u>	<u>\$ 2,035</u>
<u>Used to offset accumulated deficits only (Note 2)</u>			
Changes in ownership interests in subsidiaries	<u>\$ 27,926</u>	<u>\$ 27,926</u>	<u>\$ 27,691</u>

Note 1: Such capital surplus can be used in offsetting deficit and distributed as cash dividends or transferred to capital provided that the Company has no deficit. However, the amount that can be transferred to capital is limited to a certain percentage of paid-in capital every year.

Note 2: Such capital surplus arises from the effect of changes in ownership interests in subsidiaries under equity transactions when there is no actual acquisition or disposal of subsidiaries by the Company, or from changes in capital surplus of subsidiaries.

(20) Retained earnings

- A. According to the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset against prior years' operating losses and then be distributed as follows: 10% as legal reserve, and appropriate or reverse for special reserve until the legal reserve equals the Company's paid-in capital. The remaining earnings, if any, may be appropriated along with the accumulated unappropriated earnings according to a resolution proposed by the Board of Directors and resolved by the shareholders' meeting.
- B. The Company retains some earnings after taking into account the environment, growth stage and long-term financial plan of the Company, and the reminder along with the accumulated unappropriated earnings of prior years can be distributed as shareholders' bonus, of which the cash bonus shall exceed 20% of total shareholders' bonus, by the Board of Directors depending on the current capital position and the economic development.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- (b) The amounts previously set aside by the Company as special reserve in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.
- E. The appropriations of 2020 and 2019 earnings have been approved by the shareholders during their meetings on August 30, 2021 and May 29, 2020, respectively. Details are summarised below:

	<u>Year ended December 31, 2020</u>		<u>Year ended December 31, 2019</u>	
	Dividend per share		Dividend per share	
	<u>Amount</u>	<u>(in dollars)</u>	<u>Amount</u>	<u>(in dollars)</u>
Legal reserve appropriated	\$ 11,779		\$ 37,634	
Reversal of special reserve	(14,268)		31,421	
Cash dividend	148,248	\$ 2.00	148,248	\$ 2.00

The abovementioned appropriation of 2020 earnings had been resolved after meeting the statutory voting threshold as of May 28, 2021 via the electronic voting platform for shareholders' meeting.

F. Refer to Note 6 (27) for further information relating to employees' compensation and directors' and supervisors' remuneration.

(21) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue primarily from the transfer of goods at a point in time in the following products:

Three months ended September 30, 2021			
	Domestic operating entities	Overseas operating entities	Total
Auto parts	\$ 266,322	\$ 184,365	\$ 450,687
Others	7,617	4,036	11,653
	<u>\$ 273,939</u>	<u>\$ 188,401</u>	<u>\$ 462,340</u>
Three months ended September 30, 2020			
	Domestic operating entities	Overseas operating entities	Total
Auto parts	\$ 331,638	\$ 255,772	\$ 587,410
Others	6,799	13,512	20,311
	<u>\$ 338,437</u>	<u>\$ 269,284</u>	<u>\$ 607,721</u>
Nine months ended September 30, 2021			
	Domestic operating entities	Overseas operating entities	Total
Auto parts	\$ 808,413	\$ 592,407	\$ 1,400,820
Others	23,356	19,535	42,891
	<u>\$ 831,769</u>	<u>\$ 611,942</u>	<u>\$ 1,443,711</u>
Nine months ended September 30, 2020			
	Domestic operating entities	Overseas operating entities	Total
Auto parts	\$ 882,006	\$ 610,756	\$ 1,492,762
Others	22,380	14,797	37,177
	<u>\$ 904,386</u>	<u>\$ 625,553</u>	<u>\$ 1,529,939</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Contract liabilities:			
Contract liabilities - advance sales receipts	<u>\$ 19,245</u>	<u>\$ 20,177</u>	<u>\$ 21,177</u>

For the three months and nine months ended September 30, 2021 and 2020, revenue recognised

that were included in the contract liability balance at the beginning of the period amounted to \$390, \$2,274, \$2,653 and \$6,534, respectively.

(22) Interest income

	Three months ended September 30,	
	2021	2020
Interest income from bank deposits	\$ 526	\$ 1,398
	Nine months ended September 30,	
	2021	2020
Interest income from bank deposits	\$ 2,150	\$ 7,658

(23) Other income

	Three months ended September 30,	
	2021	2020
Rent income	\$ 2,040	\$ 1,337
Dividend income	4,036	4,036
Other income - others	2,608	3,331
	\$ 8,684	\$ 8,704
	Nine months ended September 30,	
	2021	2020
Rent income	\$ 4,738	\$ 4,381
Dividend income	4,036	4,036
Other income - others	7,728	7,113
	\$ 16,502	\$ 15,530

(24) Other gains and losses

		Three months ended September 30,	
		2021	2020
Gains on disposal of property, plant and equipment	\$	14	\$ 217
Foreign exchange gain (losses)		6,874	(26,826)
(Losses) gain on financial assets and liabilities at fair value through profit or loss	(	13,239)	5,060
Impairment loss		-	(28,826)
Other losses	(	375)	(142)
	(\$	6,726)	(\$ 50,517)
		Nine months ended September 30,	
		2021	2020
Gains on disposal of property, plant and equipment	\$	1,083	\$ 275
Foreign exchange losses	(	60,196)	(50,421)
Gains (losses) on financial assets and liabilities at fair value through profit or loss		25,283	(2,609)
Impairment loss		-	(56,522)
Other losses	(	1,457)	(954)
	(\$	35,287)	(\$ 110,231)

(25) Finance costs

		Three months ended September 30,	
		2021	2020
Interest expense	\$	5,212	\$ 3,243
Less: Capitalization of qualifying assets	(	340)	(725)
	\$	4,872	\$ 2,518
		Nine months ended September 30,	
		2021	2020
Interest expense	\$	15,604	\$ 13,281
Less: Capitalization of qualifying assets	(	1,627)	(2,330)
	\$	13,977	\$ 10,951

(26) Expenses by nature

	Three months ended September 30,	
	2021	2020
Employee benefit expense	\$ 80,293	\$ 84,520
Depreciation charges on property, plant and equipment	85,599	75,239
Depreciation charges on right-of-use assets	1,350	1,171
Depreciation charges on investment property	230	228
Amortisation	1,633	2,043
	<u>\$ 169,105</u>	<u>\$ 163,201</u>
	Nine months ended September 30,	
	2021	2020
Employee benefit expense	\$ 253,383	\$ 239,056
Depreciation charges on property, plant and equipment	245,389	222,928
Depreciation charges on right-of-use assets	4,216	3,393
Depreciation charges on investment property	697	686
Amortisation	5,322	5,602
	<u>\$ 509,007</u>	<u>\$ 471,665</u>

(27) Employee benefit expense

	Three months ended September 30,	
	2021	2020
Wages and salaries	\$ 64,802	\$ 72,324
Labour and health insurance fees	4,812	5,161
Pension costs	3,995	1,712
Other personnel expenses	6,684	5,323
	<u>\$ 80,293</u>	<u>\$ 84,520</u>

	Nine months ended September 30,	
	2021	2020
Wages and salaries	\$ 205,545	\$ 201,850
Labour and health insurance fees	15,806	14,491
Pension costs	11,950	5,879
Other personnel expenses	20,082	16,836
	<u>\$ 253,383</u>	<u>\$ 239,056</u>

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall appropriate 1%~3% for employees' compensation and no higher than 3% for directors' remuneration. If the Company has accumulated deficit, earnings should be reserved to cover losses and then be appropriated as employees' compensation and directors' remuneration based on the abovementioned ratios.
- B. For the three months and nine months ended September 30, 2021 and 2020, the accrued employees' compensation and directors' remuneration were as follows:

	Three months ended September 30,	
	2021	2020
Employees' compensation	\$ 918	\$ 2,242
Directors' remuneration	678	1,839
	<u>\$ 1,596</u>	<u>\$ 4,081</u>
	Nine months ended September 30,	
	2021	2020
Employees' compensation	\$ 2,841	\$ 3,708
Directors' remuneration	2,841	2,967
	<u>\$ 5,682</u>	<u>\$ 6,675</u>

For the nine months ended September 30, 2021 and 2020, the employees' compensation and directors' remuneration were estimated and accrued based on 2.5% and 2.5% as well as 2.5% and 2%, respectively, of distributable profit of current year as of the end of reporting period.

- C. Employees' compensation and directors' remuneration of 2020 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2020 financial statements.
- D. Information about employees' compensation and directors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(28) Income tax

A. Income tax (benefit) expense

Components of income tax (benefit) expense

	Three months ended September 30,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 12,293	\$ 15,376
Deferred tax:		
Origination and reversal of temporary differences	(189)	5,110
Income tax expense	<u>\$ 12,104</u>	<u>\$ 20,486</u>
	Nine months ended September 30,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 24,117	\$ 45,565
Tax on undistributed surplus earnings	-	7,952
Prior year income tax overestimation	(398)	(1,847)
Deferred tax:		
Origination and reversal of temporary differences	6,703	827
Income tax expense	<u>\$ 30,422</u>	<u>\$ 52,497</u>

- B. The Company's and domestic subsidiaries' income tax returns through 2019 have been assessed and approved by the Tax Authority.
- C. The Company incurred an income tax of \$63,075 from the 2020 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2019), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No. 1101255434 issued by the Ministry of Finance, R.O.C. on July 2, 2021. As of September 30, 2021, the unpaid instalment payments of \$21,025 and \$36,794, were recognised as income tax liabilities - current and income tax liabilities - non-current.
- D. The Company incurred an income tax of \$48,654 from the 2019 profit-seeking enterprise income tax (including the filing of unappropriated retained earnings of 2018), and applied for the installment payments in accordance with Article 26 of the Tax Collection Act and Decree No.10904533690 issued by the Ministry of Finance, R.O.C. on March 19, 2020. As of September 30, 2021, December 31, 2020 and September 30, 2020, the unpaid instalment payments of \$15,355 and \$5,369 ; \$15,355 and \$20,630 ; \$15,355 and \$24,469, respectively, were recognised as income tax liabilities - current and income tax liabilities - non-current.

(29) Earnings per share

Earnings per share of ordinary shares:

Three months ended September 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 23,741	74,124	\$ 0.32
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	23,741	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	81	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 23,741	74,205	\$ 0.32
Three months ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 38,635	74,124	\$ 0.52
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	38,635	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	53	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 38,635	74,177	\$ 0.52

Nine months ended September 30, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 77,836	74,124	\$ 1.05
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	77,836	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	117	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 77,836	74,241	\$ 1.05
Nine months ended September 30, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 88,199	74,124	\$ 1.19
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	88,199	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	-	118	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 88,199	74,242	\$ 1.19

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	Nine months ended September 30,	
	2021	2020
Purchase of property, plant and equipment	\$ 117,606	\$ 76,546
Add: Opening balance of payable on equipment and construction	34,547	30,021
Less: Ending balance of payable on equipment and construction	(22,958)	(24,701)
Cash paid during the period	<u>\$ 129,195</u>	<u>\$ 81,866</u>

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(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (including non- current)	Dividends payable	Liabilities from financing activities-gross
At January 1, 2021	\$ 333,396	\$ 712,560	\$ 935	\$ 2,931	\$ -	\$ 1,049,822
Additions for the period	-	-	-	-	148,248	-
Changes in cash flow from financing activities	73,614	(33,766)	-	(445)	(148,248)	39,403
Impact of changes in foreign exchange rate	(4,607)	(382)	(14)	-	-	(5,003)
Changes in other non-cash items	512	458	-	-	-	970
At September 30, 2021	<u>\$ 402,915</u>	<u>\$ 678,870</u>	<u>\$ 921</u>	<u>\$ 2,486</u>	<u>\$ -</u>	<u>\$ 1,085,192</u>

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Dividends payable	Liabilities from financing activities- gross
At January 1, 2020	\$ 254,868	\$ 886,051	\$ 521	\$ -	\$ 1,141,440
Additions for the period	-	-	-	148,248	-
Changes in cash flow from financing activities	185,138	(117,386)	273	(148,248)	68,025
Impact of changes in foreign exchange rate	(593)	(220)	(4)	-	(817)
Changes in other non-cash items	(3,097)	(4,453)	-	-	(7,550)
At September 30, 2020	<u>\$ 436,316</u>	<u>\$ 763,992</u>	<u>\$ 790</u>	<u>\$ -</u>	<u>\$ 1,201,098</u>

7. Related Party Transactions

Key management compensation

	Three months ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 4,573	\$ 4,993
Post-employment benefits	5	8
	<u>\$ 4,578</u>	<u>\$ 5,001</u>
	Nine months ended September 30,	
	2021	2020
Salaries and other short-term employee benefits	\$ 15,654	\$ 14,178
Post-employment benefits	15	26
	<u>\$ 15,669</u>	<u>\$ 14,204</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value			Purpose
	September 30, 2021	December 31, 2020	September 30, 2020	
Other financial assets (shown as other current assets)	\$ 6,862	\$ 26,213	\$ -	Guarantee for acceptance bill
Financial assets at amortised cost - non-current	300	300	327	Long-term borrowings and natural gas for
Property, plant and equipment	1,153,839	1,119,594	1,197,752	Short-term borrowings and long-term borrowings
Right-of-use assets	79,260	82,359	81,162	Short-term borrowings
Investment property	<u>15,575</u>	<u>16,506</u>	<u>16,369</u>	Short-term borrowings
Total	<u>\$ 1,255,836</u>	<u>\$ 1,244,972</u>	<u>\$ 1,295,610</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

As at September 30, 2021, December 31, 2020 and September 30, 2020, the Group's capital expenditure contracted but not yet incurred in respect of machinery and equipment as well as construction of plants were \$384,630, \$283,771 and \$328,715, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On November 12, 2021, to meet the Group's operation development, the Board of Directors resolved to increase its capital in the subsidiary, Rise Bright Holdings Ltd., in the amount of US\$ 5,300 thousand, of which RMB 10,000 thousand (approximately US\$1,560 thousand) would be invested in the second-tier subsidiary, Chang Jie Technology Co., Ltd.

12. Others

(1) Capital management

- A. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maximise returns for shareholders and to optimise the balance of liabilities and equity.
- B. The Group's capital structure comprises net liabilities (borrowings net of cash and cash equivalents) and equity (common shares, capital surplus, retained earnings, other equity interest and non-controlling interests).
- C. The Group has no obligation to comply with any external capital requirements.
- D. The key management of the Group monitors the capital structure every year, including capital costs and related risks, and the Group may adjust capital structure by paying dividends to shareholders, issuing new shares, buying shares back and issuing new bonds or repaying old bonds based on the advices from the management.

(2) Financial instruments

A. Financial instruments by category

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	\$ 101,973	\$ 18,301	\$ 38,684
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	\$ 40,272	\$ 52,241	\$ 47,281
Financial assets at amortised cost			
Cash and cash equivalents	\$ 607,924	\$ 742,410	\$ 657,399
Financial assets at amortised cost	252,985	261,358	423,530
Notes receivable	82,079	29,553	55,695
Accounts receivable	433,971	591,658	555,340
Other receivables	5,854	3,579	6,028
Other financial assets - current	6,862	26,213	-
Guarantee deposits paid	2,293	2,278	1,433
	<u>\$ 1,391,968</u>	<u>\$ 1,657,049</u>	<u>\$ 1,699,425</u>

	September 30, 2021	December 31, 2020	September 30, 2020
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	\$ 4,560	\$ 27,305	\$ 10,214
Financial liabilities at amortised cost			
Short-term borrowings	\$ 402,915	\$ 333,396	\$ 436,316
Notes payable	84,684	118,492	109,758
Accounts payable	151,343	251,103	246,520
Other payables	116,331	134,314	122,584
Long-term borrowings (including current portion)	678,870	716,295	763,992
Guarantee deposits received	921	935	790
	<u>\$ 1,435,064</u>	<u>\$ 1,554,535</u>	<u>\$ 1,679,960</u>
Lease liabilities (including current portion)	<u>\$ 2,486</u>	<u>\$ 2,931</u>	<u>\$ -</u>

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts are used to hedge certain exchange rate risk. Derivatives are used for hedging exchange rate risk arising from export proceeds by using forward foreign exchange contracts.

(b) The Company treasury performs the financial risk management for each business unit. The treasury operates in domestic and international financial markets through planning and coordination, as well as monitors and manages the financial risks related to the Group's operation based on internal risk reports about exposure to risk with the analysis of the extent and width of risk.

The Board of Directors of the Group supervises the compliance by the management with financial risk policy and procedure, and reviews the appropriateness of structure of financial risk related to the Company. The internal auditors act as supervisors to assist the Board of Directors of the Company by conducting regular and irregular reviews, and report the results to the Board of Directors.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the United States Dollar and Chinese Renminbi. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.
- ii. The companies within the Group are required to hedge their entire foreign exchange risk exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable United States Dollar and Chinese Renminbi expenditures. Entities of the Group use natural hedge to decrease the risk exposure in the foreign currency through the Group treasury.
- iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: New Taiwan Dollars; certain subsidiaries' functional currency: United States Dollar and Chinese Renminbi). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations and analysis of foreign currency market risk arising from significant foreign exchange variation is as follows:

	September 30, 2021		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 28,421	27.85	\$ 791,525
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 1,776	6.467	\$ 49,462

December 31, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 31,959	28.48	\$ 910,192
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 3,265	6.52	\$ 21,288
September 30, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 37,885	29.10	\$ 1,102,454
RMB : NTD	17,325	4.27	73,978
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 3,900	6.81	\$ 113,490

- iv. The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months and nine months ended September 30, 2021 and 2020, amounted to \$6,874, (\$26,826), (\$60,196) and (\$50,421), respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Nine months ended September 30, 2021			
	Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 7,915	\$	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : RMB	1%	\$ 495	\$	-

Nine months ended September 30, 2020				
Sensitivity analysis				
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 11,025	\$	-
RMB : NTD	1%	740		
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : NTD	1%	\$ 1,135	\$	-

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets (liabilities) at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, per-tax profit for the three months and nine months ended September 30, 2021 and 2020 would have decreased/increased by \$640, \$33, \$1,020 and \$387, respectively, as a result of losses/gains on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$161, \$2, \$403, and \$473, respectively, as a result of other

comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from short-term and long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the nine months ended September 30, 2021 and 2020, the Group's borrowings at variable rate were mainly denominated in New Taiwan Dollars and United States Dollars.
- ii. If the borrowing interest rate had increased/decreased by 0.1% with all other variables held constant, profit before tax for the three months and nine months ended September 30, 2021 and 2020 would have increased/decreased by \$339, \$428, \$814 and \$900, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of equity instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.
- ii. For banks and financial institutions, after reviewing deposit ratings, only the counterparties with good credit quality are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts credit risk management procedure to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 3 months based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. In line with credit risk management procedure, the default occurs when the contract payments are past due over 180 days.
- v. Impairment loss is assessed and recognized when there is objective evidence that individual receivables cannot be recovered. The Group used historical and timely information to establish loss rate of remaining receivables and used the forecastability to assess the default possibility of accounts receivable. As of September 30, 2021, December 31, 2020 and September 30, 2020, accumulated loss allowance provided for individually assessed receivables amounted to \$22,677, \$8,681 and \$0, respectively. The Group used the forecastability to adjust historical and timely information to assess the default possibility of remaining receivables (including notes receivables). On September 30, 2021, December

31, 2020 and September 30, 2020, the provision matrix is as follows:

	Not past due	1 to 60 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
<u>September 30, 2021</u>							
Expected loss rate	0%-2%	7%-20%	30%-45%	100%	100%	100%	
Total book value	\$ 498,877	\$ 13,781	\$ 3,025	\$ 978	\$ 227	\$ 12,402	\$529,290
Loss allowance	(5,056)	(2,580)	(1,312)	(978)	(227)	(12,402)	(22,555)
	<u>\$ 493,821</u>	<u>\$ 11,201</u>	<u>\$ 1,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,735</u>
	Not past due	1 to 60 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
<u>December 31, 2020</u>							
Expected loss rate	0%~3%	10%~13%	30%~35%	90%~97%	100%	100%	
Total book value	\$ 591,747	\$ 61,842	\$ 996	\$ 1,701	\$ 2,398	\$ 6,438	\$665,122
Loss allowance	(17,007)	(7,427)	(329)	(1,631)	(2,398)	(6,438)	(35,230)
	<u>\$ 574,740</u>	<u>\$ 54,415</u>	<u>\$ 667</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 629,892</u>
	Not past due	0 to 60 days	60 to 120 days	120 to 180 days	180 to 240 days	Over 240 days	Total
<u>September 30, 2020</u>							
Expected loss rate	0%-3%	6%-10%	60%-70%	90%-97%	100%	100%	
Total book value	\$ 567,576	\$ 57,534	\$ 12,772	\$ 1,870	\$ 6,746	\$ 8,732	\$655,230
Loss allowance	(15,217)	(3,874)	(7,855)	(1,771)	(6,746)	(8,732)	(44,195)
	<u>\$ 552,359</u>	<u>\$ 53,660</u>	<u>\$ 4,917</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 611,035</u>

vi. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 79	\$ 43,832	\$ 43,911
Provision for impairment	40	1,888	1,928
Effect of foreign exchange	-	(607)	(607)
At September 30	<u>\$ 119</u>	<u>\$ 45,113</u>	<u>\$ 45,232</u>
	2020		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 68	\$ 42,822	42,890
Provision for impairment	100	1,368	1,468
Effect of foreign exchange	-	(163)	(163)
At September 30	<u>\$ 168</u>	<u>\$ 44,027</u>	<u>\$ 44,195</u>

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity

requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2021</u>	<u>December 31, 2020</u>	<u>September 30, 2020</u>
Fixed rate:			
Expiring within one year	\$ 500,000	\$ 300,000	\$ 350,000
Expiring beyond one year	192,540	268,400	268,400
	<u>\$ 692,540</u>	<u>\$ 568,400</u>	<u>\$ 618,400</u>

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
September 30, 2021						
Short-term borrowings	\$408,919	\$ -	\$ -	\$ -	\$ -	\$ 408,919
Notes payable	84,684	-	-	-	-	84,684
Accounts payable	151,343	-	-	-	-	151,343
Other payables	116,331	-	-	-	-	116,331
Lease liability	622	622	622	674	-	2,540
Long-term borrowings	118,389	93,425	85,895	207,383	200,340	705,432
		Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
<u>Derivative financial liabilities:</u>	<u>1 year</u>					
September 30, 2021						
Foreign exchange swap contracts	\$ 4,560	\$ -	\$ -	\$ -	\$ -	\$ 4,560

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
December 31, 2020						
Short-term borrowings	\$342,076	\$ -	\$ -	\$ -	\$ -	\$ 342,076
Notes payable	118,492	-	-	-	-	118,492
Accounts payable	251,103	-	-	-	-	251,103
Other payables	134,314	-	-	-	-	134,314
Lease liability	622	622	622	1,141	-	3,007
Long-term borrowings	143,050	115,677	86,515	169,295	224,663	739,200

Derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
December 31, 2020						
Foreign exchange swap contracts	\$ 27,305	\$ -	\$ -	\$ -	\$ -	\$ 27,305

Non-derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
September 30, 2020						
Short-term borrowings	\$447,787	\$ -	\$ -	\$ -	\$ -	\$ 447,787
Notes payable	109,758	-	-	-	-	109,758
Accounts payable	246,520	-	-	-	-	246,520
Other payables	122,584	-	-	-	-	122,584
Long-term borrowings	162,871	117,892	92,648	169,626	245,680	788,717

Derivative financial liabilities:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
September 30, 2020						
Foreign exchange swap contracts	\$ 10,214	\$ -	\$ -	\$ -	\$ -	\$ 10,214

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and over-the-counter stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset

or liability, either directly or indirectly. The fair value of the Group's investment in foreign exchange swap contracts is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(10).

C. Financial instruments not measured at fair value

The carrying amounts of financial instruments not measured at fair value are approximate to their fair value, including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, financial assets at amortised cost, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables, long-term borrowings (including current portion) and guarantee deposits received.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2021, December 31, 2020 and September 30, 2020 are as follows:

(a) The related information of natures of the assets and liabilities is as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2021				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 101,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,973</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 40,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,272</u>
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 4,560</u>	<u>\$ -</u>	<u>\$ 4,560</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2020				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 18,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,301</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 52,241</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,241</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 27,305</u>	<u>\$ -</u>	<u>\$ 27,305</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
September 30, 2020				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 38,684</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,684</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 47,281</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,281</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss	<u>\$ -</u>	<u>\$ 10,214</u>	<u>\$ -</u>	<u>\$ 10,214</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price
ii. Foreign exchange swap contracts are usually valued based on the current foreign exchange swap rate.	

E. For the nine months ended September 30, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. For the nine months ended September 30, 2021 and 2020, there was no transfer into or out from Level 3.

(4) Other matter

The government established several preventive measures in response to the COVID-19 pandemic, but this had no actual impact on the Company's operations resulting from the pandemic and the related preventive measures. Additionally, the Company has adopted countermeasures and continued managing the relevant matters to prevent the spread of COVID-19 from affecting its operations.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 4.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

(4) Major shareholders information: Please refer to table 8.

14. Segment Information

(1) General information

The information provided to the Chief Operating Decision-Maker to allocate resources and evaluate segment performance focuses on area of operations. The Group is primarily engaged in the manufacture of parts for the interior and exterior of automobiles and manages the business from a geographic perspective due to the different characteristics in culture, environment and economic condition although the manufacturing process and marketing strategy are the same throughout the operations. The reportable segments are as follows:

Domestic operation area - domestic consolidated entities.

Foreign operation area - foreign consolidated entities.

(2) Measurement of segment information

The Chief Operating Decision-Maker evaluates the performance of the operating segments based on a measure of adjusted profit from operations. This measurement basis excludes the effects of non-recurring expenditure from the operating segments.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments are as follows:

	Segment revenue				Segment income (loss)			
	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Domestic operation entities	\$ 273,569	\$ 362,995	\$ 824,679	\$ 937,463	\$ 49,599	\$ 93,605	\$ 159,618	\$ 246,816
Foreign operation entities	185,072	303,115	632,209	673,203	(22,242)	3,278	(56,148)	(28,674)
Others	11,653	1,790	42,891	8,680	732	-	5,019	-
Inter-segment eliminations	(7,954)	(60,179)	(56,068)	(89,407)	8,382	8,424	24,510	19,610
Total amount from continuing operations	<u>\$ 462,340</u>	<u>\$ 607,721</u>	<u>\$ 1,443,711</u>	<u>\$ 1,529,939</u>	<u>\$ 36,471</u>	<u>\$ 105,307</u>	<u>\$ 132,999</u>	<u>\$ 237,752</u>
Interest income					526	1,398	2,150	7,658
Rent income					2,040	1,337	4,738	4,381
Dividends income					4,036	4,036	4,036	4,036
Other income - others					2,608	3,331	7,728	7,113
Impairment loss					-	(28,826)	-	(56,522)
Foreign exchange gain (loss)					6,874	(26,826)	(60,196)	(50,421)
(Loss) gain on financial assets and liabilities at fair value through profit or loss					(13,239)	5,060	25,283	(2,609)
Gain on disposal of property, plant and equipment					14	217	1,083	275
Other losses					(375)	(142)	(1,457)	(954)
Finance costs					(4,872)	(2,518)	(13,977)	(10,951)
Profit before income tax					<u>\$ 34,083</u>	<u>\$ 62,374</u>	<u>\$ 102,387</u>	<u>\$ 139,758</u>

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Loans to others

Nine months ended September 30, 2021

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

(Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended	Balance at September 30, 2021	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single	Ceiling on total loans	Footnote
					30, 2021 (Note 5)	(Note 7,8 and 9)	(Note 2)						Item	Value	party (Note 3)	granted (Note 3)	
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Other receivables	Y	\$ 381,545	\$ 194,950	\$ 194,950	1.40%	2	\$ -	Operating capital	\$ -	N	\$ -	\$ 338,256	\$ 1,353,023	Notes 5 and 7
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	197,633	83,550	-	-	2	-	Operating capital	-	N	-	338,256	1,353,023	Notes 6 and 8
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	Other receivables	Y	124,845	124,845	122,433	4.35%	2	-	Operating capital	-	N	-	338,256	1,353,023	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Balance at September 30, 2021 and actual amount drawn down were calculated at the USD and RMB buying and selling spot exchange rate of 27.85 and 4.305 on September 30, 2021.

Note 3: Limit on total loans granted to others by the Company is 40% of the net assets and limit on loans granted to a single party is 10% of the net assets.

Note 4: The nature of the loan are as follows:

(1) Fill in ‘1’ for business transaction.

(2) Fill in ‘2’ for short-term financing.

Note 5: Loans granted to RISE BRIGHT HOLDINGS LTD. by Y.C.C. whose maximum outstanding balance and balance at September 30, 2021 amounted to NT\$381,545 exceed limit on loans granted to a single party. This is because the amount of \$381,545 includes \$186,595 that was used to repay loans which will be matured in May 2021.Limit on loans maintains \$194,950 after repaying from other loans. As of September 30, 2021, the amount that has been used was \$194,950.

Note 6: The maximum outstanding balance of loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. by Y.C.C. amounted to NT\$197,633. This is because the amount of NT\$197,633 includes NT\$114,083 that was matured on August 11, 2021 and a new facility of NT\$83,550 that was added at the Board of Directors’ meeting on March 16, 2021.

Note 7: Loans granted to RISE BRIGHT approved by the Board of Directors amounted to US\$7,000 thousand.

Note 8: Loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US\$3,000 thousand.

Note 9: Loans granted to LIAONING HETAI AUTOMOTIVE PARTS CO., LTD approved by the Board of Directors amounted to RMB 29,000 thousand.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Provision of endorsements and guarantees to others

Nine months ended September 30, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a	Maximum outstanding endorsement/ guarantee	Outstanding endorsement/ guarantee amount at	Actual amount	Amount of endorsements/ guarantees	Ratio of accumulated endorsement/ guarantee amount to net asset value of	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/guar antees by parent	Provision of endorsements/guarantees	Provision of endorsements/guarantees	Footnote
		Company name	Relationship with the endorser/guarantor (Note 2)	single party (Note 3)	amount as of September 30, 2021	September 30, 2021 (Note 4)	drawn down (Note 4)	secured with collateral	the endorser/guarantor company	(Note 3)	company to subsidiary	by subsidiary to parent company	to the party in Mainland China	
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	2	\$ 676,512	\$ 12,184	\$ 6,962	\$ 6,962	\$ -	0.21%	\$ 1,353,023	Y	N	N	
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	3	676,512	156,796	76,588	48,738	-	2.27%	1,353,023	Y	N	Y	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1)The Company is ‘0’.
- (2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the Company is classified into the following three categories:

- (1) Having business relationship.
- (2) The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/ guaranteed company.
- (3) The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/ guaranteed company.

Note 3: The Company’s limit on total endorsements/guarantees is 40% of net assets and limit on endorsements/guarantees provided for a single party is 20% of net assets.

Note 4: Balance at September 30, 2021 and actual amount drawn down were calculated at the USD buying and selling spot exchange rate of 27.85 on September 30, 2021.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
September 30, 2021

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2021				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Non-current financial assets at fair value through other comprehensive income - non current Valuation adjustment	855,000	\$ 81,856 (41,584) \$ 40,272	1.02%	\$ 40,272	
Y.C.C. PARTS MFG. CO., LTD.	TANVEX BIOLOGICS CORPORATION	N	Current financial assets at fair value through profit or loss	1,200,000	\$ 50,400	0.34%	54,480	
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Current financial assets at fair value through profit or loss	406,000	25,871	0.48%	19,122	
Y.C.C. PARTS MFG. CO., LTD.	LASTER TECH CO., LTD.	N	Current financial assets at fair value through profit or loss	475,000	19,112	0.49%	18,216	
Y.C.C. PARTS MFG. CO., LTD.	GORDON AUTO BODY PARTS CO., LTD.	N	Current financial assets at fair value through profit or loss	640,000	6,233	0.39%	6,285	
Y.C.C. PARTS MFG. CO., LTD.	SHUN ON ELECTRONIC CO., LTD.	N	Current financial assets at fair value through profit or loss	80,000	3,790	0.05%	3,660	
Y.C.C. PARTS MFG. CO., LTD.	NUUO INC.	N	Current financial assets at fair value through profit or loss	5,071	277	0.04%	195	
Y.C.C. PARTS MFG. CO., LTD.	DA-LI DEVELOPMENT CO., LTD.	N	Current financial assets at fair value through profit or loss Valuation adjustment	466	11 (3,721) \$ 101,973	0.00%	15 \$ 101,973	

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2021 (Note 1)	Turnover rate (Note 4)	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 5)	Allowance for doubtful accounts	Footnote
					Amount	Action taken			
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Subsidiary	\$ 206,866	2.08%	\$ 7,969	Subsequent collection	\$ 3,013	\$ -	Notes 2
Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	Subsidiary	125,061	-	-	-	-	-	Note 3

Note 1: The transactions were eliminated when preparing the consolidated financial statements.

Note 2: It pertains to principal and interest aggregating to \$195,885 from loans to the subsidiary shown as other receivables and revenue from sales of processing machine amounting to \$10,982 thousand shown as accounts receivable.

Note 3: It pertains to principal and interest aggregating to \$123,557 from loans to the subsidiary and technical service expense amounting to \$1,504 shown as other receivables.

Note 4: Only accounts receivable was used for the calculation of turnover rate.

Note 5: Subsequent collection is the amount collected as of November 9, 2021.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2021

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Accounts receivable	\$ 10,982	90 days after monthly billings	0.22%
0	Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	1	Other receivables	195,885	Principal and interest are repayable at the maturity date	3.86%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	1	Other receivables	13,368	Interest is repayable quarterly	0.26%
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	1	Other receivables	125,061	Principal and interest are repayable at the maturity date	2.47%
1	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	3	Other accrued expenses	17,329	30 days after monthly billings	0.34%
1	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	3	Accounts receivable	11,718	60 days after monthly billings	0.23%
1	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	3	Sales revenue	27,818	60 days after monthly billings	1.93%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, and subsidiaries or between subsidiaries refer to it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amount that did not reach \$10 million or more will not be disclosed.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Information on investees

Nine months ended September 30, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2021			Net profit (loss) of the investee for the nine months ended September 30, 2021	Investment income (loss) recognised by the Company for nine months ended September 30, 2021	Footnote
				Balance as at September 30, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Y.C.C. PARTS MFG. CO., LTD.	UNITED SKILLS CO., LTD.	Taiwan	Manufacturing vehicles and their parts	\$ 50,000	\$ 50,000	5,000	100.00%	\$ 49,855	(\$ 424)	(\$ 424)	Subsidiary
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Samoa	Holding company	1,077,179	1,077,179	-	100.00%	479,935	(49,703)	(49,703)	Subsidiary (Note)
RISE BRIGHT HOLDINGS LTD.	CHINA FIRST HOLDINGS LTD.	Samoa	Holding company	1,158,673	1,158,673	-	89.44%	544,682	(47,152)	(42,173)	Subsidiary (Note)

Note: The company does not hold any share in the investee because the investee is a limited company.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	to Mainland China as of January 1, 2021	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2021		Accumulated amount of remittance from Taiwan of Mainland China as of September 30, 2021	Net income of September 30, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2021 (Note 2)	Book value of investments in Mainland China as of September 30, 2021	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2021	Footnte
					Remitted to Mainland China	Remitted back to Taiwan							
CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Injecting and surface coating air bag covers of automobiles,producing and selling various accessories of automobiles and electronic plastic parts	\$ 423,150	2	\$ 827,609	\$ -	\$ -	\$ 827,609	(\$ 45,736)	89.44%	(\$ 40,906)	\$ 287,850	\$ -	Note 5 Note 7
LIAONING HETAI AUTOMOTIVE PARTS CO., LTD.	Injecting and surface coating parts of air bags with inflation system,covers, interior and exterior accessories of air bag and electronic equipment systems	347,588	2	268,009	-	-	268,009	(5,057)	73.89%	(3,736)	185,471	-	Note 6
CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	Manufacturing and selling parts, interior and exterior accessories and electronic system parts of automobiles and molds, gauges, clamps and jigs for injection	60,450	2	63,055	-	-	63,055	2,437	89.44%	2,179	52,945	-	Note 4
CHANG JIE TECHNOLOGY CO., LTD.	Injecting and surface coating air bag covers of automobiles,producing and selling various accessories of automobiles and automatic production equipments for spraying	133,225	2	134,421	-	-	134,421	(5,666)	99.78%	(5,654)	123,418	-	Note 3

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China.
(2) Through investing in existing companies in the third area, RISE BRIGHT HOLDINGS LTD. and CHINA FIRST HOLDINGS LTD. , which then invested in the investee in Mainland China.
(3) Others.

Note 2: The amounts listed in the table denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates at the balance sheet date.

Note 3: Paid-in capital is US\$4,510 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$4,500 thousand.

Note 4: Paid-in capital is US\$2,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$2,000 thousand.

Note 5: Paid-in capital is US\$14,000 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$26,300 thousand.

Note 6: Paid-in capital is US\$11,500 thousand and accumulated amount of remittance from Taiwan to Mainland China is US\$8,591 thousand.

Note 7: ‘Investment income (loss) recognised by the Company for the nine months ended September 30, 2021 was based on the financial statements that were reviewed by parent company’s CPA.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2021	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Y.C.C. PARTS MFG. CO., LTD.	\$ 1,293,094	\$ 1,294,050	\$ 2,029,535

Note 1: The amounts listed in the table denominated in foreign currencies are translated into New Taiwan dollars at the exchange rates at the balance sheet date.

Note 2: Calculation for ceiling on investments in Mainland China (60% of net assets) is based on MOEA “Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area”.

Note 3: At the end of this period, the investment amount transmitted from Taiwan to mainland China was US\$41,391 thousand. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) was US\$41,391 thousand.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries

Major shareholders information

September 30, 2021

Table 8

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
HAO QUN INVESTMENT & DEVELOPMENT CO.,LTD	11,791,000	15.90%
SONG QUN INVESTMENT & DEVELOPMENT CO.,LTD	10,731,000	14.47%
HE HAN INVESTMENT CO.,LTD	7,586,503	10.23%
RU HAN INVESTMENT CO.,LTD	5,964,420	8.04%
HUANG KAI INVESTMENT CO.,LTD	5,791,500	7.81%

Description: If the company applies Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

- (1) The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by the Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form because of a different calculation basis.

- (2) If the aforementioned data contains shares which were kept in trust by the shareholders, the data that was disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to the Market Observation Post System.