

**Y.C.C. PARTS MFG.CO., LTD AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 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 March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three 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\$743,749 thousand and NT\$487,750 thousand, constituting 13.95% and 9.44% of the consolidated total assets as at March 31, 2021 and 2020, respectively, total liabilities amounted to NT\$251,237 thousand and NT\$71,185 thousand, constituting 14.92% and 4.66% of the consolidated total liabilities as at March 31, 2021 and

2020, respectively, and the total comprehensive loss amounted to NT\$4,930 thousand and NT\$5,873 thousand, constituting 8.16% and 14.95% of the consolidated total comprehensive income (loss) for the three 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 March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three 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

May 13, 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
MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(The balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Assets		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 785,069	15	\$ 742,410	14	\$ 775,887	15
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		37,035	1	18,301	-	28,223	1
1136	Financial assets at amortised cost -	6(4)						
	current		261,718	5	261,058	5	69,746	1
1150	Notes receivable, net	6(5)	50,828	1	29,553	-	45,266	1
1170	Accounts receivable, net	6(5)	566,032	10	591,658	11	563,589	11
1200	Other receivables		5,249	-	3,579	-	8,139	-
130X	Inventories	6(6)	307,313	6	302,754	6	259,056	5
1470	Other current assets	6(7) and 8	75,726	1	86,426	2	50,051	1
11XX	Total current assets		<u>2,088,970</u>	<u>39</u>	<u>2,035,739</u>	<u>38</u>	<u>1,799,957</u>	<u>35</u>
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		59,679	1	52,241	1	37,492	1
1535	Financial assets at amortised cost -	6(4) and 8						
	non-current		300	-	300	-	90,975	2
1600	Property, plant and equipment	6(8) and 8	2,769,683	52	2,767,101	52	2,687,250	52
1755	Right-of-use assets	6(9) and 8	144,771	3	146,668	3	110,348	2
1760	Investment property, net	6(10) and 8	16,218	-	16,506	1	16,774	-
1780	Intangible assets	6(11)	7,379	-	8,203	-	93,529	2
1840	Deferred income tax assets		108,481	2	115,287	2	105,762	2
1900	Other non-current assets	6(12)	134,483	3	156,356	3	223,561	4
15XX	Total non-current assets		<u>3,240,994</u>	<u>61</u>	<u>3,262,662</u>	<u>62</u>	<u>3,365,691</u>	<u>65</u>
1XXX	Total assets		<u>\$ 5,329,964</u>	<u>100</u>	<u>\$ 5,298,401</u>	<u>100</u>	<u>\$ 5,165,648</u>	<u>100</u>

(Continued)

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

Liabilities and Equity		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(13)	\$ 425,648	8	\$ 333,396	6	\$ 148,173	3
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	27,305	1	-	-
2130	Contract liabilities - current	6(21)	19,810	1	20,177	-	19,631	1
2150	Notes payable		107,027	2	118,492	2	135,834	3
2170	Accounts payable		210,256	4	251,103	5	163,857	3
2200	Other payables	6(14)	118,472	2	134,314	3	116,639	2
2230	Income tax liabilities	6(28)	88,178	2	78,868	1	66,777	1
2320	Long-term liabilities, current portion	6(15)	123,842	2	137,261	3	209,530	4
2399	Other current liabilities - others		9,609	-	1,507	-	686	-
21XX	Current liabilities		<u>1,102,842</u>	<u>21</u>	<u>1,102,423</u>	<u>21</u>	<u>861,127</u>	<u>17</u>
Non-current liabilities								
2540	Long-term borrowings	6(15)	547,548	10	575,299	11	659,305	13
2560	Income tax liabilities - non-current	6(28)	16,203	1	20,630	-	-	-
2570	Deferred income tax liabilities		3,228	-	-	-	-	-
2600	Other non-current liabilities	6(16)	14,083	-	14,388	-	8,039	-
25XX	Total non-current liabilities		<u>581,062</u>	<u>11</u>	<u>610,317</u>	<u>11</u>	<u>667,344</u>	<u>13</u>
2XXX	Total liabilities		<u>1,683,904</u>	<u>32</u>	<u>1,712,740</u>	<u>32</u>	<u>1,528,471</u>	<u>30</u>
Equity attributable to owners of parent								
	Share capital	6(18)						
3110	Share capital - common stock		741,389	14	741,389	14	741,389	14
	Capital surplus	6(19)						
3200	Capital surplus		1,193,259	22	1,193,259	23	1,193,024	23
	Retained earnings	6(20)						
3310	Legal reserve		317,795	6	317,795	6	280,161	5
3320	Special reserve		119,480	2	119,480	2	88,059	2
3350	Unappropriated retained earnings		1,261,659	24	1,203,831	23	1,373,185	27
	Other equity interest							
3400	Other equity interest		(99,316)	(2)	(105,211)	(2)	(145,674)	(3)
3500	Treasury shares	6(18)	(526)	-	(526)	-	(526)	-
31XX	Equity attributable to owners of the parent		<u>3,533,740</u>	<u>66</u>	<u>3,470,017</u>	<u>66</u>	<u>3,529,618</u>	<u>68</u>
36XX	Non-controlling interests		<u>112,320</u>	<u>2</u>	<u>115,644</u>	<u>2</u>	<u>107,559</u>	<u>2</u>
3XXX	Total equity		<u>3,646,060</u>	<u>68</u>	<u>3,585,661</u>	<u>68</u>	<u>3,637,177</u>	<u>70</u>
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	Total liabilities and equity		<u>\$ 5,329,964</u>	<u>100</u>	<u>\$ 5,298,401</u>	<u>100</u>	<u>\$ 5,165,648</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 ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Notes	Three months ended March 31			
			2021		2020	
			AMOUNT	%	AMOUNT	%
Items						
4000	Sales revenue	6(21)	\$ 516,642	100	\$ 500,112	100
5000	Operating costs	6(6)(26)(27)	(387,865)	(75)	(342,320)	(69)
5900	Gross profit		128,777	25	157,792	31
	Operating expenses	6(26)(27)				
6100	Selling expenses		(35,046)	(7)	(35,297)	(7)
6200	General and administrative expenses		(32,904)	(6)	(28,945)	(6)
6300	Research and development expenses		(5,900)	(1)	(8,647)	(2)
6450	Expected credit impairment (loss) gain	12(2)	(8,528)	(2)	2,270	1
6000	Total operating expenses		(82,378)	(16)	(70,619)	(14)
6900	Operating profit		46,399	9	87,173	17
	Non-operating income and expenses					
7100	Interest income	6(22)	855	-	3,465	1
7010	Other income	6(23)	4,033	1	4,263	1
7020	Other gains and losses	6(24)	27,435	6	(2,607)	(1)
7050	Finance costs	6(25)	(4,635)	(1)	(4,699)	(1)
7000	Total non-operating income and expenses		27,688	6	422	-
7900	Profit before income tax		74,087	15	87,595	17
7950	Income tax expense	6(28)	(19,341)	(4)	(21,222)	(4)
8200	Profit for the period		\$ 54,746	11	\$ 66,373	13

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Y.C.C. PARTS MFG.CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

Items	Notes	Three months ended March 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income (loss)					
Components of other comprehensive income (loss) 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)	\$ 7,439	1	(\$ 20,050)	(4)
8310 Components of other comprehensive income (loss) that will not be reclassified to profit or loss		7,439	1	(20,050)	(4)
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations		(1,786)	-	(7,035)	(1)
8360 Components of other comprehensive loss that will be reclassified to profit or loss		(1,786)	-	(7,035)	(1)
8300 Total other comprehensive income (loss) for the period		\$ 5,653	1	(\$ 27,085)	(5)
8500 Total comprehensive income for the period		\$ 60,399	12	\$ 39,288	8
Profit (loss), attributable to:					
8610 Owners of parent		\$ 57,828	11	\$ 69,845	14
8620 Non-controlling interests		(3,082)	-	(3,472)	(1)
Total		\$ 54,746	11	\$ 66,373	13
Comprehensive income attributable to:					
8710 Owners of parent		\$ 63,723	13	\$ 43,652	9
8720 Non-controlling interests		(3,324)	(1)	(4,364)	(1)
Total		\$ 60,399	12	\$ 39,288	8
Basic earnings per share	6(29)				
9750 Basic earnings per share		\$ 0.78		\$ 0.94	
9850 Diluted earnings per share		\$ 0.78		\$ 0.94	

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
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent												
		Retained earnings					Other equity interest					
							Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings				Treasury shares	Total	Non-controlling interests	Total equity
<u>Three months ended March 31, 2020</u>												
	\$ 741,389	\$1,193,024	\$ 280,161	\$ 88,059	\$1,303,340	(\$ 95,167)	(\$ 24,314)	(\$ 526)	\$3,485,966	\$ 111,923	\$3,597,889	
	-	-	-	-	69,845	-	-	-	69,845	(3,472)	66,373	
6(3)	-	-	-	-	-	(6,143)	(20,050)	-	(26,193)	(892)	(27,085)	
	-	-	-	-	69,845	(6,143)	(20,050)	-	43,652	(4,364)	39,288	
	\$ 741,389	\$1,193,024	\$ 280,161	\$ 88,059	\$1,373,185	(\$ 101,310)	(\$ 44,364)	(\$ 526)	\$3,529,618	\$ 107,559	\$3,637,177	
<u>Three months ended March 31, 2021</u>												
	\$ 741,389	\$1,193,259	\$ 317,795	\$ 119,480	\$1,203,831	(\$ 75,596)	(\$ 29,615)	(\$ 526)	\$3,470,017	\$ 115,644	\$3,585,661	
	-	-	-	-	57,828	-	-	-	57,828	(3,082)	54,746	
6(3)	-	-	-	-	-	(1,544)	7,439	-	5,895	(242)	5,653	
	-	-	-	-	57,828	(1,544)	7,439	-	63,723	(3,324)	60,399	
	\$ 741,389	\$1,193,259	\$ 317,795	\$ 119,480	\$1,261,659	(\$ 77,140)	(\$ 22,176)	(\$ 526)	\$3,533,740	\$ 112,320	\$3,646,060	

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
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	Three months ended March 31 2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 74,087	\$ 87,595
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including investment property)	6(26)	78,799	74,481
Depreciation expense - right-of-use assets	6(26)	1,411	1,041
Amortisation expense	6(26)	1,951	1,769
Expected credit impairment loss (gain)	12(2)	8,528	(2,270)
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	6(24)	(47,822)	6,850
Interest expense	6(25)	4,635	4,699
Interest income	6(22)	(855)	(3,465)
Government grant	6(16)	(154)	-
Unrealised foreign exchange gain		(7,605)	(14,759)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(21,278)	(22,397)
Accounts receivable, net		19,556	196,481
Other receivables		(1,493)	(1,738)
Inventories		(4,559)	4,831
Other current assets		10,614	7,991
Other non-current assets		-	1,233
Changes in operating liabilities			
Contract liabilities - current		(367)	5,305
Notes payable		(11,465)	22,405
Accounts payable		(40,847)	(83,919)
Other payables		2,127	(41,595)
Other current liabilities		102	38
Cash inflow generated from operations		65,365	244,576
Interest received		678	3,611
Interest paid		(4,003)	(4,985)
Income taxes paid		(4,472)	(302)
Net cash flows from operating activities		57,568	242,900

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Y.C.C. PARTS MFG.CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	<u>Notes</u>	<u>Three months ended March 31</u>	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Acquisition of financial assets at fair value through profit or loss		(\$	4,977)	(\$ 479)
Proceeds from disposal of financial assets at fair value through profit or loss			6,760	392
Decrease in financial assets at amortised cost			3,367	15,610
Acquisition of property, plant and equipment	6(30)	(	36,620)	(23,232)
Payment for capitalized interest	6(8)	(	672)	-
Decrease in other current assets			86	3,833
Increase in other non-current assets		(	43,295)	(41,337)
(Increase) decrease in refundable deposits		(	16)	82
Increase in other current liabilities			8,000	-
Net cash flows used in investing activities		(	67,367)	(45,131)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>				
Increase in short-term borrowings			182,734	20,000
Decrease in short-term borrowings		(	90,109)	(128,348)
Proceeds from long-term borrowings			-	95,600
Repayments of long-term borrowings		(	42,088)	(115,072)
Repayment of principal portion of lease liabilities	6(31)	(	148)	-
Increase in guarantee deposits received	6(31)		-	535
Net cash flows from (used in) financing activities			50,389	(127,285)
Effect of exchange rate changes on cash and cash equivalents			2,069	4,773
Net increase in cash and cash equivalents			42,659	75,257
Cash and cash equivalents at beginning of period			742,410	700,630
Cash and cash equivalents at end of period		\$	785,069	\$ 775,887

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
THREE MONTHS ENDED MARCH 31, 2021 AND 2020

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

(UNAUDITED)

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 May 13, 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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

None.

(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 3, 'Reference to the conceptual framework'	January 1, 2022
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
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.

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
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	RISE BRIGHT HOLDINGS LTD. (RISE BRIGHT)	Holding company	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	89.44%	89.44%	89.44%	
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 three months ended March 31, 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 March 31, 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>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand	\$ 385	\$ 374	\$ 288
Time deposits	276,397	319,581	389,741
Checking accounts and demand deposits	264,530	207,863	189,396
Short-term notes and bills - Re-Purchase	243,757	214,592	196,462
	<u>\$ 785,069</u>	<u>\$ 742,410</u>	<u>\$ 775,887</u>
Interest rate range			
Time deposits	<u>0.16%~0.96%</u>	<u>0.1%~0.41%</u>	<u>0.60%~2.55%</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>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss			
Listed stocks	\$ 20,213	\$ 20,213	\$ 45,253
Valuation adjustment	684	(1,912)	(18,330)
Total	<u>\$ 20,897</u>	<u>\$ 18,301</u>	<u>\$ 26,923</u>
Financial assets (liabilities) held for trading			
Foreign exchange swap contracts	<u>\$ 16,138</u>	<u>(\$ 27,305)</u>	<u>\$ 1,300</u>

A. The Group recognised financial assets and liabilities at fair value through profit or loss of \$47,822, and (\$6,850) for the three months ended March 31, 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:

	<u>March 31, 2021</u>	
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount</u>	<u>Contract period</u>
	<u>(Notional principal)</u>	
Foreign exchange swap contracts	USD 51,710 thousand	2021.01.05 ~ 2021.05.25
	<u>December 31, 2020</u>	
<u>Derivative financial assets (liabilities)</u>	<u>Contract amount</u>	<u>Contract period</u>
	<u>(Notional principal)</u>	
Foreign exchange swap contracts	USD 47,460 thousand	2020.10.05 ~ 2021.01.25

<u>Derivative financial assets (liabilities)</u>	March 31, 2020	
	<u>Contract amount</u> (Notional principal)	<u>Contract period</u>
Foreign exchange swap contracts	USD 19,860 thousand	2020.03.03 ~ 2020.04.27

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>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Non-current items:			
Equity instruments			
Listed stocks	\$ 81,855	\$ 81,856	\$ 81,856
Valuation adjustment	(22,176)	(29,615)	(44,364)
	<u>\$ 59,679</u>	<u>\$ 52,241</u>	<u>\$ 37,492</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 \$59,679, \$52,241 and \$37,492 as at March 31, 2021, December 31, 2020 and March 31, 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 March 31,	
	<u>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income (loss)	\$ 7,439	(\$ 20,050)
Cumulative gains reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>\$ -</u>
Dividend income recognised in profit or loss		
Held at end of period	<u>\$ -</u>	<u>\$ -</u>

C. As at March 31, 2021, December 31, 2020 and March 31, 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 \$59,679, \$52,241 and \$37,492, 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

<u>Items</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current items:			
Time deposits maturing over three months	\$ <u>261,718</u>	\$ <u>261,058</u>	\$ <u>69,746</u>
Non-current items			
Restricted time deposits	\$ <u>300</u>	\$ <u>300</u>	\$ <u>90,975</u>

A. As at March 31, 2021, December 31, 2020 and March 31, 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 \$262,018, \$261,358 and \$160,721, 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>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Notes receivable	\$ 50,911	\$ 29,632	\$ 45,345
Less: Allowance for uncollectible accounts	(83)	(79)	(79)
	<u>\$ 50,828</u>	<u>\$ 29,553</u>	<u>\$ 45,266</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable	\$ 618,218	\$ 635,490	\$ 603,867
Less: Allowance for uncollectible accounts	(52,186)	(43,832)	(40,278)
	<u>\$ 566,032</u>	<u>\$ 591,658</u>	<u>\$ 563,589</u>

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

	<u>March 31, 2021</u>	
	<u>Notes receivable</u>	<u>Accounts receivable</u>
Not past due	\$ 50,911	\$ 519,514
0~60 days	-	71,052
61~120 days	-	7,214
121~180 days	-	10,465
181-240 days	-	235
Over 241 days	-	9,738
	<u>\$ 50,911</u>	<u>\$ 618,218</u>

	December 31, 2020	
	Notes receivable	Accounts receivable
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>
	March 31, 2020	
	Notes receivable	Accounts receivable
Not past due	\$ 45,345	\$ 471,831
0~60 days	-	104,218
61~120 days	-	8,899
121~180 days	-	9,950
181-240 days	-	1,257
Over 241 days	-	7,712
	<u>\$ 45,345</u>	<u>\$ 603,867</u>

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

- B. As of March 31, 2021, December 31, 2020 and March 31, 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 March 31, 2021, December 31, 2020 and March 31, 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 \$50,828, \$29,553 and \$45,266 as well as \$566,032, \$591,658 and \$563,589, respectively.
- D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(6) Inventories

March 31, 2021			
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 95,877	(\$ 28,993)	\$ 66,884
Work in progress	78,695	(11,653)	67,042
Semi-finished goods	12,650	(7,203)	5,447
Finished goods	177,785	(33,142)	144,643
Merchandise	23,297	-	23,297
Total	<u>\$ 388,304</u>	<u>(\$ 80,991)</u>	<u>\$ 307,313</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>
March 31, 2020			
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 93,523	(\$ 23,454)	\$ 70,069
Work in progress	38,384	(8,611)	29,773
Semi-finished goods	8,007	(4,563)	3,444
Finished goods	154,220	(29,134)	125,086
Merchandise	30,684	-	30,684
Total	<u>\$ 324,818</u>	<u>(\$ 65,762)</u>	<u>\$ 259,056</u>

The cost of inventories recognised as expense for the period:

Three months ended March 31,		
	2021	2020
Cost of goods sold	\$ 345,318	\$ 316,318
Unallocated fixed overheads	33,061	21,646
Loss on scrapping inventory	174	154
Loss on market value decline and obsolete and slow-moving inventories	10,956	4,157
(Gain) loss on physical inventory	(1,644)	45
	<u>\$ 387,865</u>	<u>\$ 342,320</u>

(7) Other current assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Prepayments	\$ 49,170	\$ 58,982	\$ 18,912
Other financial assets	26,127	26,213	29,811
Other current assets - others	429	1,231	1,328
	<u>\$ 75,726</u>	<u>\$ 86,426</u>	<u>\$ 50,051</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

Three months ended March 31, 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	2,309	(3,785)	-	(1,224)	1,545,991
Machinery and equipment	1,207,914	3,740	(292)	3,409	(1,173)	1,213,598
Molding equipment	1,678,794	7,711	(412)	66,133	(72)	1,752,154
Transportation equipment	32,456	-	-	-	(6)	32,450
Furniture equipment	3,195	48	(132)	-	(3)	3,108
Other equipment	181,056	442	(2,374)	-	(124)	179,000
Unfinished construction and equipment under acceptance	<u>259,837</u>	<u>4,441</u>	<u>-</u>	<u>(5,486)</u>	<u>(323)</u>	<u>258,469</u>
	<u>\$ 5,868,308</u>	<u>\$ 18,691</u>	<u>(\$ 6,995)</u>	<u>\$ 64,056</u>	<u>(\$ 2,925)</u>	<u>\$ 5,941,135</u>
Accumulated Depreciation						
Buildings and structures	(\$ 767,777)	(\$ 17,943)	\$ 3,785	\$ -	\$ 685	(\$ 781,250)
Machinery and equipment	(779,366)	(23,962)	292	-	544	(802,492)
Molding equipment	(1,402,903)	(30,980)	412	-	37	(1,433,434)
Transportation equipment	(25,534)	(587)	-	-	3	(26,118)
Furniture equipment	(2,449)	(69)	132	-	1	(2,385)
Other equipment	(123,178)	(5,027)	2,374	-	58	(125,773)
	<u>(3,101,207)</u>	<u>(\$ 78,568)</u>	<u>\$ 6,995</u>	<u>\$ -</u>	<u>\$ 1,328</u>	<u>(\$ 3,171,452)</u>
Total	<u>\$ 2,767,101</u>					<u>\$ 2,769,683</u>

Three months ended March 31, 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	-	(2,655)	-	(2,989)	1,514,253
Machinery and equipment	1,170,965	2,684	(36)	42,490	(3,313)	1,212,790
Molding equipment	1,615,001	3,168	(6,392)	14,918	(244)	1,626,451
Transportation equipment	29,976	-	-	-	(14)	29,962
Furniture equipment	4,438	26	(192)	-	(17)	4,255
Other equipment	168,298	3,100	(2,174)	1,463	(399)	170,288
Unfinished construction and equipment under acceptance	73,826	4,633	-	76,801	(564)	154,696
	<u>\$ 5,538,766</u>	<u>\$ 13,611</u>	<u>(\$ 11,449)</u>	<u>\$ 135,672</u>	<u>(\$ 7,540)</u>	<u>\$ 5,669,060</u>
Accumulated Depreciation						
Buildings and structures	(\$ 705,279)	(\$ 17,349)	\$ 2,655	\$ -	\$ 604	(\$ 719,369)
Machinery and equipment	(749,234)	(25,014)	36	-	1,849	(772,363)
Molding equipment	(1,314,590)	(26,458)	6,392	-	127	(1,334,529)
Transportation equipment	(24,654)	(552)	-	-	11	(25,195)
Furniture equipment	(3,884)	(116)	192	-	13	(3,795)
Other equipment	(124,220)	(4,761)	2,174	-	248	(126,559)
	<u>(\$ 2,921,861)</u>	<u>(\$ 74,250)</u>	<u>\$ 11,449</u>	<u>\$ -</u>	<u>\$ 2,852</u>	<u>(\$ 2,981,810)</u>
	<u>\$ 2,616,905</u>					<u>\$ 2,687,250</u>

A. Transfers for the period were from prepayments for business facilities and unfinished construction and equipment under acceptance.

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:

	March 31, 2021	December 31, 2020	March 31, 2020
Amount capitalised	\$ 672	\$ 3,333	\$ 952
Range of the interest rates for capitalisation	1.03%	0.95%	1.15%

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:

	March 31, 2021	December 31, 2020	March 31, 2020
	Carrying amount	Carrying amount	Carrying amount
Land	\$ 139,600	\$ 141,079	\$ 106,890
Transportation equipment (Business vehicles)	5,171	5,589	3,458
	<u>\$ 144,771</u>	<u>\$ 146,668</u>	<u>\$ 110,348</u>

	Three months ended March 31,	
	2021	2020
	Depreciation charge	Depreciation charge
Land	\$ 993	\$ 775
Transportation equipment (Business vehicles)	418	266
	<u>\$ 1,411</u>	<u>\$ 1,041</u>

C. For the three months ended March 31, 2021 and 2020, there were no additions to right-of-use assets.

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

	Three months ended March 31,	
	2021	2020
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 8	\$ -
Expense on short-term lease contracts	\$ 205	\$ 205
Expense on leases of low-value assets	\$ 172	\$ 181

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

	March 31, 2021	December 31, 2020	March 31, 2020
Lease liabilities - current	\$ 596	\$ 594	\$ -
Lease liabilities - non-current	\$ 2,187	\$ 2,337	\$ -

F. For the three months ended March 31, 2021 and 2020, the Group's total cash outflow for leases were \$533 and \$386, respectively.

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

(10) Investment property

Three months ended March 31, 2021						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land use right	\$ 4,580	\$ -	\$ -	\$ -	(\$ 15)	\$ 4,565
Buildings and structures	16,218	-	-	-	(54)	16,164
	<u>\$ 20,798</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 69)</u>	<u>\$ 20,729</u>
Accumulated depreciation						
Land use right	(\$ 575)	(\$ 31)	\$ -	\$ -	\$ 2	(\$ 604)
Buildings and structures	(3,717)	(200)	-	-	10	(3,907)
	<u>(4,292)</u>	<u>(\$ 231)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12</u>	<u>(4,511)</u>
	<u>\$ 16,506</u>					<u>\$ 16,218</u>
Three months ended March 31, 2020						
	Beginning balance	Additions	Decreases	Transfers	Net exchange differences	Ending balance
Cost						
Land use right	\$ 4,185	\$ -	\$ -	\$ -	\$ 279	\$ 4,464
Buildings and structures	15,947	-	-	-	(138)	15,809
	<u>\$ 20,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141</u>	<u>\$ 20,273</u>
Accumulated depreciation						
Land use right	(\$ 123)	(\$ 31)	\$ -	\$ -	(\$ 315)	(\$ 469)
Buildings and structures	(2,857)	(200)	-	-	27	(3,030)
	<u>(2,980)</u>	<u>(\$ 231)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 288)</u>	<u>(3,499)</u>
	<u>\$ 17,152</u>					<u>\$ 16,774</u>

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

	Three months ended March 31,	
	2021	2020
Rental income from investment property	\$ 827	\$ 802
Direct operating expenses arising from the investment property that generated rental income during the period	\$ 231	\$ 231
Direct operating expenses arising from the investment property that did not generate rental income during the period	\$ -	\$ -

- B. The fair value of the investment property held by the Group, which is the land use right and buildings and structures, as at March 31, 2021, December 31, 2020 and March 31, 2020 was \$21,777, \$19,757 and \$21,170, 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%, 4.15% and 4.35%, respectively, 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:

	March 31, 2021	December 31, 2020	March 31, 2020
Not later than one year	\$ 3,350	\$ 3,284	\$ 3,223
Later than one year but not later than five years	2,606	3,448	5,871
	\$ 5,956	\$ 6,732	\$ 9,094

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

(11) Intangible assets

Three months ended March 31, 2021						
	Beginning balance	Additions	Decreases	Impairment loss	Net exchange differences	Ending balance
Cost						
Goodwill	\$300,631	\$ -	\$ -	\$ -	\$ -	\$ 300,631
Computer software	17,976	-	-	-	(3)	17,973
	<u>\$318,607</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3)</u>	<u>\$ 318,604</u>
Accumulated amortisation	<u>(\$ 9,773)</u>	<u>(\$ 823)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>(\$ 10,594)</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>\$ 7,379</u>
Three months ended March 31, 2020						
	Beginning balance	Additions	Decreases	Impairment loss	Net exchange differences	Ending balance
Cost						
Goodwill	\$316,465	\$ -	\$ -	\$ -	\$ 2,586	\$ 319,051
Computer software	14,201	-	(242)	-	(6)	13,953
	<u>\$330,666</u>	<u>\$ -</u>	<u>(\$ 242)</u>	<u>\$ -</u>	<u>\$ 2,580</u>	<u>333,004</u>
Accumulated amortisation	<u>(\$ 6,629)</u>	<u>(\$ 670)</u>	<u>\$ 242</u>	<u>\$ -</u>	<u>(\$ 101)</u>	<u>(\$ 7,158)</u>
Accumulated impairment						
Goodwill	<u>(\$230,435)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 1,882)</u>	<u>(\$ 232,317)</u>
Book value	<u>\$ 93,602</u>					<u>\$ 93,529</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 \$0 for the three months ended March 31, 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>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Prepayments for business facilities and construction	\$ 127,649	\$ 148,897	\$ 216,399
Guarantee deposits paid	2,294	2,278	1,063
Others	4,540	5,181	6,099
	<u>\$ 134,483</u>	<u>\$ 156,356</u>	<u>\$ 223,561</u>

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Unsecured borrowings	\$ 64,382	\$ 71,266	\$ 148,173
Secured borrowings	361,266	262,130	-
	<u>\$ 425,648</u>	<u>\$ 333,396</u>	<u>\$ 148,173</u>
Interest rate range	<u>0.95%~4.15%</u>	<u>2.01%~4.15%</u>	<u>1.08%~3.65%</u>

(14) Other payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Salaries and bonus payable	\$ 29,113	\$ 34,920	\$ 29,988
Machinery and equipment payable	16,618	34,547	20,400
Transportation fee payable	9,055	8,129	9,917
Employees' compensation payable	6,924	5,309	7,412
Directors' remuneration payable	5,624	4,010	5,702
Others	51,138	47,399	43,220
	<u>\$ 118,472</u>	<u>\$ 134,314</u>	<u>\$ 116,639</u>

(15) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Repayment term</u>	<u>March 31, 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	\$ 101,333
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	53,331
Unsecured borrowings	From April 12, 2016 to April 14, 2021	Repayment date is two years after the borrowing date; interest is repayable quarterly	10,874
Unsecured borrowings	From September 14, 2017 to September 14, 2022	Starting from October 14, 2018, principal and interest are repayable monthly in 48 installments	10,700
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	286,806
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
			<u>\$ 674,644</u>
Less: Current portion			(123,842)
Less: Discount on government grants			(3,254)
			<u>\$ 547,548</u>
Interest rate range			<u>0.75%~1.97%</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>March 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	\$ 151,333
Unsecured borrowings	From July 8, 2019 to August 5, 2022	Starting from September 5, 2019, principal is repayable at maturity; interest is repayable monthly	88,006
Unsecured borrowings	From August 31, 2016 to February 15, 2023	Starting from August 15, 2019, principal is repayable quarterly; interest is repayable monthly	79,999
Unsecured borrowings	From April 12, 2016 to April 14, 2021	Repayment date is two years after the borrowing date; interest is repayable quarterly	57,933
Unsecured borrowings	From September 14, 2017 to September 14, 2022	Starting from October 14, 2018, principal and interest are repayable monthly in 48 installments	18,890
Unsecured borrowings	From September 3, 2015 to September 3, 2020	Starting from October 3, 2016, principal and interest are repayable monthly	13,978
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	11,500
Unsecured borrowings	From September 3, 2015 to September 3, 2020	The 1 st installment is 27 months after the date of initial drawdown with total 12 quarterly installments; US\$120,650 is repayable in the 1 st ~11 th installments and US\$120,580 is repayable in the 12 th installment	7,291

Type of borrowings	Borrowing period	Repayment term	March 31, 2020
Unsecured borrowings	From April 30, 2015 to April 30, 2020	Starting from May 30, 2015, principal and interest are repayable monthly	3,333
Secured borrowings	From January 6, 2016 to January 6, 2031	Principal and interest are repayable monthly after a 3-year grace period	315,972
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	95,600
Secured borrowings	From January 6, 2016 to January 6, 2021	Starting from February 6, 2016, principal and interest are repayable monthly	25,000
			\$ 868,835
Less: Current portion			(209,530)
			\$ 659,305
Interest rate range			0.75%~3.65%

(16) Government grants

As of March 31, 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 \$193,300 thousand and \$18,300 thousand, respectively, for supporting capital expenditure and working capital. Such loans will mature in December 2026. The fair values for the loans were \$188,842 thousand and \$17,871 thousand, respectively which were calculated at a market rate of 1.25%. The differences between the amount obtained and the fair value were \$4,458 thousand and \$429 thousand, 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 \$154 for the three months ended March 31, 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 \$56 and \$56 for the three months ended March 31, 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 three months ended March 31, 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 ended March 31, 2021 and 2020 were \$3,882 and \$2,208, respectively.

(18) Share capital

- A. As of March 31, 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	
	Three months ended March 31,	
	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:

		<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>	
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	<u>15</u>	<u>\$ 526</u>	<u>15</u>	<u>\$ 526</u>	<u>15</u>	<u>\$ 526</u>

(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.

(e) In order to encourage employees and retain the professionals, on November 9, 2018, the Board of Directors resolved to repurchase shares and reissue it to employees. In January 2019, the Company continuously repurchased 15 thousand shares (the carrying amount was \$526).

(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>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 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>\$ 1,158,876</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>
<u>Not for any other purposes</u>			
Employee stock options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,422</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 remainder 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 appropriation of 2020 earnings as approved by the Board of Directors on March 16, 2021 and the appropriation of 2019 earnings had been approved by the shareholders during their meeting on May 29, 2020. Details are summarised below:

	Years ended December 31,			
	2020		2019	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve appropriated	\$ 11,779		\$ 37,634	
(Reversal of) special reserve	(14,269)		31,421	
Cash dividend	148,248	\$ 2.00	148,248	\$ 2.00

As at May 13, 2021, the above mentioned of 2020 earnings appropriation has not yet been approved by the shareholders.

- 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 March 31, 2021			
	Domestic operations	Overseas operations	Total
Auto parts	\$ 282,180	\$ 215,173	\$ 497,353
Others	10,538	8,751	19,289
	<u>\$ 292,718</u>	<u>\$ 223,924</u>	<u>\$ 516,642</u>
Three months ended March 31, 2020			
	Domestic operations	Overseas operations	Total
Auto parts	\$ 340,217	\$ 153,953	\$ 494,170
Others	5,525	417	5,942
	<u>\$ 345,742</u>	<u>\$ 154,370</u>	<u>\$ 500,112</u>

B. Contract liabilities

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

	March 31, 2021	December 31, 2020	March 31, 2020
Contract liabilities:			
Contract liabilities - advance sales receipts	<u>\$ 19,810</u>	<u>\$ 20,177</u>	<u>\$ 19,631</u>

For the three months ended March 31, 2021 and 2020, revenue recognised that were included in the contract liability balance at the beginning of the period amounted to \$2,196 and \$3,554, respectively.

(22) Interest income

Three months ended March 31,		
	2021	2020
Interest income from bank deposits	<u>\$ 855</u>	<u>\$ 3,465</u>

(23) Other income

Three months ended March 31,		
	2021	2020
Rent income	\$ 1,354	\$ 1,263
Other income - others	2,679	3,000
	<u>\$ 4,033</u>	<u>\$ 4,263</u>

(24) Other gains and losses

Three months ended March 31,		
	2021	2020
Foreign exchange (losses) gains	(\$ 19,779)	\$ 4,610
(Gains) losses on financial assets and liabilities at fair value through profit or loss	47,822	(6,850)
Other losses	(608)	(367)
	<u>\$ 27,435</u>	<u>(\$ 2,607)</u>

(25) Finance costs

	Three months ended March 31,	
	2021	2020
Interest expense	\$ 5,307	\$ 5,651
Less: Capitalization of qualifying assets	(672)	(952)
	<u>\$ 4,635</u>	<u>\$ 4,699</u>

(26) Expenses by nature

	Three months ended March 31,	
	2021	2020
Employee benefit expense	\$ 87,387	\$ 87,849
Depreciation charges on property, plant and equipment	78,568	74,250
Depreciation charges on right-of-use assets	1,411	1,041
Depreciation charges on investment property	231	231
Amortisation	1,951	1,769
	<u>\$ 169,548</u>	<u>\$ 165,140</u>

(27) Employee benefit expense

	Three months ended March 31,	
	2021	2020
Wages and salaries	\$ 71,955	\$ 75,264
Labour and health insurance fees	5,500	5,168
Pension costs	3,938	2,264
Other personnel expenses	5,994	5,153
	<u>\$ 87,387</u>	<u>\$ 87,849</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 ended March 31, 2021 and 2020, the accrued employees' compensation and directors' remuneration were as follows:

	Three months ended March 31,	
	2021	2020
Employees' compensation	\$ 1,615	\$ 1,215
Directors' remuneration	1,759	935
	<u>\$ 3,374</u>	<u>\$ 2,150</u>

For the three months ended March 31, 2021 and 2020, the employees' compensation and directors' remuneration were estimated and accrued based on 2% and 1.3% as well as 2% and 1%, 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 expense

Components of income tax expense

	Three months ended March 31,	
	2021	2020
Current tax:		
Current tax on profits for the period	\$ 9,307	\$ 15,674
Deferred tax:		
Origination and reversal of temporary differences	10,034	5,548
Income tax expense	<u>\$ 19,341</u>	<u>\$ 21,222</u>

B. The Company’s and domestic subsidiaries’ income tax returns through 2018 have been assessed and approved by the Tax Authority.

C. 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 March 31, 2021 and December 31, 2020, the unpaid instalment payments of \$31,558 and \$35,985 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 March 31, 2021		
		Weighted average number of ordinary shares outstanding	Earnings per share
	Amount after tax	(share in thousands)	(in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 57,828</u>	<u>74,124</u>	<u>\$ 0.78</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	57,828	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees’ compensation	-	150	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 57,828</u>	<u>74,274</u>	<u>\$ 0.78</u>

Three months ended March 31, 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	<u>\$ 69,845</u>	<u>74,124</u>	<u>\$ 0.94</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	69,845	74,124	
Assumed conversion of all dilutive potential ordinary shares			
-Employees' compensation	<u>-</u>	<u>129</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 69,845</u>	<u>74,253</u>	<u>\$ 0.94</u>

(30) Supplemental cash flow information

Investing activities with partial cash payments:

	Three months ended March 31,	
	2021	2020
Purchase of property, plant and equipment	\$ 18,691	\$ 13,611
Add: Opening balance of payable on equipment and construction	34,547	30,021
Less: Ending balance of payable on equipment and construction	(16,618)	(20,400)
Cash paid during the period	<u>\$ 36,620</u>	<u>\$ 23,232</u>

(31) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Lease liabilities (including non-current)	Liabilities from financing activities-gross
At January 1, 2021	\$ 333,396	\$ 716,295	\$ 935	\$ 2,931	\$ 1,053,557
Changes in cash flow from financing activities	92,625	(42,088)	-	(148)	50,389
Impact of changes in foreign exchange rate	(726)	(495)	(3)	-	(1,224)
Changes in other non-cash items	353	932	-	-	1,285
At March 31, 2021	<u>\$ 425,648</u>	<u>\$ 674,644</u>	<u>\$ 932</u>	<u>\$ 2,783</u>	<u>\$ 1,104,007</u>

	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2020	\$ 254,868	\$ 886,051	\$ 521	\$ 1,141,440
Changes in cash flow from financing activities	(108,348)	(19,472)	535	(127,285)
Impact of changes in foreign exchange rate	612	1,071	(13)	1,670
Changes in other non-cash items	1,041	1,185	-	2,226
At March 31, 2020	<u>\$ 148,173</u>	<u>\$ 868,835</u>	<u>\$ 1,043</u>	<u>\$ 1,018,051</u>

7. Related Party Transactions

Key management compensation

	Three months ended March 31,	
	2021	2020
Salaries and other short-term employee benefits	\$ 5,890	\$ 4,378
Post-employment benefits	5	9
	<u>\$ 5,895</u>	<u>\$ 4,387</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	March 31, 2021	December 31, 2020	March 31, 2020	
Other financial assets (shown as other current assets)	\$ 26,127	\$ 26,213	\$ 29,811	Guarantee for acceptance bill
Financial assets at amortised cost - non-current	300	300	90,975	Long-term borrowings and natural gas for manufacturing
Property, plant and equipment	1,099,971	1,119,594	810,123	Short-term borrowings and long-term borrowings
Right-of-use assets	81,445	82,359	-	Short-term borrowings
Investment property	16,218	16,506	-	Short-term borrowings
Total	<u>\$ 1,224,061</u>	<u>\$ 1,244,972</u>	<u>\$ 930,909</u>	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

As at March 31, 2021, December 31, 2020 and March 31, 2020, the Group's capital expenditure contracted but not yet incurred in respect of machinery and equipment as well as construction of plants were \$330,301, \$283,771 and \$244,945, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial assets</u>			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 37,035</u>	<u>\$ 18,301</u>	<u>\$ 28,223</u>
Financial assets at fair value through other comprehensive income			
Designation of equity instruments	<u>\$ 59,679</u>	<u>\$ 52,241</u>	<u>\$ 37,492</u>
Financial assets at amortised cost			
Cash and cash equivalents	\$ 785,069	\$ 742,410	\$ 775,887
Financial assets at amortised cost	262,018	261,358	160,721
Notes receivable	50,828	29,553	45,266
Accounts receivable	566,032	591,658	563,589
Other receivables	5,249	3,579	8,139
Other financial assets - current	26,127	26,213	29,811
Guarantee deposits paid	<u>2,294</u>	<u>2,278</u>	<u>1,063</u>
	<u>\$ 1,697,617</u>	<u>\$ 1,657,049</u>	<u>\$ 1,584,476</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial liabilities</u>			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ 27,305</u>	<u>\$ -</u>
Financial liabilities at amortised cost			
Short-term borrowings	\$ 425,648	\$ 333,396	\$ 148,173
Notes payable	107,027	118,492	135,834
Accounts payable	210,256	251,103	163,857
Other payables	118,472	134,314	116,639
Long-term borrowings (including current portion)	674,644	716,295	868,835
Guarantee deposits received	<u>932</u>	<u>935</u>	<u>1,043</u>
	<u>\$ 1,536,979</u>	<u>\$ 1,554,535</u>	<u>\$ 1,434,381</u>
Lease liabilities (including current portion)	<u>\$ 2,783</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:

	March 31, 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	\$	33,362	28.535	\$ 951,985
RMB : NTD		1,830	4.344	7,950
USD : RMB		476	6.5552	3,120
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD : RMB	\$	3,207	6.5552	\$ 21,023

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
RMB : NTD	1,684	4.377	7,371
USD : RMB	916	6.52	5,972
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	\$ 3,265	6.52	\$ 21,288

March 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	\$ 31,914	30.225	\$ 964,601
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 9,331	30.225	\$ 282,029

- iv. The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended March 31, 2021 and 2020, amounted to (\$19,779) and \$4,610, respectively.
- v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Three months ended March 31, 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%	\$ 9,520	\$ -
RMB : NTD	1%	79	-
USD : RMB	1%	31	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : RMB	1%	\$ 210	\$ -

	Three months ended March 31, 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%	\$ 9,646	\$ -
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	1%	\$ 2,820	\$ -

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 ended March 31, 2021 and 2020 would have decreased/increased by \$370 and \$282, 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 \$597 and \$375, 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 three months ended March 31, 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 ended March 31, 2021 and 2020 would have increased/decreased by \$275 and \$254, 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 March 31, 2021, December 31, 2020 and March 31, 2020, accumulated loss allowance provided for individually assessed receivables amounted to \$22,549, \$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 March 31, 2021, December 31, 2020 and March 31, 2020, the provision matrix is as follows:

	Not past due	0 to 60 days	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
<u>March 31, 2021</u>							
Expected loss rate	0%-1%	2%-5%	35%-45%	90%-99%	100%	100%	
Total book value	\$ 547,876	\$ 71,052	\$ 7,214	\$ 10,465	\$ 235	\$ 9,738	\$ 646,580
Loss allowance	(4,393)	(2,001)	(3,006)	(10,347)	(235)	(9,738)	(29,720)
	<u>\$ 543,483</u>	<u>\$ 69,051</u>	<u>\$ 4,208</u>	<u>\$ 118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,860</u>
	Not past due	0 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	61 to 120 days	121 to 180 days	181 to 240 days	Over 241 days	Total
<u>March 31, 2020</u>							
Expected loss rate	0%-2%	7%-10%	60%-70%	90%-97%	100%	100%	
Total book value	\$ 471,831	\$ 104,218	\$ 8,899	\$ 9,950	\$ 1,257	\$ 7,712	\$ 603,867
Loss allowance	(6,869)	(8,905)	(5,904)	(9,631)	(1,257)	(7,712)	(40,278)
	<u>\$ 464,962</u>	<u>\$ 95,313</u>	<u>\$ 2,995</u>	<u>\$ 319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 563,589</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	4	8,524	8,528
Effect of foreign exchange	-	(170)	(170)
At March 31	<u>\$ 83</u>	<u>\$ 52,186</u>	<u>\$ 52,269</u>
	2020		
	Notes receivable	Accounts receivable	Total
At January 1	\$ 68	\$ 42,822	42,890
Provision for impairment	11	-	11
Reversal of impairment	-	(2,281)	(2,281)
Effect of foreign exchange	-	(263)	(263)
At March 31	<u>\$ 79</u>	<u>\$ 40,278</u>	<u>\$ 40,357</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:

	March 31, 2021	December 31, 2020	March 31, 2020
Fixed rate:			
Expiring within one year	\$ 200,000	\$ 300,000	\$ 630,000
Expiring beyond one year	268,400	268,400	372,900
	<u>\$ 468,400</u>	<u>\$ 568,400</u>	<u>\$ 1,002,900</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	1 and 2 years	2 and 3 years	3 and 5 years	Over 5 years	Total
March 31, 2021						
Short-term borrowings	\$436,980	\$ -	\$ -	\$ -	\$ -	\$ 436,980
Notes payable	107,027	-	-	-	-	107,027
Accounts payable	210,256	-	-	-	-	210,256
Other payables	118,472	-	-	-	-	118,472
Lease liability	622	622	622	985	-	2,851
Long-term borrowings	129,437	121,873	72,580	169,276	204,002	697,168

Non-derivative financial liabilities:

	Less than 1 year	1 and 2 years	2 and 3 years	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	1 and 2 years	2 and 3 years	3 and 5 years	Over 5 years	Total
March 31, 2020						
Short-term borrowings	\$149,753	\$ -	\$ -	\$ -	\$ -	\$ 149,753
Notes payable	135,834	-	-	-	-	135,834
Accounts payable	163,857	-	-	-	-	163,857
Other payables	116,639	-	-	-	-	116,639
Long-term borrowings	220,358	134,404	209,950	119,129	223,329	907,170

(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 March 31, 2021, December 31, 2020 and March 31, 2020 are as follows:

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

	Level 1	Level 2	Level 3	Total
March 31, 2021				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 20,897</u>	<u>\$ 16,138</u>	<u>\$ -</u>	<u>\$ 37,035</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 59,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,679</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>

March 31, 2020				
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss	<u>\$ 26,923</u>	<u>\$ 1,300</u>	<u>\$ -</u>	<u>\$ 28,223</u>
Financial assets at fair value through other comprehensive income				
- Equity securities	<u>\$ 37,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,492</u>

- (b) The methods and assumptions the Group used to measure fair value are as follows:
- 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 three months ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.
- F. For the three months ended March 31, 2021 and 2020, there was no transfer into or out from Level 3.

13. Supplementary Disclosures

(1) Significant transactions information

- Loans to others: Please refer to table 1.
- Provision of endorsements and guarantees to others: Please refer to table 2.
- Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- 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 manufacture of parts for the interior and exterior of automobiles and manages the business from a geographic perspective due to the difference characteristics in culture, environment and economic although the manufacture 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 March 31, 2021	Three months ended March 31, 2020	Three months ended March 31, 2021	Three months ended March 31, 2020
Domestic operations	\$ 288,747	\$ 343,785	\$ 59,061	\$ 101,677
Foreign operations	237,845	162,847	(24,804)	(19,759)
Others	19,289	5,942	4,027	-
Inter-segment eliminations	(29,239)	(12,462)	8,115	5,255
Total amount from continuing operations	<u>\$ 516,642</u>	<u>\$ 500,112</u>	46,399	87,173
Interest income			855	3,465
Rent income			1,354	1,263
Other income - others			2,679	3,000
Foreign exchange (losses) gains			(19,779)	4,610
Gain (loss) on financial assets and liabilities at fair value through profit or loss			47,822	(6,850)
Other losses			(608)	(367)
Finance costs			(4,635)	(4,699)
Profit before income tax			<u>\$ 74,087</u>	<u>\$ 87,595</u>

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

Loans to others

Three months ended March 31, 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 three months ended March	Balance at March 31, 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
					31, 2021 (Note 5)	(Note 6,7 and 8)	(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	\$ 390,930	\$ 390,930	\$ 191,185	1.40%	2	\$ -	Operating capital	\$ -	N	\$ -	\$ 353,374	\$ 1,413,496	
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	Other receivables	Y	200,721	200,721	-	-	2	-	Operating capital	-	N	-	353,374	1,413,496	
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO.,LTD	Other receivables	Y	91,224	91,224	89,287	4.35%	2	-	Operating capital	-	N	-	353,374	1,413,496	

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 March 31, 2021 and actual amount drawn down were calculated at the USD and RMB buying and selling spot exchange rate of 28.535 and 4.344 on March 31, 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 March 31, 2021 amounted to NT\$390,930 exceed limit on loans granted to a single party. This is because the amount of \$390,930 includes \$191,185 that was used to repay loans which will be matured in May 2021.Limit on loans maintains \$199,745 after repaying from other loans. As of March 31, 2021, the amount that has been used was \$191,185.

Note 6: Loans granted to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US\$3,000 thousand and RMB 26,500 thousand.

Note 7: Loans granted to RISE BRIGHT approved by the Board of Directors amounted to US\$6,700 thousand.

Note 8: Loans granted to LIAONING HETAI AUTOMOTIVE PARTS CO., LTD approved by the Board of Directors amounted to RMB 21,000 thousand.

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

Provision of endorsements and guarantees to others

Three months ended March 31, 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 March 31, 2021	March 31, 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	\$ 706,748	\$ 11,889	\$ 10,700	\$ 10,700	\$ -	0.30%	\$ 1,413,496	Y	N	N	Note 5
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	3	706,748	160,652	160,652	75,047	-	4.55%	1,413,496	Y	N	Y	Note 6

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 March 31, 2021 and actual amount drawn down were calculated at the USD buying and selling spot exchange rate of 28.535 on March 31, 2021.

Note 5: Endorsements and guarantees to RISE BRIGHT HOLDINGS LTD. approved by the Board of Directors amounted to US\$375 thousand.

Note 6: Endorsements and guarantees to CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD. approved by the Board of Directors amounted to US\$5,630 thousand.

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)
March 31, 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 March 31, 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	\$ 81,855 (22,176) \$ 59,679	1.02%	\$ 59,679	
Y.C.C. PARTS MFG. CO., LTD.	HIROCA HOLDINGS LTD.	N	Current financial assets at fair value through profit or loss - current	298,000	\$ 19,925	0.36%	\$ 20,800	
Y.C.C. PARTS MFG. CO., LTD.	NUUO INC.	N	Current financial assets at fair value through profit or loss - current	5,071	277	0.04%	83	
Y.C.C. PARTS MFG. CO., LTD.	DA-LI DEVELOPMENT CO., LTD.	N	Current financial assets at fair value through profit or loss - current Valuation adjustment	457	11 684 \$ 20,897	0.00%	14 20,897	

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
March 31, 2021

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 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	\$ 201,496	1.57%	\$ -	-	\$ -	\$ -	Notes 2

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

Note 2: It pertains to principal and interest aggregating to \$193,436 from loans to the subsidiary shown as other receivables and revenue from sales of processing machine amounting to \$8,060 thousand shown as accounts receivables.

Note 3: Only accounts receivable was used for the calculation of turnover rate.

Note 4: Subsequent collection is the amount collected as of May 7, 2021.

Y.C.C. PARTS MFG. CO., LTD. and subsidiaries
Significant inter-company transactions during the reporting periods
Three months ended March 31, 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	Other receivables	\$ 193,436	Principal and interest are repayable at the maturity date	3.63%
0	Y.C.C. PARTS MFG. CO., LTD.	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	1	Other receivables	16,436	Interest is repayable quarterly	0.31%
0	Y.C.C. PARTS MFG. CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	1	Other receivables	92,836	Interest is repayable quarterly	1.74%
1	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	CHANGSHU XINXIANG AUTOMOBILE PARTS CO., LTD.	3	Other accrued expenses	16,741	30 days after monthly billings	0.31%
1	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	3	Accounts receivable	32,126	60 days after monthly billings	0.60%
1	CHANGSHU FUTE AUTOMOTIVE TRIM CO., LTD.	LIAONING HETAI AUTOMOTIVE PARTS CO., LTD	3	Sales revenue	13,520	60 days after monthly billings	2.62%

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

Three months ended March 31, 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 March 31, 2021			Net profit (loss) of the investee for the three months ended March 31, 2021	Investment income (loss) recognised by the Company for three months ended March 31, 2021	Footnote
				Balance as at March 31, 2021	Balance as at Decemner 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%	\$ 50,094	(\$ 186)	(\$ 186)	Subsidiary
Y.C.C. PARTS MFG. CO., LTD.	RISE BRIGHT HOLDINGS LTD.	Samoa	Holding company	1,077,179	1,077,179	-	100.00%	509,759	(23,412)	(23,412)	Subsidiary (Note)
RISE BRIGHT HOLDINGS LTD.	CHINA FIRST HOLDINGS LTD.	Samoa	Holding company	1,158,673	1,158,673	-	89.44%	572,879	(23,121)	(20,680)	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

Three months ended March 31, 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 three months ended March 31, 2021		Accumulated amount of remittance from Taiwan of Mainland China as of March 31, 2021	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2021 (Note 2)	Book value of investments in Mainland China as of March 31, 2021	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2021	Footnte
					Accumulated amount of remittance from Taiwan	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	(\$ 21,225)	89.44%	(\$ 18,984)	\$ 313,298	\$ -	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	(3,660)	73.89%	(2,704)	188,634	-	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	840	89.44%	751	52,107	-	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	(1,924)	99.78%	(1,919)	128,585	-	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 three months ended March 31, 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 March 31, 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	\$ 1,315,224	\$ 2,120,244	

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\$40,098 thousand. The investment amount permitted by the Investment Commission of Ministry of Economic Affairs(MOEA) was US\$42,098 thousand.

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

Major shareholders information

March 31, 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 followings 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.