TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

WITH

REPORT OF INDEPENDENT AUDITORS

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of TYC BROTHER INDUSTRIAL CO., LTD. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements .” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TYC BROTHER INDUSTRIAL CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

TYC BROTHER INDUSTRIAL CO., LTD.

By Wu, Chun-Chi
Chairman

March 25, 2021

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<u>Loss Allowance Accounts Receivable</u>

As of 31 December 2020, the balance of accounts receivable and allowance for doubtful accounts of the Group amounted to NT$2,795,608 thousand and NT$246,914 thousand, respectively. Net accounts receivable constituted a material amount of 11 % of the total consolidated assets, which was considered material in the consolidated statements. Since the allowance for doubtful accounts was measured at the lifetime expected credit loss, the account receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the process of internal control execution management established for receivables; evaluating the appropriateness of management's provisioning policy of allowance for doubtful accounts; analyzing the appropriateness of the grouping of accounts receivable to confirm whether customer groups that have significantly different loss patterns from one another are grouped appropriately; the Group were tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables; evaluating long-term trends of loss allowance and turnover rate of accounts receivable.

We also considered the appropriateness of disclosure of accounts receivable. Please refer to Notes 5 and 6 of the consolidated financial statements.

Valuation for inventories

As of 31 December 2020, the Group's net inventories amounted to NT$4,392,436 thousand, and constitutes 19% of total consolidated asset, which was considered material in the consolidated statements. Considering the market economy environment change, horizontal competition and numerous inventory items, the loss allowance for loss on inventory valuation and obsolescence required significant management judgment, we therefore determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the internal control management established for inventory; evaluating the appropriateness of management's provisioning policy of allowance; sampling net realizable value estimated by inventory valuation, including related sales certificates and recalculating price loss; testing the accuracy of inventory aging time period by sampling related documents and recalculating the accuracy of inventory allowance.

We also considered the appropriateness of disclosure of inventories. Please refer to Notes 5 and 6 of the consolidated financial statements.

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

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$1,308,872 thousand and NT$1,381,669 thousand, constituting 5.75% and 5.85% of consolidated total assets as of 31 December, 2020 and 2019, respectively, and total operating revenues of NT$2,140,996 thousand and NT$2,217,419 thousand, constituting 14.82% and 12.64% of consolidated operating revenues for the years ended 31 December 2020 and 2019, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. Those associates and joint ventures under equity method amounted to NT$162,522 thousand and NT$196,742 thousand, representing 0.71% and 0.83% of consolidated total assets as of 31 December 2020 and 2019, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$(21,005) thousand and NT$1,465 thousand, representing (5.15)% and 0.15% of the consolidated net income before tax for the years ended 31 December 2020 and 2019, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(7,623) thousand and NT$821 thousand, representing 13.38% and (1.35)% of the consolidated other comprehensive income for the years ended 31 December 2020 and 2019, respectively.

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

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

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

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

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

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Huang, Shih-Chieh

Lee, Fang-Wen

Ernst & Young, Taiwan
25 March 2021

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2020	31 Dec. 2019
Current assets			
Cash and cash equivalents	Ⅳ/Ⅵ.1	$989,964	$937,959
Financial assets at fair value through profit or loss, current	Ⅳ/Ⅵ.2	-	410
Financial assets measured at amortized cost, current	Ⅳ/Ⅵ.4	78,676	12,780
Notes receivable, net	Ⅳ/Ⅵ.5	22,416	26,835
Notes receivable-related parties, net	Ⅳ/Ⅵ.5/Ⅶ	13,561	18,987
Accounts receivable, net	Ⅳ/Ⅵ.6/Ⅷ	2,450,755	2,872,218
Accounts receivable-related parties, net	Ⅳ/Ⅵ.6/Ⅶ	61,962	36,113
Other receivables	Ⅳ	115,455	171,610
Inventories	Ⅳ/Ⅵ.7/Ⅷ	4,392,436	4,668,039
Other current assets		327,870	279,202
Total current assets		8,453,095	9,024,153
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	Ⅳ/Ⅵ.3	191,736	141,783
Investments accounted for under the equity method	Ⅳ/Ⅵ.8	1,983,646	1,886,142
Property, plant and equipment	Ⅳ/Ⅵ.9/Ⅷ	8,330,236	8,331,456
Right-of-use asset	Ⅳ/Ⅵ.20	1,863,728	2,044,193
Intangible assets	Ⅳ/Ⅵ.10	90,673	116,418
Deferred tax assets	Ⅳ/Ⅵ.24	492,841	517,419
Prepayment for equipments		1,243,141	1,451,657
Refundable deposits	Ⅷ	50,887	48,989
Other non-current assets-others		45,152	49,833
Total non-current assets		14,292,040	14,587,890
Total assets		$22,745,135	$23,612,043

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

English Translation of Consoildated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	31 Dec. 2020	31 Dec. 2019
Current liabilities			
Short-term borrowings	Ⅳ/Ⅵ.11	$1,229,994	$2,124,718
Short-term notes and bills payable	Ⅳ/Ⅵ.12	-	589,354
Financial liabilities at fair value through profit or loss, current	Ⅳ/Ⅵ.13	17,020	3,412
Notes payable	Ⅳ	324,990	257,739
Accounts payable	Ⅳ	2,325,277	2,099,991
Accounts payable-related parties	Ⅳ/Ⅶ	610,662	500,199
Other payables	Ⅳ	940,817	960,818
Current tax liabilities	Ⅳ/Ⅵ.24	7,905	80,419
Lease liabilities, current	Ⅳ/Ⅵ.20	188,161	183,647
Current portion of long-term liabilities	Ⅳ/Ⅵ.14	233,580	108,758
Other current liabilities		422,406	412,648
Total current liabilities		6,300,812	7,321,703
Non-current liabilities			
Long-term borrowings	Ⅳ/Ⅵ.14	5,774,719	5,225,636
Other long-term borrowings	Ⅳ/Ⅵ.15	1,999,439	1,998,616
Deferred tax liabilities	Ⅳ/Ⅵ.24	56,815	64,845
Lease liabilities, non-current	Ⅳ/Ⅵ.20	1,587,850	1,797,601
Net defined benefit liabilities, non-current	Ⅳ/Ⅵ.16	270,708	285,330
Other non-current liabilities-others		49,866	55,538
Total non-current liabilities		9,739,397	9,427,566
Total liabilities		16,040,209	16,749,269
Equity attributable to the parent company			
Capital			
Common stock	Ⅳ/Ⅵ.17	3,128,979	3,128,979
Capital surplus	Ⅳ/Ⅵ.17	1,381,263	1,379,947
Retained earnings	Ⅳ/Ⅵ.17		
Legal reserve		783,394	713,881
Special reserve		250,969	160,750
Unappropriated earnings		1,176,321	1,521,853
Other equity	Ⅳ/Ⅵ.23		
Exchange differences resulting from translating the financial statements of foreign operations		(395,675)	(306,186)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		105,693	55,217
Treasury stock	Ⅳ/Ⅵ.17	(5,996)	(5,996)
Total equity attributable to the parent company		6,424,948	6,648,445
Non-controlling interests	Ⅳ/Ⅵ.17	279,978	214,329
Total equity		6,704,926	6,862,774
Total liabilities and equity		$22,745,135	$23,612,043

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2020 and 2019

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

ITEMS	Notes	2020	2019
Operating revenues	Ⅳ/Ⅵ.18/Ⅶ	$14,446,208	$17,539,920
Operating costs	Ⅳ/Ⅵ.7.20.21/Ⅶ	(11,588,776)	(13,377,184)
Gross profit		2,857,432	4,162,736
Unrealized profit on sales		(21)	(31)
Realized profit on sales		31	28
Net gross profit		2,857,442	4,162,733
Operating expenses	Ⅳ/Ⅵ.20.21		
Sales and marketing expenses		(1,361,817)	(1,707,068)
General and administrative expenses		(824,142)	(910,700)
Research and development expenses		(425,047)	(488,073)
Expected credit impairment gains (losses)	Ⅳ/Ⅵ.19	20,050	(1,088)
Subtotal		(2,590,956)	(3,106,929)
Operating income		266,486	1,055,804
Non-operating income and expenses			
Other income	Ⅵ.22	216,429	97,142
Other gains and losses	Ⅵ.22	(32,947)	(19,379)
Finance costs	Ⅵ.22	(171,117)	(199,550)
Share of profit of associates and joint ventures accounted for using the equity method	Ⅳ/Ⅵ.8	129,050	49,488
Subtotal		141,415	(72,299)
Net income before income tax		407,901	983,505
Income tax expense	Ⅳ/Ⅵ.24	(121,214)	(271,585)
Net income		286,687	711,920
Other comprehensive income (loss)	Ⅳ/Ⅵ.23		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(13,716)	34,450
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		49,953	(6,959)
Income tax related to items that will not be reclassified subsequently		2,743	(6,890)
Item that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		(107,480)	(55,504)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		(10,827)	(46,556)
Income tax related to items that may be reclassified subsequently		22,373	20,814
Total other comprehensive income (loss), net of tax		(56,954)	(60,645)
Total comprehensive income (loss)		229,733	651,275
Net income attributable to:			
Stockholders of the parent		$262,616	$695,130
Non-controlling interests		24,071	16,790
		$286,687	$711,920
Comprehensive income attributable to:			
Stockholders of the parent		$213,244	$630,281
Non-controlling interests		16,489	20,994
		$229,733	$651,275
Earnings per share (NTD)			
Earnings per share-basic	Ⅳ/Ⅵ.25	$0.84	$2.23
Earnings per share-diluted	Ⅳ/Ⅵ.25	$0.84	$2.22

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to the parent company										
			Retained Earnings			Other equity					
ITEMS	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interests	Total equity
Balance as of 1 January 2019	$3,128,979	$1,378,734	$651,587	$151,835	$1,279,329	$(222,926)	$62,176	$(5,996)	$6,423,718	$193,335	$6,617,053
Appropriation and distribution of 2018 retained earnings											
Legal reserve	-	-	62,294	-	(62,294)	-	-	-	-	-	-
Special reserve	-	-	-	8,915	(8,915)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(406,767)	-	-	-	(406,767)	-	(406,767)
Net income for the year ended 31 December 2019	-	-	-	-	695,130	-	-	-	695,130	16,790	711,920
Other comprehensive income (loss) for the year ended 31 December 2019	-	-	-	-	25,370	(83,260)	(6,959)	-	(64,849)	4,204	(60,645)
Total comprehensive income (loss)	-	-	-	-	720,500	(83,260)	(6,959)	-	630,281	20,994	651,275
Adjustments for dividends subsidiaries received from parent company	-	1,221	-	-	-	-	-	-	1,221	-	1,221
Others	-	(8)	-	-	-	-	-	-	(8)	-	(8)
Balance as of 31 December 2019	$3,128,979	$1,379,947	$713,881	$160,750	$1,521,853	$(306,186)	$55,217	$(5,996)	$6,648,445	$214,329	$6,862,774
Balance as of 1 January 2020	$3,128,979	$1,379,947	$713,881	$160,750	$1,521,853	$(306,186)	$55,217	$(5,996)	$6,648,445	$214,329	$6,862,774
Appropriation and distribution of 2019 retained earnings											
Legal reserve	-	-	69,513	-	(69,513)	-	-	-	-	-	-
Special reserve	-	-	-	90,219	(90,219)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(438,057)	-	-	-	(438,057)	-	(438,057)
Net income for the year ended 31 December 2020	-	-	-	-	262,616	-	-	-	262,616	24,071	286,687
Other comprehensive income (loss) for the year ended 31 December 2020	-	-	-	-	(10,359)	(89,489)	50,476	-	(49,372)	(7,582)	(56,954)
Total comprehensive income (loss)	-	-	-	-	252,257	(89,489)	50,476	-	213,244	16,489	229,733
Adjustments for dividends subsidiaries received from parent company	-	1,316	-	-	-	-	-	-	1,316	-	1,316
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	49,160	49,160
Balance as of 31 December 2020	$3,128,979	$1,381,263	$783,394	$250,969	$1,176,321	$(395,675)	$105,693	$(5,996)	$6,424,948	$279,978	$6,704,926

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2020	2019
Cash flows from operating activities:		
Net income before tax	$407,901	$983,505
Adjustments for:		
Income and expense adjustments:		
Depreciation	1,640,458	1,609,654
Amortization	48,240	41,687
Expected credit impairment (gains) losses	(20,050)	1,088
Finance costs	171,117	199,550
Interest income	(4,460)	(7,287)
Dividend income	(1,047)	(2,161)
Share of profit of associates and joint ventures accounted for using the equity method	(129,050)	(49,488)
Losses (Gains) on disposal of property, plant and equipment	1,504	(108,877)
Losses on disposal of investments	-	6,863
Impairment loss on non-financial assets	-	32,200
Reversal of impairmemt loss on non-financial assets	(49,399)	-
Unrealized profit on sales	21	31
Realized profit on sales	(31)	(28)
Others	(68)	-
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss	410	20,506
Notes receivable	4,406	(3,138)
Notes receivable-related parties	5,436	(1,130)
Accounts receivable	431,935	(204,305)
Accounts receivable-related parties	(16,268)	82,423
Other receivables	72,311	4,085
Inventories	275,603	(119,357)
Other current assets	(48,668)	49,741
Financial liabilities at fair value through profit or loss	13,608	2,953
Notes payable	67,251	(67,915)
Accounts payable	228,520	(276,802)
Accounts payable-related parties	110,463	(51,240)
Other payables	(19,552)	(65,055)
Other current liabilities	9,758	60,407
Net defined benefit pension liabilities	(28,338)	(58,898)
Cash generated from operations	3,172,011	2,079,012
Interest received	4,460	7,287
Dividend received	34,692	129,752
Interest paid	(184,693)	(219,604)
Income tax paid	(168,517)	(131,307)
Net cash provided by operating activities	2,857,953	1,865,140

ITEMS	2020	2019
Cash flows from investing activities:		
Acquistion of financial assets at fair value through other comprehensive income	-	(12,199)
Acquistion of financial assets measured at amortized cost	(152,289)	(12,780)
Proceeds from redemption of financial assets measured at amortized cost	86,393	30,883
Acquisition of investments accounted for using the equity method	(16,602)	(110,996)
Proceeds from disposal of subsidiary	-	(1,010)
Acquisition of property, plant and equipment	(1,235,706)	(1,829,305)
Proceeds from disposal of property, plant and equipment	3,761	262,655
Increase in refundable deposits	(4,610)	(1,082)
Decrease in refundable deposits	1,859	1,408
Acquistion of intangible assets	(22,508)	(43,492)
Acquistion of right-of-use assets	-	(4,769)
Increase in other non-current assets	(51,843)	-
Decrease in other non-current assets	56,490	44,380
Net cash used in investing activities	(1,335,055)	(1,676,307)
Cash flows from financing activities:		
Increase in short-term borrowings	1,889,575	1,138,765
Decrease in short-term borrowings	(2,724,900)	(646,425)
Increase in short-term notes and bills payable	70,000	60,000
Decrease in short-term notes and bills payable	(659,354)	(709,943)
Proceeds from long-term borrowings	4,040,684	1,993,141
Repayment of long-term borrowings	(3,362,065)	(1,787,938)
Increase in other long-term borrowings	823	300,247
Cash payment for the principal portion of the lease liabilties	(184,387)	(169,018)
Increase in other non-current liabilities	6,166	52,883
Decrease in other non-current liabilities	(9,512)	(6,816)
Cash dividends	(436,741)	(405,546)
Change in non-controlling interests	49,160	-
Net cash used in financing activities	(1,320,551)	(180,650)
Effect of exchange rate changes on cash and cash equivalents	(150,342)	(58,698)
Net increase (decrease) in cash and cash equivalents	52,005	(50,515)
Cash and cash equivalents at beginning of year	937,959	988,474
Cash and cash equivalents at end of year	$989,964	$937,959

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

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

TYC BROTHER INDUSTRIAL CO., LTD. (the “Company”) was incorporated under the laws of the Republic of China (the “ROC”) on 9 September 1986. The Company’s registered office and the main business location is at No.72-2, Xinle Rd., Tainan City Taiwan (R.O.C). The Company's main profitable business projects are the manufacturing, trading and import and export trade business of automobiles, motorcycles and other automobile parts and supplies. The Company became a listed company on the Taiwan Stock Exchange on 6 October 1997.

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

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as ”the Group”) for the year ended 31 December 2020 and 2019 were authorized for issue in accordance with a resolution of the Board of directors on 25 March 2021.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

   The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2020. The new standards and amendments had no material impact on the Group.

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

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

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

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

A. A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and

C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 "Insurance Contracts"	1 January 2023
3	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
4	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022
5	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
6	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023

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

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

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

(2) *IFRS 17 "Insurance Contracts"*

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

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

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

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

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

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

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

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

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

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

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

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

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

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

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

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

2. Basis of preparation

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

3. Basis of consolidation

   Preparation principle of consolidated financial statement

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

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

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

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

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

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

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

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

If loses control of a subsidiary, it:

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

The consolidated entities are as follows:

			Percentage of Ownership (%)	
Invest Company	Investee Company	Major business	31 Dec. 2020	31 Dec. 2019
The Company	TI YUAN INVESTMENT CO., LTD. (TI YUAN)	Marketable securities trading business	100.00%	100.00%
The Company	TI FU INVESTMENT CO., LTD. (TI FU)	Marketable securities trading business	100.00%	100.00%
The Company	CONTEK CO., LTD. (CONTEK)	Reinvestment holding activities	100.00%	100.00%
The Company	SUPRA-ATOMIC CO., LTD. (SUPRA-ATOMIC)	Reinvestment holding activities	100.00%	100.00%
The Company	TAMAU MANAGEMENT CONSULTANCY CO., LTD. (TAMAU MANAGEMENT)	Management consult	100.00%	100.00%
The Company	BESTE MOTOR CO., LTD. (BESTE)	Reinvestment holding activities	100.00%	100.00%
The Company	INNOVA HOLDING CORP. (INNOVA)	Reinvestment holding activities	100.00%	100.00%
The Company	JUOKU TECHNOLOGY CO., LTD. (JUOKU TECHNOLOGY)	Manufacturing and sale of automobile parts	72.10%	72.10%

Invest Company	Investee Company	Major business	Percentage of Ownership (%) 31 Dec. 2020	Percentage of Ownership (%) 31 Dec. 2019
The Company	TYC VIETNAM INDUSTRIAL CO., LTD. (TYCVN)	Manufacture and sale automobile lights	60.00%	- (NOTE1)
TI FU	DBM REFLEX OF TAIWAN CO., LTD.(DBM)	Manufacture tooling mold and international trading business	50.00%	50.00%
SUPRA-ATOMIC	SPARKING CO., LTD. (SPARKING)	Reinvestment holding activities	100.00%	100.00%
SUPRA-ATOMIC	UNIMOTOR INDUSTRIAL CO., LTD. (UNIMOTOR)	Reinvestment holding activities	100.00%	100.00%
SUPRA-ATOMIC	EUROLITE CO., LTD. (EUROLITE)	Reinvestment holding activities	100.00%	100.00%
SUPRA-ATOMIC	EUROPILOT CO., LTD. (EUROPILOT)	Reinvestment holding activities	100.00%	100.00%
SUPRA-ATOMIC	MOTOR-CURIO CO., LTD. (MOTOR-CURIO)	Reinvestment holding activities	100.00%	100.00%
JUOKU TECHNOLOGY	TSM TECH CO., LTD. (TSM)	Reinvestment holding activities	100.00%	100.00%
JUOKU TECHNOLOGY	JING TAI TECHNOLOGY CO., LTD. (JING TAI)	Manufacture and sale of automobile parts	-	100.00% (NOTE2)
INNOVA	GENERA CORPORATION (GENERA).	Sale of automobile lights and parts	100.00%	100.00%
INNOVA	W&W REAL PROPERTY, INC.(W&W)	Sale of and rental of real estate	100.00%	100.00%
UNIMOTOR	CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.(TAMAO PRECISION)	Manufacture of precision molds and sale of products.	100.00%	100.00%
EUROLITE	T.I.T. INTERNATIONAL CO., LTD. (T.I.T.)	Manufacture and sale of lighting fixtures and daily-use product for automobile	99.98%	99.98%
EUROPILOT	TYC EUROPE B.V. (TYC EUROPE)	Sale of automobile lights	100.00%	100.00%

Invest Company	Investee Company	Major business	Percentage of Ownership (%) 31 Dec. 2020	31 Dec. 2019
SPARKING	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.(KUN SHAN TYC)	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	100.00%	100.00%

Note:

(1) The Group invested in the establishment of TYC VIETNAM INDUSTRIAL CO., LTD. in July 2020, holding 60% ownership of the company.

(2) Two subsidiaries of the Group, JING TAI and JUOKU TECHNOLOGY merged via short-form merger on 30 September 2020. JUOKU TECHNOLOGY is the surviving company.

The financial statements and other related information of the consolidated subsidiaries as of 31 December 2020 and 31 December 2019, partially are based solely on the reports of the other independent accountants. Their total assets amounted to NT$1,308,872 thousand and NT$1,381,669 thousand as of 31 December 2020 and 2019; their net operating revenue amounted to NT$2,140,996 thousand and NT$2,217,419 thousand for the years ended 31 December 2020 and 2019.

4. Foreign currency transactions

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

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

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

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

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

5. Translation of financial statements in foreign currency

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

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

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

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

6. Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle
(b) The Group holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

7. Cash and cash equivalents

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

8. Financial instruments

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

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

(1) Financial instruments: Recognition and Measurement

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

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

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

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

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

Financial asset measured at fair value through profit or loss

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

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

(2) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

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

(3) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(4) Financial liabilities and equity

<u>Classification between liabilities or equity</u>

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

<u>Equity instruments</u>

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(5) Offsetting of financial instruments

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

9. Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

10. Fair value measurement

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

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

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

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

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

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

11. Inventories

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

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

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

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

12. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

13. Investments accounted for under the equity method

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

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

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

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

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

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

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

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

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

14. Property, plant and equipment

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

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

Land and improvements	3～10 years
Buildings	2～60 years
Machinery and equipment	2～15 years
Molding equipment	2～10 years
Electrical installations	5～15 years
Transportation equipment	2～10 years
Miscellaneous equipment	2～15 years

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

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

15. Leases

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

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

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

<u>Group as a lessee</u>

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

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

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

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

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

(1) the amount of the initial measurement of the lease liability;
(2) any lease payments made at or before the commencement date, less any lease incentives received;
(3) any initial direct costs incurred by the lessee; and
(4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

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

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

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

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

Group as a lessor

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

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

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

16. Intangible assets

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

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

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

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

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

Patent, trademark rights and others

The cost of patent, trademark rights and others is amortized on a straight-line basis over the legal period (1～24 years).

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1～10 years).

17. Impairment of non-financial assets

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

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

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

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

18. Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

19. Revenue recognition

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

<u>Sale of goods</u>

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is automobile lights and parts and revenue is recognized based on the consideration stated in the contract.

The credit period of the Group's sale of goods is from 30 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

20. Borrowing cost

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

21. Government subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

22. Post-employment benefits

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

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

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

Past service costs are recognized in profit or loss on the earlier of:
(1) the date of the plan amendment or curtailment, and
(2) the date that the Group recognizes restructuring-related costs.

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

23. Income taxes

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

Current income tax

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

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

Deferred tax

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

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

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

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

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

24. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

Goodwill is measured by cost less accumulated impairment loss. Goodwill arising from a business combination is allocated to each cash-generating units that is expected to benefit from the merge from the date of acquisition, regardless of whether other assets or liabilities of the acquiree are attribute to these cash-generating units. Each unit or unit group representative of the allocated goodwill is the lowest level of goodwill for internal management purposes, and is not greater than the operating department before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimation and assumptions

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

(1) Fair Value of Financial Instruments

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

(2) Accounts receivables–estimation of impairment loss

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

(3) Inventory

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

(4) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination rate, future salary increases, and decrease. For a detailed explanation of the assumptions used to measure the cost of defined benefits and defined benefits obligations, please refer to Note 6.

(5) Income tax

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

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

Ⅵ. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	31 Dec. 2020	31 Dec. 2019
Cash on hand and petty cash	$5,376	$5,211
Saving account	899,779	847,021
Time deposits	14,091	85,727
Investments in bonds with resale agreements - corporate bonds	70,718	-
Total	$989,964	$937,959

2. Financial assets at fair value through profit or loss

	31 Dec. 2020	31 Dec. 2019
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments	$-	$410
Current	$-	$410

The Group classified certain of its financial assets at fair value through profit or loss were not pledged.

3. Financial assets at fair value through other comprehensive income

	31 Dec. 2020	31 Dec. 2019
Equity instrument investments measured at fair value through other comprehensive income – Non-current		
Listed companies stocks	$109,721	$68,211
Unlisted companies stocks	82,015	73,572
Total	$191,736	$141,783

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

For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividends in the amount of NT$1,047 thousand and NT$2,161 thousand for the year ended 31 December 2020 and 2019, the full amount is related to investments held at the end of the reporting period.

4. Financial assets measured at amortized cost

	31 Dec. 2020	31 Dec. 2019
Time deposits	$56,182	$12,780
Investments in bonds with resale agreements - corporate bonds	22,494	-
Total	$78,676	$12,780
Current	$78,676	$12,780

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6.(19) for more details on accumulated impairment and it were not pledged and Note 12 for more details on credit risk.

5. Notes Receivables and Notes Receivables-Related Parties

	31 Dec. 2020	31 Dec. 2019
Notes receivables	$22,498	$26,904
Less: allowance for doubtful accounts	(82)	(69)
Subtotal	22,416	26,835
Notes receivables-related parties	13,618	19,054
Less: allowance for doubtful accounts	(57)	(67)
Subtotal	13,561	18,987
Total	$35,977	$45,822

Accounts receivables were not pledged.

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

6. Accounts Receivables and Accounts Receivables-Related Parties

	31 Dec. 2020	31 Dec. 2019
Accounts receivables	$2,696,063	$3,147,429
Less: allowance for doubtful accounts	(245,308)	(275,211)
Subtotal	2,450,755	2,872,218
Accounts receivables-related parties	63,429	47,161
Less: allowance for doubtful accounts	(1,467)	(11,048)
Subtotal	61,962	36,113
Total	$2,512,717	$2,908,331

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

Trade receivables are generally on 30-120 day terms. Accounts receivables amounted to NT$ 2,795,608 thousand and NT$3,240,548 thousand as at 31 December 2020 and 2019.

Please refer to Note 6.(19) for more details on impairment of trade receivables for the year ended 31 December 2020 and 2019 and please refer to Note 12 for credit risk disclosure.

7. Inventories

	31 Dec. 2020	31 Dec. 2019
Raw materials	$708,498	$703,385
Semi-finished goods	15,648	21,981
Work in process	359,900	391,177
Finished goods	648,565	769,292
Merchandise	2,659,825	2,782,204
Net	$4,392,436	$4,668,039

The cost of inventories recognized in expenses amounted to NT$11,588,776 thousand and NT$13,377,184 thousand for the year ended 31 December 2020 and 2019, respectively, including inventory valuation loss NT$19,973 thousand and NT$28,683 thousand for the year ended 31 December 2020 and 2019, respectively.

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

8. Investments Accounted For Under The Equity Method

(1) Details are as follows:

	31 Dec. 2020		31 Dec. 2019	
Investee Company	Amount	Percentage of ownership	Amount	Percentage of ownership
Investments in the associates：				
I YUAN PRECISION INDUSTRIAL CO., LTD (Note 1)	$238,694	18.17%	$241,019	18.09%
JNS AUTO PARTS LIMITED	146,736	20.00%	139,860	20.00%
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	-	30.00%	-	30.00%
HANGZHOU SUNNYTECH CO., LTD.	11,837	30.00%	12,044	30.00%
ATECH INTERNATIONAL CO., LTD.(Note 2)	58,817	25.00%	47,615	25.00%
Subtotal	456,084		440,538	
Investment in jointly controlled entities：				
PT ASTRA JUOKU INDONESIA	162,522	50.00%	196,742	50.00%
VARROC TYC CORPORATION	1,365,040	50.00%	1,248,862	50.00%
Subtotal	1,527,562		1,445,604	
Total	$1,983,646		$1,886,142	

Note：

(1) The Group invested 28,000 shares in the investments in associates：I YUAN PRECISION INDUSTRIAL CO., LTD. in 2020. The percentage of ownership from 18.09% to 18.17%.

(2) The Group invested ATECH INTERNATIONAL CO., LTD. with its 21.875% equity and cash of 32,387 thousand in KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD. In July 2019, and the group holding the percentage of ownership 25%.

(1) Investments in associates

The Group's investments in associates are not individually material. The aggregate carrying amount of the Group's interests in associates is NT$456,084 thousand, and NT$440,538 thousand, as at 31 December 2020, and 31 December 2019, respectively. The aggregate financial information of the Group's investments in associates is as follows:

	31 Dec. 2020	31 Dec. 2019
Profit or loss from continuing operations	$33,750	$48,801
Other comprehensive income (post-tax)	(930)	(4,778)
Total comprehensive income	$32,820	$44,023

The associates had no contingent liabilities or capital commitments as at 31 December 2020, and 31 December 2019.

(2) Investments in joint venture

①Information on the material joint venture of the Group:

Company name: VARROC TYC CORPORATION (VARROC)

Nature of relationship with the joint venture: VARROC engages in reinvestment holding activities. Its subsidiary, VARROC TYC AUTO LAMPS CO., LTD. (VTYC) engages in manufacture and sale of lighting fixtures and daily-use product for automobiles.

Principal place of business (country of incorporation)：CHINA

Fair value of the investment in the joint venture when there is a quoted market price for the investment: VARROC TYC is an unlisted entity.

Reconciliation of the joint venture's summarized financial information presented to the carrying amount of the Group's interest in the joint venture:

	31 Dec. 2020	31 Dec. 2019
Current assets	$3,499,295	$2,272,833
Non-current assets	2,564,227	2,618,727
Current liabilities	(3,255,330)	(2,202,021)
Non-current liabilities	(78,070)	(191,752)
Equity	2,730,122	2,497,787
Proportion of the Group's ownership	50%	50%
Subtotal	1,365,061	1,248,894
Eliminations from intercompany transactions	(21)	(32)
Carrying amount of the investment	$1,365,040	$1,248,862

	31 Dec. 2020	31 Dec. 2019
Cash and cash equivalents	$859,979	$367,660
Current financial liabilities excluding trade and other payables and provisions	(335,111)	(454,074)
Non-current financial liabilities excluding trade and other payables and provisions	-	(116,044)

	2020	2019
Operating revenue	$4,247,161	$3,582,075
Depreciation expense	196,361	213,591
Amortization expose	46,291	20,529
Interest income	9,821	4,321
Interest expense	18,730	27,821
Income tax expense or income	14,495	(5,959)
Profit or loss from continuing operations	232,609	4,229
Other comprehensive income	(109)	(33,289)
Total comprehensive income	232,500	(29,060)

The joint venture had no contingent liabilities or capital commitments as at 31 December 2020, and 31 December 2019. VTYC cannot distribute its profits until it obtains the consent from the two venture partners.

②The Group’s investments in PT ASTRA JUOKU INDONESIA are not individually material. The aggregate carrying amount of the Group’s interests in PT ASTRA JUOKU INDONESIA is NT$162,522 thousand, and NT$196,742 thousand, as at 31 December 2020, and 31 December 2019 , respectively. The aggregate financial information of the Group’s investments in PT ASTRA JUOKU INDONESIA is as follows:

	31 Dec. 2020	31 Dec. 2019
Profit or loss from continuing operations	$(21,005)	$1,465
Other comprehensive income (post-tax)	(7,623)	821
Total comprehensive income	$(28,628)	$2,286

The joint venture had no contingent liabilities or capital commitments as at 31 December 2020, and 31 December 2019. PT ASTRA JUOKU INDONESIA cannot distribute its profits until it obtains the consent from the two venture partners.

③We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those associates and joint ventures under equity method amounted to NT$162,522 thousand and NT$196,742 thousand, as at 31 December 2020 and 2019, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT$(21,005) thousand and NT$1,465 thousand, for the years ended 31 December 2020 and 2019, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT$(7,623) thousand and NT$821 thousand, for the years ended 31 December 2020 and 2019, respectively.

9. Property, plant and equipment

Owner occupied property, plant and equipment

	Land	Land and improvement	Buildings	Machinery and equipment	Molding equipment	Electrical equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Cost:										
1 Jan. 2020	$999,135	$18,369	$3,393,137	$2,477,076	$9,455,107	$299,529	$215,046	$1,127,266	$227,938	$18,212,603
Addition	-	-	7,924	127,439	1,273,398	2,821	10,981	22,088	12,698	1,457,349
Disposal	-	-	(367)	(155,167)	(905,440)	-	(11,082)	(44,029)	-	(1,116,085)
Other	-	-	941	-	-	635	774	862	(2,458)	754
Exchange difference	(6,197)	(270)	(17,217)	(21,512)	(14,712)	(1,215)	(748)	(11,041)	(234)	(73,146)
30 Dec. 2020	$992,938	$18,369	$3,384,418	$2,427,836	$9,808,353	$301,770	$214,971	$1,095,146	$237,944	$18,481,475
1 Jan. 2019	$1,111,145	$11,410	$3,316,155	$2,533,475	$9,511,636	$298,309	$151,168	$893,492	$413,414	$18,240,204
Addition	-	-	20,582	208,922	1,110,943	237	10,383	103,455	202,553	1,657,075
Disposal	(114,059)	-	(65,952)	(270,397)	(1,165,352)	(6,420)	(13,287)	(24,540)	-	(1,660,007)
Disposal of subsidiaries	-	-	-	(5,447)	(14,772)	-	(1,824)	(4,175)	-	(26,218)
Other	-	6,876	133,282	4,802	-	6,325	68,460	161,269	(381,014)	-
Exchange difference	2,049	83	(10,930)	5,721	12,652	1,078	146	(2,235)	(7,015)	1,549
30 Dec. 2019	$999,135	$18,369	$3,393,137	$2,477,076	$9,455,107	$299,529	$215,046	$1,127,266	$227,938	$18,212,603
Depreciation and impairment: ：										
1 Jan. 2020	$49,399	$7,490	$1,137,797	$1,743,579	$6,044,184	$171,850	$99,631	$627,217	$-	$9,881,147
Depreciation	-	1,207	133,069	160,426	1,047,334	14,668	20,433	101,179	-	1,478,316
Reversal of impairment loss	(49,399)	-	-	-	-	-	-	-	-	(49,399)
Disposal	-	-	(325)	(154,511)	(905,425)	-	(10,882)	(42,685)	-	(1,113,828)
Other	-	-	-	-	-	75	696	(80)	-	691
Exchange difference	-	(263)	(9,668)	(14,806)	(14,273)	(1,179)	(651)	(4,848)	-	(45,688)
30 Dec. 2020	$-	$8,434	$1,260,873	$1,734,688	$6,171,820	$185,414	$109,227	$680,783	$-	$10,151,239
1 Jan. 2019	$49,399	$6,576	$1,067,801	$1,834,244	$6,163,993	$163,358	$97,532	$561,341	$-	$9,944,244
Depreciation	-	692	125,340	156,014	1,042,296	13,338	13,408	92,477	-	1,443,565
Impairment loss	-	-	-	-	4,337	-	-	-	-	4,337
Disposal	-	-	(55,990)	(247,788)	(1,165,254)	(5,891)	(9,827)	(21,479)	-	(1,506,229)
Disposal of subsidiaries	-	-	-	(4,493)	(13,295)	-	(1,642)	(3,757)	-	(23,187)
Exchange difference	-	222	646	5,602	12,107	1,045	160	(1,365)	-	18,417
30 Dec. 2019	$49,399	$7,490	$1,137,797	$1,743,579	$6,044,184	$171,850	$99,631	$627,217	$-	$9,881,147
Net book value:										
30 Dec. 2020	$992,938	$9,665	$2,123,545	$693,148	$3,636,533	$116,356	$105,744	$414,363	$237,944	$8,330,236
31 Dec. 2019	$949,736	$10,879	$2,255,340	$733,497	$3,410,923	$127,679	$115,415	$500,049	$227,938	$8,331,456

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

Items	2020	2019
Construction in progress and prepayment for equipments	$13,127	$18,693
The interest rate interval of borrowing cost capitalization	0.93%~1.18%	0.96 %~1.41%

The material components of building that have different useful lives are the main buildings and factories, which are depreciated over 60 years and 35 years, respectively.

The material components of equipment are mainly the processing equipment, which are depreciated over 10 years.

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

10. Intangible assets

	Trademark right	Patent	Goodwill	Software	Other intangible assets	Total
Cost:						
1 Jan. 2020	$11,398	$8,171	$10,174	$180,519	$56,806	$267,068
Addition - acquired separately	549	2,055	-	15,095	4,809	22,508
Exchange differences	-	-	-	(12)	-	(12)
31 Dec. 2020	$11,947	$10,226	$10,174	$195,602	$61,615	$289,564
1 Jan. 2019	$10,539	$6,273	$10,174	$145,353	$51,727	$224,066
Addition - acquired separately	859	1,898	-	35,656	5,079	43,492
Exchange differences	-	-	-	(490)	-	(490)
31 Dec. 2019	$11,398	$8,171	$10,174	$180,519	$56,806	$267,068
Amortization and impairment:						
1 Jan. 2020	$3,768	$1,864	$-	$109,139	$35,879	$150,650
Amortization	1,770	888	-	35,707	9,875	48,240
Exchange differences	-	-	-	1	-	1
31 Dec. 2020	$5,538	$2,752	$-	$144,847	$45,754	$198,891
1 Jan. 2019	$1,922	$1,076	$-	$80,654	$25,676	$109,328
Amortization	1,846	788	-	28,850	10,203	41,687
Exchange differences	-	-	-	(365)	-	(365)
31 Dec. 2019	$3,768	$1,864	$-	$109,139	$35,879	$150,650
Net book value:						
31 Dec. 2020	$6,409	$7,474	$10,174	$50,755	$15,861	$90,673
31 Dec. 2019	$7,630	$6,307	$10,174	$71,380	$20,927	$116,418

The Group did not recognized impairment loss of goodwill in 2020 and 2019.

Amortization expense of intangible under the statement of comprehensive income：

	2020	2019
Operating cost	$15,232	$10,791
Operating expense	33,008	30,896
Total	$48,240	$41,687

11. Short-term Borrowings

	Interest rate range	31 Dec. 2020	31 Dec. 2019
Unsecured Loans	0.75%~1.65%	$949,222	$1,345,936
Secured Loans	1.80%~3.69%	280,772	778,782
Total		$1,229,994	$2,124,718

Please refer to Note 8 for the detail of the assets including land, buildings, part of accounts receivables and inventories pledged as collateral.

12. Short-term notes and bills payable

31 Dec. 2020 : None

	31 Dec. 2019		
Guarantors	Interest rate range	Amount	Pledge or Collateral
Commercial paper payable			
International Bills Finance Corporation	1.04%	$150,000	none
Mega Bills Finance Corporation	1.04%	150,000	none
Taiwan Cooperative Bills Finance Corporation	1.00%	100,000	none
Dah Chung Bills Finance Corporation	1.03%	40,000	none
China Bills Finance Corporation	1.04%	150,000	none
Subtotal		590,000	
Less: Discount of commercial paper payable		(646)	
Net		$589,354	

13. Financial liabilities at fair value through profit or loss

	31 Dec.2020	31 Dec.2019
Held for trading：		
Derivatives not designated as hedging instruments		
Forward exchange agreement	$917	$197
Cross currency swaps agreement	16,103	3,215
Total	$17,020	$3,412
Current	$17,020	$3,412

14. Long-term Borrowing

Details are as follows:

Creditors	31 Dec. 2020 Amount	Interest rate	Redemption
Unsecured Loan:			
First Bank	$800,000	0.45%	From 1 Jul. 2019 to 15 Sep. 2026. Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
First Bank	200,000	0.95%	From 14 Aug. 2020 to 14 Aug. 2022. Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	700,000	0.50%	From 9 Aug. 2019 to 15 Aug. 2029. Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
Bank of Taiwan	200,000	0.96%	From 24 Jun. 2020 to 24 Jun. 2022. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
DBS Bank	300,000	0.57%	From 6 Nov. 2019 to 15 Oct. 2024. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
DBS Bank	280,000	0.91%	From 14 Apr. 2020 to 14 Apr. 2022. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.

Mega Bank	150,000	0.92%	From 14 Jun. 2020 to 13 Jun. 2022. Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank	340,000	0.92%	From 29 Nov. 2020 to 29 Nov. 2022. Interests are repaid monthly and bullet repayment on expiry date.
Mizuho Bank	600,000	0.90%	From 20 Nov. 2020 to 20 Nov. 2022. Interests are repaid monthly and bullet repayment on expiry date.
Yuanta Bank	520,000	0.95%	From 19 Aug. 2020 to 18 Aug. 2022. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Shin Kong Bank	100,000	0.90%	From 24 Jul. 2020 to 24 Jul. 2025, each drawdown must not exceed 90 days, Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	200,000	0.46%	From 24 Jul. 2020 to 24 Jul. 2025. Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.
First Bank	394,304	1.38%	From 27 Dec. 2016 to 27 Dec. 2031. Principal are repaid by 52 quarterly payments, starting from 27 Dec. 2018 to the maturity date. Interests are repaid monthly.
First Bank	137,000	1.27%	From 31 Dec. 2020 to 31 Dec. 2022. Interests are repaid monthly and bullet repayment on expiry date.
First Bank	116,000	1.27%	From 31 Dec. 2020 to 31 Dec. 2022. Interests are repaid monthly and bullet repayment on expiry date.
First Bank	60,600	1.47%	Form 29 Nov. 2016 to 29 Nov. 2023, grace period of two years. Principal are repaid after the grace period, and interests are repaid monthly.

Bank Sinopac	80,000	1.40%	From 16 Jun. 2020 to 30 Jun. 2022. Interests are repaid monthly and bullet repayment on expiry date.
O-bank	44,445	1.43%	From 15 Dec. 2016 to 15 Dec. 2021. Principal are repaid by 8 quarterly payments, starting from 15 Dec. 2019 to the maturity date. Interests are repaid monthly.
O-bank	50,000	1.43%	From 29 Jan. 2018 to 15 Jan. 2021. Interests are repaid monthly and bullet repayment on expiry date.
O-bank	60,000	1.28%	From 22 Mar. 2019 to 1 Sep. 2022. Principal are repaid by 4 quarterly payments, starting from 1 Dec. 2021 to the maturity date. Interests are repaid monthly.
O-bank	400,000	1.30%	From 25 Dec. 2019 to 1 Jun. 2023. Principal are repaid by 10 quarterly payments, starting from 1 Mar. 2021 to the maturity date. Interests are repaid monthly.
Chang Hwa Bank (The syndicated loan agreement led)	400,000	1.80%	From 13 Apr. 2018 to 13 Apr. 2023. Interests are repaid monthly and bullet repayment on expiry date.
California Bank & Trust (CBT)	68,087 (USD 2,425)	3.30%	Form 12 Jul. 2013 to 31 Jul. 2021. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank	114,120 (USD 4,000)	0.80%	From 14 Apr. 2020 to 14 Apr. 2022. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank	57,060 (USD 2,000)	0.85%	From 29 Nov. 2020 to 29 Nov. 2022. Interests are repaid monthly and bullet repayment on expiry date.
Subtotal	6,011,616		
Less: current portion	(233,580)		
Less: unamortized expense	(3,317)		
Total	$5,774,719		

	31 Dec. 2019		
Creditors	Amount	Interest rate	Redemption
First Bank	$150,000	1.10%	From 14 Aug. 2019 to 14 Aug. 2021. Interests are repaid monthly and bullet repayment on expiry date.
First Bank	151,111	1.40%	From 9 Apr. 2018 to 9 Apr. 2033. Principal are repaid monthly, starting from 9 May 2018 , and interests are repaid monthly.
First Bank	800,000	0.70%	From 1 Jul. 2019 to 15 Sep. 2026. Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
Mizuho Bank	356,000	1.08%	From 20 Nov. 2019 to 20 Nov. 2021. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	330,000	1.10%	From 24 Jun. 2019 to 24 Jun. 2021. After applying for each drawdown within the credit line, the entire principal and interest payable of each drawdown shall be paid off on the day of expiry of the loan period of each loan principal.
Chang Hwa Bank	633,000	0.70%	From 9 Aug. 2019 to 15 Aug. 2029. Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
Bank of Taiwan	200,000	1.10%	From 3 Jun. 2019 to 3 Jun. 2021. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
DBS Bank	250,000	0.70%~1.05%	From 17 Apr. 2019 to 17 Apr. 2021. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.

	31 Dec. 2019		
Creditors	Amount	Interest rate	Redemption
Yuanta Bank	550,000	1.05%	From 18 Jul. 2019 to 18 Jul. 2021. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank	150,000	1.05%	From 14 Jun. 2019 to 13 Jun. 2021. Interests are repaid monthly and bullet repayment on expiry date.
First Bank	430,152	1.58%	From 27 Dec. 2016 to 27 Dec. 2031. Principal are repaid by 52 quarterly payments, starting from 27 Dec. 2018 to the maturity date. Interests are repaid monthly.
First Bank	125,000	1.34%	From 19 Dec. 2019 to 19 Dec. 2021. Interests are repaid monthly and bullet repayment on expiry date.
First Bank	80,800	1.67%	Form 29 Nov. 2016 to 29 Nov. 2023, grace period of two years. Principal are repaid after the grace period, and interests are repaid monthly.
First Bank	18,000	1.66%	From 18 Sep. 2013 to 18 Sep. 2020. Principal are repaid by 20 quarterly payments, starting from 18 Dec. 2015 to the maturity date. Interests are repaid monthly.
Yuanta Bank	80,000	1.51%	From 29 Oct. 2019 to 29 Oct. 2021. Interests are repaid monthly and bullet repayment on expiry date.
Bank Sinopac	120,000	1.53%	From 30 Jun. 2019 to 30 Jun. 2021. Interests are repaid monthly and bullet repayment on expiry date.
O-bank	44,445	1.69%	From 15 Dec. 2016 to 15 Dec. 2021. Principal are repaid by 8 quarterly payments, starting from 15 Dec. 2019 to the maturity date. Interests are repaid monthly.
O-bank	50,000	1.69%	From 29 Jan. 2018 to 15 Jan. 2021. Interests are repaid monthly and bullet repayment on expiry date.

Creditors	31 Dec. 2019 Amount	 Interest rate	Redemption
O-bank	60,000	1.48%	From 22 Mar. 2019 to 22 Mar. 2022. Principal are repaid by 4 quarterly payments, starting from 1 Dec. 2021 to the maturity date. Interests are repaid monthly.
Mega Bank	45,404	1.69%	From 24 Jan. 2017 to 24 Jan. 2022. Principal are repaid by 37 quarterly payments, starting from 24 Jan. 2019 repaid monthly.
Chang Hwa Bank (The syndicated loan agreement led)	400,000	1.80%	From 13 Apr. 2018 to 13 Apr. 2023. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	80,000	1.52%	From 24 Dec. 2019 to 24 Dec. 2021. Interests are repaid monthly and bullet repayment on expiry date.
JihSun Bank	40,000	1.51%	From 29 Mar. 2019 to 29 Mar. 2021. Interests are repaid monthly and bullet repayment on expiry date.
California Bank & Trust (CBT)	75,271 (USD 2,513)	4.65%	Form 12 Jul. 2013 to 1 Jul. 2020. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank	120,120 (USD 4,000)	2.43%	From 17 Apr. 2019 to 17 Apr. 2021. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Subtotal	5,339,303		
Less: current portion	(108,758)		
Less: unamortized expense	(4,909)		
Total	$5,225,636		

Note:

(1) On 31 Jan. 2018, the Company and its subsidiary, JUOKU TECHNOLOGY CO., LTD. reached a syndicated loan agreement with Chang Hwa Bank (the syndicated loan agreement lead bank) and other 12 banks, amounting to NT$3,980,000 thousand. The aim of the loan agreement is to provide the borrower with the repayment of existing financial liabilities (including the syndicated loan in 2014) and enrich operating capital. The period of the loan agreement is five years starting from the first drawdown day of the loan within 6 months from the agreement execution date. The first period starts from the first drawdown day to the expiry of three years, and each year thereafter is deemed one period, with each credit line declining by 10%, 20% and 70% of the total loan agreement respectively in the three periods. As of 31 Dec. 2020, the line of credit of the syndicated loan amounted to NT$3,980,000 thousand, with the actual amount drawn reached NT$2,400,000 thousand. For the term of the agreement and prior to the day repayment is made in full, the Group shall review the following ratios every half year:

① The borrower’s current ratio shall be no less than 90%.

② The borrower’s debt ratio (total liabilities less lease liabilities over tangible net assets) shall be no higher than 250%.

③ The borrower’s interest coverage ratio (EBITDA over interest expense) shall not be lower than 5.

④ In the event the borrower breaks the restriction defined in the contract, the lead bank has the right pursuant to the contract or the majority rule of the consortium to take actions, including but not limited to the steps below:

a. Suspend all of part of contract credit line of the borrower.
b. Cancel all of part of the unused credit line of the contract.
c. Declare the loan then outstanding to be due and payable in part or in whole, and thereupon the principal of the loan so declared to be due and payable, together with accrued interest thereon and all fees and other obligations.
d. Request to repay the promissory note.
e. Exercise on behalf of itself and the lenders all rights and remedies available to it and the lead bank under the contract and applicable law.
f. Exercise on behalf of itself and other lenders based on majority rule.

(2) On 12 Jul. 2013, California Bank & Trust (CBT) offered credit line of USD 3,450 thousand to INNOVA HOLDING CORP. From the execution date of and for the duration of the contract, the calculation of the financial ratios shall be based on the information recorded in the borrower’s latest certified financial report or audit report and shall comply with the financial ratios as follows: Debt service coverage ratio shall be no less than 1.25.

(3) In 2019, the Group financed with designated banks in accordance with the “Project Loan Guidelines to Welcoming Overseas Taiwanese Businesses Return to Invest in Taiwan”, and entered into contract terms and normative matters, and completed them in accordance with the approval letter.

15. Other Long-term Borrowing

	31 Dec. 2020			
Guarantors	Contract period	Interest rate range	Amount	Pledge or Collateral
Commercial paper payable				
Chang Hwa Bank (The syndicated loan agreement led)	From 31 Jun. 2018 to 31 Jun. 2023.	1.48%	$2,000,000	Note
Less: Discount of commercial paper payable			(561)	
Net			$1,999,439	

	31 Dec. 2019			
Guarantors	Contract period	Interest rate range	Amount	Pledge or Collateral
Commercial paper payable				
Chang Hwa Bank (The syndicated loan agreement led)	From 31 Jun. 2018 to 31 Jun. 2023.	1.58%	$2,000,000	Note
Less: Discount of commercial paper payable			(1,384)	
Net			$1,998,616	

Note: A-2 credit information in the syndicated loans agreement with Chang Hwa Bank, please refer to Note 6.14(1).

16. Post-Employment Benefits

Defined contribution plan

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

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

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

Expenses under the defined contribution plan for the years ended 31 December 2020 and 2019 were NT$58,716 thousand and NT$87,115 thousand, respectively.

Defined benefits plan

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group contributes an amount equivalent to 2%～3% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before end of each year, the Company and subsidiaries make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT$26,441 thousand to its defined benefit plan during the 12 months beginning after December 31 2020.

The defined benefit obligations were expected to mature in 2028 to 2040 and 2025 to 2040 as of December 31 2020 and 2019, respectively.

Pension costs recognized in profit or loss are as follows:

	2020	2019
Current service cost	$3,310	$3,902
Net interest on the net defined benefit liabilities	1,848	2,879
Settlements from the plan	(5,000)	-
Total	$158	$6,781

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

	31 Dec. 2020	31 Dec. 2019	1 Jan. 2019
Defined benefit obligation	$503,471	$512,085	$560,484
Plan assets at fair value	(232,763)	(226,755)	(181,806)
Net defined benefit liabilities	$270,708	$285,330	$378,678

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

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2019	$560,484	$(181,806)	$378,678
Pension costs recognized in profit or loss：			
Current service cost	3,902	-	3,902
Interest expense (income)	4,288	(1,409)	2,879
Subtotal	8,190	(1,409)	6,781
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(451)	-	(451)
Actuarial gains and losses arising from changes in financial assumptions	(170)	-	(170)
Experience adjustments	(27,314)	-	(27,314)
Remeasurements of the defined benefit assets	-	(6,515)	(6,515)
Subtotal	(27,935)	(6,515)	(34,450)
Payment of benefit obligation	(28,654)	28,654	-
Contribution by employer	-	(65,679)	(65,679)
As of 31 December 2019	512,085	(226,755)	285,330
Pension costs recognized in profit or loss：			
Current service cost	3,310	-	3,310
Interest expenses (income)	3,338	(1,490)	1,848
Past service cost and gains or losses arising from settlements	(5,000)	-	(5,000)
Subtotal	1,648	(1,490)	158
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	1,837	-	1,837
Actuarial gains and losses arising from changes in financial assumptions	14,354	-	14,354
Experience adjustments	5,537	-	5,537
Remeasurements ofthe defined benefit assets	-	(8,012)	(8,012)
Subtotal	21,728	(8,012)	13,716
Payment of benefit obligation	(31,990)	31,990	-
Contribution by employer	-	(28,496)	(28,496)
As of 31 December 2020	$503,471	$(232,763)	$270,708

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

	31 Dec. 2020	31 Dec. 2019
Discount Rate	0.31%~0.42%	0.64%~0.89%
Expected rate of salary increase	0.50%~3.00%	0.50%~3.00%

Sensitivity analysis for significant assumption as at 31 December 2020 and 2019 is, as show below:

	Jan. 1, 2020~ Dec. 31, 2020		Jan. 1, 2019~ Dec. 31, 2019	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount Rate increase by 0.5%	$-	$(16,685)	$-	$(4,433)
Discount Rate decrease by 0.5%	34,659	-	28,002	-
Rate of future salary increase by 0.5%	66,323	-	59,957	-
Rate of future salary decrease by 0.5%	-	(16,289)	-	(3,909)

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

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

17. Equity

(1) Common stock

As of 31 December 2020 and 2019, TYC BROTHER INDUSTRIAL CO., LTD.'s registered capital was NT$4,000,000 thousand and NT$3,128,979 thousand with par value at NT$10 per share, and has issued 400,000 thousand and 312,898 thousand common shares. Each share has the right to vote and receive dividends.

(2) Capital surplus

	As at	
	31 Dec. 2020	31 Dec. 2019
Common stock	$1,023,509	$1,023,509
Treasury stock transactions	28,891	28,891
Bond conversion	239,469	239,469
Share of changes in net assets of associate and joint ventures accounted for using the equity method	73,530	73,530
Adjustments for dividends subsidiaries received from parent company	12,019	10,703
Other	3,845	3,845
Total	$1,381,263	$1,379,947

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

(3) Treasury stock

As of 31 December 2020, 31 December 2019, the Company's shares held by the subsidiary, Company TI FU INVESTMENT CO., LTD. was NT$5,996 thousand, respectively , and the number of treasury stock held by TI FU INVESTMENT CO., LTD. was 940 thousand , respectively. These shares held by Company TI FU INVESTMENT CO., LTD. were acquired for the purpose of financing before the amendment of the Company Act on 12 November 2001.

(4) Retained earnings and dividend policies

The Company's Articles of Incorporation provide that the current net income, after deducting the previous years' losses, shall appropriate 10% as legal reserve, and set aside or reverse special reserve based on the net deduction of shareholders' equity that occurred in the current year and accumulated in the previous period according to the company laws and other regulations of R.O.C. If there is still more than the accumulated undistributed income in the previous year, If there is a balance, and the accumulated undistributed surplus is a shareholder dividend, the balance shall be distributed after the distribution of special dividends in accordance with Article 7-1 of the Articles of Association (not less than 50% of the available surplus for the current year, of which the cash dividend shall not be less than 10%). The board of directors shall draft a distribution proposal and submit it to the shareholders meeting for a resolution of distribution.
According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

Following the adoption of IFRS, the FSC on 6 April 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from shareholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed. While the Company's retained earnings were negative following the first-time adoption of IFRS, the company did not set aside special reserve.

The appropriations of earnings for 2020 were resolved at the board of directors' meeting on 25 March 2021. The appropriations of earning for 2019 were resolved at the general shareholders' meeting on 19 June 2020. The plans were as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$25,226	$69,513		
Special reserve	39,013	90,219		
Common stock -cash dividend	187,739	438,057	NT$0.60/ per share	NT$1.40/ per share

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

(5) Non-controlling interests:

	2020	2019
Beginning balance	$214,329	$193,335
Profit (loss) attributable to non-controlling interests	24,071	16,790
Other comprehensive income attributable to non-controlling interests, net of tax：		
Remeasurements of defined benefit plans	(614)	2,190
Exchange differences resulting from translating the financial statements of foreign operations	(6,445)	2,014
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	(523)	-
Distribute dividends to subsidiaries	(10,000)	-
Other	59,160	-
Ending balance	$279,978	$214,329

18. Operating revenue

Revenue from contracts with customers	2020	2019
Sale of goods	$13,733,967	$16,393,144
Other revenue	712,241	1,146,776
Total	$14,446,208	$17,539,920

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

(1) Disaggregation of revenue

For the year ended 31 December 2020:

	Taiwan Dept	Asian Dept	U.S. Dept	European Dept	Total
Sale of goods	$4,902,412	$404,336	$6,445,609	$1,981,610	$13,733,967
Other revenue	710,570	1,170	501	-	712,241
Total	$5,612,982	$405,506	$6,446,110	$1,981,610	$14,446,208
Timing of revenue recognition:					
At a point in time	$5,612,982	$405,506	$6,446,110	$1,981,610	$14,446,208

For the year ended 31 December 2019:

	Taiwan Dept	Asian Dept	U.S. Dept	European Dept	Total
Sale of goods	$6,144,227	$243,077	$8,038,969	$1,966,871	$16,393,144
Other revenue	863,224	282,878	674	-	1,146,776
Total	$7,007,451	$525,955	$8,039,643	$1,966,871	$17,539,920
Timing of revenue recognition:					
At a point in time	$7,007,451	$525,955	$8,039,643	$1,966,871	$17,539,920

19. Expected credit losses / (gains)

	2020	2019
Operating Expense- Expected credit losses(gains)		
Notes Receivables	$3	$(34)
Accounts Receivables	(20,053)	1,122
Total	$(20,050)	$1,088

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

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

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

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

As at 31 December 2020

		Overdue				
	Not yet due (Note)	<=90 days	91-180 days	181-270 days	>=271 days	Total
Gross carrying amount	$2,456,427	$109,364	$8,390	$5,507	$215,920	$2,795,608
Loss ratio	0%~1%	5%~10%	55%~60%	80%~90%	100%	
Lifetime expected credit losses	(10,487)	(10,936)	(4,841)	(4,730)	(215,920)	(246,914)
Carrying amount	$2,445,940	$98,428	$3,549	$777	$-	$2,548,694

As at 31 December 2019

		Overdue				
	Not yet due (Note)	<=90 days	91-180 days	181-270 days	>=271 days	Total
Gross carrying amount	$2,763,275	$212,113	$14,515	$5,701	$244,944	$3,240,548
Loss ratio	0%~1%	1%~5%	30%~35%	95%~100%	100%	
Lifetime expected credit losses	(26,045)	(5,303)	(4,513)	(5,590)	(244,944)	(286,395)
Carrying amount	$2,737,230	$206,810	$10,002	$111	$-	$2,954,153

Note：The Group's note receivables are not overdue.

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

	Note receivables	Accounts receivables
1 Jan. 2020	$136	$286,259
Addition/(reversal) for the current period	3	(20,053)
Write off	-	(19,431)
31 Dec. 2020	$139	$246,775
1 Jan. 2019	$170	$285,137
Addition/(reversal) for the current period	(34)	1,122
31 Dec 2019	$136	$286,259

20. Leases

(1) Group as a lessee

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

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

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	31 Dec. 2020	31 Dec. 2019
Land	$1,210,489	$1,213,254
Buildings	636,836	817,256
Machinery and equipment	11,851	9,262
Transportation equipment	4,552	4,133
Other equipment	-	288
Total	$1,863,728	$2,044,193

For the year ended 31 December 2020 and 2019, the Group's additions to right-of-use assets amounting to NT$23,187 thousand and NT$183,531 thousand.

(b) Lease liabilities

	As at	
	31 Dec. 2020	31 Dec. 2019
Current	$188,161	$183,647
Non-current	1,587,850	1,797,601
Total	$1,776,011	$1,981,248

Please refer to Note 6.22(3) for the interest on lease liabilities recognized for the year ended 31 December 2020 and 2019 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2020 and 2019.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2020	2019
Land	$2,684	$2,787
Buildings	155,602	159,411
Machinery and equipment	911	1,438
Transportation equipment	2,657	1,762
Other equipment	288	691
Total	$162,142	$166,089

C. Income and costs relating to leasing activities

	2020	2019
The expenses relating to short-term leases	$2,912	$4,702
The expenses relatingto leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	1,348	2,285

D. Cash outflow relating to leasing activities

For the year ended 31 December 2020 and 2019, the Group's total cash outflows for leases amounting to NT$234,979 thousand and NT$220,653 thousand.

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

Function / Character	2020			2019		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense						
Salaries	$790,966	$807,782	$1,598,748	$930,127	$914,087	$1,844,214
Insurances	83,145	52,324	135,469	100,650	61,451	162,101
Pensions	30,555	28,319	58,874	39,777	54,119	93,896
Director's remuneration	-	8,972	8,972	-	18,499	18,499
Other personnel expenses	40,867	25,441	66,308	44,804	28,762	73,566
Depreciations	1,327,092	313,366	1,640,458	1,281,571	328,083	1,609,654
Amortization	15,232	33,008	48,240	10,791	30,896	41,687

According to the Articles of Incorporation, 1% of profit of the current year is distributable as employees’ compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting. Information on the Board of Directors’ resolution regarding the employees’ compensation and remuneration to directors and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

Based on the profit level, the Company estimated NT$20,000 thousand employees’ compensation and NT$7,250 thousand remuneration to directors and supervisors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 25 March 2021 to distribute NT$ 20,000 thousand and NT$7,250 thousand in cash as employee’s compensation and remuneration to directors and supervisors, respectively.

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

22. Non-operating income and expenses

(1) Other income

	2020	2019
Rent income	$4,447	$5,006
Interest income	4,460	7,287
Royalty income	6,227	12,390
Dividend income	1,047	2,161
Government subsidy income	131,867	-
Other income-other	68,381	70,298
Total	$216,429	$97,142

(2) Other gains and losses

	2020	2019
Losses (Gains) on disposal of property, plant and equipment	$(1,504)	$108,877
Losses on Sale of Investments	-	(6,863)
Foreign exchange (losses) gains, net	(55,778)	(55,673)
Reversal (Loss) of Impairment	49,399	(4,337)
Impairment loss – Non-current assets held for sale	-	(27,863)
Gains (losses) on financial assets or liabilities at fair value through profit or loss	(1,387)	1,252
Other losses	(23,677)	(34,772)
Total	$(32,947)	$(19,379)

(3) Finance costs

	2020	2019
Interest on borrowings from bank	$(124,785)	$(154,902)
Interest on lease liabilities	(46,332)	(44,648)
Total	$(171,117)	$(199,550)

23. Components of other comprehensive income (loss)

Year ended Dec. 31, 2020	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	$(13,716)	$2,743	$(10,973)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	49,953	-	49,953
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(107,480)	20,207	(87,273)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(10,827)	2,166	(8,661)
Total	$(82,070)	$25,116	$(56,954)

Year ended Dec. 31, 2019	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	$34,450	$(6,890)	$27,560
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	(6,959)	-	(6,959)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(55,504)	11,504	(44,000)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(46,556)	9,310	(37,246)
Total	$(74,569)	$13,924	$(60,645)

24. Income Tax

The major components of income tax expense (income) for 2020 and 2019 are as follows:

Income tax recorded in profit or loss

	2020	2019
Current income tax expense (benefit):		
Current income tax charge	$102,897	$220,179
Land value increment tax charge	-	18,139
Adjustments in respect of current income tax of prior Periods	(22,182)	(40,215)
Deferred tax expense (income):		
Deferred tax expense (income) related to origination and reversal of temporary differences	49,624	60,851
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	(11,571)	10,441
Other components of deferred tax expense (income)	2,446	2,190
Total income tax expense (income)	$121,214	$271,585

Income tax relating to components of other comprehensive income

	2020	2019
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	$(20,207)	$(11,504)
Remeasurements of the defined benefit plan	(2,743)	6,890
Share of other comprehensive income(loss) of associates and joint ventures accounted for using the equity method	(2,166)	(9,310)
Income tax relating to components of other comprehensive income	$(25,116)	$(13,924)

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

	2020	2019
Accounting profit before tax from continuing operations	$407,901	$983,505
Tax at the domestic rates applicable to profits in the country concerned	$161,246	$263,238
Tax effect of revenues exempt from taxation	(34,721)	(30,949)
Tax effect of expenses not deductible for tax purposes	1,233	906
Tax effect of deferred tax assets/liabilities	15,638	60,466
Adjustments in respect of current income tax of prior periods	(22,182)	(40,215)
Land value increment tax charge	-	18,139
Total income tax expenses recorded in profit or loss	$121,214	$271,585

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

For the year ended December 31, 2020

	As of 1 Jan. 2020	Recognized in income	Recognized in other comprehensive income	Exchange differences	As of 31 Dec. 2020
Temporary differences					
Unrealized exchange losses (gains)	$17,324	$(13,457)	$-	$-	$3,867
Allowance for doubtful debts	52,795	(9,500)	-	(129)	43,166
Allowance for inventory valuation losses	30,074	4,809	-	(576)	34,307
Exchange differences on translation of foreign operations	76,325	-	22,373	-	98,698
Financial assets at fair value through profit or loss	600	2,804	-	-	3,404
Unrealized profits or losses on transactions with associates	94,469	(3,048)	-	-	91,421
Reserve for land value increment tax	(38,717)	-	-	-	(38,717)
Compensated absences provisions	10,341	827	-	(161)	11,007
Net defined benefit liabilities, non-current	57,066	(5,668)	2,743	-	54,141
Depreciation difference for tax purpose	7,547	(23,528)	-	1,612	(14,369)
Impairment on property, plant and equipment	16,761	(10,260)	-	-	6,501
Inventories difference for tax purpose	39,781	5,795	-	(2,492)	43,084
Impairment loss of assets	2,598	-	-	-	2,598
Other	29,455	1,602	-	(1,865)	29,192
Unused tax losses	56,155	11,571	-	-	67,726
Deferred income tax (expenses)		$(38,053)	$25,116	$(3,611)	
Deferred tax assets and liabilities net	$452,574				$436,026
As presented on the financial statement:					
Deferred tax assets	$517,419				$492,841
Deferred tax liabilities	$(64,845)				$(56,815)

For the year ended December 31, 2019

	As of 1 Jan. 2019	Recognized in income	Recognized in other comprehensive income	Exchange differences	As of 31 Dec. 2019
Temporary differences					
Unrealized exchange losses (gains)	$6,547	$10,777	$-	$-	$17,324
Allowance for doubtful debts	48,782	4,041	-	(28)	52,795
Allowance for inventory valuation losses	26,027	4,219	-	(172)	30,074
Investment accounted for under the equity method	50,444	(50,444)	-	-	-
Exchange differences on translation of foreign operations	49,407	6,104	20,814	-	76,325
Financial assets at fair value through profit or loss	(4,092)	4,692	-	-	600
Unrealized profits or losses on transactions with associates	111,261	(16,792)	-	-	94,469
Reserve for land value increment tax	(38,717)	-	-	-	(38,717)
Compensated absences provisions	10,254	144	-	(57)	10,341
Net defined benefit liabilities, non-current	75,736	(11,780)	(6,890)	-	57,066
Depreciation difference for tax purpose	20,257	(13,031)	-	321	7,547
Impairment on property, plant and equipment	16,273	488	-	-	16,761
Inventories difference for tax purpose	38,874	1,685	-	(778)	39,781
Impairment loss of assets	2,598	-	-	-	2,598
Other	24,808	5,151	-	(504)	29,455
Unused tax losses	66,597	(10,442)	-	-	56,155
Deferred income tax (expenses)		$(65,188)	$13,924	$(1,218)	
Deferred tax assets and liabilities net	$505,056				$452,574
As presented on the financial statement:					
Deferred tax assets	$554,673				$517,419
Deferred tax liabilities	$(49,617)				$(64,845)

The following table contains information of the unused tax losses of the Group:

Entity	Year	Tax losses for the period	Unused tax losses as at 31 Dec. 2020	Unused tax losses as at 31 Dec. 2019	Expiration year
TYC	2020	$256,006	$256,006	$-	2030
JUOKU	2017	169,608	169,608	169,608	2027
	2018	68,571	68,571	71,486	2028
	2019	20,876	20,876	21,631	2029
	2020	5,808	5,808	-	2030
DBM	2018	39,457	-	18,051	2028
			$520,869	$280,776	

Unrecognized deferred tax assets

As of 31 December 2020 and 2019, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to NT$36,448 thousand and NT$0 thousand, respectively, as the future taxable profit may not be available.

The assessment of income tax returns

As of 31 December 2020, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	2018
Subsidiary－JUOKU TECHNOLOGY	2018
Subsidiary－DBM	2018
Subsidiary－TI YUAN	2018
Subsidiary－TI FU	2018
Subsidiary－TAMAU MANAGEMENT	2018

25. Earnings per share

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

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

	2020	2019
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$262,616	$695,130
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	311,958	311,958
Basic earnings per share (NT$)	$0.84	$2.23

(2) Diluted earnings per share	2020	2019
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$262,616	$695,130
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	311,958	311,958
Effect of dilution:		
Employee bonus－stock (in thousands)	1,064	687
Weighted average number of ordinary shares outstanding after dilution (in thousands)	313,022	312,645
Diluted earnings per share (NT$)	$0.84	$2.22

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

26. Deconsolidation of Subsidiaries

The Group subsidiary disposed of all of its shares of GREAT MORE CORP. and GB ELECTRIC COMPANY LTD. (hereinafter referred to as ”GM and its subsidiaries ”) and LGB TECHNOLOGY in 2019, thereby derecognizing the relevant assets and liabilities at the date when the control is lost.

(1) Derecognized assets and liabilities mainly consisted of:

	GM and its subsidiaries	LGB TECHNOLGY	Other subsidiaries	Total
Assets				
Cash and cash equivalents	$22,515	$47	$10,267	$32,829
Property, plant and equipment	-	3,031	-	3,031
Others	20	250	-	270
Subtotal	22,535	3,328	10,267	36,130
Liabilities				
Accounts Payables	-	(110)	-	(110)
Others	(2)	-	-	(2)
Subtotal	(2)	(110)	-	(112)
Net assets of the subsidiary deconsolidated	$22,533	$3,218	$10,267	$36,018

(2) Consideration received and loss recognized from the deconsolidated:

	GM and its subsidiaries	LGB TECHNOLGY	Other subsidiaries	Total
Cash received	$21,552	$-	$10,267	$31,819
Less: Net assets of the subsidiary deconsolidated	(22,533)	(3,218)	(10,267)	(36,018)
Exchange difference	315	(274)	(2,705)	(2,664)
Loss on disposal of subsidiary	$(666)	$(3,492)	$(2,705)	$(6,863)

(3) Analysis of net cash outflow arising from deconsolidation of the subsidiary:

	GM and its subsidiaries	LGB TECHNOLGY	Other subsidiaries	Total
Cash received	$21,552	$-	$10,267	$31,819
Net cash of subsidiary derecognized	(22,515)	(47)	(10,267)	(32,829)
Net cash outflow from deconsolidation	$(963)	$(47)	$-	$(1,010)

VII. RELATED PARTIES TRANSACTIONS

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
FORTOP INDUSTRIAL CO., LTD.	The Group is director of the Company
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The Group is director of the Company
I YUAN PRECISION INDUSTRIAL CO., LTD.	Associate
TAYIH KENMOS AUTO PARTS CO., LTD.	Substantive related party
JNS AUTO PARTS LIMITED	Associate
VARROC TYC AUTO LAMPS CO., LTD.	Joint Venture
TA YIH INDUSTRIAL CO., LTD.	Substantive related party
HANGZHOU SUNNYTECH CO., LTD	Associate
PT ASTRA JUOKU INDONESIA	Joint Venture
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD.	Associate
DBM REFLEX ENTERPRISES INC.	Substantive related party

1. Significant related party transactions

(1) Sales

	2020	2019
Joint Venture		
VARROC TYC AUTO LAMPS CO.,LTD.	$29,358	$19,925
PT ASTRA JUOKU INDONESIA	27,992	23,573
Subtotal	57,350	43,498
Other related party		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	51,303	62,790
TA YIH INDUSTRIAL CO., LTD.	29,250	16,027
FORTOP INDUSTRIAL CO., LTD.	20,985	22,485
Other	7,054	33
Subtotal	108,592	101,335
Total	$165,942	$144,833

The Group sold products to some related parties who were single manufacturers, therefore the price could not be compared. The payment term was T/T 150 days. The sales price of some related parties is equivalent to that of non-related parties, and the terms of collection are every other month, payable between 1 to 3 months, which is equivalent to ordinary transactions.

(2) Purchases

	Dec. 31, 2020	Dec. 31, 2019
Joint Venture	$1,132	$40,855
Associates		
I YUAN PRECISION INDUSTRIAL CO., LTD.	541,080	590,945
Other	22,503	22,502
Subtotal	563,583	613,447
Other related party		
FORTOP INDUSTRIAL CO., LTD.	743,844	879,294
BUILDUP INTERNATIONAL TRADING CO., LTD.	207,929	289,125
Other	27,774	41,674
Subtotal	979,547	1,210,093
Total	$1,544,262	$1,864,395

The Group purchases goods from some related parties. The bargaining method for purchases is the same as that of non-related parties. The payment terms are the next month of the purchase, payable between 1 to 3 months, which is equivalent to ordinary transactions. The purchase price and payment terms of other related parties are equivalent to those of ordinary transactions.

(3) Notes receivables - related parties

	31 Dec. 2020	31 Dec. 2019
Joint Venture	$1,501	$4,767
Other related party		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	11,716	13,838
TA YIH INDUSTRIAL CO., LTD.	-	152
FORTOP INDUSTRIAL CO., LTD.	401	297
Subtotal	12,117	14,287
Total	13,618	19,054
Less: allowance for doubtful accounts	(57)	(67)
Net	$13,561	$18,987

(4) Accounts receivables - related parties

	31 Dec. 2020	31 Dec. 2019
Joint Venture		
PT ASTRA JUOKU INDONESIA	$17,916	$11,144
VARROC TYC AUTO LAMPS CO., LTD.	26,769	15,328
Subtotal	44,685	26,472
Other related party		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	8,746	9,658
TA YIH INDUSTRIAL CO., LTD.	7,491	9,065
Other	2,507	1,966
Subtotal	18,744	20,689
Total	63,429	47,161
Less: allowance for doubtful accounts	(1,467)	(11,048)
Net	$61,962	$36,113

(5) Other receivables - related parties

	31 Dec. 2020	31 Dec. 2019
Joint Venture		
PT ASTRA JUOKU INDONESIA	$-	$29,458
Other	4,428	4,910
Subtotal	4,428	34,368
Associates	12	22
Other related party	142	246
Total	$4,582	$34,636

(6) Accounts payables - related parties

	31 Dec. 2020	31 Dec. 2019
Joint Venture	$121	$2,632
Associates		
I YUAN PRECISION INDUSTRIAL CO., LTD.	264,861	181,945
Other	2,170	3,499
Subtotal	267,031	185,444
Other related party		
FORTOP INDUSTRIAL CO., LTD.	302,845	270,610
Other	40,665	41,513
Subtotal	343,510	312,123
Total	$610,662	$500,199

(7) Key management personnel compensation

	2020	2019
Short-term employee benefits	$47,002	$49,655
Post-employment benefits	670	670
Total	$47,672	$50,325

VIII. ASSETS PLEDGED AS SECURITY

	Amount		
Item	31 Dec. 2020	31 Dec. 2019	Purpose of pledge
Property, plant and equipment-Buildings-Land	$356,797	$359,705	Bank borrowings
Property, plant and equipment-Buildings	874,343	912,782	Bank borrowings
Refundable deposits	29,472	29,472	Collateral for land lease
Inventories	1,371,621	1,817,035	Bank borrowings
Accounts receivable	1,021,166	1,378,183	Bank borrowings
Total	$3,653,399	$4,497,177	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

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

1. In order to assist the subsidiary T.I.T. INTERNATIONAL CO., LTD. in obtaining loan credit line, the Company issued a Stand-by L/C USD 2,000 thousand as a guarantee.

2. According to “The Regulations Governing the Establishment and Management of Bonded Warehouses”, the Company paid guarantee payable of bonded warehouse registration in the amount of NT$ 8,000 thousand.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

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

XII. OTHER

1. Categories of financial instruments

Financial Assets

	31 Dec. 2020	31 Dec. 2019
Financial assets at fair value through profit or loss：		
Mandatorily measured at fair value through profit or loss	$-	$410
Financial assets at fair value through other comprehensive income	191,736	141,783
Financial assets measured at amortized cost:		
Cash and cash equivalents (excludes cash on hand)	984,588	932,748
Financial assets measured at amortized cost	78,676	12,780
Notes receivables (related parties included)	35,977	45,822
Accounts receivables (related parties included)	2,512,717	2,908,331
Other receivable	115,455	171,610
Refundable deposits	50,887	48,989
Subtotal	3,778,300	4,120,280
Total	$3,970,036	$4,262,473

Financial Liabilities

	31 Dec. 2020	31 Dec. 2019
Financial liabilities at amortized cost:		
Short-term borrowings and short-term notes and bills payable	$1,229,994	$2,714,072
Payables	4,201,746	3,818,747
Long-term borrowings (current portion included)	6,008,299	5,334,394
Other long-term borrowings	1,999,439	1,998,616
Lease liabilities	1,776,011	1,981,248
Guarantee deposit (under the account of other non-current liabilities-others)	43,341	42,870
Subtotal	15,258,830	15,889,947
Financial liabilities at fair value through profit or loss:		
Held for trading	17,020	3,412
Total	$15,275,850	$15,893,359

2. Financial risk management objectives and policies

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

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

3. Market risk

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

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

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

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

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

a. When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2020 and 2019 decreases/increases by NT$47 thousand and NT$4,923 thousand, respectively.

b. When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2020 and 2019 decreases/increases by NT$4,564 thousand and NT$5,076 thousand, respectively.

Interest rate risk

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

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2020 and 2019 to increase/decrease by NT$5,999 thousand and NT$8,514 thousand, respectively.

Equity price risk

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

At the reporting date, a change of 10% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$110 thousand and NT$68 thousand on the equity attributable to the Group for years ended 31 December 2020 and 2019, respectively.

Please refer to Note 12(9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

4. Credit risk management

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

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

As of 31 December 2020 and 2019, accounts receivables from top ten customers represented 24.01% and 28.67% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

5. Liquidity risk management

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

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	3 to 4 years	> 5 years	Total
31 Dec. 2020					
Borrowings	$1,477,946	$6,202,065	$989,288	$786,366	$9,455,665
Payables	4,201,746	-	-	-	4,201,746
Lease liabilities(Note)	238,121	397,406	322,715	1,041,846	2,000,088
31 Dec. 2019					
Borrowings	$2,264,432	$3,288,135	$2,182,458	$2,132,716	$9,867,741
Short-term notes and bills payable	590,000	-	-	-	590,000
Payables	3,818,747	-	-	-	3,818,747
Lease liabilities(Note)	229,789	448,796	355,268	1,210,926	2,244,779

Note：Information about the maturities of lease liabilities is provided in the table below:

	Maturities			
	Less than 5 years	5 to 10 years	10 to 15 years	Total
31 Dec. 2020	$958,242	$438,370	$603,476	$2,000,088
31 Dec. 2019	$1,033,853	$555,828	$655,098	$2,244,779

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2020 and 2019:

	Short-term borrowings	Short-term notes and bills payable	Long-term Borrowings (Current portion included)	Other borrowings	Lease liabilities	Total liabilities from financing activities
1 Jan. 2020	$2,124,718	$589,354	$5,334,394	$1,998,616	$1,981,248	$12,028,330
Cash flows	(835,325)	(589,354)	678,619	823	(184,387)	(929,624)
Non-cash change	-	-	-	-	20,624	20,624
Foreign exchange movement	(59,399)	-	(4,714)	-	(41,474)	(105,587)
31 Dec. 2020	$1,229,994	$-	$6,008,299	$1,999,439	$1,776,011	$11,013,743

	Short-term borrowings	Short-term notes and bills payable	Long-term Borrowings (Current portion included)	Other borrowings	Lease liabilities	Total liabilities from financing activities
1 Jan. 2019	$1,637,215	$1,239,297	$5,130,808	$1,698,369	$1,940,387	$11,646,076
Cash flows	492,340	(649,943)	205,203	300,247	(169,018)	178,829
Non-cash change	-	-	-	-	225,388	225,388
Foreign exchange movement	(4,837)	-	(1,617)	-	(15,509)	(21,963)
31 Dec. 2019	$2,124,718	$589,354	$5,334,394	$1,998,616	$1,981,248	$12,028,330

7. Fair value of financial instruments

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

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

A. The carrying amount of cash and cash equivalents, trade receivables, refundable deposits, accounts payable, guarantee deposit and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities etc.) at the reporting date.

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

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

(2) Fair value of financial instruments measured at amortized cost
The book value of financial assets and liabilities at fair value through profit or loss approaches fair value.

(3) Fair value measurement hierarchy for financial instruments
Please refer to Note 12.(9) for fair value measurement hierarchy for financial instruments of the Group.

8. Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2020 and 2019 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items (by contract)	Notional Amount	Contract Period
As at 31 Dec. 2020		
Forward currency contract	Sell foreign currency EUR 1,000 thousand	From 30 Nov. 2020 to 25 Feb. 2021
As at 31 Dec. 2019		
Forward currency contract	Sell foreign currency EUR 3,000 thousand	From 31 Oct. 2019 to 7 Feb. 2020

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

Cross Currency Swaps Contract

Cross currency swaps contract is used to avoid exchange rate and interest rate risks, but these contracts were not designated as hedging instruments. The unexpired cross currency swaps contract that the Group did not apply hedging accounting are as follows:

31 December 2020：

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 4,000 thousand Exchange into NT$ 119,840 thousand	From 17 Apr. 2019 to 17 Apr. 2021	- 0.80%	0.81% -	From 10 Mar. 2020 to 10 Mar. 2021

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 2,000 thousand Exchange into NT$ 59,856 thousand	From 29 Nov. 2019 to 29 Nov. 2021	- 0.74%	0.85% -	From 13 Mar. 2020 to 4 Mar. 2021

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 3,000 thousand Exchange into NT$ 90,645 thousand	From 3 Jun. 2019 to 3 Jun. 2030	- 0.50%	0.75% -	From 20 Mar. 2020 to 17 Mar. 2021

31 December 2019：

Contract amount	Contract period	Interest rate paid	Charge interest rate	During the exchange
Swap out USD 4,000 thousand Exchange into NT$ 123,240 thousand	From 31 May. 2018 to 8 May. 2020	- 0.73%	2.43% -	From 26 Mar. 2019 to 26 Mar. 2020

The aforementioned derivatives transaction counterparties are well-known domestic and foreign banks with good credit, so the credit risk is not high.

9. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 - Unobservable inputs for the asset or liability

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

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

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

31 Dec. 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$109,721	-	$82,015	$191,736
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	917	-	917
Cross currency swaps contract	-	16,103	-	16,103

31 Dec. 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contracts	$-	$410	$-	$410
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	68,211	-	73,572	141,783
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	197	-	197
Cross currency swaps contract	-	3,215	-	3,215

Transfers between Level 1 and Level 2 during the period

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

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

	At fair value through other comprehensive income - stocks	At fair value through other comprehensive income - stocks
	2020	2019
Beginning balances	$73,572	$73,572
Total gains and losses recognized:		
Amount recognized in OCI(presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	8,443	-
Ending balances	$82,015	$73,572

Information on significant unobservable inputs to valuation

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

As at 31 December 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$8,894 thousand

As at 31 December 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Group's profit or loss by NT$7,973 thousand

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

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

10. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	31 Dec. 2020		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	$81,686	28.077249	$2,293,518
EUR	14,129	34.433169	486,506
CNY	32,833	4.294707	141,008
Financial Liabilities			
Monetary items:			
USD	81,851	28.077249	2,298,151
EUR	1,875	34.433169	64,562
CNY	25,439	4.294707	109,253

	31 Dec. 2019		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	$93,381	29.95314	$2,797,054
EUR	17,249	33.59164	579,422
CNY	35,002	4.29791	150,435
Financial Liabilities			
Monetary items:			
USD	90,806	29.95314	2,719,925
EUR	2,022	33.59164	67,922
CNY	26,811	4.29791	115,231

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2020 and 2019, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT$55,778 thousand, NT$55,673 thousand, respectively.

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

11. Capital management

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

12. Other

In order to facilitate the comparison of financial statements, some accounts of the previously prepared financial statements have been reclassified.

XIII. ADDITIONAL DISCLOSURES

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

(a) Financing provided to others for the year ended 31 December 2020: Please refer to Attachment 2.
(b) Endorsement/Guarantee provided to others for the year ended 31 December 2020: Please refer to Attachment 3.
(c) Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 4.
(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.
(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.
(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.
(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock f for the year ended 31 December 2020: Please refer to Attachment 5.
(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2020: Please refer to Attachment 6.
(i) Names, locations and related information of investees as of December 31, 2020(excluding investment in Mainland China): Please refer to Attachment 7.
(j) Financial instruments and derivative transactions: Please refer to Note6(2), Note6(13) and Note12(8).
(k) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 1.

(2) Investment in Mainland China:

(a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 8.
(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 2, Attachment 3 and Attachment 8.

(3) Information on major shareholders: Please refer to Attachment 9.

XIV. SEGMENT INFORMATION

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

Taiwan Market: Responsible for all orders and production of lamps and molds in Taiwan.
Asian Market: Responsible for all orders and sales of lamps and molds in Asia.
U.S. Market: Responsible for the order and sales of all lighting products in the Americas.
European Market: Responsible for the order and sales of all lighting products in Europe.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However income taxes are managed on a group basis and are not allocated to operating segments.

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

1. Segment information about profit and loss.

2020	Taiwan Market	Asian Market	U.S. Market	European Market	Adjustments and eliminations	Total
Revenue						
External customers	$5,612,982	$405,506	$6,446,110	$1,981,610	$-	$14,446,208
Inter-segment(Note)	5,829,073	476,539	-	-	(6,305,612)	-
Total revenue	$11,442,055	$882,045	$6,446,110	$1,981,610	$(6,305,612)	$14,446,208
Segment profit	$456,487	$10,690	$312,565	$70,327	$(442,168)	$407,901

	Taiwan Market	Asian Market	U.S. Market	European Market	Adjustments and eliminations	Total
Revenue						
External customers	$7,007,451	$525,955	$8,039,643	$1,966,871	$-	$17,539,920
Inter-segment(Note)	7,766,950	622,629	-	-	(8,389,579)	-
Total revenue	$14,774,401	$1,148,584	$8,039,643	$1,966,871	$(8,389,579)	$17,539,920
Segment profit	$1,102,290	$(91,289)	$245,490	$73,418	$(346,404)	$983,505

Note: Inter-segment revenue are eliminated on consolidation and recorded under the "adjustment and elimination" column.

1. Geographic information:

A. From external client revenue: based on the country of the customer

Country	2020	2019
Taiwan	$1,138,291	$1,284,219
China	307,498	323,670
Netherlands	2,007,306	1,967,451
America	6,717,146	8,306,795
Other	4,275,967	5,657,785
Total	$14,446,208	$17,539,920

B. Non-current assets:

Country	31 Dec. 2020	31 Dec. 2019
Taiwan	$9,814,927	$9,928,187
China	822,939	885,016
Others	935,064	1,179,052
Total	$11,572,930	$11,992,255

2. Product information:

Product	2020	2019
Automobile lights	$12,406,375	$14,265,771
General Merchandise	1,218,794	1,633,069
Models	108,798	502,875
Others	712,241	1,138,205
Total	$14,446,208	$17,539,920

3. Important client information:

	2020	2019
Client A	$1,741,506	$2,882,876

Attachment 1: Significant intercompany transactions between consolidated entities

No.(Note 1)	Related-party	Counter party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Collection periods	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	The Company	JUOKU TECHNOLOGY	1	Purchase	$109,751	credit on 90 days	0.76%
0	The Company	JUOKU TECHNOLOGY	1	Accounts payables	114,074	credit on 90 days	0.50%
0	The Company	JUOKU TECHNOLOGY	1	Mold equipment	85,136	60% advance prepaid,and the balance 40% will be paid after acceptance	0.37%
0	The Company	DBM	1	Mold equipment	49,221	60% advance prepaid,and the balance 40% will be paid after acceptance	0.22%
0	The Company	JING TAI (Note 4)	1	Purchase	134,555	credit on 20 days	0.93%
0	The Company	T.I.T.	1	Purchase	210,520	credit on 60 days	1.46%
0	The Company	T.I.T.	1	Accounts payables	58,363	credit on 60 days	0.26%
0	The Company	T.I.T.	1	Sales	75,507	T/T150 days	0.52%
0	The Company	T.I.T.	1	Accounts receivables	31,016	T/T150 days	0.14%
0	The Company	EUROPE	1	Sales	1,518,614	T/T120 days	10.51%
0	The Company	EUROPE	1	Accounts receivables	320,396	T/T120 days	1.41%
0	The Company	TAMAO PRECISION	1	Accounts payables	33,652	credit on 90 days	0.15%
0	The Company	TAMAO PRECISION	1	Mold equipment	379,850	60% advance prepaid,and the balance 40% will be paid after acceptance	1.67%
0	The Company	GENERA	1	Sales	3,561,717	T/T135 days	24.66%
0	The Company	GENERA	1	Accounts receivables	1,664,485	T/T135 days	7.32%
0	The Company	KUN SHAN TYC	1	Sales	134,198	T/T120 days	0.93%
0	The Company	KUN SHAN TYC	1	Accounts receivables	169,153	T/T120 days	0.74%
0	The Company	KUN SHAN TYC	1	Purchase	36,412	credit on 90 days	0.25%
1	SUPRA-ATOMIC	KUN SHAN TYC	3	Other receivables	25,587 (USD900)	Financing	0.11%
2	JUOKU	JING TAI (Note 4)	3	Purchase	64,124	T/T60 days	0.44%

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

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

(Note 2)Transactions are categorized as follows:

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

(Note 3)The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.
For profit or loss items, interim cumulative balances are used as basis.

(Note 4)The subsidiary of the Company: JING TAI merged with JUOKU TECHNOLOGY via short-form merger as of 30 September 2020. JUOKU TECHNOLOGY is the surviving company.

(Note 5)The exchange rate of the USD to the NTD is 1: 28.43.

Attachment 2: Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period (Note 7)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party (Note 2)	Limit of total financing amount (Note 3)	Note
													Item	Value			
0	SUPRA-ATOMIC	KUN SHAN TYC	Other receivables	Y	$25,587 (USD900)	$25,587 (USD900)	$25,587 (USD900)	2.70%	2	$-	Need for operating	$-	-	$-	$1,456,014	$1,456,014	(Note 8)
0	JUOKU TECHNOLOGY	PT ASTRA JUOKU INDONESIA	Other receivables	Y	25,500 (IDR 15,000,000)	-	-	-	2	-	Need for operating	-	-	-	$65,485	$130,969	-
1	JUOKU TECHNOLOGY	JING TAI	Other receivables	Y	$29,600	-	-	-	2	-	Need for operating	-	-	-	$65,485	$130,969	(Note 9)

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

(1) The Company is coded "0".

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

(Note 2) Limit of financing amount for individual counterparty:

(1) Business contacts: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net asste's value and the amount needed for operation. The amount of operation is the amount of business transaction in recent year between the lender and the counterparty

(2) Necessary of need for operating：Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

(3) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 20% of the lender's net assets value as of the period, but is limited to 100% of total assets.

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

(1) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 40% of the lender's net asset of thef period, but is limited to 100% total assets.

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

(1) Business contacts is coded "1".

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

(Note 5) If financing provided to others is coded "1" , the amount of business transactions should be filled in. The amount of operation is the amount of business transaction in recent year between lender and the counterparty.

(Note 6) If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and counterparty shall be specified, such as repayment, purchasing equipments, necesarry for operating, etc.

(Note 7) The balance of which is the maximum balance of financing provided to others in the current year.

(Note 8) The above transactions made between consolidated entities in the Group have been eliminated.

(Note 9) The subsidiary of the Company JING TAI merged with JUOKU TECHNOLOGY via short-form merger as of 30 September 2020. JUOKU TECHNOLOGY is the surviving company.

(Note 10) The exchange rate of the USD to the NTD is 1:28.43.

The exchange rate of the IDR to the NTD is 1:0.0017.

Attachment 3: Endorsement/Guarantee provided to others

No. (Note1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 5)	Ending balance (Note 6)	Actual amount provided (Note7)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China	Note
		Company name	Releationship (Note 2)											
0	The Company	KUN SHAN TYC	(2)	$1,284,990	$454,880 (USD 16,000)	$398,020 (USD 14,000)	$398,020 (USD 14,000)	-	6.19%	$2,569,979	Y	N	Y	(Note 8)
0	The Company	T.I.T.	(2)	1,284,990	142,150 (USD 5,000)	142,150 (USD 5,000)	142,150 (USD 5,000)	-	2.21%	2,569,979	Y	N	N	(Note 8)
0	The Company	JUOKU TECHNOLOGY	(2)	1,284,990	900,000	900,000	400,000	-	14.01%	2,569,979	Y	N	N	(Note 8)

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

(1) The Company is coded "0".

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

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

(1) A company with which it does business.

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

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

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

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

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

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

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

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

(Note 5) The balance of which is the maximum balance of endorsement/guarantee provided to others in the current year.

(Note 6) The amount the Company and its subsidiaries approved through the board of directors for the endorsements for others.

(Note 7) The actual amount drawn within endorsement balance by the endorsed company.

(Note 8) The above transactions made between consolidated entities in the Group have been eliminated.

(Note 9) The exchange rate of USD to NTD is 1:28.43.

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

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 31 December 2020				Note
				Shares(per)	Book value	Percentage of ownership (%)	Fair value (Note2)	
The Company	Unlisted stock-FORTOP INDUSTRIAL CO.,LTD	The parent company is its corporate director	Financial assets measured at fair value through other comprehensive gains and losses, non-current	391,722	$43,157	19.59%	$43,157	No guarantee or pledge
	Unlisted stock-BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The parent company is its corporate director	Financial assets measured at fair value through other comprehensive gains and losses, non-current	360,000	13,327	18.00%	13,327	No guarantee or pledge
	Unlisted stock-WK Technology Fund IV Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	681,866	4,491	1.60%	4,491	No guarantee or pledge
	Unlisted stock-WK Technology Fund Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	84,378	1,099	0.42%	1,099	No guarantee or pledge
	Unlisted stock- WK Technology Fund V Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	867,000	3,228	1.67%	3,228	No guarantee or pledge
	Unlisted stock-WK Technology Fund VI Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	578,000	2,209	1.14%	2,209	No guarantee or pledge
	Listed stock-LASTER TECHCO., LTD	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	331,572	16,264	0.41%	16,264	No guarantee or pledge
JUOKU TECHNOLOGY	Unlisted stock-WK Technology Fund VI Ltd.	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses, non-current	289,000	2,486	0.57%	2,486	No guarantee or pledge
TSM	Fuzhou Ching Ho Automobile Accessory Co., Ltd.	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses, non-current	-	8,010	3.73%	8,010	No guarantee or pledge
TI YUAN	Unlisted stock- WK Technology Fund VII Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	448,000	3,652	1.06%	3,652	No guarantee or pledge
	Listed stock-I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Investment accounting for using equity method	900,914	38,152	2.51%	-	No guarantee or pledge(Note 2)
TI FU	Listed stock-T.Y.C. BROTHER INDUSTRIAL CO., LTD.	Holding company's parent company	Financial assets measured at fair value through other comprehensive gains and losses, non-current	939,707	22,177	-	22,177	No guarantee or pledge(Note 3)
	Listed stock-EMERGING DISPLAY TECHNOLOGIES CORP.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	56,406	1,086	0.03%	1,086	No guarantee or pledge
	Unlisted stock-WK Technology Fund V Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	433,500	266	0.83%	266	No guarantee or pledge
	Unlisted stock-WK Technology Fund VI Ltd.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	144,500	90	0.29%	90	No guarantee or pledge
	Listed stock-LASTER TECH CO., LTD.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	1,883,216	92,371	2.35%	92,371	No guarantee or pledge

(Note 1)Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.
(Note 2)The investment was accounted for using the equity method in the consolidated financial statement.
(Note 3)The above transactions made between consolidated entities in the Group have been eliminated.

Attachment 5: Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December 2020

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	GENERA	Subsidiary of the Company	Sales	$3,561,717	37.92%	T/T 135 days	The price is determined according to the US OEM price ×0.24 as the reference price	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivable $1,664,485	52.60%	(Note 1)
	TYC EUROPE	Subsidiary of the Company	Sales	1,518,614	16.17%	T/T 120 days	A single manufacturer and no other manufacturers to compare	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivable 320,396	10.13%	(Note 1)
	KUN SHAN TYC	Subsidiary of the Company	Sales	134,198	1.43%	T/T 120 days	comparable to general customers		Accounts receivable 169,153	5.35%	(Note 1)
	JUOKU TECHNOLOGY	Subsidiary of the Company	Purchases	109,751	1.75%	credit on 90 days	comparable to general customers		Accounts payable 114,074	4.16%	(Note 1)
	JING TAI	Subsidiary of the Company	Purchases	134,555	2.15%	credit on 90 days	comparable to general customers		Accounts payable -	-	(Note 1)、(Note 2)
	T.I.T.	Subsidiary of the Company	Purchases	210,520	3.36%	credit on 60 days	comparable to general customers		Accounts payable 58,363	2.13%	(Note 1)
	FORTOP INDUSTRIAL CO.,LTD	The Company is its corporate director	Purchases	716,526	11.45%	credit on 90 days	comparable to general customers		Accounts payable 292,804	10.68%	-
	I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Purchases	527,904	8.44%	credit on 90 days	comparable to general customers		Accounts payable 250,946	9.15%	-
	BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related parties of the Company	Purchases	174,664	2.79%	credit on 20 days	comparable to general customers		Accounts payable 16,246	0.59%	-
JING TAI	The Company	Holding company's parent company	Sales	134,842	65.54%	After arrival T/T 90 days	N/A		Accounts receivable $-	-	(Note 1)、(Note 2)
JUOKU TECHNOLOGY	The Company	Holding company's parent company	Sales	332,555	19.45%	After arrival T/T 90 days	N/A		Accounts receivable 120,150	30.41%	(Note 1)
T.I.T.	The Company	Holding company's parent company	Sales	205,102 (THB 219,220)	56.38%	After acceptance T/T 90 days	N/A		Accounts receivable 64,091 (THB 68,503)	56.53%	(Note 1)
TAMAO PRECISION	The Company	Holding company's parent company	Sales	225,933 (USD 7,947)	87.93%	After acceptance T/T 90 days	N/A		Accounts receivable 137,089 (USD 4,822)	80.26%	(Note 1)
KUN SHAN TYC	The Company	Holding company's parent company	Purchases	$138,851 (CNY 31,905)	60.32%	After acceptance T/T 120 days	N/A		Accounts payable 165,367 (CNY 37,998)	86.95%	(Note 1)
GENERA	The Company	Holding company's parent company	Purchases	3,214,414 (USD 113,064)	76.51%	After acceptance T/T 135 days	N/A		Accounts payable 1,585,172 (USD 55,757)	84.07%	(Note 1)
TYC EUROPE	The Company	Holding company's parent company	Purchases	1,604,471 (EUR 46,079)	100.00%	After acceptance T/T 120 days	N/A		Accounts payable 267,905 (EUR 7,694)	100.00%	(Note 1)

(Note 1) The above transations made between consolidated entities in the Group have been eliminated.

(Note 2) The subsidiary of the Company JING TAI merged with JUOKU TECHNOLOGY via short-form merger as of 30 September 2020. JUOKU TECHNOLOGY is the surviving company.

(Note 3) The exchange rate of USD to NTD is 1:28.43.
The exchange rate of EUR to NTD is 1:34.82.
The exchange rate of THB to NTD is 1:0.9356.
The exchange rate of CNY to NTD is 1:4.352.

Attachment 6: Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2020

Related party	Counterparty	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Processing method			
The Company	GENERA	Subsidiary of the Company	$1,664,485	2.01	$30,128	Collection has been strengthened	$732,080	$-	(Note 1)
	TYC EUROPE	Subsidiary of the Company	320,395	4.24	-	-	254,999	-	(Note 1)
	KUN SHAN TYC	Subsidiary of the Company	169,153	1.01	117,616	Collection has been strengthened	25,581	-	(Note 1)
TAMAO PRECISION	The Company	Holding company's parent company	138,795 (USD 4,882)	1.80	109,342 (USD 3,846)	Collection has been strengthened	51,316 (USD 1,805)	-	(Note 1)
JUOKU TECHNOLOGY	The Company	Holding company's parent company	120,150	2.13	23,771	Collection has been strengthened	38,922	-	(Note 1)

(Note 1)The above transactions made between consolidated entities in the Group have been eliminated.

(Note 2)The exchange rate of the USD to the NTD is 1:28.43

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2020: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2020			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
The Company	JUOKU TECHNOLOGY	No. 25, Gongye 3rd Rd., Annan Dist., Tainan City	Manufacturing, and sale of automobile parts	$313,730	$313,730	27,923,401	72.10%	$189,474	$6,728	$4,851	(Note4)
	TI YUAN	2F., No. 9, Ln. 681, Gongyuan Rd., North Dist., Tainan City	Marketable securities trading business	30,053	30,053	5,731	100.00%	51,690	2,556	2,556	(Note4)
	TI FU	2F., No. 9, Ln. 681, Gongyuan Rd., North Dist., Tainan City	Marketable securities trading business	30,076	30,076	12,000	100.00%	183,648 (Note 3)	22,953	22,953	(Note4)
	TAMAU MANAGEMENT	18F., No. 573, Qingping Rd., Anping Dist., Tainan City	Management consult	1,000	1,000	260,000	100.00%	4,835	694	694	(Note4)
	SUPRA-ATOMIC	British Virgin Islands	Reinvestment holding activities	2,836,371 (Note 5)	2,883,163	66,532,450	100.00%	1,131,620	(69,479)	(69,479)	(Note4)
	BESTE	British Virgin Islands	Reinvestment holding activities	322,939	322,939	12,072,000	100.00%	1,365,086	116,301	116,301	(Note4)
	CONTEK	British Virgin Islands	Reinvestment holding activities	66,512	54,460	2,186,000	100.00%	60,665	(3,205)	(3,205)	(Note4)
	I YUAN PRECISION INDUSTRIAL CO., LTD	No. 25, Zhongxing S. St., Sanchong Dist., New Taipei City	Manufacturing, processing and sale of automobile parts	126,907	126,907	5,617,854	15.66%	200,542	72,031	13,088	The Company measured at fair value for using equity method.
	INNOVA	Delaware, U.S.A	Reinvestment holding activities	745,370	745,370	5,549	100.00%	1,111,681	200,246	200,246	(Note4)
	TYCVN	Vietnam	Manufacture and sale automobile lights	88,740	-	-	60.00%	85,191	971	583	(Note4)

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2020, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2020: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment (Note1)		Investment as of 31 December 2020			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
JUOKU TECHNOLOGY	TSM	British Virgin Islands	Reinvestment holding activities	$10,122	$10,122	300,000	100.00%	$9,285	($71)	($71)	(Note4)
	PT ASTRA JUOKU INDONESIA	Indonesia	Manufacture and sale automobile lights	276,640	276,640	1,126,500	50.00%	162,522	(42,010)	(21,005)	-
	JING TAI	No. 1, Xinle Rd., Tainan City	Manufacturing, and sale of automobile parts	-	200,000	-	-	-	(28,437)	(28,437)	(Note4)、(Note 6)
TI FU	DBM	No. 54, Xinle Rd., Tainan City	Manufacture tooling mold and international trading business	25,500	25,500	8,750,000	50.00%	131,798	43,621	21,810	(Note4)
SUPRA-ATOMIC	EUROPILOT	British Virgin Islands	Reinvestment holding activities	408,255 (USD 14,360)	408,255 (USD 14,360)	14,359,821	100.00%	491,727	50,706	50,706	(Note4)
	MOTOR-CURIO	British Virgin Islands	Reinvestment holding activities	53,818 (USD 1,893)	53,818 (USD 1,893)	1,893,400	100.00%	147,369	21,423	21,423	(Note4)
	SPARKING	British Virgin Islands	Reinvestment holding activities	1,021,092 (USD 35,916)	1,021,092 (USD 35,916)	30,915,717	100.00%	325,977	(111,011)	(111,011)	(Note4)
	EUROLITE	British Virgin Islands	Reinvestment holding activities	590,150 (USD 20,758)	590,150 (USD 20,758)	14,697,972	100.00%	158,555	(25,474)	(25,474)	(Note4)
	UNIMOTOR	British Virgin Islands	Reinvestment holding activities	195,797 (USD 6,887)	195,797 (USD 6,887)	6,887,000	100.00%	306,272	(1,741)	(1,741)	(Note4)
EUROPILOT	TYC EUROPE	Henery Moorest roat 25 1328 LS Almere HOLLAND	Sale automobile lights	408,255 (USD 14,360)	408,255 (USD 14,360)	120,000	100.00%	491,722	50,706	50,706	(Note4)
EUROLITE	T.I.T.	350/132 Srikrung House Rama 3 Road Chongnonsi Yannawa Bangkok, Thailand	Manufacture and sale of lighting fixtures and daily-use product for automobile	590,150 (USD 20,758)	590,150 (USD 20,758)	4,994,900	99.98%	158,497	(25,476)	(25,471)	(Note4)
BESTE	VARROC TYC CORPORATION	British Virgin Islands	Reinvestment holding activities	400,067 (USD 14,072)	400,067 (USD 14,072)	14,072,000	50.00%	1,365,061	232,608	116,304	-
CONTEK	ATECH INTERNATIONAL CO., LTD.	British Virgin Islands	Reinvestment holding activities	63,968 (USD 2,250)	49,753 (USD 1,750)	2,250,000	25.00%	58,817	(11,951)	(2,988)	-
INNOVA	GENERA	State of California, U.S.A.	Sale of automobile lights and parts	352,219 (USD 12,389)	352,219 (USD 12,389)	12,388,505	100.00%	1,422,012 (USD 50,018)	197,475 (USD 6,946)	197,475 (USD 6,946)	(Note4)
	W&W	State of California, U.S.A.	Sale of and rental of real estate	28,430 (USD 1,000)	28,430 (USD 1,000)	1,000,000	100.00%	82,475 (USD 2,901)	7,193 (USD 253)	7,193 (USD 253)	(Note4)

(Note 1)The book value of the investment using the equity method is the net amount after deducting the unrealized gains and losses of downstream transactions

(Note 2)The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees.

The groups recognized I YUAN PRECISION INDUSTRIAL CO., LTD at 18.17% investment gains and losses.

(Note 3)The company treats shares of the Company that the subsidiaries hold as treasury stocks.

The book value of the investment using the equity method is the net amount after deducting the treasury stocks.

(Note 4)The above transactions made between consolidated entities in the Group have been eliminated.

(Note 5)SUPRA-ATOMIC CO., LTD. applied for a capital reduction on 15 January, 2020 and returned the share price of NT$46,792 thousand.

(Note 6)The subsidiary of the Company JING TAI merged with JUOKU TECHNOLOGY via short-form merger as of 30 September 2020. JUOKU TECHNOLOGY is the surviving company.

(Note 7)The exchange rate of USD to NTD is 1:28.43.

Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of 1 January 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 Decembe 2020	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 December 2020	Accumulated Inward Remittance of Earnings as of 31 December 2020
					Outflow	Inflow						
VARROC TYC AUTO LAMPS CO.,LTD.	Manufacture automobile lights	$767,610 (USD 27,000)	(1)VARROC TYC CORPORATION	$383,805 (USD 13,500)	$-	$-	$383,805 (USD 13,500)	$227,108	50%	$113,554	$2,730,020	$448,538
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD. (Note 3)	Manufacture and sale of precision molds	183,857 (USD6,467)	(1)UNIMOTOR	183,857 (USD6,467)	-	-	183,857 (USD6,467)	(1,732)	100%	(1,732)	306,097	-
HANGZHOU SUNNYTECH CO., LTD.	Industrial styling and product design	8,138 (CNY 1,870)	(1)SPARKING	4,719 (USD 166)	-	-	4,719 (USD 166)	(6,532)	30%	(1,960)	11,837	-
JNS AUTO PARTS LIMITED	Manufacture automobile parts	284,300 (USD 10,000)	(1)MOTOR-CURIO	56,860 (USD 2,000)	-	-	56,860 (USD 2,000)	117,143	20%	23,429	142,264	-
KUN SHAN TYC HIGH PERFORMANCE (Note 3)	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	852,900 (USD30,000)	(1)SPARKING	995,050 (USD 35,000)	-	-	995,050 (USD 35,000)	(110,366)	100%	(110,366)	314,139	-
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	Design amd manufacture high-efficiency energy-saving lamps	12,794 (USD 450)	(2)TAMAO PRECISION	-	-	-	-	-	30%	-	-	-
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD.	Manufacture automobile parts	178,256 (USD 6,270)	(1)ATECH INTERNATIONAL CO., LTD.	49,753 (USD 1,750)	-	-	49,753 (USD 1,750)	(11,571) (USD (407))	25%	(2,900) (USD (102))	85,091 (USD 2,993)	-
ATECH(JIANGSU) INDUSTRIAL TECHNOLOGY CO., LTD.	Manufacture automobile parts	42,645 (USD 1,500)	(1)ATECH INTERNATIONAL CO., LTD.	-	14,525 (USD 500)	-	14,525 (USD 500)	57 (USD 2)	25%	28 (USD 1)	44,863 (USD 1,578)	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$1,688,259 (USD 59,383)	$1,973,923 (USD 69,431)	(Note 4)

(Note 1)Methods of investment are divided into three:

(1)Indirectly investment in Mainland China through companies registered in a third region

(2)Reinvest with Mainland China company's own funds.

(3)Other

(Note 2)The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees.

(Note 3)The above transactions made between consolidated entities in the Group have been eliminated.

(Note 4)According to 97.8.22 “Regulations Governing Permission for Investment or Technical Cooperation in Mainland China" and the amendment to “Review Principles of Investment or Technical Cooperation in Mainland china", the cumulative amount of investors' investment in Mainland China according to the upper limit set for other enterprises: 60% of its net value or the consolidated net value, whichever is higher. However, enterprises for which the Industrial Development Bureau of the Ministry of Economic Affairs issued the certificate of compliance or the Taiwan subsidiaries of international enterprises shall not be subject to the restriction. The Company qualifies as business headquarters therefore the upper limit does not apply.

(Note 5)The exchange rate of the USD to the NTD is 1:28.43

The exchange rate of the CNY to the NTD is 1:4.352.

Attachment 9:Information on major shareholders

Name of ordinary shares / Name of major shareholders	Number of shares held	Percentage of ownership
TA YIH TA INVESTMENT CO., LTD.	110,939,175	35.45%

(Note 1) The main shareholder information in this table is calculated based on the information available from the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter.The total number of ordinary shares and special shares held by the shareholders which have completed the dematerialized delivery and registration of the shares of the Company (including treasury shares) is more than 5%.

The share capital recorded in the Company's financial report and the number of shares actually delivered by the Company with dematerialized registration may differ because the calculation bases were different.

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