Stock Code：1522

T.Y.C. BROTHER IND. CO., LTD.

2020 Annual Report

Date of Publication: May 31, 2021

T.Y.C. annual report is available at：http://mops.twse.com.tw

Company website：http://www.tyc.com.tw

1. Spokesman:
   1.1 Name : WENG,YI-FENG
   1.2 Title: Deputy General Manager, Finance Division
   1.3 Tel: (06) 265 8781
   1.4 E-mail: tyc2524@tyc.com.tw

2. Deputy Spokesperson：
   2.1 Name：HUANG,CHIN-YUEH
   2.2 Title：Executive Assistant to the Chairman
   2.3 Tel：(06)2658781
   2.4 E-mail：nancy_huang@tyc.com.tw

3. Head office and Branch office：

	Address	Tel
Head office	72-2 Shin-leh Rd., Tainan	(06)2658781
Branch factory	377 Sec.2 Bentian Rd., Tainan	(06)3841888

4. Stock Transfer Agent：
   4.1 Name：Capital Securities Corporation.
   4.2 Address：RF 2nd, 97, Sec. 2, Dunhua South Rd., Taipei
   4.3 Web site：http://www.capital.com.tw
   4.4 Tel：(02)27023999

5. Certified Public Accountants for Financial Statements：
   ERNST & YOUNG, TAIWAN
   5.1 Name of Accountants：HUANG, SHIH-CHIEH、LEE,FANG-WEN
   5.2 Address： 5F, No. 189, Sec. 1, Yongfu Rd., West Central Dist.
   Tainan City 700019, Taiwan (R.O.C.)
   5.3 Web site：http://www.ey.com
   5.4 Tel：(06)2925888

6. Name of overseas marketable securities trading exchange and inquiry method: None

7. Company Website：http：// www.tyc.com.tw

Contents

I.Letter to Shareholders

1.**Operating Performance in 2020**：

(1) Consolidated financial results：

In the past year, TYC's operating revenue reached NTD14,446,208 thousand dollars, a 17.64% decline from the net operating revenue of NTD17,539,920 thousand dollars for the same period in 2019, with a gross profit on sales of $2,857,442 thousand dollars and a net profit before tax of $407,901 thousand dollars , thanks to the concerted efforts of all our employees.

Unit: (In Thousand NTD)

Item	2019 Performance	2020 Performance	Growth Rate %
Operating income	17,539,920	14,446,208	-17.64%
Operating Costs	13,377,187	11,588,766	-13.37%
Gross profit	4,162,733	2,857,442	-31.36%
Operating Expenses	3,106,929	2,590,956	-16.61%
Operating Benefit	1,055,804	266,486	-74.76%
Non-operating income and expenses	-72,299	141,415	-295.60%
Net income before tax	983,505	407,901	-58.53%
Income tax	271,585	121,214	-55.37%
Net income after tax	711,920	286,687	-59.73%

(2) Budget implementation：Undisclosed financial forecast for 2020.

(3) Financial Revenue and Expenditure & Profitability analysis：

Item \ Year			2019	2020
Financial structure (%)	Debt to asset ratio		70.94%	70.52%
	Long term capital to fixed assets ratio		195.53%	197.41%
Profitability (%)	Return on assets (%)		3.73%	1.73%
	Return on equity (%)		10.56%	4.23%
	Paid-in capital ratio (%)	Operating income	33.74%	8.52%
		Profit before tax	31.43%	13.04%
	Net profit ratio		4.06%	1.98%
	Earnings per share (in NT$)		2.23	0.84

(4) Research and development status：

A. R&D expenses for the Past Two Years

(a) Research and development expenses in 2019 were 488,073 thousand dollars, accounting for 2.78% of the operating income of 2019

(b) Research and development expenses in 2020 were 425,047 thousand dollars, accounting for 2.94% of the operating income of 2020.

B.Successful R&D projects：

(a) Radar Blind Spot Warning System Tail Light.

(b) LED headlights with Heavy locomotive ADB function.

(c) LED ADB car headlight with CAN BUS communication full function.

2.Overview of Business Plan for 2021：

(1) Operating principle

A.Continue to pass product certification and expand the performance of the relevant product group to enhance turnover and profit.

B.Actively invest in the development of electronic and electronic control technologies for smart lighting to ensure technological leadership of our products.

C.Utilize internal and external resources to make the cost and quality of products more competitive.

D.Speed up the development of new products and shorten the time to market effectively in order to obtain the first market opportunity.

(2) Expected sales volume and its basis：

A.Expected sales volume：Both AM and OEM sales are expected to grow in 2021 compared to 2020, but are subject to change depending on the global COVID-19 development.

B.Sales basis：Planning based on estimated domestic and international market demand.

(3) Important Production and Marketing Policies：

A. Eliminate internal waste and continuously improve to strengthen operating quality and market price competitiveness.

B. Continue to build manpower-savings and automated production systems to improve production efficiency and move towards intelligent chemical plants.

C. Effective management of expenditure of fixed assets, reduce the fixed cost allocationand promote the flexible use of funds.

D.Through the analysis of production and sales data, we can accurately predict the seasonal demand of the market and provide customers with more timely delivery requirements.

3. The future development strategy of the company is affected by the external competitive environment, regulatory environment and overall business environment：

Due to the impact of COVID-19 last year, the global automotive market showed a recession, resulting in low revenue for OEM parts manufacturers, while the aftermarket demand showed a U-shaped trend, i.e., normal revenue in Q1, a significant decline in Q2 and Q3, and a recovery in Q4, which has continued into the first half of this year. In addition, thanks to a significant increase in the number of CAPA new products and their product group certification groups in North America last year, the proportion of CAPA product revenue will also show significant growth this year. As for the European and general regional markets, they will continue to increase the product group and enhance the price competitiveness of products, in order to ensure that it meets its revenue targets this year.

We would like to thank all the shareholders for taking the time to attend the shareholders' meeting, and we are sure that all of us will do our best to make the company better and more progressive every year to meet the expectations of all shareholders.

Chairman：WU, CHUN-CHI

Manager：CHEN , CHIN-CHAO

II.Company Profile

1.**Date of Incorporation**：September 9, 1986

2、**Company History**：

(1) Status of acquisitions in the past year and as of the date of publication of the annual report: None.
(2) Status of re-investments in affiliated companies in the past year and as of the date of publication of the annual report.：Refer to page 297.
(3) Status of reorganisation in the past year and as of the date of publication of the annual report：None.
(4) Particulars about changes in shareholding and equity pledge of directors, supervisors and shareholders holding more than 10% of the company's shares in the past year and as of the date of publication of the annual report : None.
(5) Changes in operating rights, significant changes in the manner of operation or business content and other events of sufficient importance to affect shareholders' equity and their impact on the Company in the past year and as of the date of publication of the annual report : None.
(6) Other information：

1986	T.Y.C. Brother Ind. Co., Ltd. was established on September 9, with a capital of NT$6 million. Business: Manufacture and sale of automotive lamps and parts.
1987	The new construction of the office and factory was completed in April, and the production operation was officially moved to 72-2, Xinle Rd., An-Ping Industrial Park.
1987	Capital increased to NT$36 million in October and 150 employees.
1988	Capital increased to NT$100 million in June.
1988	Purchased an office building on the 12th floor of No. 76 Songjiang Road in Taipei in December and set up the Taipei office.
1989	Purchased a factory site on Xin-Yi Road in An-Ping Industrial Park in January and established the second factory of TYC (Xin-Yi Factory) to engage in plastic injection and extrusion molding operations.
1989	Capital increased to NT$170 million in March and 200 employees.
1989	Capital increased to NT$420 million in December.
1990	Acquired TKK TECH CO., LTD. in January and established Anshun factory to produce electric jack, air filter, car waxer, air compressor and car department etc.
1990	Capital of NT$420 million, 300 employees and investment in BRICH PARTS PTE. LTD. The company serves as a base for entering the Middle East, Southeast Asia, and China markets, and its main business is import trading.
1991	The quality of the lamp passed the TUV certification and reached the ECE standard, and entered the European common market.
1991	Self-designed and developed the light of KYMCO Jockey 125 and joined the OEM of Kwang Yang Motor Co., Ltd.
1991	March investment in TYC INDUSTRIAL U.S.A. The company's main business is import/export trading, as an entry point into the American market (renamed GENERA CORPORATION four years later).
1993	Founded Juoku Technology in January, engaged in the design, development and manufacture of high-tech molds.

1993 Passed ISO 9002 certification in June, and expanding into European markets aggressively

1995 The Securities Commission of the Ministry of Finance approved a supplemental public offering in March with a capital of NT$420 million.

1995 Established the Daimao lamp factory in Changzhou, China in March.

1995 June capital increased to NT$478.8 million.

1995 September investment in INNOVA HOLDING CORP. 100% reinvestment in LANDFORCE CORPRATION as a point of entry into the US East market.

1996 July capital increase of NT$605 million.

1997 Capital increased to NT$726 million in May and was listed on the stock exchange on October 6.

1998 The capital increase in July was NT$1,143,800,000 and the company passed the QS9000 certification for the three major U.S. car manufacturers in December.

1999 The capital increase in July was NT$1,372,560,000 and we invested and established T.I.T INTERNATIONAL CO., LTD in December in Thailand, which is engaged in the manufacture of car lights.

2000 Established a joint venture with DBM Canada in January to manufacture full-stage electroforming dies in Taiwan.

2000 The capital increase in July was NT$1,647,072,000.

2000 Signed a contract with Nationwide, which is the third largest insurance company in the United States, in September and was selected as the world's only certified automotive lamp supplier.

2001 Invested and established Thailand TIT INDUSTRIAL LO., LTD in March

2001 The capital increase in June was NT$1,696,484,000.

2001 Established Changzhou Damao Precision Mould Factory in August.

2002 The capital increase in June was NT$1,832,203,000.

2002 Approved to set up operational headquarters in Tainan Technology Park.

2003 ISO14001 certification in July.

2003 The capital increase in July was NT$1,923,813,050.

2003 TS-16949 certified in October.

2004 Invested in Changchun FAW's Sihua Lighting Plant in February.

2004 First domestic convertible bond issue approved in June for NT$1 billion.

2004 Established a joint venture with IC AUTO COMP. in June to establish a sales and distribution warehouse in Europe and Spain.

2004 The capital increase in August was NT$2,164,289,680.

2004 The European Lithuanian lamp assembly line was set up in September.

2004 Convertible bonds converted to NT$1,880,430 in October and increased capital to NT$ 2,166,170,110.

2005 Selected as one of the top 20 best brands in Taiwan.

2005 Officially joined the CAPA organization of the American Insurance System in July. The first set of lamps was certified for the market in September and received the CAPA certificate of compliance.

2005 Passed FORD Q1 quality certification in August.

2005 The capital increase in September was NT$2,426,110,520.

2005 Convertible bonds converted to NT$23,507,230 in December and increased capital to NT$ 2,449,617,750.

2006 Received Q1 Quality Award Certificate in March.

2006 Convertible bonds converted to NT$1,081,310 in April and increased capital to NT$ 2,450,699,060.

2006 Convertible bonds converted to NT$35,683,980 in July and increased capital to NT$ 2,486,383,040.

2006 Convertible bonds converted to NT$4,231,280 in December and increased capital to NT$ 2,490,614,320.
2007 Convertible bonds converted to NT$94,020 in April and increased capital to NT$ 2,490,708,340.
2007 Signed technical support contract with TAFACO Vietnam in May.
2007 The capital increase in September was NT$2,528,068,960.
2007 IRAM Argentina certification in October.
2007 Convertible bonds converted to NT$82,613,610 in October and increased capital to NT$ 2,610,682,570.
2007 Convertible bonds converted to NT$7,105,260 in December and increased capital to NT$ 2,617,787,830.
2008 Convertible bonds converted to NT$58,797,390 in April and increased capital to NT$2,676,585,220.
2008 Officially joined the LKQ/KEYSTONE AQRP system in May and the first set of lights were certified and launched in December.
2008 Convertible bonds were converted to NT$95,370 in July and capital increased to NT$2,676,680,590.
2008 Approved the execution of the first buyback of 6,103,000 shares of the company in September.
2008 The capital increase from the November earnings was NT$2,783,217,540.
2008 The treasury stock was cancelled in December, amounting to NT$61,030,000, resulting in a capital reduction of NT$2,722,187,540.
2008 Approved the execution of the second buyback of 3,300,000 shares of the company in December.
2009 The HID high efficiency street light was officially launched in January.
2009 The capital increase in October was NT$2,802,863,160.
2010 SABA South Africa certificate obtained in February.
2010 The capital increase from October's earnings was NT$3,079,849,480.
2010 Passed the AEO (Quality Enterprise) certification by the General Administration of Customs and Excise, Ministry of Finance in December.
2010 Passed OHSAS18001 and TOSHMS certification in December.
2010 Awarded the 19th Taiwan Excellence Award by the Ministry of Economic Affairs, Taiwan Trade Office in December.
2011 Selected for the 2011 AMPA Innovation Product Award by the Foreign Trade Association in April.
2011 Approved the execution of the third buyback of 8,000,000 shares of the company in October.
2011 The capital increase from the October earnings was NTD 3,171,254,960.
2012 Cancelled NTD 47,870,000 of treasury stock in January, resulting in a capital reduction of $3,123,384,960 respectively.
2012 Approved the execution of the fourth buyback of 3,000,000 shares of the company in November.
2012 After the capital increase of NTD 31,233,850 and the cancellation of NTD 12,000,000 of treasury stock in October, the paid-in capital amounted to NTD $3,142,618,810 respectively.
2012 Passed NSF-APCP certification in October and became a qualified supplier.
2012 Selected for the 21st Taiwan Excellence Award by the Ministry of Economic Affairs, Taiwan Trade Office in December.
2013 Approved the execution of the fifth buyback of 3,000,000 shares of the

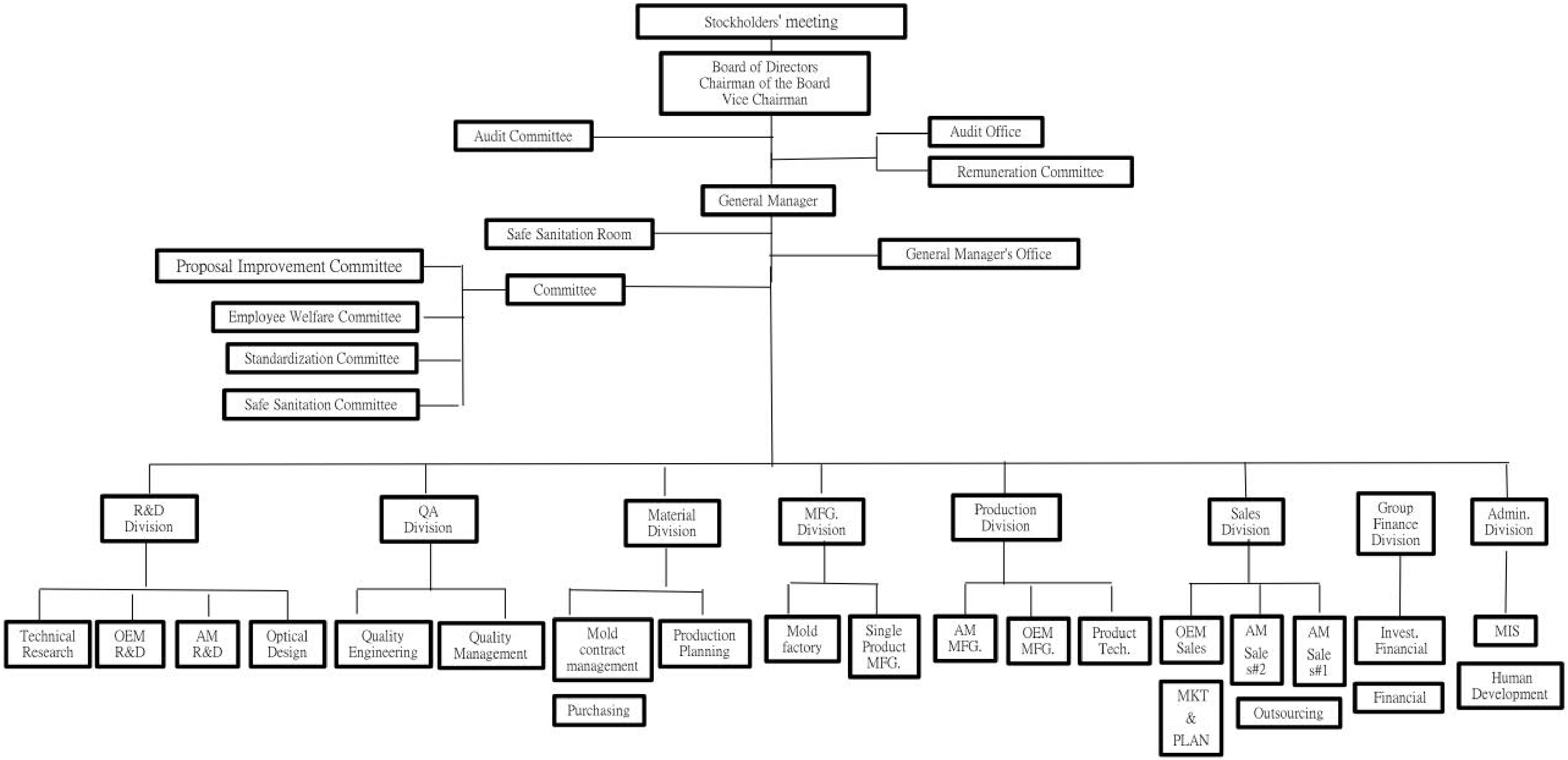
Company in January.

2013	Awarded the 2013 AMPA Innovation Product Award by the Foreign Trade Association in April.
2013	The treasury stock was cancelled for NTD 13,640,000, and the capital was reduced to NTD 3,128,978,810 in May.
2013	Awarded the 22nd Taiwan Excellence Award by the Bureau of International Trade, Ministry of Economic Affairs in December.
2013	Passed Taiwan's first LED streetlight environmental "Carbon Footprint" certification in December.
2014	Awarded the 2014 AMPA Innovation Product Award by the Foreign Trade Association in April.
2015	All-LED locomotive headlights win 2015 Innovation Award in January.
2016	Received the 2015 Manufacturing Site - Carbon Reduction Initiative Award in January. Selected for the 25th Taiwan Excellence Award by the Bureau of International Trade, Ministry of Economic Affairs in December.
2017	Taiwan excellence award for 5-in-1 bus headlight, Taiwan excellence award for full led cruiser heavy locomotive headlight, Taiwan excellence award for full led motorcycle headlight in February.
2018	ISO/TS 16949 quality management system certification successfully changed to IATF 16949 in April. Received ISO 26262 Functional Safety Management System certification from Rheinland in July.
2019	Taiwan Excellence Silver Award for Full Function LED Motorcycle Tail Light
2020	Investing in the establishment of TYC Vietnam VIETNAM INDUSTRIAL CO., LTD. in July. ISO 45001 certificate obtained in September. Awarded the 29th Taiwan Excellence Award (T-type Innovative Full-function LED Motorcycle Headlight, V-type Innovative Full-function LED Motorcycle Headlight).

III.Corporate Governance Report

1.Company Organization：

(1) Organizational structure：



(2) Major Corporate Functions：

Department	Functions
Audit Department	Responsible for company-wide internal rules and regulations and various management systems, executing audit work plans, implementing various systems management and improvement.
Safety and Health Room	1. Formulate occupational disaster prevention plans and emergency response plans, and provide guidance to relevant departments on their implementation. 2. Planning and supervising the inspection and checking of safety and health facilities.
General Manager's Room	Supervision and management of the approval and execution of medium and long-term policies and objectives of each overseas business unit.
Administration Division	1. Maintenance and development of the human resources framework. 2. Maintain high performance operation of the company's information services and management strategies.
Financial Division	1. Processing of financial and accounting operations and providing information necessary for management decisions. 2. To keep track of domestic and international financial trends and manage the use of funds.
Sales and Marketing Division	1. Obtain customer and domestic and international market Dynamics in a timely manner, and further explore consumer demand trends, and develop sales strategies. 2. Integrate the activities of production and related departments to make the team work efficiently and start strong and profitable sales activities to improve customer satisfaction and increase company profitability.
Production Division	1. Cultivate and develop the various functions, promote the balance of productivity, and realize stable production. 2. Implement the quality of operation, improve the production system in a timely manner to enhance product quality and productivity.
Manufacturing Division	1. Mold fabrication and modification, mold manufacturing technology, mold repair and maintenance of related equipment, etc. 2. Evaluate the feasibility and cost analysis of manufacturing new development molds.
Material Supply Division	1. Planning and integrating procurement resources to strengthen the systematic production and marketing system. 2. Understand market trends and procurement policies.
Quality Control Department	1. To establish a complete quality system and further improve the quality of products. 2. Feedback from customer voices.
R&D Division	1. Promote appropriate quality system or system to ensure product quality, continuous improvement and reduce variation and waste. 2. Start product evaluation, planning, mold development, trial production to mass production development plan.

2.Information of directors, supervisors, general managers, deputy general managers, associates, heads of departments and branches：

(I) Directors' Information：

2021/3/31

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date of initial election	Shareholding when Elected		Current Shareholding		Shares held by spouse, minor children		Holding shares in the name of others		Experience（Education）	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark
							Holding shares in the name of others	Holding shares in the name of others	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	WU , CHUN-CHI	Male	2018/6/21	3	1997/4/26	824,081	0.26%	824,081	0.26%	828,278	0.26%	0	0	CEO Juoku Technology Education: National Pei-men Senior High School	CEO TYC TAYITA DBM REFLEX	Director Director	WU , CHUN-LANG WU , CHUN-I	Brother Brother	N/A
Vice-president	Taiwan	WU , CHUN-LANG	Male	2018/6/21	3	1997/4/26	5,401,383	1.73%	5,401,383	1.73%	828,278	0.26%	0	0	CEO of Yuan-Hong Investment Co., Ltd. Education: National Pei-men Senior High School	Vice-presidentof TYC Director of TAYIH Invest.	Director Director	WU , CHUN-CHI WU , CHUN-I	Brother Brother	N/A
Director	Taiwan	WU , CHUN-I	Male	2018/6/21	3	2018/6/21	4,593,613	1.47%	4,593,613	1.47%	823,474	0.26%	0	0	CEO of TAYIH Ind. Co., Ltd Education: National Pei-men Senior High School	Director of Ta Yih Ta Investment Co., Ltd CEO of Prokia Technology Co.,Ltd.	Director Director	WU , CHUN-CHI WU , CHUN-LANG	Brother Brother	N/A
Director	Taiwan	CHEN , CHIN-CHAO	Male	2018/6/21	3	2012/6/21	0	0	0	0	475	0	0	0	Director Juoku Technology Education: NCKU department of mechanical engineering	GM of TYC Director of TAMAO Consulting	N/A	N/A	N/A	N/A
		Legal representativey uan-Hong Investment Co., Ltd.				2006/6/21	5,354,451	1.71%	5,354,451	1.71%	0	0	0	0			N/A	N/A	N/A	N/A
Director	Taiwan	WU , KUO-CHEN	Male	2018/6/21	3	2015/6/17	0	0	296,211	0.09%	0	0	0	0	Supervisor VarrocTYC Auto Lamps Co., Ltd. Education: University of Southern California Business School master's degree	Executive Directorof TYC Director of Kuo-Chi-Min Investment Co., Ltd.	CEO	WU , CHUN-CHI	Father-Son	N/A
		Legal representative of KUO-CHI-MI N INVESTMENT CO., LTD.				2006/6/21	9,931,756	3.17%	9,931,756	3.17%	0	0	0	0			N/A	N/A	N/A	N/A
Director	Taiwan	TING, CHENG-TAI	Male	2018/6/21	3	2003/6/17	0	0	0	0	1,055	0	0	0	Director of VarrocTYC Auto Lamps Co., Ltd Education：Chien Hsin University of Sciencetelecommunications engineering	Deputy GM of TYC Director of . TYC EUROPE B.V.	N/A	N/A	N/A	N/A
Independent Director	Taiwan	HUANG , CHUNG-HUI	Male	2018/6/21	3	2015/6/17	0	0	0	0	0	0	0	0	Certified accountant Education：Dept. of Management, NCKU	Supervisor of MANZA.Independent Director of Nnamliong, Independent Director of O-TA Precision namliong	N/A	N/A	N/A	N/A
Independent Director	Taiwan	HUANG , CHUNG-HUI	Male	2018/6/21	3	2012/6/21	0	0	0	0	0	0	0	0	Certified accountant Education：Master of Management, NCKU	Independent Director, Hongho, Prince, Jiyuan Packaging	N/A	N/A	N/A	N/A
Independent Director	Taiwan	HUANG , CHUNG-HUI	Male	2018/6/21	2	2019/6/21	0	0	0	0	0	0	0	0	Chair Professor, CJCU Education: Ph.D HE UNIVERSITY OF WYOMING	Chair Professor, CJCU corporate representative of Creative Sensor Inc	N/A	N/A	N/A	N/A

1.Major Shareholders of corporate shareholder：

2021/3/31

Name of corporate shareholder	Major Shareholders of corporate shareholder
Yuan-Hong Investment Co., Ltd.	WU , CHUN-LANG.WU-TSAI, LIANG-WEN, TIEN-LING.WU, CHENG-YUAN.WU, CHENG-HUNG
KUO-CHI-MIN INVESTMENT CO., LTD.	WU , CHUN-CHI.WANG, LI-HSIA.WU, YING-CHEN.WU , KUO-CHEN.WU, CHI-CHEN.WU, MIN-CHEN

2.Major Shareholders are juridical person：Not applicable

3.Directors' Information：

Condition / Name	Do you have at least five years of work experience and the following professional qualifications?			Compliance with the case of independence (Note)												Number of independent directors of other public offering companies
	Lecturer or above from a public or private university in business, law, finance, accounting or related disciplines required for corporate business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed national examinations required for the company's business	Business, legal, financial, accounting or corporate experience required for business	1	2	3	4	5	6	7	8	9	10	11	12	
WU , CHUN-CHI			V	V		V			V			V		V	V	0
WU , CHUN-LANG			V	V					V			V		V	V	0
WU , CHUN-I			V	V					V	V		V		V	V	0
TING, CHENG-TAI			V			V	V	V	V	V	V	V	V	V	V	0
CHEN , CHIN-CHAO-Legal Representative of Yuan-Hong Investment Co., Ltd.			V				V		V		V	V	V	V		0
WU , KUO-CHEN- Legal Representative of Kuo-Chi-Min Investment Co., Ltd.			V				V		V		V	V	V	V		0
HUANG , CHUNG-HUI	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	2
HUANG , CHUNG-HUI	V	V	V	V	V	V	V	V	V	V	V	V	V	V	V	3
HUANG , CHUNG-HUI	V		V	V	V	V	V	V	V	V	V	V	V	V	V	0

Note：1.Not an employee of the Company or its affiliates.

2.Directors and supervisors of non-companies or their affiliates (except in the case where independent directors of the company or its parent company, subsidiaries or subsidiaries of the same parent company are appointed to each other in accordance with this Law or local laws).

3.Natural shareholders who do not hold more than 1% of the total number of issued shares or the top ten shares in their name, or that of their spouses, minor children or others.

4.Not a spouse, a relative within the second degree of consanguinity or a relative within the third degree of consanguinity of a manager listed in (1) or a person listed in (2) or (3).

5.A director, supervisor or employee of a corporate shareholder who does not directly hold more than 5% of the total number of issued shares of the company, or who holds the top five shares or who designates a representative as a director or supervisor of the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (except in the case where the independent directors of the company and its parent company, subsidiary or subsidiary of the same parent company established in accordance with this Act or the laws of the local country are concurrently appointed).

6.A director, supervisor or employee of another company who is not controlled by the same person as more than half of the directors or voting shares of the company (except in the case of a corporation or its parent company, subsidiary or subsidiary of the same parent company which is an independent director established under this Act or the laws of the local country).

7.A director, supervisor or employee of another company or organization who is not the same person or spouse as the chairman, president or equivalent of the company (except in the case of a company or its parent company, subsidiary or subsidiary of the same parent company which is an independent director established under this Act or the laws of the country in which it is located).

8.A director, supervisor, manager or shareholder holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the Company (except for a specific company or organization that holds more than 20% but not more than 50% of the total issued shares of the Company and is an independent director of the Company and its parent company, subsidiary or subsidiary of the same parent company established in accordance with this Law or the laws of the local country).

9.Professionals, sole proprietors, partners, directors, supervisors, managers, and their spouses who do not provide audit or remuneration for the company or its affiliates in the past two years in excess of NT$500,000, except for members of the Compensation Committee, the Public Takeover Review Committee, or the Special Committee on Mergers and Acquisitions, who perform their duties and responsibilities under the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
10.Not related to another director by consanguinity or affinity within two degrees.
11.Failure to comply with one of the provisions of section 30 of the Act.
12.There is no section 27 of the Companies Act which provides for the election of a government, a juridical person or their representative。

(II) Information for General Managers, Deputy General Managers, Associates, Heads of Departments and Branches：

2021/3/31

Title	Nationality	Name	Gender	Date of initial election	Shareholdings		Shares held by spouse, minor children		Holding shares in the name of others		Experience（Education）	Current duties in other companies	A manager who is related to a spouse or consanguineous within two degrees			Remark
					Share	%	Share	%	Share	%			Title	Name	Relationship	
General Manager	Taiwan	CHEN , CHIN-CHAO	Male	2012/2/1	0	0	475	0	0	0	University graduation	Director of Juoku Technology Co., Ltd.. Director of Tamau Management Consultancy Co., Ltd.	N/A	N/A	N/A	N/A
Deputy General Manager, Business Division	Taiwan	TING, CHENG-TAI	Male	2006/11/1	0	0	1,055	0	0	0	College graduation	Director of Varroc TYC Auto Lamps Co., Ltd	N/A	N/A	N/A	N/A
Executive Director, Business Divison	Taiwan	WU , KUO-CHEN	Male	2012/2/1	296,211	0.09%	0	0	0	0	Institute graduation	Director of Juoku Technology	N/A	N/A	N/A	N/A
Deputy General Manager, Material Supply Division	Taiwan	WU,PING-HUI	Male	2006/8/10	0	0	1,690	0	0	0	University graduation	N/A	N/A	N/A	N/A	N/A
Deputy General Manager, Financial Division	Taiwan	WENG,YI-FENG	Male	2008/6/1	0	0	0	0	0	0	Institute graduation	Supervisor of Juoku Technology	N/A	N/A	N/A	N/A
Associate, Administration Office	Taiwan	HSU,YU-HUI	Female	2012/2/1	1,212	0	0	0	0	0	College graduation	N/A	N/A	N/A	N/A	N/A
Associate, Business Divison	Taiwan	CHAO,YUAN-CHUN	Male	2020/9/1	0	0	0	0	0	0	Institute graduation	N/A	N/A	N/A	N/A	N/A
Associate, R&D Business Divison	Taiwan	LIN,MIN FENG	Male	2012/2/1	0	0	0	0	0	0	University graduation	N/A	N/A	N/A	N/A	N/A
Associate, Quality Control Department	Taiwan	LIU,YU-CHUNGMR	Male	2006/2/1	0	0	0	0	0	0	College graduation	N/A	N/A	N/A	N/A	N/A
Associate, Production Division	Taiwan	WU,WEN-KUEI	Male	2019/3/1	0	0	0	0	0	0	University graduation	N/A	N/A	N/A	N/A	N/A
Associate, Manufacturing and SCM Division	Taiwan	SHEN,I-CHUAN	Male	2019/3/1	0	0	0	0	0	0	University graduation	N/A	N/A	N/A	N/A	N/A

3.Remuneration of Directors, General Managers and Deputy General Managers paid in the latest year：

(1) Remuneration of general and independent directors：

2020/12/31(Unit：NTD)

Title	Name	Directors' remuneration								Percentage of net income after tax for Total of A, B, C and D		Part-time employees receive related remuneration								The proportion of the total of items A, B, C, D, E, F and G to the net tax benefit		Receipt of remuneration from a subsidiary other than a transferring investment undertaking or a parent company
		Remuneration (A)		Pension(B)		Directors' remuneration (C)		Implementation expense(D)				Salaries, bonuses and special expenses, etc. (E)		Pension ((F)		Employee bonus (G)						
																TYC		All companies in the financial report				
		TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	Cash Amount	Stock Amount	Cash Amount	Stock Amount	TYC	All companies in the financial report	
CEO	WU , CHUN-CHI	0	0	0	0	7,250,000	7,250,000	220,000	220,000	2.84%	2.84%	29,153,511	35,480,563	0	0	0	0	0	0	13.95%	16.36%	None
Director	WU , CHUN-LANG																					
Director	TING, CHENG-TAI																					
Director	TING, CHENG-TAI																					
Director	CHEN , CHIN-CHAO																					
	Legal representative of Yuan Hong Investment (Stock) Co. Ltd																					
Director	WU , KUO-CHEN																					
	Kuo Chi Min Investment Co., Ltd																					
Independent director	HUANG , CHUNG-HUI	630,000	0	0	0	0	0	120,000	120,000	0.29%	0.29%	0	0	0	0	0	0	0	0	0.29%	0.29%	None
Independent director	HUANG , CHUNG-HUI																					
Independent director	HUANG , CHUNG-HUI																					

Remark 1：Please describe the policy, system, criteria and structure for the remuneration of independent directors, and the relevance of the amount of remuneration to the responsibilities, risks and time commitment：

The remuneration policy for independent directors: The remuneration policy is based on the Company's operating objectives, financial position and the duties of independent directors, and then approved by the Compensation Committee and submitted to the Board of Directors for approval.

Remark 2：Except as disclosed in the table above, remuneration received by the directors of the Company for services rendered to all companies in the financial statements (e.g. as consultants to non-employees, etc.) in the latest year ：

None

Remuneration scale

Levels of remuneration payable to each of the Company's Directors	Name of Director			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	TYC	All companies in the financial report	TYC	All companies in the financial report
Less than $1,000,000	HUANG , CHUNG-HUI. HOU, RONG- HSIEN. HSU,CHIANG	HUANG , CHUNG-HUI. HOU, RONG- HSIEN. HSU,CHIANG	HUANG , CHUNG-HUI. HOU, RONG- HSIEN. HSU,CHIANG	HUANG , CHUNG-HUI. HOU, RONG- HSIEN. HSU,CHIANG
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	Kuo Chi Min Investment Co., td. Yuan Hong Investment (Stock) Co. Ltd. CHEN , CHIN-CHAO. WU , KUO-CHEN. WU , CHUN-I. TING, CHENG-TAI	Kuo Chi Min Investment Co., td. Yuan Hong Investment (Stock) Co. Ltd. CHEN , CHIN-CHAO. WU , KUO-CHEN. WU , CHUN-I. TING, CHENG-TAI	Kuo Chi Min Investment Co., Ltd. Yuan Hong Investment (Stock) Co. , Ltd. WU , CHUN-I	Kuo Chi Min Investment Co., Ltd.Yuan Hong Investment (Stock) Co. Ltd. WU , CHUN-I
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (exclusive)	WU , CHUN-CHI. WU , CHUN-LANG	WU , CHUN-CHI. WU , CHUN-LANG		
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)			CHEN , CHIN-CHAO. WU , KUO-CHEN. TING, CHENG-TAI	CHEN , CHIN-CHAO. WU , KUO-CHEN. TING, CHENG-TAI
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-	WU , CHUN-LANG. WU , CHUN-CHI	WU , CHUN-LANG
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-		WU , CHUN-CHI
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-	-	
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-	-	-
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (exclusive)	-	-	-	-
Over $100,000,000	-	-	-	-
Total	11	11	11	11

(2) Remuneration of the General Manager and Deputy General Manager：

2020/12/31(Unit：NTD)

Title	Name	Salary (A)		Pension (B)		Bonuses, special expenses, etc. (C)		Employee bonus amount (D)				Total of A, B, C and D as a percentage of net income after tax (%)		Receive remuneration from a business other than a subsidiary or from the parent company
		TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC		All companies in the financial report		TYC	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	CHEN , CHIN-CHAO	18,257,232	18,257,232	0	0	0	0	0	0	0	0	6.95%	6.95%	N/A
Executive Director	WU , KUO-CHEN													
Deputy General Manager	TING, CHENG-TAI													
Deputy General Manager	WENG,YI-FENG													
Deputy General Manager	WU,PING-HUI													

Remuneration scale

Remuneration scale for each General Manager and Deputy General Manager of the Company	Name of General Manager and Deputy General Manager	
	TYC	All companies in the financial report
Less than $1,000,000	-	-
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	WENG,YI-FENG. WU,PING-HUI	WENG,YI-FENG. WU,PING-HUI
NT$ 2,000,000 (inclusive) ~ NT$ 3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive) ~ NT$5,000,000 (exclusive)	CHEN , CHIN-CHAO. WU , KUO-CHEN. TING, CHENG-TAI	CHEN , CHIN-CHAO. WU , KUO-CHEN. TING, CHENG-TAI
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	-	-
NT$10,000,000 (inclusive) ~ NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive) ~ NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive) ~ NT$50,000,000 (exclusive)	-	-
NT$ 50,000,000 (inclusive) ~ NT$ 100,000,000 (exclusive)	-	-
Over $100,000,000	-	-
Total	5	5

(3) Name of the manager who was distributed the employee's remuneration and distribution：

2020/12/31(Unit：NTD 1,000)

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
Managers	General Manager	CHEN , CHIN-CHAO	0	0	0	0
	Executive Director	WU , KUO-CHEN				
	Deputy General Manager	TING, CHENG-TAI				
	Deputy General Manager	WENG,YI-FENG				
	Deputy General Manager	WU,PING-HUI				
	Senior manager	HSU,YU-HUI				
	Senior manager	CHAO,YUAN-CHUN				
	Senior manager	LIN,MIN FENG				
	Senior manager	LIU,YU-CHUNGMR				
	Senior manager	WU,WEN-KUEI				
	Senior manager	SHEN,I-CHUAN				

(4) An analysis comparing the total remuneration paid to the TYC's directors, supervisors, general manager and deputy general manager as a percentage of the net profit after tax of the individual or individual financial reports of the Company and all companies in the consolidated financial statements for the past two years respectively, and an explanation of the policy, criteria and composition of remuneration payments, the extent to which remuneration is set, and the correlation with operating performance and future risks：

	2019 annual remuneration as a percentage of Net Profit after Tax (TYC)	2019 Total remuneration as a percentage of net income after tax (Consolidated Financial Statements)	2020 Total remuneration as a percentage of net income after tax (TYC)	2020 Total remuneration as a percentage of net income after tax (Consolidated Financial Statements)
Directors	7.05%	7.96%	14.24%	16.65%
Supervisor	0.00%	0.00%	0.00%	0.00%
General manager and deputy general manager	2.83%	2.83%	6.95%	6.95%

Note: The Audit Committee was established on 21 June 2018 to replace the Supervisor function.

1.Analysis of the ratio difference: there was no significant change in the total remuneration for FY2020 compared to FY2019, mainly due to a larger ratio as a result of the decrease in net income after tax in 2020.

2.The policy of remuneration for directors and supervisors of the Company is agreed in accordance with Article 24-1 of the Company Law；

In accordance with Article 29 of the Company's Articles of Incorporation, the Chairman of the Board of Directors is authorized to set the remuneration of the Manager in accordance with the Company's "Salary Management Regulations" and related salary standards, taking into account the usual standards in the industry, and the remuneration committee of the Company shall deliberate and approve the remuneration and submit it to the Board of Directors for approval.

4.Corporate Governance Status：

(1) Operation of the Board of Directors：

The board of directors has held six meetings in recent years, and the attendance of directors and supervisors is as follows：

Title	Name	Actual number of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (%)【B/A】	Remark
Chairman	WU , CHUN-CHI	6	0	100 %	-
Director	WU , CHUN-LANG	6	0	100 %	-
Director	WU , CHUN-I	5	0	83 %	-
Director	CHEN , CHIN-CHAO—Legal representative of Yuan Hong Investment (Stock) Co., Ltd	6	0	100 %	-
Director	WU , KUO-CHEN—Legal representative of Yuan Hong Investment (Stock) Co., Ltd	6	0	100 %	-
Director	TING, CHENG-TAI	5	0	83 %	-
Independent Director	HUANG , CHUNG-HUI	6	0	100 %	-
Independent Director	HOU, RONG- HSIEN	6	0	100 %	-
Independent Director	HSU,CHIANG	6	0	100 %	-

Other items to be recorded：

1. The Board of Directors shall state the date and date of the Board of Directors' meeting, the date and time of the meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following circumstances apply to the operation of the Board of Directors：
   (1) Items listed in article 14-3 of the securities and exchange act：None.
   (2) Except for the preceding items, the resolutions of the Board of Directors' meetings, which were opposed or qualified by the independent directors and for which records or written statements are available, were approved by the independent directors without dissenting opinions at each of the Board of Directors' meetings in 2020.：The results of the resolutions at each of the 2020 Board meetings were approved without objection by the independent directors.
2. The recusal of a director from the implementation of an interest motion shall include the name of the director, the content of the motion, the reasons for the recusal and the circumstances of the vote.：Interested directors have individually recused themselves from the discussion and voting on the directors' remuneration proposals.
3. We shall disclose information on the period and duration, scope, manner and content of the of the self- (or peer) evaluation by the directors, and shall include information on the implementation of the evaluation by the Board of Directors：Please refer to table (1-1) below for the Board's evaluation of the Performance.
4. Assessment of the current and most recent year's targets for enhancing the Board's functions (e.g., establishment of an audit committee, enhancing information transparency, etc.) and their implementation：
   (1). In accordance with the provisions of the Rules of Procedure of the Board of Directors laid down by the Company.
   (2). The Company's (TYC) internal auditors regularly audit the operations of the Board of Directors and prepare audit reports..
   (3). The Company (TYC) has a person in charge of the matters that should be announced by the competent authority and the disclosure of significant information to enhance the transparency of information.
   (4). The Company (TYC) has established the "Code of Corporate Governance Practices", "Procedures for Handling Material Internal Information", "Code of Ethical Conduct" and "Procedures and Guidelines for Integrity Management Practices" to establish a corporate culture of integrity management and a better corporate governance system.
   (5). The Company (TYC) has three independent directors to enhance the functioning of the Board.
   (6). The Company (TYC) established an Audit Committee in 2018.

(1-1) Evaluation of implementation by the Board of Directors：

<table>
<tr><th>Evaluation cycle</th><th>Evaluation period</th><th>Evaluation scope</th><th>Evaluation method</th><th>Evaluation content</th></tr>
<tr><td rowspan="2">Annual</td><td rowspan="2">2020/1/1
|
2020/12/31</td><td rowspan="2">Board of directors and individual directors</td><td>Self-evaluation by the board of directors</td><td>1. The degree of participation in the operation of the Company.
2. Improve the quality of board decisions.
3. Composition and structure of the Board of Directors.
4. Election of Directors and Continuing Education.
5. Internal controls.</td></tr>
<tr><td>Self evaluation of directors</td><td>1. Grasp the company's goals and tasks.
2. Recognition of Directors ' Responsibilities.
3. The degree of participation in the operation of the company.
4. Internal relationship management and communication.
5. Professional and continuing education of directors.
6. Internal control.</td></tr>
</table>

(2) Operation of the Audit Committee：

The audit committee has held four meetings in the past year (A), and the attendance of the independent directors is as follows：

Title	Name	Actual number of meetings attended (B)	Number of delegated attendance	Actual attendance rate (%)【B/A】	Remark
Independent Director	HUANG , CHUNG-HUI	4	0	100 %	-
Independent Director	HOU, RONG- HSIEN	4	0	100 %	-
Independent Director	HSU,CHIANG	4	0	100 %	-

Other items to be recorded：

1. If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Board of Directors' meeting, the content of the motion, the results of the Audit Committee's resolution, and the Company's handling of the Audit Committee's opinion.

(1) Section 14-5 of the Securities Exchange Act.

(2) In addition to the previous matters, other matters that have not been approved by the Audit Committee and have been agreed by more than two-thirds of all directors:

(A) Annual work priorities of the audit committee：
The Audit Committee consists of three independent directors. The Audit Committee operates primarily to oversee the fair presentation of the Company's financial statements, the selection (dismissal) and independence and performance of the certified public accountants, the effective implementation of the Company's internal controls, the Company's compliance with laws and regulations, and the control of the Company's existing or potential risks.

The audit committee held four meetings in 2020, and the issues considered mainly include：

1. Internal control system effectiveness assessment.
2. Financial report and business report.
3. Amendment of the Articles of Association.
4. Appointment and independence assessment of the certifying accountant.
5. Whether the company's disguised financing is classified as a loan of funds.
6. Annual audit plan.

(B) Review of financial reports by the Audit Committee：
The financial statements of 2019 have been checked and endorsed by Taiwan, together with the business report and the statement of profit distribution. The audit committee finds that there is no discrepancy.

(C) Endorsement accountant appointed by the audit committee：

In order to ensure the independence of the endorsement accounting firm, the eighth Audit Committee of the first session and the twelfth Board of Directors of the fourteenth session on March 24, 2020 deliberated and approved that Mr. Jesse Huang and M. Fang-Wen Lee from EY Taiwan, both meet the independent evaluation criteria, and are qualified to serve as the company's financial and tax endorsement accountants.

(D) Performance of the Audit Committee for the year：

Session and Time of meeting	Contents of the motion and follow-up actions	Matters listed in the Securities and Exchange Act 14-5	Resolution not approved by the Audit Committee but approved by 2/3 of the Directors
8th., 1st session 2020.03.24	1. Internal control system effectiveness assessment in 2019.	V	None
	2. Review the revision of the audit plan for 2020.	V	None
	3. Review the 2019 financial report and Business Report.	V	None
	4. Amend the Articles of Incorporation.	V	None
	5. Review the independent evaluation of endorsement Accountants.	V	None
	The results of the audit committee's decisions on the above five cases: all the members present agreed to pass the case.		
	The company's handling of the opinions of the audit committee: all the directors present agreed to pass the case.		
9th., 1st session 2020.05.08	1. First quarter 2020 consolidated financial report.		None
	Only the cases were reported and no cases were discussed in this time.		
10th., 1st session 2020.08.12	1. Consolidated Financial Report for the second quarter of 2020.		None
	2. To consider whether disguised financial accommodation is classified as a loan of funds.		None
	Results of the audit committee's resolution: all members present agreed to pass the resolution as proposed.		
	Disposition of the Audit Committee's Opinion by the Company: All Directors present agreed to approve the motion as presented.		
11th., 1st session 2020.11.12	1. Consolidated Financial Report for the third quarter of 2020.		None
	2. Review the audit plan for 2021.	V	None
	3. To consider whether disguised financial accommodation is classified as a loan of funds.		None
	Resolution of the audit committee on the above two cases: all members present agreed to adopt the resolution as presented.		
	The company's handling of the opinions of the audit committee: all the directors present agreed to pass the case.		

2. The recusal of an independent director from the implementation of an interest motion shall include the name of the independent director, the content of the motion, the reasons for the recusal, and the circumstances under which the independent director participated in the vote.：None。

3. Communication between the independent directors and the internal auditors and accountants (including the major issues, methods and results of communication regarding the Company's financial and business conditions)：

(1) Communication between the independent directors and the head of internal audit and the accountant：

A. Communication between the audit director, the accountant and the independent directors is conducted directly by e-mail, telephone or in person, as necessary.

B. We submit a monthly written summary report of the audit deficiencies and improvements to the servicemen of the previous month to the independent directors for their review and the independent directors approve the explanatory notes/reports or other recommendations on the report.

C. The head of internal audit of the Company conducts audit reports to the independent directors in the Audit Committee and the Board of Directors, and communicates the results of audit reports and their follow-up implementation to the independent directors.

(2) Summary of historical communication between independent directors and head of internal audit：

The independent directors of our company have good communication regarding the execution and effectiveness of the audit operations.

A summary of the key communications for 2020 is as follows：

Date	Communication Highlights
2020.03.24	Report on the implementation results of the internal audit plan for 2019
2020.08.12	Report on the implementation results of the internal audit plan for 2020
2020.11.12	Report on the implementation results of the internal audit plan for 2020 and the internal audit plan for 2021

(3) Summary of Communication between Independent Directors and Certified Public Accountants

Our company's independent directors have had good communication with the certifying accountants and a summary of the major communication items for 2020 is as follows：

Date	Communication Highlights
2020.3.24	Report on the audit of individual financial statements and consolidated financial statements, report on internal control audits for 2019

(3) Corporate Governance Status and Deviations from"The Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"and Reasons

Evaluation Item	Implementation Status			Deviations from"the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"and Reasons
	Yes	No	Abstract Illustration	
1.Has the company developed and disclosed principles of corporate governance practices in accordance with the Code of Corporate Governance Practices for Listed Companies?	V		In accordance with the " principles of Corporate Governance Practices for Listed Companies", the Company has established the "Principles of Corporate Governance Practices" for the Company at the 8th of the 14th Board Meeting (2019.05.08) and disclosed it on the Company's website.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies
2.Shareholding structure and shareholders' equity of the Company				
(1) Does the company have internal procedures to deal with shareholders' suggestions, queries, disputes and litigation matters, and implement them in accordance with the procedures?	V		(1) The Company has a spokesperson and proxy spokesperson system to ensure shareholders' rights and interests, and is dedicated to handling shareholders' suggestions, queries, disputes and litigation matters.	(1) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies
(2) Does the company have a list of the substantial shareholders and ultimate controllers of the substantial shareholders who effectively control the company?	V		(2) The major shareholders informed the Company of the increase, decrease or pledge of their shares in accordance with the regulations, and the Company reported on the Market Observation Post System in accordance with the law.	(2) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies
(3) Has the company established and implemented a risk control mechanism and a firewall mechanism with its affiliates?	V		(3) The Company has established the "Regulations Governing the Control of Subsidiaries", and audits are conducted by the audit department, the finance department or by an accountant on a regular or irregular basis.	(3) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies
(4) Does the company have internal regulations that prohibit insiders from trading marketable securities using information not publicly available in the market?	V		(4) The Company has established "Internal Procedures for Handling Material Information", "Principles of Ethical Conduct" and "Integrity Management Regulations" to regulate internal personnel from having the opportunity to profit from their duties.	(4) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies
3.Composition and responsibilities of the Board of Directors				
(1) Does the Board of Directors formulate and implement a diversity policy on the composition of its members?	V		(1) In accordance with Item 3 of Article 30 of the Company's Principles of Corporate Governance Practices, the composition of the Board of Directors should generally possess the knowledge, skills and qualities necessary for the performance of its duties. In order to achieve the desired objectives of corporate governance, the Board of Directors as a whole should possess the following competencies: 1.Operational judgment ability. 2.Accounting and financial analysis capabilities. 3.Operational management capacity. 4.Crisis management capacity. 5.Industry knowledge. 6.International Market View. 7.Leadership 8.Decision-making ability.	(1) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies

The Company has nine directors (including three independent directors), two of whom are certified public accountants, one of whom has a professional background in business management, and the other directors have many years of experience in the industry, so they are able to carry out the duties and responsibilities of the Board of Directors and protect the interests of shareholders.

Diversity of Board Members.

Diversified Core Programs	Basic Members				Professional Capability						
Name of directors	Gender	Nationality	Term qualification of the independent directors: Less than 3 years	Term qualification of the independent directors: 3 to 9 years	Financial accounting	Operating management	Foreign language ability	Risk management	Engineering management	Leadership Decisions	Cross-Industry Operations
WU , CHUN-CHI	Male	Taiwan				V		V	V	V	V
WU , CHUN-LANG	Male	Taiwan				V		V		V	V
WU , CHUN-I	Male	Taiwan				V		V	V	V	
CHEN , CHIN-CHAO	Male	Taiwan				V	V	V	V	V	
WU , KUO-CHEN	Male	Taiwan				V	V	V		V	
TING, CHENG-TAI	Male	Taiwan				V	V	V	V	V	
HUANG , CHUNG-HUI	Male	Taiwan		V	V	V		V		V	V
HOU, RONG- HSIEN	Male	Taiwan	V		V	V		V		V	V
HSU,CHIANG	Male	Taiwan	V			V	V	V		V	V

(2) In addition to the remuneration committee and audit committee set up in accordance with the law, does the company voluntarily set up other functional committees?		V	(2) In addition to the remuneration committee set up in accordance with the law, the audit committee has been set up in 2018, and other functional committees are still under discussion.	(2) The future will be based on the development needs of the company and the provisions of the laws and regulations to discuss and formulate.

(3) Has the company established the performance evaluation method of the Board of Directors and its evaluation method, conducted the performance evaluation every year and regularly, and reported the results of the performance evaluation to the Board of Directors, and applied the reference for individual directors ' remuneration and nomination for renewal?	V		(3) At the 12th meeting of the 14th session of the Board of Directors (2020.03.24), the Board of Directors approved the"Board Performance Evaluation Method", which will start to conduct regular performance evaluation in 2021 and report the results of the evaluation to the Board and apply it to the reference of individual directors ' remuneration and nomination for renewal.	(3) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
(4) Does the company regularly assess theindependence of the CPA?	V		(4) 1. The company has passed the evaluation on the independence of endorsement accountants in the 12th session of the 14th Board of Directors (March 24, 2020). 2. The Board of Directors evaluated the independence of the certifying accountant in accordance with Statement of Ethics No. 10, "Integrity, Impartiality, Objectivity and Independence," with respect to financial interests, financing and guarantees, business relationships, family and personal relationships, employment relationships, gifts and special privileges, rotation of certifying accountants and non-audit engagements, and obtained a statement of independence from the certifying accountant and was not aware of any circumstances that might affect the independence of the certifying accountant.	(4) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies
4.Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board and shareholders’meeting-related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?	V		The Company has set up a finance department to handle and promote corporate governance-related business operations, including： 1. To convene the remuneration committee, the audit committee, the board of directors and the shareholders' meeting and to prepare minutes of each meeting. 2. Company registration and change of operations. 3. To handle public announcements required for public information. 4. To assist the directors in their compliance with the various Acts and Principles of Practice.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and set up a stakeholder area on the company's website, and appropriately respond to important CSR issues of concern to stakeholders?	V		1. The Company has set up an Investor Zone and a Stakeholder Zone on its website to serve as a channel for communication and feedback between investors and stakeholders, which are also disclosed on the Company's website. 2. The Company uses the above communication channels to respond appropriately to the relevant issues of concern to the relevant stakeholders.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
6. Does the company appoint a professional stockbroker to conduct the shareholders' meeting?	V		The Company's appointed stockbroker is: Capital Securities Corporation ; for details, please refer to the inner page of the annual report. .	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
7. Disclosure of Information (1) Does the company have a website to disclose	V		(1) The Company's website: http://www.tyc.com.tw Investor Zone discloses relevant financial	(1) No major differences from the

financial operations and corporate governance information?			operations and corporate governance information.	requirements of the Principles of practice on Governance of TWSE/TPEx listed companies
(2) Has the Company adopted other methods of information disclosure (e.g., setting up an English website, designating a person in charge of collecting and disclosing company information, implementing a spokesperson system, placing the company's website in the process of corporate presentation, etc.)?	V		(2) The Company has established a website in English and Chinese to disclose relevant information for investors' reference, and has a person responsible for the collection and disclosure of corporate information, and the Company has established a spokesperson system to speak on behalf of the Company to ensure the interests of the Company and its shareholders.	(2) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies 。
(3) Does the company announce and report its annual financial report within two months after the end of the fiscal year, and announce and report its first, second and third quarter financial reports and monthly operations well in advance of the required deadline?		V	(3) The Company did not announce and report its annual financial statements within two months after the end of the fiscal year, but completed the announcement and reporting of financial statements and monthly operations within the time limit set by the competent authorities.	(3) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies
8.Does the company have other important information to help understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor education, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors)?	V		1. Staff Rights and Employee Care. (1) Handle employee labor and health insurance and group insurance, and arrange regular health check-ups for employees. (2) Actively operate the employee welfare committee to improve employee welfare. (3) Organize internal and external training for employees to enhance their professional skills. (4) Regular labor-management meetings are held to harmonize abor-management relations. 2. Investor Relations: The Company has an investor relations zone, a spokesperson and a proxy spokesperson system to handle investor proposals. 3. Supplier relationship: There is a supply chain management system between the company and the supplier, and the relationship is harmonious with no dispute and litigation arising. 4. Stakeholder Rights: Stakeholders may communicate with the Company in order to protect their rights. 5. Director training situation：All independent directors of the Company have completed training hours in 2020. Other directors have not fully participated in the training courses due to time factors. However, the Company continues to provide professional course information as reference for the directors ' training. 6. Implementation of risk management policies and risk measurement standards: The Company's auditing unit follows the internal control self-assessment procedures and actually performs the assessment of risk management in the procedures. 7. Implementation of customer policy: The company maintains a good relationship with customers, and there are no litigation cases. 8. Liability insurance taken out by the company for directors： The Company had liability insurance for the Directors as of 30 June 2020.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
9. Please provide information on the results of the latest annual corporate governance assessment issued by the Corporate Governance Center of the TWSE, and propose priorities and measures to enhance those that have not yet been improved. The Company's corporate governance assessment for 2020 will be improved as follows : 1. The Company has disclosed the performance evaluation of directors in its annual report and used it as a reference for the selection of nominated directors.				

(4) Establishment of the Remuneration Committee, its composition, duties and operation：

1.Member Information of Salary and Compensation Committee：

Identity (Note 1)	Conditions / Name	Have more than 5 years of work experience and the following professional qualifications: Lecturer or above from a public or private university in business, law, finance, accounting or related disciplines required for corporate business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed national examinations required for the company's business	Work experience in business, legal, finance, accounting or corporate business requirements	Compliance with independence (Note 2): 1	2	3	4	5	6	7	8	9	10	Number of remuneration committees of other public offering companies	Remarks
Independent Director	HUANG , CHUNG-HUI	V	V	V	V	V	V	V	V	V	V	V	V	V	0	1.To establish and regularly review the policies, systems, standards and structures for performance evaluation and compensation of directors and managers. 2. Regularly evaluate and set the remuneration of directors and managers.
Independent Director	HOU, RONG- HSIEN	V	V	V	V	V	V	V	V	V	V	V	V	V	0	
Others	LIN,TSAI-YUAN	V		V	V	V	V	V	V	V	V	V	V	V	1	

Note 1: Please state whether you are a director, independent director or others.

Note 2: For each member who has fulfilled the following criteria in the two years preceding the election and during his or her term of office, please tick "V" in the box below each criterion code.

(1) Not an employee of the Company or its affiliates.

(2) Directors and supervisors who are not corporations or their affiliates (except in the case where independent directors of the corporation or its parent company, subsidiaries or subsidiaries of the same parent company established under this Act or local laws and regulations are concurrently appointed by each other).

(3) A natural person shareholder who does not hold more than 1% of the total issued shares of the Company or the top 10 shareholdings in his/her name, the name of his/her spouse, minor children or others.

(4) A spouse, relative within the second degree of consanguinity or relative within the third degree of consanguinity of a person who is not a Manager listed in (1) or a person listed in (2) or (3)

(5) A director, supervisor or employee of a corporate shareholder who does not directly hold more than 5% of the total number of issued shares of the Company, or who holds the top five shares or who designates a representative as a director or supervisor of the Company in accordance with Article 27, Paragraph 1 or 2 of the Company Act (except in the case where the independent directors of the Company and its parent company, subsidiary or subsidiary of the same parent company established in accordance with this Act or the laws of the local country are concurrently appointed to each other).

(6) A director, supervisor or employee of another company that is not controlled by the same person as the company's directorships or more than half of the voting shares (except in the case of independent directors of the company and its parent company, subsidiary or subsidiary of the same parent company established in accordance with this Act or the laws of the local country).

(7) A director (director), supervisor (supervisor), or employee of another company or organization who is not the same person or spouse of the chairman, president, or equivalent of the company (except in the case where the company and its parent company, subsidiary, or subsidiary of the same parent company serve concurrently as independent directors under this Act or the laws of the local country).

(8) A director (director), supervisor (supervisor), manager or shareholder holding more than 5% of the shares of a specific company or organization that does not have financial or business dealings with the Company (except for a specific company or organization that holds more than 20% but not more than 50% of the Company's total issued shares and is an independent director of the Company and its parent company, subsidiary or subsidiary of the same parent company established under this Act or the laws of the local country, who are concurrently appointed by each other).

(9) The Company shall not provide auditing services to the Company or its affiliated companies, or to any professional, sole proprietor, partner, director (director), supervisor (supervisor), manager, or spouse of a company or organization that has received a remuneration of less than NT$500,000 in the past two years, except for members of the Compensation Committee, the Public Takeover Review Committee, or the Special Committee on Mergers and Acquisitions, who perform their duties and responsibilities in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) There is not one of the circumstances in Article 30 of the Act.

2.Information on the operation of the Remuneration Committee

(1) The Company's remuneration committee consists of 3 members

(2) The term of office of the current member: From June 21, 2018 to June 20, 2021, the most recent annual Remuneration Committee met three times (A), the qualifications and attendance of the members are as follows：

Title	Name	Actual Attendance (B)	Number of Delegate attendance	Actual Attendance (%)(B/A)	Remarks
Convener	HUANG , CHUNG-HUI	3	0	100%	-
Members	HOU, RONG- HSIEN	3	0	100%	-
Members	LIN,TSAI-YUAN	3	0	100%	-

Meeting contents and resolution results of the Remuneration Committee

Remuneration Committee Session / Date	Contents of the motion and follow-up actions	Resolution	The company's handling of the opinions of the Remuneration Committee
3rd of the 4th session 2020.03.24	Consideration of the 2019 Distribution of Employee Remuneration and Directors ' Remuneration	All members present agreed to approve the motion as presented	The Board of Directors shall be approved with the consent of all present directors.
4th of the 4th session 2020.05.22	2019 Annual Remuneration of Directors	All members present agreed to approve the motion as presented	The Board of Directors shall be approved with the consent of all present directors.
5th of the 4th session 2020.08.12	Establishment of the remuneration of the independent directors of the company	In addition to the non-participation of Independent Directors HUANG , CHUNG-HUI and HOU, RONG- HSIEN, who should be recused from the voting, the motion was passed without a dissenting vote by the Chairman of the Board, LIN,TSAI-YUAN.	The Board of Directors, with the exception of Independent Directors HUANG , CHUNG-HUI and HOU, RONG-HSIEN, who are subject to recusal, did not vote, and the remaining Directors present passed the resolution without dissent.

Other items to be recorded:

1.If the Board of Directors does not adopt or amend the recommendation of the remuneration committee, it shall state the date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's treatment of the recommendation of the remuneration committee (if the remuneration approved by the Board of Directors is better than the recommendation of the remuneration committee, it shall state the difference and the reasons for the difference): None

2.If a member of the remuneration committee has objections or reservations to a resolution and a record or written statement is kept, the date and time of the remuneration committee, the period, the content of the resolution, the opinions of all members, and the disposition of the opinions of the members shall be stated: None

(5) Implementation of social responsibility and differences with the principles of practice on corporate social responsibility of listed companies and reasons：

Evaluation item	Operational status			Differences between Corporate Social Responsibility Principles of Practice and Listed Companies and Reasons
	Yes	No	Summary description	
1. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and establish relevant risk management policies or strategies?		V	The Company has not established a risk management policy for environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.	The company has not yet established a corporate social responsibility policy or system. It is still in the process of development.
2. Does the Company set up a dedicated (part-time) unit to promote corporate social responsibility that is authorized by the Board of Directors and to be handled by senior management while also reporting to the Board of Directors on the handling of the situation?	V		The Company has an Environmental Safety and Health Office, an Administration Office and a General Manager's Office that are also responsible for the operation of related affairs, obtaining relevant information, confirming that the decisions made will promote the realization of the Company's vision, formulating and implementing relevant action plans in accordance with the Company's management philosophy, and reporting regularly to the Board of Directors.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
3.Environmental issues (1) Has the company established an appropriate environmental management system according to its industrial characteristics?	V		(1) 1. We have obtained ISO14001:2015 environmental management system certification (Certificate No. TW005050; valid period: 2020/09/30-2023/09/29) to promote industrial waste reduction, energy saving and resource recycling.. 2. In order to establish a safe and healthy working environment, our company has been certified by OHSAS 18001 and TOSHMS in December 1999 to implement safety and health management, and hold regular fire fighting education and training for employees and regular inspection of related equipment.	(1) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
(2) Is the company committed to improving theefficiency of resource utilization and using recycled materials with low impact on the environment?	V		(2) 1. In the R&D and design stage, we try our best to develop green concept products to reduce the impact on the environment and ecology, and to introduce environment-friendly equipment and technology solutions to properly control and prevent pollution generation. 2. The process wastewater in the plant is treated as secondary water to save water resources, and the raw materials of the production line arerecycled to achieve the reduction of raw materials. 3. The process-related equipment is continuously integrated into the inverter energy saving system to reduce the company's energy consumption. The resource waste generated in the plant is treated through the plant recycling system to reduce the amount of waste production. 4. The plant water system has been upgraded to continuously improve the efficiency of recycled water use. 5. The reduction of process gas emissions to reduce the emission of volatile organic pollutants. 6. In line with Tainan City's Low Carbon Autonomy Ordinance, the company has installed a 3,000KW solar energy system to support the Renewable Energy Law in practice.	(2) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.

Evaluation item	Operational status			Differences between Corporate Social Responsibility Principles of Practice and Listed Companies and Reasons
	Yes	No	Summary description	
(3) Does the company evaluate the current and future potential risks and opportunities of climate change and take corresponding measures for climate related issues?	V		(3)1. Our company has established greenhouse gas inventory practices and regularly does an inventory of greenhouse gas emissions in accordance with the international ISO 14064-1:2006 (CNS 14064-1) carbon emission standard, and our production plants have been awarded the Carbon Reduction Action Award by the Environmental Protection Agency. 2. Replace chilled water equipment with high efficiency energy saving models to reduce energy consumption and greenhouse gas generation. 3. Continued introduction of variable frequency equipment into the production facilities to reduce energy consumption and greenhouse gas emissions within the plant.	(3) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
(4) Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and has it formulated policies for energy saving and carbon reduction, greenhouse gas reduction, water use reduction or other waste management?	V		(4)1. Water consumption: 124,427 tonnes in 2018 and 110,295 tonnes in 2019, a total reduction of 14,132 tonnes (11.36% water saving) through process water recycling and a carbon reduction of 2,727kg in 1 year. 2. Total weight of waste: 650.689 tonnes in 2019 and 602.584 tonnes in 2020, representing a 1-year reduction of 48.105 tonnes (7.39% reduction) in business waste. 3. Electricity consumption: 36,733,920 kWh in 2019 and 32,663,311 kWh in 2020, a 1-year savings of 4,070,609 kWh (11.08% savings). 4. In 2020, we will continue to promote the resource recovery program, carry out the replacement of the inverter system of process facilities, complete the installation of 933KW solar energy system in the second plant of Science and Technology, and pass the environmental management system-ISO14001 certification in 2020 as the energy saving and carbon reduction management policy.	(4) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
4.Social issues (1) Has the company established relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) In order to fulfill our corporate social responsibility and to protect the basic human rights of all employees and stakeholders, we have established this policy in compliance with the United Nations Universal Declaration of Human Rights, the International Labor Organization Convention and other relevant human rights norms, and to abide by the Labor Standards Law of the Republic of China, the Gender Equality Law and other labor-related laws and regulations to ensure that human rights are not violated and that both internal and external members of the company are treated with respect and fairness.	(1) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
(2) Does the company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits, etc.) and properly reflect operating performance or results in employee compensation?	V		(2) The Company has established work rules, welfare management rules and related personnel management regulations, which cover wages, working hours, vacations, employee benefits, pension payments, and compensation for occupational accidents for the employees employed by the Company in accordance with the Labor Standards Law, and has established an employee welfare committee to handle welfare matters in accordance with the law and taking into account	(2) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.

Evaluation item	Operational status			Differences between Corporate Social Responsibility Principles of Practice and Listed Companies and Reasons
	Yes	No	Summary description	
			the needs of the employees. employee compensation policies are determined based on individual ability, performance, contribution to the Company, the market value of the position held and consideration of the Company's future operational risks, and are positively related to operational performance.	
(3) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	V		(3) Our company holds regular health checkups for employees and has a special doctor visit the company to provide health consultation. We implement safety education and promotion, hold regular fire safety training for employees, enhance the ability and awareness of all employees to manage safety on their own, and implement safety management.	(3) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies. 。
(4) Does the company have an effective career development program for its employees?	V		(4) Our company sets up annual internal and external training courses and provides employee training programs according to five major categories of functions.	(4) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
(5) Does the company comply with relevant laws and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and has it established relevant consumer protection policies and complaint procedures?	V		(5) Our company sells in more than 120 countries around the world and produces lights that comply with the relevant international automotive lighting regulations in each country. We listen to and respond to our customers' needs in a timely manner, reacting quickly to market trends and striving for consistent precision and perfection in the design of each product. Grievance channels: In addition to filling out the online form on the website, customers can also use the sales headquarters customer service mailbox (tyc_service@tyc.com.tw) to file a complaint.	(5) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
(6) Does the company have a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor human rights, and how is it implemented?	V		(6) According to the delivery performance of manufacturers, the implementation of hierarchical management, in order to motivate manufacturers to improve the management level, and through evaluation counseling, in order to go hand in hand in the competitive market. 1. All third parties are required to pass the third party evaluation system. 2. For the third-party manufacturers, we will do project auditing and monthly performance evaluation according to Q, C, D and S. If the performance is not good, we will urge them to improve and conduct annual evaluation, and then we will list the past manufacturers as the elimination of integration and continuous monitoring of the target. 3. The transaction performance is abnormal and has development potential and is willing to cooperate with the manufacturers for counseling, counseling staff according to the counseling plan and urge the improvement of the progress, to confirm its effectiveness. 4. Regular seminars and meetings with third parties, for the annual evaluation (according to quality, delivery, cooperation and factory inspection) outstanding results, awarded the excellent manufacturer award as incentive.	(6) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.

Evaluation item	Operational status			Differences between Corporate Social Responsibility Principles of Practice and Listed Companies and Reasons
	Yes	No	Summary description	
5.Has the company made reference to international standards or guidelines for the preparation of reports, such as CSR reports, which disclose non-financial information about the company, and has the former report obtained a third-party verification or assurance opinion?		V	The Company discloses relevant CSR-related information on the Company's website at http://www.tyc.com.tw and on the Market Observation Post System.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.
6.If the company has its own CSR Principle in accordance with the "Principle of Practice on Corporate Social Responsibility for Listed Companies", please describe how it operates differently from the Principle: The Company does not have a principle of social responsibility in place, but practices social corporate responsibility through the operation of related activities.				
7.Other important information for understanding the operation of corporate social responsibility. The company upholds the principles of compassion, joy, gratitude, cherishing blessings and karma, and the attitude of giving people joy, hope, convenience, and confidence in doing things. Through the "Tainan TYC Love Association" established in 1996, we have helped disadvantaged families and social welfare organizations, and have donated to 311 people and 211 families, with a total donation of $20.83 million, to realize the concept of giving back to society.				

(6) The company's performance of integrity and the measures taken:

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operational status</th><th rowspan="2">Differences and reasons between the principle of good faith operation of listed and OTC companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>1.Establish integrity management policies and programs
(1) Does the company have an ethical management policy that is approved by the Board of Directors, and does it state in its bylaws and external documents its policies and practices on ethical management, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?</td><td>V</td><td></td><td>(1) The Company's Board of Directors has approved the "Procedures and Conduct Guidelines for Integrity Management" and a separate "Principle of Ethical Conduct", which specify the Company's integrity management policy and important issues and require Board members and senior management to abide by the principle of integrity; directors are prohibited from participating in discussions and voting on matters that are harmful to the Company's interests and are required to recuse themselves.</td><td>(1) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.</td></tr>
<tr><td>(2) Has the company established a mechanism to assess the risk of dishonest conduct, regularly analyze and evaluate the business activities within the scope of business that have a higher risk of dishonest conduct, and accordingly formulate a plan to prevent dishonest conduct, and at least cover the preventive measures for the conducts mentioned in paragraph 2 of Article 7 of the "Principle of Conduct for Listed Companies with Integrity"?</td><td>V</td><td></td><td>(2)On March 24, 2020, the directors of the Company revised the "Operating Procedures and Conduct Guidelines on Integrity" to include the handling of dishonest conduct by the Company's personnel to prevent dishonest conduct, and to uphold the principle of honesty and integrity and comply with the code of ethical conduct when performing their duties.</td><td>(2) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.</td></tr>
<tr><td>(3) Is the company's dishonesty prevention program clearly defined in the operating procedures, conduct guidelines, disciplinary and grievance systems for non-compliance, and implemented, and is the former program reviewed and revised regularly?</td><td>V</td><td></td><td>(3) Handling of company personnel involved in dishonest conduct
1.The Company encourages internal and external personnel to report dishonest behavior or misconduct, and will pay a discretionary bonus according to the seriousness of the report. Internal personnel who make false reports or malicious accusations shall be subject to disciplinary action and shall be dismissed in serious cases.
2.The Company has established and posted an internal independent whistleblower box on the Company's website and intranet site for use by internal and external personnel of the Company. The whistleblower should provide at least the following information:
(1) The name and ID number of the person making the report may also be reported anonymously, and the address, telephone number, and e-mail address where the person</td><td>(3) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.</td></tr>
</table>

Evaluation item	Operational status			Differences and reasons between the principle of good faith operation of listed and OTC companies
	Yes	No	Summary Description	
			can be reached. (2) The name or other identifying information of the person being prosecuted. (3) Specific facts that can be investigated. 3.The Company's personnel handling the whistleblower case shall declare in writing that the identity of the whistleblower and the contents of the whistleblower case shall be kept confidential, and the Company undertakes to protect the whistleblower from being improperly dealt with as a result of the whistleblower case. 4.The following procedures are followed by the Company's dedicated unit for handling complaints. (1) Reports should be made to the department head for general employees and to the independent directors for directors or senior executives. (2) The Company's specialized units and the officers or personnel reported in the preceding paragraph shall immediately ascertain the relevant facts and, if necessary, provide assistance from regulatory compliance or other relevant departments. (3) If it is proven that the person being reported has violated the relevant laws and regulations or the Company's policies and regulations on honest behavior/operation, the Company shall immediately request the person being reported to stop the said behavior, and if necessary, report to the competent authorities, refer to the judicial authorities for investigation, or request for damages through legal proceedings in order to protect the Company's reputation and rights. (4) The acceptance of the report, the investigation process and the results of the investigation shall be kept in writing and shall be kept for five years, and shall be kept electronically. Before the expiration of the retention period, in the event of a lawsuit related to the content of the report, the relevant information shall be	

Evaluation item	Operational status			Differences and reasons between the principle of good faith operation of listed and OTC companies
	Yes	No	Summary Description	
			kept until the end of the lawsuit. (5) If the report is verified to be true, it is responsible to the relevant units of the Company to review the relevant internal control system and operating procedures, and to propose improvement measures to prevent the recurrence of the same behavior. (6) The Company's dedicated unit shall report to the Board of Directors on the reported cases, their handling and subsequent review of improvement measures.	
2.Implementation of integrity management (1) Does the company assess the integrity record of its counterparties and specify the integrity clause in the contracts signed by its counterparties? (2) Does the company have a dedicated unit under the Board of Directors to promote corporate integrity and report regularly (at least once a year) to the Board of Directors on its integrity policy and its plans to prevent dishonest practices and monitor their implementation? (3) Does the company develop conflict-of-interest prevention policies, provide appropriate presentation channels, and implement them? (4) Does the company implement the effective accounting system and internal control system established by the integrity management, and the internal audit unit draws up the relevant audit plan based on the assessment results of the risk of dishonest behavior, and checks the compliance of the plan to prevent dishonest behavior, or entrusts the accountant to perform the audit?	V V V V		(1) The Company has established credit principles and credit limit management system to effectively grasp the information of customers and reduce the risk of the Company's operation. (2) In order to improve the management of honest behavior/operations, the human resources department is responsible for formulating and monitoring the implementation of honesty policies and preventive programs, and reporting to the Board of Directors when necessary. (3)The Company's conflict of interest prevention policy is used to identify, monitor and manage the risk of conflicts of interest that may lead to dishonest conduct and to provide appropriate channels for directors, managers and other interested persons attending or participating in Board meetings to proactively state whether they have potential conflicts of interest with the Company. (4)1. The Company ensures that the design and implementation of the system is effective on an ongoing basis by establishing and keeping under review an effective accounting system and internal control system to prevent business activities with higher risk of dishonest acts. 2. The Company's internal auditors regularly review compliance with the preceding system and prepare	(1) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons. (2) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons. (3) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons. (4) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.

Evaluation item	Operational status			Differences and reasons between the principle of good faith operation of listed and OTC companies
	Yes	No	Summary Description	
(5) Does the company regularly hold internal and external education and training in good faith management?	V		an audit report for the Board of Directors and may appoint an accountant to perform the review and, if necessary, engage professional assistance. (5)1. The company has established integrity management procedures and behavior guidelines, and the "Integrity Management Rules" are set out in the internal standard book. The company uses announcements to inform employees of the rules when they are issued, and they are also documented in the NOTES standard book for their reference. 2. Our company sets up annual internal and external training courses to implement the concept of honest behavior/operations on all employees according to their functions.	(5) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.
3.Operation of the Corporate Prosecution System (1) Does the company have a specific reporting and reward system, and has it established a channel to facilitate reporting and assigned appropriate staff to receive reports on the subject?	V		(1)The Company encourages internal and external personnel to report dishonest behavior or misconduct, and will pay a discretionary bonus according to the seriousness of their reports. Internal personnel who make false reports or malicious accusations shall be subject to disciplinary action, and those with serious cases shall be dismissed from their positions.	(1) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.
(2) Does the company have standard operating procedures for investigation of whistleblowing matters, follow-up measures to be taken after completion of investigation and relevant confidentiality mechanism?	V		(2)1. The Company has established and posted an internal independent whistleblower mailbox on the Company's website and intranet site for use by internal and external personnel of the Company. The whistleblower should provide at least the following information. (1) The name and ID number of the person making the report may also be reported anonymously, and the address, telephone number, and e-mail address where the person can be reached. (2) The name or other identifying information of the person being prosecuted. (3) Specific facts that can be investigated. 2. The Company's personnel handling the report shall declare in writing that the identity of the	(2) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operational status</th><th rowspan="2">Differences and reasons between the principle of good faith operation of listed and OTC companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>whistleblower and the content of the report shall be kept confidential, and the Company undertakes to protect the whistleblower from being improperly dealt with as a result of the report.
3. The following procedures should be followed by the company's dedicated unit for handling complaints.
(1) Report cases involving general staff should be reported to the head of the department, report cases involving directors or senior executives should be reported to independent directors.
(2) The Company's specialized units and the officers or personnel reported in the preceding paragraph shall immediately ascertain the relevant facts and, if necessary, provide assistance from regulatory compliance or other relevant departments.
(3) If it is proved that the person being reported has violated the relevant laws and regulations or the Company's policies and regulations on honesty, the Company shall immediately request the person being reported to stop the said behavior, and if necessary, report it to the competent authorities, refer it to the judicial authorities for investigation, or seek damages through legal proceedings in order to protect the Company's reputation and rights.
(4) If a lawsuit related to the contents of the report is filed before the expiration of the retention period, the relevant information shall be retained until the end of the lawsuit.
(5) If the report is verified to be true, it shall be responsible to the relevant units of the Company to review the relevant internal control system and operating procedures, and propose improvement measures to prevent the recurrence of the same behavior.
(6) The responsible unit of the Company shall report to the Board of Directors regarding its handling and follow-up review and improvement measures.</td><td></td></tr>
</table>

Evaluation item	Operational status			Differences and reasons between the principle of good faith operation of listed and OTC companies
	Yes	No	Summary Description	
(3) Does the company take measures to protect the whistleblower from improper handling/treatment?	V		(3) Reports will be handled confidentially and employees will be made aware that the Company will do its utmost to protect the safety of those who make good faith reports.	(3) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.
4.Enhanced information disclosure Does the company disclose the contents and effectiveness of its Principle of Conduct on its website and the Market Observation Post System?	V		The Company discloses its "Integrity Procedures and Behavior Guidelines" and their effectiveness on the Company's website and the Market Observation Post System. http://www.tyc.com.tw/index.php/governance/statute。 Specific measures to operate with integrity. http://www.tyc.com.tw/index.php/investors/view/46。	No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”and Reasons.
5.If the company has its own code of Integrity in accordance with the"Principle of Integrity Management of Listed Companies", please describe the differences between its operation and the principle set out： The Company has established "Operating Procedures and Conduct Guidelines for Integrity" which are posted on the Company's website and there are no material differences between the Company's operations and the prescribed operating procedures.				
6.Other important information to help understand the company's integrity management operation: (Such as the company reviews and amends its code of integrity management, etc.))： The company complies with the relevant government laws and regulations, and implements the integrity management policy, for stakeholders to prohibit acts involving dishonesty, pay attention to the rights and interests of each stakeholder, and indeed implement the relevant provisions of corporate governance.				

(7) If the company has established a corporate governance principle and related regulations, it should disclose its inquiry method：

1. To implement corporate governance, the Company has established the relevant corporate governance rules as follows：

    (1) Articles of Incorporation.

    (2) Regulations Governing the Acquisition and Disposal of Assets.

    (3) Procedures for Loaning Funds to Others.

    (4) Procedures for dealing in derivative transactions.

    (5) Procedures for endorsements and guarantees.

    (6) The corporate governance best-practice principles.

    (7) Internal procedures for handling material information.

    (8) Integrity management practices.

    (9) Integrity management procedures and conduct guidelines.

    (10) Codes of Ethical Conduct.

    (11) Rules of Procedure of Shareholders' Meetings.

    (12) Rules of Procedure of the Board of Directors.

    (13) Method of election of directors.

    (14) Rules governing the areas of responsibility of independent directors.

    (15) Rules for the Organization of the Audit Committee.

    (16) Rules for the Organization of the Remuneration Committee.

    (17) Performance evaluation method of the Board of Directors.

2. Disclosure and inquiry methods: the company's website.

(8) Other important information that is sufficient to improve understanding of the state of corporate governance operations: None.

(9) Status of implementation of the internal control system :

1.Statement regarding the Internal Control System

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T.Y.C. BROTHER IND. CO., LTD.

Statement regarding the Internal Control System

Date：2020/3/5

Based on the results of our self-assessment, we declare that our internal control system for the year 2020 is as follows.

1.The Company recognizes that it is the responsibility of the Board of Directors and the Manager to establish, implement and maintain an internal control system, which has been established to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability of reporting, timeliness, transparency and compliance with relevant regulations and compliance with relevant laws and regulations.

2.The Company's internal control system has inherent limitations and no matter how well designed, an effective internal control system can only provide reasonable assurance of the achievement of the above three objectives. Furthermore, the effectiveness of the internal control system may change due to changes in circumstances and conditions, but the Company's internal control system has a self-monitoring mechanism and the Company will take corrective actions once deficiencies are identified.

3.The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Guidelines Governing the Establishment of Internal Control Systems by Public Companies" (the "Guidelines"), which are divided into five components based on the management control process: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. monitoring operations, each of which consists of certain items as described in the Guidelines.

4.The Company has used the above internal control system evaluation items to assess the effectiveness of the design and implementation of the internal control system.

5.Based on the results of the preceding evaluation, the Company concluded that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2020[Note 2], including the understanding of the extent to which operational effectiveness and efficiency objectives have been achieved, the reporting of such internal control system is reliable, timely, transparent and in compliance with the relevant relevant laws and regulations, and the design and implementation of such internal control system is effective, which can reasonably ensure the achievement of the above objectives.

6.This statement will become the main content of the Company's annual report and public statement, and will be made public, and any misrepresentation or concealment of the above-mentioned content will be subject to legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

7.This statement was approved by the Board of Directors at its meeting held on March 25, 2021, and of the nine directors present, none held an opposing view.

T.Y.C. BROTHER IND. CO., LTD

Chairman of the Board: WU , CHUN-CHI

General Manager: CHEN , CHIN-CHAO

2.If an accountant is engaged to review the internal control system, the accountant's review report should be disclosed: None

(10) For the most recent year and up to the date of printing of the annual report, the company and its internal personnel have been punished by law, or the company has punished its internal personnel for violating the provisions of the internal control system, and the result of the punishment may have a significant impact on the shareholders' equity or the price of securities, the content of the punishment, the main deficiencies and improvements should be stated: None.

(11) Significant resolutions of the shareholders' meeting and the Board of Directors for the latest year and up to the date of printing of the annual report:

1. Board of shareholders

Meeting date	Summary of Important Proposals	Voting results	Implementation
2020.06.19	2019 Financial Statements	The case was passed by a vote Number of voting rights: 180,950,573, accounting for 98.75% of the shareholders present	Not applicable
	FY 2019 Surplus Distribution Proposal	The case was passed by a vote Approval right: 181,223,265, accounting for 98.90% of the shareholders present	Cash dividend of $1.40 per share to be paid on August 21, 2020
	Amendments to the Articles of Association	The case was passed by a vote Approval right: 181,220,464, accounting for 98.90% of the shareholders present	The revised procedures have been followed

2. Board of Directors

Period	Meeting date	Summary of Important Proposals	Resolution result
14-14	2020.07.02	1. Directors' remuneration. 2. Bank credit line cases. 3. To amend the "Organizational Rules of the Salary and Compensation Commission". 4. To amend the "Rules of Procedure of the Board of Directors". 5. To amend the "Organizational Rules of the Audit Committee". 6. Amendment to the "Rules Governing the Responsibilities of Independent Directors".	All the directors present (including the independent directors) passed the resolution without objection.
14-15	2020.08.12	1. To establish an independent Director's remuneration case. 2. Whether the disguised financing is listed as a loan and the nature of the case.	All the directors present (Case 1 except the independent directors HUANG , CHUNG-HUI, HOU, RONG- HSIEN and HSU,CHIANG who should avoid the interests of the independent directors did not participate in the vote in the case) passed without objection.
14-16	2020.11.12	1. 2021 Annual Audit Plan Case. 2. Bank credit line cases. 3. Whether the disguised financing is classified as a loan of funds.	All the directors present (including the independent directors) passed the resolution without objection.
14-17	2020.12.04	Report only, no discussion.	
14-18	2021.03.25	1. 2021 Annual Operating Plan. 2. The "Assessment of the Effectiveness of the Internal Control System" and the "Statement of Internal Control System" for the year 2020. 3. Employee compensation and director compensation distribution for fiscal 2020. 4. The Annual Accounts Book 2020. 5. FY 2020 Surplus Distribution Case. 6. The Company intends to issue additional preferred shares in cash. 7. Amendment to the "Method of Election of Directors". 8. Whether disguised financing is classified as a case of lending of funds.	All the directors present (including the independent directors) passed the resolution without objection.

Period	Meeting date	Summary of Important Proposals	Resolution result
		9. Bank credit line case. 10. Review the independence assessment of the company's visa accountants. 11. Election of directors of the Company. 12. The 2021 Shareholders ' Meeting accepts 1% shareholder proposals and matters related to the nomination of candidates for directors (including independent directors). 13. Nomination of the list of candidates for the election of directors (including independent directors) in 2021. 14. Case for lifting the prohibition of directors ' competition. 15. Matters related to the convening of the 2021 Ordinary Shareholders ' Meeting.	

(12)Directors' dissenting views on important resolutions passed by the Board of Directors during the latest year and up to the date of printing of the annual report, which are recorded or stated in writing: None

(13) Summary of the resignation and dismissal of the Chairman, President, Head of Accounting, Head of Finance, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development of the Company for the most recent year and up to the date of printing of the annual report: None

5.CPA Public Fee Information：

(1) 2020 CPA Information of the Company：

Name of accounting firm	Name of Accountant	Accountant's audit period	Remarks
ERNST & YOUNG, TAIWAN	HUANG, SHIH-CHIEH	2020.01.01~2020.12.31	-
	LEE,FANG-WEN	2020.01.01~2020.12.31	-

(2) Accounting Public fee Information Scale

Unit: NT $1000

	Public expense items	Audit fee	Non-audit fees	Total
1	Less than NT$2,000	-	V	V
2	NT$2,000 (inclusive) ~ NT$4,000	-	-	-
3	NT$4,000 (inclusive) ~ NT$6,000	-	-	-
4	NT$6,000 (inclusive) ~ NT$8,000	V	-	V
5	NT$8,000 (inclusive) ~ NT$10,000	-	-	-
6	NT$10,000 or more (inclusive)	-	-	-

(3) If the non-audit fees paid to the certifying accountant, the certifying accountant's firm and its affiliates amount to more than one-fourth of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed.

The non-audit public expense for fiscal 2020 does not amount to more than one-fourth of the audit public expense and is therefore not applicable.

(4) If there is a change of accounting firm and the audit fee paid in the year of change is less than the audit fee paid in the year before the change, the amount of audit fee before and after the change should be disclosed and the reasons:

Not applicable since there is no change of accounting firm.

(5) If the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reason for the decrease in audit fee should be disclosed:

The audit fee for fiscal 2020 has not decreased by 10% or more from fiscal 2019, therefore, it is not applicable.

6.Change of accountant information: None

7.If the chairman, general manager, or manager in charge of financial or accounting matters of the Company has worked for the firm of the certified public accountant or its affiliates within the past year, he/she should disclose his/her name, title, and period of employment with the firm of the certified public accountant or its affiliates: None

8.The following are the movements in shareholdings and pledges of shareholdings of directors, supervisors, managers and shareholders holding more than 10 percent of the shares during the latest year and up to the date of printing of the annual report.

1.Changes in shareholdings of directors, supervisors, managers and substantial shareholders.

Title	Name	Fiscal Year 2020		Current year ended March 31	
		Increase (decrease) in number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	WU , CHUN-CHI	0	0	0	0
Director	WU , CHUN-LANG	0	0	0	0
Director	WU , CHUN-I	0	0	0	0
Director	TING, CHENG-TAI	0	0	0	0
Director	WU , KUO-CHEN — Legal Representative of Kuo-Chi-Min Investment Co., Ltd.	0	0	0	0
Director	CHEN , CHIN-CHAO—Legal Representative of Yuan-Hong Investment Co., Ltd.	0	0	0	0
Independent Director	HUANG , CHUNG-HUI	0	0	0	0
Independent Director	HOU, RONG- HSIEN	0	0	0	0
Independent Director	HSU,CHIANG	0	0	0	0
Major shareholder	Ta Yih Ta Investment Co., Ltd	0	(5,100,000)	(54,283,887)	(3,000,000)
Major shareholder	Yih Heng Investment Co., Ltd	0	0	0	76,000,000
Manager	CHEN , CHIN-CHAO	0	0	0	0
Manager	TING, CHENG-TAI	0	0	0	0
Manager	WU , KUO-CHEN	0	0	0	0
Manager	WENG,YI-FENG	0	0	0	0
Manager	WU,PING-HUI	0	0	0	0
Manager	SHEN,I-CHUAN	0	0	0	0
Manager	WU,WEN-KUEI	0	0	0	0
Manager	LIN,CHUN-KUEI	0	0	0	0
Manager	CHAO,YUAN-CHUN	0	0	0	0
Manager	HSU,YU-HUI	0	0	0	0
Manager	LIN,MIN FENG	0	0	0	0
Manager	LIU,YU-CHUNGMR	0	0	0	0

Note: The Manager, LIN,CHUN-KUEI, resigned on September 1, 2020.

Note: BILLION ALIVE INVESTMENT LIMITED has been the new major shareholder since January 11, 2021.

2.Information on the transfer of shares to related parties: None

3.Information on the pledge of shares by a related party: None

9. Information on the relationship between the top 10 shareholders and their respective shareholdings.

Name	Shares held by owning		Spouse. Minor children holding shares		Total shareholding in the name of others		The top10 shareholders are related to each other or are spouses. The names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree of consanguinity		Remark
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Title (or name)	Relationships	
Ta Yih Ta Investment Co., Ltd	56,655,288	18.11%	0	0	0	0	None	None	-
Representative：WU , CHUN-CHI	824,081	0.26%	828,278	0.26%	0	0	WU , CHUN-I. Representative of YUAN-HONG INVESTMENT CO., LTD WU , CHUN-LANG Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I.	brotherhood	-
YIH HENG INVESTMENT CO., LTD	46,199,859	14.77%	0	0	0	0	None	None	-
Representative：WU , CHUN-LANG	5,401,383	1.73%	828,278	0.26%	0	0	Representative of TA YIH TA INVESTMENT CO., LTD, WU , CHUN-CHI、WU , CHUN-I、Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I、Representative of KUO-CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI、Representative of CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI	brotherhood	-
DING WAN INVESTMENT CO., LTD	10,522,852	3.36%	0	0	0	0	None	None	-
Representative：WU,MAI-HUI-E	823,474	0.26%	4,593,613	1.47%	0	0	WU , CHUN-I、Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I	Spouse	-
TA WEI INVESTMENT CO., LTD.	10,498,871	3.36%	0	0	0	0	None	None	-
Representative：WU , CHUN-I	4,593,613	1.47%	823,474	0.26%	0	0	Representative of DING WAN INVESTMENT COLTD. WU,MAI-HUI-E	Spouse	-
							Representative of KUO-CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI、Representative of CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI、Representative of TA YIH TA INVESTMENT CO., LTD,WU , CHUN-CHI、Representative of YUAN-HONG INVESTMENT CO., LTD. WU , CHUN-LANG	brotherhood	-
Kuo-Chi-Min Investment Co., Ltd.	9,931,756	3.17%	0	0	0	0	None	None	-
Representative：WU , CHUN-CHI	824,081	0.26%	828,278	0.26%	0	0	WU , CHUN-I. Representative of YUAN-HONG INVESTMENT CO., LTD. WU , CHUN-LANG Representative of TA WEI INVESTMENT CO.,	brotherhood	-

Name	Shares held by owning		Spouse. Minor children holding shares		Total shareholding in the name of others		The top10 shareholders are related to each other or are spouses. The names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree of consanguinity		Remark
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Title (or name)	Relationships	
							LTD. WU , CHUN-I		
Chi-Min Investment Co., Ltd.	6,354,893	2.03%	0	0	0	0	None	None	-
Representative： WU , CHUN-CHI	824,081	0.26%	828,278	0.26%	0	0	WU , CHUN-I. Representative of YUAN-HONG INVESTMENT CO., LTD. WU , CHUN-LANG Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I	brotherhood	-
WU , CHUN-LANG	5,401,383	1.73%	828,278	0.26%	0	0	Representative of Ta Yih Ta Investment Co., Ltd. WU , CHUN-CHI. 、WU, CHUN-I, 、 Representative of Chi-Min Investment Co., Ltd. WU , CHUN-CHI Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I	brotherhood	-
Yuan-Hong Investment Co., Ltd.	5,354,451	1.71%	0	0	0	0	None	None	-
Representative： WU , CHUN-LANG	5,401,383	1.73%	828,278	0.26%	0	0	Representative of Ta Yih Ta Investment Co., Ltd WU , CHUN-CHI.WU , CHUN-I Representative of KUO-CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI. Representative of Chi-Min Investment Co., Ltd. WU , CHUN-CHI Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I	brotherhood	-
WU , CHUN-I	4,593,613	1.47%	823,474	0.26%	0	0	Representative of Ding Wan Investment Co., Ltd-WU,MAI-HUI-E	Spouse	-
							Representative of Kuo-Chi-Min Investment Co., Ltd.-WU , CHUN-CHI. Representative of Chi-Min Investment Co., Ltd. WU , CHUN-CHI. Representative of Ta Yih Ta Investment Co., Ltd WU , CHUN-CHI. Representative of Yuan-Hong Investment Co., Ltd.-WU , CHUN-LANG	brotherhood	
Chase Custodianship of the Norwegian Central Bank Investment Account	3,111,521	0.99%	0	0	0	0	None	None	-

10.Consolidated shareholding:

Units: Shares；%

Transfer of Investment Business (Note)	Investment of the Company		Investment of directors, supervisors, managers and directly or indirectly controlled enterprises		Consolidated investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
TI YUAN INVESTMENT CO., LTD.	5,731	100%	-	-	5,731	100%
TI FU INVESTMENT CO., LTD.	12,000	100%	-	-	12,000	100%
JUOKU TECHNOLOGY CO., LTD.	27,923,401	72.10%	1,619,792	4.18%	29,542,091	76.29%
Tamau Management Consultancy Co., Ltd.	260,000	100%	-	-	260,000	100%
SUPRA-ATOMIC CO., LTD	66,532,450	100%	-	-	66,532,450	100%
BESTE MOTOR CO., LTD	12,072,000	100%	-	-	12,072,000	100%
CONTEK CO., LTD.	2,186,000	100%	-	-	2,186,000	100%
I YUAN PRECISION INDUSTRIAL CO., LTD.	5,617,854	15.66%	-	-	5,617,854	15.66%
INNOVA HOLDING CORP.	5,549	100%	-	-	5,549	100%
TYC VIETNAM INDUSTRIAL CO., LTD.	-	60%	-	-	-	60%
TSM TECH CO., LTD.	-	-	300,000	100.00%	300,000	100.00%
PT.ASTRA JUOKO	-	-	1,126,500	50.00%	1,126,500	50.00%
DBM REFLEX OF TAIWAN CO., LTD.	-	-	8,750,000	50.00%	8,750,000	50.00%
EUROPILOT CO., LTD	-	-	14,359,821	100.00%	14,359,821	100.00%
MOTOR-CURIO CO., LTD	-	-	1,893,400	100.00%	1,893,400	100.00%
SPARKING CO., LTD	-	-	30,915,717	100.00%	30,915,717	100.00%
EUROLITE CO., LTD	-	-	14,697,972	100.00%	14,697,972	100.00%
UNIMOTOR INDUSTRAL CO., LTD	-	-	6,887,000	100.00%	6,887,000	100.00%
TYC EUROPE B.V	-	-	120,000	100.00%	120,000	100.00%
T.I.T INTERNATION CO., LTD	-	-	4,994,900	99.98%	4,994,900	99.98%
VARROC TYC CORPORATION	-	-	14,072,000	50.00%	14,072,000	50.00%
ATECH INTERNATIONAL CO.,LTD.	-	-	2,250,000	25.00%	2,250,000	25.00%
GENERA CORPORATION	-	-	12,388,505	100.00%	12,388,505	100.00%
W&W REAL PROPERTY,INC.	-	-	1,000,000	100.00%	1,000,000	100.00%
VARROC TYC CORPORATION	-	-	-	50.00%	-	50.00%
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	-	-	-	100.00%	-	100.00%
SUNNYTECH.CN Inc.	-	-	-	30.00%	-	30.00%
XIANLIANG (KUN SHAN)AUTO PARTS CO., LTD.,	-	-	-	20.00%	-	20.00%
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	-	-	-	100.00%	-	100.00%
Chin-Li-Ma Hight Performance Luminaire Co., Ltd.	-	-	-	30.00%	-	30.00%
Kunshan Atech Autoparts Manufacturing Co., Ltd.	-	-	-	25.00%	-	25.00%
Jiangsu imperial standard dustrial technology co., Ltd	-	-	-	25.00%	-	25.00%

Note: Long-term investments accounted for using the equity method.

IV.Fund raising situation

1.Capital and share capital ：

(1) Source of share capital:

1.Share capital formation

Year/Month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash against shares	Others
1986.09	10	600,000	6,000,000	600,000	6,000,000	Establishment	None	-
1987.10	10	3,600,000	36,000,000	3,600,000	36,000,000	Cash capital increase 30,000,000	None	-
1988.06	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase 64,000,000	None	-
1989.03	10	17,000,000	170,000,000	17,000,000	170,000,000	Cash capital increase 70,000,000	None	-
1989.12	10	42,000,000	420,000,000	42,000,000	420,000,000	Cash capital increase 250,000,000	None	-
1995.06	10	47,880,000	478,800,000	47,880,000	478,800,000	Surplus to capital increase 16,800,000 Capital reserve to increase 42,000,000 capital	None	Approved by TWSE (1) No. 37257 on June 26, 1995
1996.07	10	80,000,000	800,000,000	60,500,000	605,000,000	Surplus to capital increase 71,820,000 Capital reserve to increase 23,940,000 capital 30,440,000 Cash capital increase	None	Approved by TWSE (1) No. 39773 on July 3, 1996
1996.05	10	80,000,000	800,000,000	72,600,000	726,000,000	Surplus to capital increase 121,000,000	None	Approved by TWSE (1) No. 40709 on May 29, 1997
1998.05	10	186,000,000	1,860,000,000	114,380,000	1,143,800,000	Surplus to capital increase 181,500,000 Capital reserve to increase 36,300,000 capital 200,000,000 Cash capital increase	None	Approved by TWSE (1) No. 37130 on May 8, 1998
1999.06	10	190,000,000	1,900,000,000	137,256,000	1,372,560,000	Surplus to capital increase 228,760,000	None	Approved by TWSE (1) No. 52440 on June 7, 1999
2000.06	10	280,000,000	2,800,000,000	164,707,200	1,647,072,000	Surplus to capital increase 192,158,400 Capital reserve to increase 82,353,600 capital	None	Approved by (2000) TWSE (1) No. 50760 on June 14, 2000
2001.06	10	280,000,000	2,800,000,000	169,648,416	1,696,484,160	Surplus to capital increase 49,412,160	None	Approved by TWSE (1) No. 139164 on June 19, 2001
2002.06	10	280,000,000	2,800,000,000	183,220,290	1,832,202,900	Surplus to capital increase 135,718,740	None	Approved by TWSE No. 1 letter 0910132228 dated June 14, 2002
2003.07	10	280,000,000	2,800,000,000	192,381,305	1,923,813,050	Surplus to capital increase 91,610,150	None	Approved by TWSE No. 1 letter 0920130067 on July 7, 2003
2004.06	10	280,000,000	2,800,000,000	216,428,968	2,164,289,680	Surplus to capital increase 240,476,630	None	Approved by TWSE No. 1 letter 0930127901 on June 24, 2004
2004.10	10	280,000,000	2,800,000,000	216,617,011	2,166,170,110	Conversion of corporate bonds into shares 1,880,430	None	Approved by MOEA No. 09301196240 on October 18, 2004
2004.07	10	280,000,000	2,800,000,000	242,611,052	2,426,110,520	Surplus to capital increase 259,940,410	None	Approved by FSC No. 0940127302 on July 7, 2005

Year/Month	Issue price	Authorized share capital		Paid-in capital		Remarks			
		Number of shares	Amount	Number of shares	Amount	Source of share capital		Property other than cash against shares	Others
2005.10	10	280,000,000	2,800,000,000	244,961,775	2,449,617,750	Conversion of corporate bonds into shares	23,507,230	None	Approved by MOEA No. 09501010450 on January 18, 2006
2006.04	10	280,000,000	2,800,000,000	245,069,906	2,450,699,060	Conversion of corporate bonds into shares	1,081,310	None	Approved by MOEA No. 09501010450 on January 18, 2006
2006.07	10	400,000,000	4,000,000,000	248,638,304	2,486,38,3040	Conversion of corporate bonds into shares	35,683,980	None	Approved by MOEA No. 09501152710 on July 28, 2006
2007.01	10	400,000,000	4,000,000,000	249,061,432	2,490,614,320	Conversion of corporate bonds into shares	4,231,280	None	Approved by MOEA No. 09601011330 on January 16, 2007
2007.04	10	400,000,000	4,000,000,000	249,070,834	2,490,078,340	Conversion of corporate bonds into shares	94,020	None	Approved by MOEA No. 09601079840 on April 19, 2007
2007.09	10	400,000,000	4,000,000,000	252,806,896	2,528,068,960	Surplus to capital increase	37,360,620	None	Approved by MOEA No. 09601222870 on September 12, 2007
2007.10	10	400,000,000	4,000,000,000	261,068,257	2,610,682,570	Conversion of corporate bonds into shares	82,613,610	None	Approved by MOEA No. 09601263180 on October 25, 2007
2008.01	10	400,000,000	4,000,000,000	261,778,783	2,617,787,830	Conversion of corporate bonds into shares	7,105,260	None	Approved by MOEA No. 09701013290 on January 21, 2008
2008.04	10	400,000,000	4,000,000,000	267,658,522	2,676,585,220	Conversion of corporate bonds into shares	58,797,390	None	Approved by MOEA Letter No. 09701093330 on April 18, 2008
2008.07	10	400,000,000	4,000,000,000	267,668,059	2,676,680,590	Conversion of corporate bonds into shares	95,370	None	Approved by MOEA No. 09701178920 on July 31, 2008
2008.11	10	400,000,000	4,000,000,000	278,321,754	2,783,217,540	Surplus to capital increase	106,536,950	None	Approved by MOEA No. 09701282450 on November 5, 2008
2008.12	10	400,000,000	4,000,000,000	272,218,754	2,722,187,540	Cancellation of treasury shares	61,030,000	None	Approved by MOEA No. 09701318420 on December 22, 2008
2009.10	10	400,000,000	4,000,000,000	280,286,316	2,802,863,160	Surplus to capital increase	80,675,620	None	Approved by MOEA no.09801226020 on October 1, 2009
2010.10	10	400,000,000	4,000,000,000	307,984,948	3,079,849,480	Surplus to capital increase	276,986,320	None	Approved by MOEA no.09901222580 on October 4, 2010
2011.10	10	400,000,000	4,000,000,000	317,125,496	3,171,254,960	Surplus to capital increase	91,405,480	None	Approved by MOEA No. 10001227970 on October 6, 2011
2012.01	10	400,000,000	4,000,000,000	312,338,496	3,123,384,960	Cancellation of treasury shares	47,870,000	None	Approved by MOEA Letter No. 1010101840 on January 4, 2012
2012.10	10	400,000,000	4,000,000,000	314,261,881	3,142,618,810	Surplus to capital increase	31,233,850	None	Approved by MOEA No. 10101203870 on October 3, 2012
						Cancellation of treasury shares	12,000,000		
2013.05	10	400,000,000	4,000,000,000	312,897,881	3,128,978,810	Cancellation of treasury shares	13,640,000	None	Approved by MOEA No. 10201091880 on May 17, 2013

2. Type of shares：

Units: Shares

Shares / Type of Shares	Approved share capital			Remark
	Outstanding shares	Unissued shares	Total	
Ordinary Shares	312,897,881	87,102,119	400,000,000	Listed

3. Information about the master reporting system: None

(2) Shareholder Structure：

April 25, 2020

Shareholder Structure / Quantity	Government	Financial organization	Other Legal Entities	Foreign Organizations and Foreigners	Individual	Total
Number of people	0	1	52	98	26,413	26,564
Number of shares held	0	120,000	153,827,139	19,421,243	139,529,499	312,897,881
Shareholding ratio	0.00%	0.04%	49.16%	6.21%	44.59%	100.00%

Percentage of shares held by mainland investors: None

(3) Diversification of shareholding：

1. Ordinary shares：

April 25, 2020

Shareholding Grades	Number of Shareholders	Number of shares held	Shareholding ratio
1 to 999	6,885	1,481,795	0.47%
1,000 to 5,000	14,749	33,372,585	10.67%
5,001 to 10,000	2,732	22,148,141	7.08%
10,001 to 15,000	721	9,252,197	2.96%
15,001 to 20,000	543	10,212,584	3.26%
20,001 to 30,000	361	9,307,693	2.98%
30,001 to 40,000	150	5,394,486	1.72%
40,001 to 50,000	118	5,535,161	1.77%
50,001 to 100,000	172	12,393,505	3.96%
100,001 to 200,000	66	9,122,837	2.92%
200,001 to 400,000	28	7,717,044	2.47%
400,001 to 600,000	7	3,474,327	1.11%
600,001 to 800,000	7	4,848,756	1.55%
800,001 to 1,000,000	8	6,940,333	2.21%
More than 1,000,001	17	171,696,437	54.87%
Total	26564	312,897,881	100.00%

2.Preference Shares: No Preference Shares were issued by the Company.

(4) List of major shareholders：

April 25, 2020

Name of Major Shareholders \ Shares	Number of shares held	Holding ratio
Ta Yih Ta Investment Co., Ltd	56,655,288	18.11%
Yih Heng Investment Co., Ltd	46,199,859	14.77%
Ding Wan Investment Co., Ltd	10,522,852	3.36%
TA WEI INVESTMENT CO., LTD.	10,498,871	3.36%
Kuo-Chi-Min Investment Co., Ltd.	9,931,756	3.17%
Chi-Min Investment Co., Ltd.	6,354,893	2.03%
WU , CHUN-LANG	5,401,383	1.73%
Yuan-Hong Investment Co., Ltd.	5,354,451	1.71%
WU , CHUN-I	4,593,613	1.47%
Chase Custodianship of the Norwegian Central Bank Investment Account	3,111,521	0.99%

(5) Stock price per share, net worth, earnings, dividends and related information for the past two years.

Item \ Year			2019	2020	Current year as of 31 March 2021
Price/ Share	Max		32.45	29.40	25.85
	Min		23.00	16.20	21.60
	Average		28.10	23.04	23.98
PB	Before distribution		21.31	20.60	21.03
	After distribution		19.91	Not yet allocated	Not yet allocated
EPS	Weighted average number of shares		311,958	311,958	311,958
	EPS		2.23	0.84	0.25
DPS	Cash dividends		1.4	0.6	0
	Free Allotment	SRE	0	0	0
		SCAP	0	0	0
	Accumulated unpaid dividends		0	0	0
ROI analysis	P/E ratio		12.60	28.55	23.98
	PER		20.07	39.97	0
	Dividend yield		4.98%	2.50	0

(6) Company Dividend Policy and Enforcement Status.

1.Dividend policy：

In accordance with the revised Articles of Incorporation, the Company's industrial environment is changing rapidly and the Company is in the growth stage. Based on the capital expenditure requirements and sound financial planning for sustainable operation, if there is any surplus after each year's final accounts, in addition to paying all taxes and contributions in accordance with the law, the Company shall first make up for the deficits of previous years and then set aside 10% of the remaining amount as legal reserve, and after setting aside a special reserve or reversal of the special reserve for the net reduction in shareholders' equity that occurred in the current year and accumulated in the previous years in accordance with the regulations, the Company shall consolidate the accumulated undistributed earnings at the beginning of the period as dividends to shareholders, and distribute the remaining amount as dividends on common shares after distributing the preferred dividends in accordance with Article 7-1 of the Articles of Incorporation.

2.The shareholders' committee proposed the following dividend distribution:

The Company's net income for fiscal 2020 is NT$262,616,044 (all amounts stated below are in New Taiwan dollars), and the undistributed earnings at the beginning of fiscal 2009 are NT$913,704,773 after adjustment. In addition to the legal reserve of NT$25,225,728 and the special reserve of NT$39,013,322, In total, the accumulated distributable earnings for fiscal 2020 amounted to NT$1,112,081,767 and the proposed distribution of cash dividends to shareholders in accordance with the Company's Articles of Incorporation amounted to NT$187,738,729.

(7) Effect of the proposed gratis allotment of shares at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable

(8) Employees, Directors' Remuneration:

1、The percentage or range of remuneration of employees and directors as set out in the Articles of Association.

In accordance with the revised Articles of Incorporation, the Company shall contribute not less than 1% of its annual profits to the remuneration of its employees and the remuneration of its directors (up to 3%), provided that the Company shall reserve in advance an amount to cover any accumulated losses.

2、The basis for estimating the amount of remuneration to employees and directors, the basis for calculating the number of employee compensation shares to be distributed in shares, and the accounting treatment if the actual amount distributed differs from the estimated amount.

(1) Accounting for the difference between the estimated amount of employee compensation and the actual amount of employee compensation for the current period: NT$22,000,000 was resolved to be distributed in the shareholders' meeting in fiscal 2020, which was not different from the estimated employee compensation of NT$22,000,000 in fiscal 2019.

(2) The basis of estimating the amount of directors' remuneration for the current period and the accounting treatment if the actual amount of distribution differs from the estimated amount: NT$18,000,000 of directors' remuneration was resolved by the shareholders' meeting in fiscal 2020, which is not different from NT$18,000,000 of directors' remuneration estimated in fiscal 2019.

(3) The basis for calculating the number of shares for employee compensation distribution and the accounting treatment if the actual allotment amount differs from the estimated amount: No distribution by way of shares was made in the current period.

3.Information on the proposed distribution of employee remuneration and other information adopted by the Board of Directors：

(1) Proposed Distribution of Employee Compensation: In 2021, the Board proposed distribution of employee compensation of NT$ 20,000,000, payable in cash.

(2) Proposed distribution of staff remuneration in shares: None.

(3) Proposed Distribution of Directors' Remuneration: NT$7,250,000 proposed distribution of directors' compensation by the Board of Directors for fiscal 2021 is payable in cash.

(4) If there is a difference between the proposed distribution of employees' and directors' remuneration and the estimated amount of expenses to be recognized in the year, the amount of the difference, the reasons for the difference and the treatment of the difference should be disclosed.

The proposed distribution of employee compensation and director compensation to the Board of Directors for 2021 is not different from the estimated employee compensation of NT$20,000,000 and director compensation of NT $7,250,000 for fiscal 2020.

(5) Proposed amount of employee compensation distributed in shares as a percentage of the aggregate of net income after tax and total employee compensation for the period, individually or separately from the financial statements: Not applicable.

4.Actual distribution of remuneration of employees and directors in the previous year：

(1) The actual amount of employee and director's remuneration distributed in the previous year :

Actual distributions for 2019 were NT$22,000,000 for employee remuneration and NT$18,000,000 for director remuneration.

(2) If there is any difference between the actual amount of remuneration to employees and directors in the previous year and the estimated amount of expenses to be recognized, the amount of the difference, the reasons for the difference and the circumstances under which the difference was handled should be disclosed: No difference

(9) The Company buys back shares in the Company in the following circumstances.

2021/3/31

Buyback issue	1st	2nd	3rd
Purpose of buy-back	Protect the company's credit and shareholders ' rights	Transfer of shares to employees	Protect the company's credit and shareholders ' rights
Buyback Period	2008/7/10 ~ 2008/9/8	2008/10/22~2008/12/19	2011/9/13 ~ 2011/10/14
Buyback interval price	Unit price per share NT$11 to NT$25	Unit price per share NT$8 to NT$18	Unit price per share NT$8.75 to NT$20.76
Type and number of shares bought back	CSTO/ 6,103,000 shares	CSTO / 3,300,000 shares	CSTO / 1,487,000 shares
Amount of shares bought back	NT$ 95,865,633	NT$ 34,476,022	NT$ 18,820,541
Number of shares cancelled and transferred	Approved by the Ministry of Economic Affairs on December 22, 2008, application for cancellation of registration of change of treasury shares 6,103,000 shares	Approved by the Ministry of Economic Affairs on 04/01/2012, the application for cancellation of the registration of change of treasury shares 3,300,000 shares	Approved by the Ministry of Economic Affairs on 04 January 2012, application for cancellation of registration of change of treasury shares 1,487,000 shares
Number of shares of the Company held cumulatively	-	-	-
Number of shares of the Company held cumulatively as a percentage of the total number of shares in issue (%)	-	-	-

2021/3/31

Buyback issue	4th	5th
Purpose of buy-back	Protect the company's credit and shareholders ' rights	Protect the company's credit and shareholders ' rights
Buyback Period	2012/6/4 ~ 2012/8/3	2012/11/19 ~ 2013/01/18
Buyback interval price	Unit price per share NT$8.50 to NT$16	Unit price per share NT$8.50 to NT$14
Type and number of shares bought back	CSTO / 1,200,000 shares	CSTO/ 1,364,000 shares
Amount of shares bought back	NT$ 14,157,848	NT$ 14,422,096
Number of shares cancelled and transferred	Approved by the Ministry of Economic Affairs on October 3, 2012, application for cancellation of registration of change of treasury shares 1,200,000 shares	Approved by the Ministry of Economic Affairs on May 17, 2013, application for cancellation of registration of change of treasury shares 1,364,000 shares
Number of shares of the Company held cumulatively	-	-
Number of shares of the Company held cumulatively as a percentage of the total number of shares in issue (%)	-	-

2.Handling of corporate bonds:

(1) Ordinary corporate bonds.

Types of corporate bonds		1st unsecured corporate bonds
Issue Date		2004/6/25
Denomination		100,000 per sheet
Place of issuance and transaction		Not applicable
Par Value (NT$)		The bonds were issued in full at par value.
Total amount		NT$ 1,000,000,000
Interest rate		Coupon rate 0 %
Duration		5-year maturity date: 24 June 2009
Assurance agency		Not applicable
Trustee		Taipei Fubon Bank Trust Department
Underwriter		None
Attorney		Chang An Attorney J.A. Huang
Accountant		Diwan & Company TSAI,CHING-TIEN、.WU , JIAN-YUAN
Repayment method		Not applicable
Outstanding principal amount		NT$ 0
Terms of redemption or early repayment		(1) If the closing price of the Company's common stock on the TSE exceeds the then current conversion price of the Bonds by 50% or more for 30 consecutive business days from the day after the first month from the date of issuance of the Bonds to the 40th day prior to the expiration of the issuance period, all of the Bonds may be redeemed in cash within the next 30 business days at the redemption price calculated based on the redemption yield rate of the Bonds listed in (3). (2) From the day after the first month of issuance to the 40th day before the expiration of the issuance period, if the outstanding balance of the Bonds is less than $100 million, the Bonds shall be redeemed in cash at the redemption price calculated based on the redemption yield of the Bonds listed in (3). (3) The redemption rates are as follows. 1. From the day after the first month of the issue to the day after the second year of the issue, the bonds shall be redeemed at a yield rate of 1.00% per annum. 2. From the day after the second year of issue to the day after the third year of issue, the bonds shall bear a redemption yield rate of 1.25% per annum. 3. Redemption of this convertible bond at par value from the day after the third year of issuance until 40 days prior to the maturity of this convertible bond.
Restrictions		None
Credit rating agency, date of assessment and corporate bond assessment results		None
Other rights	Amount of converted (exchanged or warrants) ordinary shares, overseas depositary receipts or other securities as of the date of publication of the Annual Report	Due for redemption
	Issuance and conversion (exchange or share option) method	Creditors convert ordinary shares by way of book transfer or to the Company’s share agency at the conversion price.
The method of issuance and conversion, exchange or share option, the possible dilution of shareholdings by the terms of issue and the effect on the interests of existing shareholders.		Not applicable
Custodian of the subject after conversion		None

(2) Information about the convertible corporate bond：

Types of corporate bonds		First domestic unsecured convertible corporate bond	
Item / Year		2009	Current year as of 20 April 2010
Market value of convertible bonds	Max	101.00	Expired on 24 June 2009 and fully redeemed
	Min	94.10	
	Avg	99.14	
Conversion price		20.15	
Issuing (processing) date and the conversion price at the time of issuance		Issued on June 25, 2004 / Conversion price at issuance NT$33.50	
Conversion method		Delivery of new shares upon conversion of the issue, with the same rights and obligations as ordinary shares	

(3) Exchange of corporate bond information: Not applicable

(4) Omnibus reporting of issuance of corporate bonds: Not applicable

(5) Information on corporate bonds with warrants: Not applicable

3.Special shares: Not applicable

4.Data of preferred shares with warrants: Not applicable

5.Overseas Depositary Receipts: Not applicable

6.Employee stock option certificate application situation: Not applicable

7.Matters to be recorded in the case of M & A or transfer of shares of other companies to issue new shares: Not applicable

8.Implementation of the fund use plan: The Company does not issue or privately places securities, therefore, it is not applicable.

V.Operations Profile

1.Business Content

(1) Business Scope

1. Main Content：

(1)Manufacture, processing and sales of automobile and motorcycle parts (lighting equipment, engines, body parts, lights, horns, electronics, transceivers, cigarette lighters, mirrors, trim, wheel covers, door handles, door locks, starter switches, dashboards, rearview mirrors, and car detectors).

(2) Manufacturing, processing and sales of aircraft parts and marine parts.

(3) Manufacturing, processing and sales of transportation machinery and parts.

(4)Manufacture, processing, and sales of transportation machinery and its spare parts, including AC and DC air compressors, vacuum cleaners, waxers, oil pumps, and maintenance equipment.

(5) Manufacturing and sales of plastic injection molded products (vacuum cleaner, waxer, air compressor, and other plastic parts and automotive parts).

(6) The above items are related to the import and export trading business.

(7) We are the agent of domestic and foreign manufacturers for the quotation, tender and distribution of the above products.

(8) Except for the permitted business, the business that is not prohibited or restricted by law may be carried on.

2. The company's current product, business proportion：

Product	Operating share (2020)
Automotive	88.00 %
Motorcycles	5.39 %
Other	6.61 %

3. Planned development of new products (services)

(1) Radar blind spot warning system tail light.

(2) Heavy locomotive ADB features LED headlights.

(3) CAN BUS communication full function LED ADB car headlight.

(2) Industry overview：

1. Current status and development of the industry.：

(1) Current status：

According to the Taiwan Vehicle Industry Association, the total output value of Taiwan's vehicle industry continues to grow, reaching $663.7 billion in 2014, the highest in history. From January to September 2020, it amounted to NT$435.1 billion, accounting for 4.70% of Taiwan's total manufacturing output and declining by 6.63%, making it an extremely important industry in Taiwan.

Automotive industry：	The record high of $230.9 billion in 2005 was followed by a decline of 4.62% to $115.2 billion in January-September 2020.
Motorcycle industry：	Peak of $55.7 billion in 1995, $44.7 billion in January-September 2020, up 2.25%.
Bicycle industry：	2019 to reach a record high of $65 billion, January-September 2020 to $41.8 billion, down 10.22%.
Auto parts industry：	Reached a record high of $234.2 billion in 2015, down 13.65% to $143 billion in Jan-Sep 2020.
Motorcycle parts industry：	Peak of $51.2 billion in 2014, $36.9 billion in Jan-Sep 2020, up 4.11%.
Bicycle parts industry：	2019 to reach a new record high of $72.2 billion, January-September 2020 to $53.6 billion, up 1.80%.

Taiwan's auto parts industry has the advantage of small quantity and flexible manufacturing, and has become internationally competitive after continuous investment in R&D and upgrading of production technology.

In recent years, although the domestic market for complete vehicles has been fluctuating, the amount of export sales of auto parts has continued to expand every year after accumulating competitive strength. In 2017, the amount grew by approximately 1.7% to reach a record high of NT$214.9 billion, and in 2020, due to the impact of COVID-19 worldwide, the amount from January to September 2020 was NT$137.9 billion, a decline of 14.54%.

Taiwan Auto Parts Export Value Statistics Unit: NT$ billion

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020/1-9
Amount	1,713	1,848	1,948	1,979	2,077	2,145	2,113	2,149	2,147	2,148	1,379
Growth rate	22.62%	7.88%	5.41%	1.60%	4.96%	3.26%	-1.47%	1.70%	-0.11%	0.02%	-14.54%

Source: Import and export statistics, compiled by Taiwan Vehicle Industry Association.

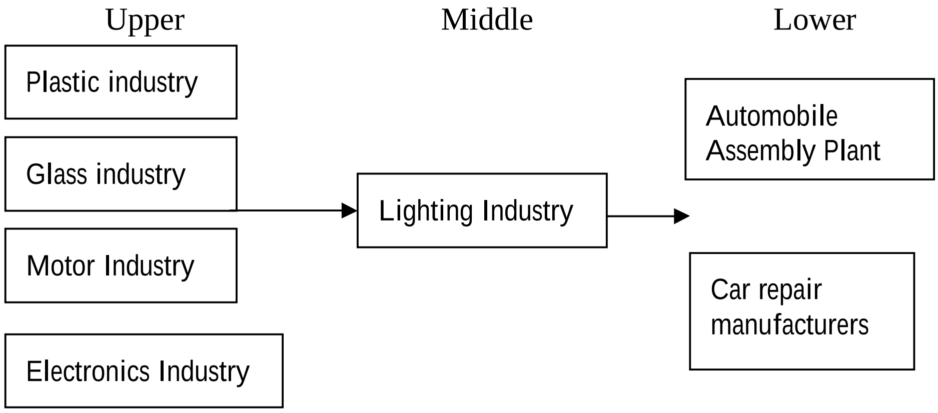
(2) The future development trend of the industry：

In terms of new products, Taiwan SMEs have the best stage to innovate flexibly, especially related to car safety concept products combined with electronic technology, such as: MiniCCD color camera, anti-glare autodimmingrear viewmirror, wireless tire pressure monitoring systems, rain sensor, satellite navigation, etc. In addition, a variety of audio and video equipment for cars attract many buyers and so there are also innovative products launched, such as: combined with TFT LCD screen and DVD/VDC/CD/MP3/TV +AM/FM function audio and video equipment.

In summary, automotive electronics is the fastest growing project in the automotive industry. The strength of Taiwan's information electronics industry will be one of the thrusts of Taiwan's auto parts industry transformation in the future. According to Strategy Analysis estimates, the automotive electronics market related to driving information has a compound annual growth rate of about 7%, the automotive electronics market related to chassis systems has a compound annual growth rate of 8%, and the safety systems related to automotive electronics products have a compound annual growth rate of up to 14%.

The future technology and trend of the vehicle industry still lies in the development of oil-electric/electric vehicles. Taiwan already has the capability of independent research and development of key components for electric vehicles.

2. The relevance of the industry in the upper, middle and lower reaches：



3. Various development trends of products：

With the booming development of LED light source technology, new-style car taillights, including driving lights, brake lights, almost all LED lights emerge, mainly because LED has the advantages of power saving and shape flexibility, so that the taillight power consumption is reduced from 27W down to 5W or less. Also because of the different arrangements that can be done with LED, a variety of designs for car lights can be done unlike the traditional ones.

High-power LED luminous efficiency continues to improve and thermal resistance continues to decrease, but also provides the opportunity to use LED lighting as a light source, including LED direction lights, LED daytime running lights, LED front fog lights, LED near and far lights and so on. In 2010, the company also has the first near-lamp with diurnal lamp function LED headlamp output. Not only is it another important breakthrough in technical capabilities, but also different from Taiwan aftermarket (AM) competitors, and with the higher layer, it is bound to bring higher market profit opportunities for the company. In 2013, the full-featured LED headlights with natural heat dissipation, higher reliability and more energy-saving effect, have been approved and adopted by Ducati heavy locomotives, a subsidiary of the Audi car family!

In addition, committed to the evolution of optical design and light source, and in order to increase the safety of driving and adapt to a variety of driving conditions with automatic steering, automatic adjustment of the light type by the adaptive lighting system (AFS) has gradually become the focus of research and development of each lamp factory. The company completed the mass production of AFS headlights in 2012, using the latest technology, actively detecting the condition of the car, after MUC calculation, and then sending the signal to the lights, a real-time response to compensate for the lighting area and improve driving safety. In response to market competition and customer demand, the company actively invested in technology research and development of full-featured LED headlights, and in 2016 successfully mass-produced these lights to supply European car manufacturers.

4. Competitive Situation：

(1) R & D Modified Car Lights (PM)：

As the company has superior design ability and quality than competitors in the industry, the product acceptance in the market is higher than other competitors. The company still persists in improving its product design ability and product refinement, in order to enhance the company's brand value, to stay a step ahead of competition.

(2) General Aftermarket (AM).

TYC's products in the aftermarket focus on quality, delivery and service, and have not only passed many regulatory requirements (SAE, ECE, ADR, JIS, GB, CAPA, CCC, IRAM, SABS, CZ certification), but in order to stay ahead of its competitors and shorten the development time, we have not only used PDM/PLM systems, but have also actively set up a test mold center and mold factory exclusive to the R&D department in order to develop and market new products earlier.

(3) OEM market：

OEM lamps usually require a higher level in design technology, the company in addition to the existing optical foundation, is actively engaged in the LED, PES, AFS, ADB and other aspects, seeking technological breakthroughs, and improving the development process. It has obtained factory certification and a number of product patents, synchronous design and development, and through cooperation with LED light source technology manufacturers, TYC can be more competitive in the market.

(3) Technology and R & D Overview：

1. R & D expenses invested for the year ended in the date of publication of the annual report：

Unit：NT$1,000

Item \ Year	2020	Current year as at 31 March 2021
R&D costs	425,047	83,863
Operation revenue	14,446,208	3,968,565

2. R & D expenses invested for the year ended the date of publication of the annual report：
(1) Radar blind spot warning system tail light.
(2) Heavy locomotive ADB featuring LED headlights.
(3) CAN BUS communication full function LED ADB car headlights.

3. Future Annual Research Development Plan.

The development of electric vehicles and automatic driving research are the key products of major car manufacturers, so the intelligent design of vehicles is the key development of various vehicle parts, the same as the previous development of high-end LED lights from the matrix LED intelligent turn lighting technology can no longer meet the next generation of automatic driving level 3 and above need to communicate and communicate with pedestrians and cyclists on the road, the future intelligent lights will be towards the development of high-resolution lighting technology (such as DMD, uAFS and other technologies) to achieve the recording and communication between vehicles, or the use of new lighting technology combined with ADAS to achieve automatic driving functions.

Intelligent lights for lamps and lanterns are used in the sensing, car news, car networking related technology lights. ADB LED headlamp technology for intelligent lights, has been the mainstream of the current advanced lamp design, in the high-power LED brightness continues to improve, LED light source tends to diversify and mature, ADB LED headlamp technology must be more sophisticated technology, miniaturization, modular lamp design is the focus of future research. TYC has invested considerable resources in LED precision headlight technology, new LED optical research and development, thick lens and TIR light guide technology. It has actively invested in the research of a key, thick lens and TIR light guide and other key optical components of a light design, optical design, heat dissipation design, materials, LED, simulation analysis, mold design and development, production technology, etc.. Optical design which will increase the visual simulation function can increase the advantages of the development of light guide components. With the increase of LED brightness, the headlamp lens is also designed to be smaller and multi-part, so the mold technology needs to use more precise processing technology, and also invested in ultra-precision NC processing machine, which can make the product more in line with the design.

LED lights electronic design from LED driver circuit design, has entered the electronic digital and communication function design, the lights are no longer simply lighting car parts, but one of the electronic functional parts of the car, Tyvek also actively invested in CAN/LIN BUS technology capability development in recent years, has successfully established CAN/LIN BUS technology capability and developed a number of successful products. LED lights in the related electronic system functions more and more, and the lights connected to the function has been increasing, so the lights control method needs to be connected with other systems, most use CAN/LIN BUS connection to speed up the operation of each system to increase driving safety.

Intelligent lights for the function and the vehicle body-related sensing system connection, the vehicle in the driving of a variety of dynamic immediately feedback to the vehicle in the vehicle control unit in communication with the lamp for the required transformation to improve driving safety.Therefore, the automotive electronic product systems are connected to each other and communication is very important.TYC also invested in a variety of matrix high-end headlights headlights research, including ADB/AFS headlights in optical design, mold processing, electronic technology than the previous LED lamps must be higher-end technical capabilities.

(4) Long and short-term business development plan:

1. Short term plan:

(1) In order to expand the largest AM market in North America, we have invested capital and manpower to obtain CAPA certification. As of 2020, 1,689 lamps have been certified by CAPA, and it is estimated that by 2021, more than 1,900 lamps will have been certified.

(2) The company has added new product lines and expanded TYC brand products such as mirrors, condensers, fans, water tanks, blowers, lifts, air filters, chassis parts, electrical products, and new product groups such as automotive electronics, and is actively seeking strategic alliances with high quality and competitive domestic and foreign manufacturers to strengthen its competitiveness in the market.

(3) We are actively developing OEM markets, strengthening quality and enhancing relationships with international car manufacturers.

2. Long-term Plan：

(1) Establish global distribution system and expand distribution network.

(2) To grasp the local market in China and expand the scale of the company's operations.

(3) To build up the production and supply capacity of the ASEAN.

2. Market and Production Overview.：

(1) Market Analysis：

1. Major product sales regions

The Company's main sales regions are mainly overseas, with foreign sales comprising 92.68% and 92.12% of sales in 2020 and 2019 respectively. The high proportion of foreign sales is mainly due to the limited appetite of the domestic automobile market, and in recent years, apart from the continuous AM market expansion, the Company has also devoted itself to the development of other markets.

In addition, due to the larger market size in Europe and the United States, the quality requirements of the products are higher, and they must pass the quality test of SAE (American Society of Automotive Engineers) in the United States and obtain the quality certification of ECE (European Economic Commission) in Europe before they can be sold to Europe and the United States respectively. Sales to the U.S. amounted to NT$6,717,146 in 2020, representing 46.50% of total net sales, and sales to the Netherlands amounted to NT$2,007,306 in 2020, representing 13.90% of total net sales, with a total of NT$8,724,452 in sales to the U.S. and the Netherlands.

Sales of major products in the past two years

Units: NT$1000.%

Sales target and area		2020		2019	
		Amount	Ratio	Amount	Ratio
Domestic Sales		1,138,291	7.88%	1,284,219	7.32%
Export sales	China	307,498	2.12%	323,670	1.85%
	Netherlands	2,007,306	13.90%	1,967,451	11.22%
	USA	6,717,146	46.50%	8,306,795	47.36%
	Other countries	4,275,967	29.60%	5,657,785	32.25%
	Subtotal	13,307,917	92.12%	16,255,701	92.68%
Total		14,446,208	100.00%	17,539,920	100.00%

2. Future market supply and demand conditions

(1) Demand in the refurbishment market is currently unsaturated, as it is in the introduction stage.

(2) The results of our cultivating the European locations, the increase in orders and the expansion of our sales channels have led to an increase in market share.

(3) In order to meet the new sales strategy, the company continues to strengthen the establishment and implementation of the quality assurance system, and has passed the ISO9002 certification in 1993, which has reached the internationally recognized quality standard. In order to continuously improve quality, the company began to implement the Quality System Standard (QS9000) of the Big Three in the United States in 1996 and was certified in December 1998. The company passed ISO14001 certification in July 2002, TS-16949 certification in October 2003, CAPA Certificate of Conformity in September 2005, and the Top 20 Excellent Brands in Taiwan. In March 2006, we obtained the Q1 Quality Award certificate; in February 2007, we obtained CCC certification in China; in October 2007, we obtained IRAM certification in Argentina; in February 2010, we obtained SABS certification in South Africa; in December of the same year, we obtained OHSAS18001, TOSNMS certification and AEO quality enterprise; in July 2012, we obtained CZ certification in Europe; in September, we passed the APCP factory evaluation by NSF certification agency, and in October, the first group of lamps passed the certification and we became the qualified supplier of NSF-APCP. In 2014, we were awarded one of the most valuable brands in the top 35 of the Global Best Brands (Taiwan Region) by Interbrand; in April 2018, the ISO/TS 16949 quality management system certification was successfully changed to IATF 16949; in July, we passed the ISO 26262 functional safety management system certification by Rheinland; The recognition of new technology includes two awards of the 19th Taiwan Excellence Award (LED headlamp with DRL and delicate patio light), the 20th Taiwan Excellence Award (AFS intelligent steering headlamp), and three awards of the 21st Taiwan Excellence Award (full LED tail lamp, LED light guide bar motorcycle headlamp, and sailboat LED street lamp), the 22nd Taiwan Excellence Award for LED DRL Guide Bar Headlamp, the 23rd Excellence Award for two products (Transformers Full LED Motorcycle Headlamp, Energy Saving Street Lamp-Ruyi), the 24th Excellence Award for 3D Full LED Depth of Field Tail Lamp, and the 25th Excellence Award for three products (5-in-1 Full Function Bus Headlamp, Full LED Cruiser Heavy Motorcycle Headlamp, Full LED Hawkeye Motorcycle Headlamp), the 27th Silver Award and Award of Excellence for Full Function LED Motorcycle Tail Light, the 28th Award of Excellence for two products (Innovative Thin Full LED Motorcycle Tail Light, Vertical Side Light Emitting Motorcycle Directional Light), and the 29th Award of Excellence for two products (Innovative Full Function LED Motorcycle Head Light, T Type, and Innovative Full Function LED Motorcycle Head Light, V Type). These show that our company not only strives to improve our technology and product quality competitiveness year after year, but also speeds up the local customs clearance for foreign customers, making our company rise to the level of a world class manufacturer.

(4) With the rising awareness on environmental protection, the Company has been actively strengthening its management system, and received the Carbon Reduction Action Award from the Environmental Protection Administration of the Executive Yuan at the end of 2015.

(5) In response to the development needs of the vast market in Mainland China, the company actively engages in the mainland marketing planning. It set up a lamp factory and mold factory in Changzhou, China, and set up Kunshan TYC Energy-saving Lighting Technology Co., Ltd. to produce automotive lights. In addition, through the design team owned by the company, we conducted lamp modeling modification design to meet the needs of major automakers and to actively expand the Mainland domestic demand market, hoping to master the sales network.

(6) In order to strengthen the supply chain in Southeast Asia, we not only produce automotive lights in Thailand, but also produce OEM lights for motorcycles in Vietnam through a joint venture. 109 years ago, our Thailand plant was awarded the honor of "2019 Honorary Manufacturer" by GM, demonstrating our ability to produce OEM quality.

3. Advantages and disadvantages of the development vision

(1) Advantages:

A. The improvement of the light distribution technology of vehicle lights and the compliance of the products with regulations and market demands have improved product quality, shortened delivery time and reduced costs, which have helped to expand sales.

B. The conversion of the information trade system was completed and the international network communication capacity was enhanced.

C. The company has a good brand image in the automotive lighting market, the best quality and technology in the industry, a long history, and a wide sales coverage, which contributes to the growth of business.

D. We emphasize the importance of teamwork, customer-oriented awareness and good centripetal force.

E. Our global production sites have been integrated to achieve significant cost reduction and internationalization.

F. The recession has reduced the demand for new vehicles, but the relative increase in usage of older vehicles has had a consequent impact on the demand for refurbished products.

G. International and corporate companies are strengthening their overseas sourcing through global division of labor, with Taiwan parts and components being one of the key sources.

(2) Disadvantages:

A. The price competition among global lamp contractors is fierce, affecting the selling price and profitability.

B. The wide range of changes in exchange rates affects the accuracy of the Company's forecasts of results and profitability.

C. The rapid development of automotive parts in mainland China has strongly carved out part of the market, while Japanese automakers have shifted their main focus to the Asia-Pacific region because of the aggressive stance of Mainland China.

D. Emerging countries such as Mainland China, India and Eastern Europe have a low cost advantage.

E. In response to environmental requirements, the selection of materials and testing has become more stringent and development costs have risen.

F. The technical threshold of the lamp products is getting higher and higher.

G. COVID-19 outbreak impacts in early 2020, city closures and unsealing times in various countries affect economic activity; will continue to impact through 2021

H. The high cost of outbound sea freight, the lack of space on ships and the accumulation of containers in major ports in Europe and the United States have resulted in a lack of empty containers and increased marketing costs.

(2) Important applications and production processes of the main products.

1. Main products' important applications: Our main products are used in various brands of motorcycle lighting.

2. Main product production process：

(1) Injection molding manufacturing process：

Plastic material supply → Plastic drying → Pumping to forming machine → Injection molding → Paint spraying

(2) Component assembly manufacturing process.

Supply of base parts → Locking screw parts assembly → Coated hot melt adhesive → Supply of lamp housing parts →

Airtight Test → Detecting light and shadow → Assembly of various parts

(3) Supply status of main raw materials

Name of raw material	Supply situation
Base, lamp housing	Good
Hardware and iron parts	Good
Rubber Parts Housing	Good
Wire group	Good
Light bulb	Good
Glass lamp housing	Good
Plastics, BMC materials	Good
Paper box packaging	Good

The main raw materials for our motorcycle lights are lamp housings, lamp bulbs and plastic materials, which are mostly supplied by well-known domestic manufacturers, with only a few imported by ourselves. Since we have a wide range of customers and have maintained good cooperative relationships with major suppliers, the quality of the raw materials supplied is stable and the source of raw material supply should be safe.

(4) Name of customer who has accounted for more than 10% of the total amount of goods imported (sold) in any of the past two years:

1. Key supplier information for the past two years：

Unit：NT$1,000；%

	2019				2020				FY 2021 as at 31 March			
Item	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer
1	A company	879,294	9.24%	Non-related person	A company	743,844	9.37%	Non-related person	A company	221,108	9.47%	Non-related person
2	Others	8,631,992	90.76%	None	Others	7,195,880	90.63%	None	Others	2,114,289	90.53%	None
	Net Purchase	9,511,286	100.00%		Net Purchase	7,939,725	100.00%		Net Purchase	2,335,397	100.00%	

Explanation of changes: None of the major suppliers accounted for more than 10% of total purchases in the last two years, so it is not applicable.

2. Key sales customer information for the past two years：

Unit：NT$1,000；%

	2019				2020				FY 2021 as at 31 March			
Item	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer
1	A company	2,882,876	16.44%	Non-related person	A company	1,741,506	12.06%	Non-related person	A company	471,760	11.89%	Non-related person
2	Others	14,657,044	83.56%	None	Others	12,704,702	87.94%	None	Others	3,496,805	88.11%	None
	Net Purchase	17,539,920	100.00%	-	Net Purchase	14,446,208	100.00%	-	Net Purchase	3,968,565	100.00%	-

Note on changes. :

(1) Turnover for FY2020 was NT$14,446,208,000 a decrease from FY108 turnover of NT$17,539,920,000 due to the impact of the global COVID-19 outbreak.。

(5) Table of production values for the past two years

Unit: pcs; NT$1000

Year / Production value / Main products	2020			2019		
	Capacity	Volume	Output value	Capacity	Volume	Output value
Car lights	31,000,000	21,154,682	14,387,557	31,000,000	25,758,169	17,588,950
Motorcycle light	3,000,000	2,013,962	734,038	3,000,000	1,780,795	733,781
Other categories	45,000,000	31,303,437	865,424	45,000,000	36,276,569	998,144
Total	79,000,000	54,472,081	15,987,019	79,000,000	63,815,533	19,320,875

(6) Table of sales values for the past two years

Unit: pcs; NT$1000

Year / Sales value / Main products	2020				2019			
	Domestic Sales		Export sales		Domestic Sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Car lights	389,837	390,999	18,441,399	12,321,976	452,498	384,791	22,414,341	15,063,467
Motorcycle light	1,316,234	446,337	264,653	331,645	1,317,611	529,403	279,207	351,929
Other categories	8,010,433	300,955	31,121,532	654,296	10,156,728	370,025	39,386,703	840,305
Total	9,716,504	1,138,291	49,827,584	13,307,917	11,926,837	1,284,219	62,080,251	16,255,701

3.Number of employees, average years of service, average age and education distribution ratio in the past two years：

2021/3/31

Year		2019	2020	Current year as of 31 March 2021
No. of employees	Sales staff	261	254	264
	Management staff	942	894	936
	Factory staff	1,725	1,588	1,624
	Total	2,928	2,736	2,824
Average age		38.63	39.93	39.93
Average years of service		8.89	9.79	9.79
Education distribution ratio	Ph. D.	0	0	0
	M.D.	131	134	135
	College	1,440	1,349	1,417
	High School	1,082	986	1,008
	Below high school	275	267	264

4.Environmental Expenditure Information.

(1) We produce products without creating pollution, so there is no pollution problem. The discharge of runoff water is treated by the industrial area sewage treatment plant.

(2) Our pollution prevention equipment :

Unit：NT$1,000

Equipment Name	Installation completion date	Useful life	Applicable tax relief		Original cost	Accumulated depreciation	Undiscounted balance	Effectiveness
			Yes	No		As of 31 March 2021		
Ejector Air Pollution Control Equipment	2013.10.31	10	✓		9,193	6,895	2,298	Good
Air pollution system	2013.11.30	10	✓		1,650	1,224	426	Good
Air Pollution Control Project	2005.02.28	10	✓		5,516	5,516	0	Good
VOC waste gas adsorption treatment equipment	2004.01.31	10	✓		7,749 (Including other repair costs)	7,749	0	Good
Air pollution control equipment	2015.11.30	5	✓		1,143	1,143	0	Good
BMC1 Air pollution equipment	2017.10.31	5	✓		514	360	154	Good
Exhaust Emission Project	2004.1.31	5	✓		265	265	0	Good
Hot plate machine air emission equipment project	2020.1.31	10	✓		1,096	137	959	Good

(3) No environmental pollution has occurred in the past year.

(4) No loss or compensation has been suffered as a result of environmental pollution in the past year and up to the date of publication of the annual report.

(5) No significant environmental expenditure is planned for the next two years.

5.Labor relations:

Based on the business philosophy of "honesty, frugality, innovation, and breakthrough", our company became a leading manufacturer of "TYC" lamps through the combined honest, hard-working, frugal, and competitive work attitude of our outstanding employees.

As a result of the company's visionary leadership and decent management, and the sharing of profits with employees, the relationship between employers and employees is very harmonious, which not only makes the company strong, but also gives more and better protection to the rights of employees.

(1) The company's employee welfare measures, further education, training, retirement system and implementation, as well as the agreement between labor and management and the protection of employee rights and interests of the situation：

1.1. Employee welfare measures and implementation：

(1) All employees of the company participate in labor insurance, national health insurance and group insurance.

(2) Regular staff health checkups and health protection information dissemination.

(3) Food subsidies are provided to staff and a meal ordering system is in place for staff to order meals.

(4) Subsidized year-end dinner party meal and sponsored gifts.

(5) The establishment of a staff welfare committee which discussed the following matters:

A. Organize staff travel or issue travel subsidies.

B. Issued employees birthday gifts, three holiday gifts.

C. Year-end party, provide year-end party lottery prizes.

D. Funeral grants.

E. Wedding congratulatory gifts.

F. Maternity benefits.
G. Organize recreational activities.
H. Injury and illness hospitalization consolation money.
I. Funding for club activities.
J. Sign up for an appointed shop.

2.1. Implementation of Staff Development and Training:

(1) According to the company's overall operational objectives and strategies, we train management and professional technical personnel, and assist new employees to quickly enter the situation and become competent in their work.

(2) In order to implement the company's education and training goals, the company's education and training system is divided into internal training and external training. In 2020, a total of 440 internal training courses, 139 external training courses were conducted reaching a total education and training fee of NT 2,493,000.
The relevant content is as follows：

Internal and external training	Category of Functions	Total number of classes	Number of trainees	Total hours of classes	No. of persons licensed
Internal training	General function training	253	4,211	790	0
	The core functions of training	9	213	81	1
	Job-specific training	19	216	156	6
	Professional Functional Training	152	5,788	206	0
	Management function training	7	215	45	0
Subtotal		440	10,643	1,278	7
External training	General function training	24	24	230	2
	Job-specific training	36	36	494	25
	Professional Functional Training	78	78	636	8
	Management function training	1	1	6	1
Total		139	139	1366	36

(3) In order to establish a safe and healthy working environment, our company has been certified by OHSAS 18001 and TOSHMS in December 2010 to implement safety and health management, and hold regular staff training on fire prevention and regular inspection of related equipment.

3. Employee Retirement System and Implementation：

(1) The Company's employee retirement method under the "Labor Pension Ordinance". The Company has allocated 6% of the employee's salary per month to the personal pension account of the Labour Insurance Bureau in accordance with the employee retirement method established in the Ordinance.

(2) Implementation situation: The amount of pension expenses allocated by the

Company in 2020 and 2019 is NT$3 36,403,000 and NT$39,784,000 respectively.

(3) The employee pension scheme established by the Company in accordance with the"Labor Standards Act", the payment of the employee pension is calculated based on the length of service and the average salary of one month at the time of approval of retirement.Two bases are given for service years within 15 years (inclusive), and one base is given for each year of service for more than 15 years, provided that the base accumulation is limited to a maximum of 45 bases. In accordance with the provisions of the Labor Standards Act, the Company allocates a pension fund on a monthly basis for 3% of the total salary, which is stored in a special account in the name of the Labor Retirement Reserve Supervision Committee in a special account of the Bank of Taiwan. In addition, the Company estimates the balance of the aforementioned workers ' retirement reserve account before the end of each year. If the balance is less than the amount of the pension calculated by the estimated workers eligible for retirement in the following year, the difference will be made by the end of March of the following year.

(2) Losses suffered as a result of labour disputes in the most recent year and as of the date of publication of the annual Report, and estimated amounts and countermeasures that may occur now and in the future：

The Company has not had any labor disputes so far, because the Company strives to create harmonious labor relations between employers and employeesand the Company will continue to actively promote various employee welfare measures in the future, so there should not be any losses arising from labor disputes.

6.Important Contract: None

VI.Financial Overview

1. Condensed balance sheet and consolidated profit and loss account for the past five years, name of accountant and his audit opinion.

(1) Condensed Balance Sheet (Consolidated) - IFRS.

Unit：NT$ 1000

Item \ Year		Financial information for the past five years (Note 1)					Financial information for the year ended 31 March 2021 (Note 2)
		2016	2017	2018	2019	2020	
Current assets		8,383,934	8,071,100	8,965,715	9,024,153	8,453,095	9,002,734
Real estate, plant and equipment		7,528,261	7,992,519	8,301,890	8,331,456	8,330,236	8,207,180
Intangible assets		117,721	104,569	114,738	116,418	90,673	84,492
Other Assets		3,536,129	3,996,559	4,086,533	6,140,016	5,871,131	6,220523
Total assets		19,566,045	20,164,747	21,468,876	23,612,043	22,745,135	23,514,929
Current liabilities	Before distribution	7,093,797	6,870,008	7,682,343	7,321,703	6,300,812	6,923,196
	After distribution	7,719,593	7,370,645	8,089,110	7,759,760	Not yet distributed	Not yet distributed
Non-current liabilities		5,702,808	6,784,242	7,169,480	9,427,566	9,739,397	9,734,836
Total liabilities	Before distribution	12,796,605	13,654,250	14,851,823	16,749,269	16,040,209	16,658,032
	After distribution	13,422,401	14,154,887	15,258,590	17,187,326	Not yet assigned	Not yet assigned
Equity attributable to owners of the parent company		6,310,168	6,291,219	6,423,718	6,648,445	6,424,948	6,561,441
Capital stock		3,128,979	3,128,979	3,128,979	3,128,979	3,128,979	3,128,979
Capital reserves		1,324,176	1,377,236	1,378,734	1,379,947	1,381,263	1,381,263
Retained earnings	Before distribution	1,922,089	1,942,835	2,082,751	2,396,484	2,210,684	2,288,413
	After distribution	1,296,293	1,442,198	1,675,984	1,958,427	Not yet distributed	Not yet distributed
Other interests		(59,080)	(151,835)	(160,750)	(250,969)	(289,982)	(231,218)
Treasury stock		(5,996)	(5,996)	(5,996)	(5,996)	(5,996)	(5,996)
Non-controlling interests		459,272	219,278	193,335	214,329	279,978	295,456
Total equity	Before distribution	6,769,440	6,510,497	6,617,053	6,862,774	6,704,926	6,856,897
	After distribution	6,143,644	6,009,860	6,210,286	6,424,717	Not yet distributed	Not yet distributed

Note1 : The 2016-2020 financial information has been audited and certified by an accountant.
Note 2: 2021/3/31 The financial information was reviewed by the accountant.

(2) Condensed Balance Sheet (Individual) - IFRS.

Unit：NT$ 1000

Item \ Year		Financial information for the past five years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		4,772,287	4,622,690	5,258,578	4,880,185	4,536,631
Real estate, plant and equipment		5,334,000	5,686,408	5,925,325	6,178,708	6,381,043
Intangible assets		56,748	50,443	68,004	76,695	57,329
Other Assets		4,930,383	5,748,104	5,762,294	6,781,401	6,781,462
Total assets		15,093,418	16,107,645	17,014,201	17,916,989	17,756,465
Current liabilities	Before distribution	4,390,846	4,457,549	5,175,767	4,670,000	3,898,799
	After distribution	5,016,642	4,958,186	5,582,534	5,108,057	Not yet distributed
Non-current liabilities		4,392,404	5,358,877	5,414,716	6,598,544	7,432,718
Non-current liabilities	Before distribution	8,783,250	9,816,426	10,590,483	11,268,544	11,331,517
	After distribution	9,409,046	10,317,063	10,997,250	11,706,601	Not yet distributed
Equity attributable to owners of the parent company		6,310,168	6,291,219	6,423,718	6,648,445	6,424,948
Capital stock		3,128,979	3,128,979	3,128,979	3,128,979	3,128,979
Capital reserves		1,324,176	1,377,236	1,378,734	1,379,947	1,381,263
Retained earnings	Before distribution	1,922,089	1,942,835	2,082,751	2,396,484	2,210,684
	After distribution	1,296,293	1,442,198	1,675984	1,958,430	Not yet distributed
Other interests		(59,080)	(151,835)	(160,750)	(250,969)	(289,982)
Treasury stock		(5,996)	(5,996)	(5,996)	(5,996)	(5,996)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	6,310,168	6,291,219	6,423,718	6,648,445	6,424,948
	After distribution	5,684,372	5,790,582	6,016,951	6,424,948	Not yet distributed

Note1：The 2016-2020 financial information has been verified by accountants.

(3) Condensed Consolidated Income Statement (Consolidated) -IFRS

Unite：NT$ 1,000

Item \ Year	Financial information for the past five years (Note 1)					Financial information for the year ended 31 March 2021 (Note 2)
	2016	2017	2018	2019	2020	
Operating revenues	15,959,200	16,063,682	16,621,903	17,539,920	14,446,208	3,968,565
Gross profit	3,911,841	3,504,861	3,683,969	4,162,733	2,857,442	785,027
Operating profit or loss	1,050,740	531,851	618,624	1,055,804	266,486	170,862
Non-operating income and expenses	248,072	341,505	65,144	(72,299)	141,415	(33,548)
Net profit before tax	1,298,812	873,356	683,768	983,505	407,901	137,314
Net profit for the current period of continuing operating units	1,048,671	638,823	606,249	711,920	286,687	95,248
Losses of closed units	—	—	—	—		—
Net profit (Loss) for the period	1,048,671	638,823	606,249	711,920	286,687	95,248
Other consolidated profit or loss for the current period (Net after tax)	(163,665)	(116,653)	(35,287)	(60,645)	(56,954)	56,723
Total Consolidated Profit or Loss for the current period	885,006	522,170	570,962	651,275	229,733	151,971
Net profit attributable to owner of parent company	987,367	660,060	622,939	695,130	262,616	77,729
Net profit attributable to non-controlling interests	61,304	(21,237)	(16,690)	16,790	24,071	17,519
Total consolidated profit or loss attributable to owners of the parent company	846,545	553,787	591,464	630,281	213,244	136,493
Total consolidated profit or loss attributable to non-controlling interests	38,461	(31,617)	(20,502)	20,994	16,489	15,478
EPS	3.17	2.12	2.00	2.23	0.84	0.25

Note1：The financial information for 2016-2020 has been audited and certified by an accountant.

Note2：The financial information as of 31 March 2021 has been reviewed by the accountants.

(4) Condensed Consolidated Income Statement (Individual) - IFRS

Unit：NT$ 1,000

Item \ Year	Financial information for the past five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenues	10,594,463	10,975,127	11,467,022	11,998,508	9,391,750
Gross profit	1,737,439	1,567,541	1,707,907	2,087,034	943,343
Operating profit or loss	698,095	515,095	612,299	914,400	(53,877)
Non-operating income and expenses	380,141	269,296	35,594	(42,471)	289,023
Net profit before tax	1,078,236	784,391	647,893	871,929	235,146
Net profit for the current period of continuing operating units	987,367	660,060	622,939	695,130	262,616
Losses of closed units	—	—	—	—	
Net profit (Loss) for the period	987,367	660,060	622,939	695,130	0.84
Other consolidated profit or loss for the current period (Net after tax)	(140,822)	(106,273)	(31,475)	(64,849)	(49,372)
Total Consolidated Profit and Loss for the current period	846,545	553,787	591,464	630,281	213,244
Net profit attributable to owner of parent company	—	—	—	—	—
Net profit attributable to non-controlling interests	—	—	—	—	—
Total consolidated profit or loss attributable to owners of the parent company	—	—	—	—	—
Total consolidated profit or loss attributable to non-controlling interests	—	—	—	—	—
EPS	3.17	2.12	2.00	2.23	0.84

Note1：The financial information for 2016-2020 has been audited and certified by an accountant.

(5) Name and audit opinion of the accountant for the past five years

Year	Audit Accountant	Audit comment	Instructions
2016	HU,TZU-REN HUANG, SHIH-CHIEH	Unqualified opinion	
2017	HU,TZU-REN HUANG, SHIH-CHIEH	Unqualified opinion	
2018	HU,TZU-REN HUANG, SHIH-CHIEH	Unqualified opinion	
2019	HU,TZU-REN LEE,FANG-WEN	Unqualified opinion	
2020	HU,TZU-REN LEE,FANG-WEN	Unqualified opinion	

2.Financial analysis for the past five years：

(1) Financial Analysis (Consolidation) - IFRS

Analysis items (Note2) \ Year (Note1)		Financial analysis for the past five years 2016	2017	2018	2019	2020	Financial information for the year ended 31 March 2021 (Note 2)
Financial structure (%)	Debt to asset ratio	65.40	67.71	69.18	70.94	70.52	70.84
	Ratio of long-term capital to real estate, plant and equipment	165.67	166.34	166.06	195.53	197.41	202.16
Solvency %	Current ratio	118.19	117.48	116.71	123.25	134.16	130.04
	Quick ratio	54.72	51.58	53.96	56.50	59.24	59.37
	Interest coverage ratio	13.54	8.67	6.29	7.35	4.27	4.80
Operating capacity	Receivable turnover rate (times)	6.33	6.29	6.16	5.93	3.38	5.30
	Average cash recovery day	57.66	58.02	59.25	61.34	71.19	68.87
	Inventory turnover rate (times)	2.91	2.99	2.95	2.90	2.56	2.77
	Payable turnover rate (times)	4.25	4.12	4.07	4.38	3.79	4.09
	Days sales outstanding	125.42	122.07	123.73	125.86	142.57	131.77
	Property, plant and equipment turnover rate (times)	2.17	2.07	2.04	2.11	1.73	1.92
	Total asset turnover rate (times)	0.84	0.81	0.80	0.78	0.62	0.68
Profitability	Return on assets (%)	5.92	3.69	3.43	3.87	1.83	1.74
	Return on Shareholders ' Equity（%）	15.64	9.62	9.24	10.56	4.23	5.55
	Ratio of Pre-tax net profit to paid-up capital% (Note:6)	41.51	27.91	21.85	31.43	13.04	17.55
	Net profit ratio（%）	6.57	3.98	3.65	4.06	1.98	2.40
	EPS (NT$)	3.17	2.12	2.00	2.23	0.84	0.25
Cash flow	Cash Flow Ratio（%）	30.47	23.00	19.50	25.47	45.36	(20.42)
	Cash Flow Allowable ratio（%）	73.38	70.10	67.83	69.53	84.54	80.37
	Cash reinvestment ratio (%)	8.31	4.52	4.64	6.68	10.68	(6.25)
Leverage	Operating leverage	2.22	3.54	3.10	2.50	6.79	3.46
	Financial leverage	1.11	1.27	1.26	1.23	2.79	1.27

Reasons for changes in financial ratios for the last two years. (If the change is less than 20%, the analysis is exempted)

1. Reason for change in interest protection multiples: The main reason is the decrease in net income before tax for the current period.
2. Reason for the change in the return on shareholders ' equity: The main reason for the decrease in net profit for the current period.
3. The reason for the change in the ratio of net income before tax to paid-up capital: the main reason is the decrease in net income before tax for the current period.
4. Reason for the change in net income: The main reason for the decrease in net income for the current period.

Note1：The above financial information has been audited and certified/reviewed by the accountants.

Note 2：The formula is as follows :

1. Financial Structure
(1) Debt to asset ratio = total liabilities/total assets.
(2) Long-term funds to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.

2. Solvency
(1) Current ratio = current assets/current liabilities.
(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.
(3) Interest coverage multiple = net income before income taxes and interest expense/interest expense for the period.

3. Business Capability
(1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = Net sales/average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.
(2) Average collection date = 365/receivables turnover rate.
(3) Inventory turnover = cost of goods sold/average inventory amount.
(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = cost of goods sold/average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.
(5) Average number of days to sell = 365/inventory turnover rate.
(6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.
(7) Total Asset Turnover = Net Sales / Total Average Assets.

4. Profitability
(1) Return on assets = (Profit and loss after tax + interest expense x (1 - tax rate)) / average total assets.
(2) Return on shareholders' equity = Profit or loss after tax / average net shareholders' equity.
(3) Net profit margin = profit or loss after tax / net sales.
(4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred stock dividends)/weighted average number of shares outstanding.(Note 3)

5. Cash flow
(1) Cash flow ratio = Cash flow from operating activities / Current liabilities.
(2) Net cash flow fair ratio = net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investments + non-current assets + working capital).(Note 4)

6. Leverage
(1) Operating leverage = (net operating income - variable operating costs and expenses)/operating income.
(2) Financial leverage = operating income/(operating income - interest expense).

Note 3: The above formula for calculating earnings per share should be measured with particular attention to the following :

1. Based on the weighted average number of ordinary shares rather than the number of shares in issue at the end of the year.
2. The weighted average number of shares shall be calculated by taking into account the period during which the shares are outstanding, where there is a cash capital increase or a treasury share trader.
3. If there is a capital increase from earnings or capital surplus, the percentage of capital increase should be adjusted retroactively when calculating earnings per share for the previous years and half-year, without regard to the issuance period of such capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the year, whether paid or unpaid, shall be reduced by the net income after tax or increased by the net loss after tax; if the preferred shares are non-cumulative, the dividends shall be reduced by the net income after tax if there is a net income after tax; if there is a loss, no adjustment is necessary.

Note 4：The cash flow analysis should pay particular attention to the following in its measurement.

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures represent the annual cash outflow from capital investments.
3. Increases in inventories are included only if the closing balance is greater than the opening balance and are calculated as nil if inventories are reduced at the end of the year.
4. Cash dividends include cash dividends on common and preferred shares.
5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 5：Issuers should distinguish between fixed and variable operating costs and operating expenses depending on their nature, and where estimates or subjective judgements are involved, they should be reasonable and consistent.

Note 6：If the Company's stock has no par value or has a par value other than NT$10 per share, the calculation of the ratio of the Company's paid-in capital is based on the ratio of the Company's equity to that of the parent company's owners in the balance sheet.

(2) Financial Analysis (Individual) - IFRS

Analysis items (Note 2) \ Year(Note 1)		Financial analysis for the past five years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt to asset ratio	58.19	60.94	62.24	62.89	63.82
	Ratio of long-term capital to real estate, plant and equipment	200.65	204.88	199.79	214.40	217.17
Solvency %	Current ratio	108.69	103.70	101.60	104.50	116.36
	Quick ratio	83.42	80.46	78.60	78.87	85.63
	Interest coverage ratio	18.96	13.27	10.62	11.40	4.33
Operating capacity	Receivable turnover rate (times)	3.36	3.32	3.31	3.44	2.96
	Average cash recovery day	108.63	109.94	110.27	106.10	123.31
	Inventory turnover rate (times)	9.56	10.09	9.80	9.10	7.79
	Payable turnover rate (times)	3.85	3.81	3.68	3.88	3.28
	Days sales outstanding	38.18	36.17	37.25	40.11	46.85
	Property, plant and equipment turnover rate (times)	1.99	1.93	1.94	1.94	1.47
	Total asset turnover rate (times)	0.70	0.68	0.67	0.67	0.53
Profitability	Return on assets (%)	7.08	4.57	4.10	4.36	1.79
	Return on Shareholders ' Equity（%）	16.14	10.48	9.80	10.64	4.02
	Ratio of Pre-tax net profit to paid-up capital% (Note:6)	34.46	25.07	20.71	27.87	7.52
	Net profit ratio（%）	9.32	6.01	5.43	5.79	2.80
	EPS(NT$)	3.17	2.12	2.00	2.23	0.84
Cash flow	Cash Flow Ratio（%）	33.39	39.69	27.17	48.20	45.18
	Cash Flow Allowable ratio（%）	87.87	85.46	80.66	85.19	95.35
	Cash reinvestment ratio (%)	5.66	6.03	4.76	9.46	6.37
Leverage	Operating leverage	4.31	3.02	2.68	2.21	-20.81
	Financial leverage	1.09	1.14	1.12	1.10	0.43

Reasons for changes in financial ratios for the last two years: (Exempt from analysis if the change is less than 20%)

1. Change in the ratio of net income before tax to paid-in capital: mainly due to the increase in net income before tax for the current period.
2. Cash flow ratio: mainly due to the increase in net operating cash flow.
3. The change in cash reinvestment ratio was mainly due to the increase in net cash flow from operations.

Note1：The above financial information has been audited and certified by the accountants.

Note 2：The formula is as follows :

1. Financial Structure

(1) Debt to asset ratio = total liabilities/total assets.

(2) Long-term funds to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.

(3) Interest coverage multiple = net income before income taxes and interest expense/interest expense for the period.

3. Business Capability

(1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = Net sales/average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.

(2) Average collection date = 365/receivables turnover rate.

(3) Inventory turnover = cost of goods sold/average inventory amount.

(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = cost of goods sold/average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.

(5) Average number of days to sell = 365/inventory turnover rate.

(6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.

(7) Total Asset Turnover = Net Sales / Total Average Assets.

4. Profitability

(1) Return on assets = (Profit and loss after tax + interest expense x (1 - tax rate)) / average total assets.

(2) Return on shareholders' equity = Profit or loss after tax / average net shareholders' equity.

(3) Net profit margin = profit or loss after tax / net sales.

(4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred stock dividends)/weighted average number of shares outstanding. (Note 3)

5. Cash flow

(1) Cash flow ratio = Cash flow from operating activities / Current liabilities.

(2) Net cash flow fair ratio = net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investments + non-current assets + working capital). (Note 4)

6. Leverage

(1) Operating leverage = (net operating income - variable operating costs and expenses)/operating income.

(2) Financial leverage = operating income/(operating income - interest expense).

Note 3: The above formula for calculating earnings per share should be measured with particular attention to the following :

1. Based on the weighted average number of ordinary shares rather than the number of shares in issue at the end of the year.
2. The weighted average number of shares shall be calculated by taking into account the period during which the shares are outstanding, where there is a cash capital increase or a treasury share trader.
3. If there is a capital increase from earnings or capital surplus, the percentage of capital increase should be adjusted retroactively when calculating earnings per share for the previous years and half-year, without regard to the issuance period of such capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the year, whether paid or unpaid, shall be reduced by the net income after tax or increased by the net loss after tax; if the preferred shares are non-cumulative, the dividends shall be reduced by the net income after tax if there is a net income after tax; if there is a loss, no adjustment is necessary.

Note 4：The cash flow analysis should pay particular attention to the following in its measurement.

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures represent the annual cash outflow from capital investments.
3. Increases in inventories are included only if the closing balance is greater than the opening balance and are calculated as nil if inventories are reduced at the end of the year.
4. Cash dividends include cash dividends on common and preferred shares.
5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 5：Issuers should distinguish between fixed and variable operating costs and operating expenses depending on their nature, and where estimates or subjective judgements are involved, they should be reasonable and consistent.

Note 6：If the Company's stock has no par value or has a par value other than NT$10 per share, the calculation of the ratio of the Company's paid-in capital is based on the ratio of the Company's equity to that of the parent company's owners in the balance sheet.

3.Report of the Audit Committee on the examination of the latest annual financial report :

TYC Brother Industrial Co., Ltd
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 financial report (including consolidated financial report), which was certified by Huang, Shih-Chieh and Lee, Fang-Wen, CPAs of ERNST & YOUNG, TAIWAN. The aforementioned reports, together with the business report and the proposal for earnings distribution were reviewed and certified correct and accurate by the Audit Committee members of TYC Brother Industrial Co., Ltd. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted.

Submitted at:

2021 Annual General Meeting of TYC Brother Industrial Co., Ltd.

Chairman of the Audit Committee:

黃崇輝

Huang, Chung-Hui

4.Latest Annual Financial Statements：

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.

<u>Huang, Shih-Chieh</u>

<u>Lee, Fang-Wen</u>

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	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.

Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

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:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is automobile 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:

Investee Company	31 Dec. 2020 Amount	31 Dec. 2020 Percentage of ownership	31 Dec. 2019 Amount	31 Dec. 2019 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.

	31 Dec. 2019		
Creditors	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

Guarantors	31 Dec. 2020 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	

Guarantors	31 Dec. 2019 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:

			Unused tax losses as at		
Entity	Year	Tax losses for the period	31 Dec. 2020	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

Item	Amount 31 Dec. 2020	Amount 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.

<u>Foreign currency risk</u>

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.

5.Individual financial statements for the past year verified by accountants：

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the "Company") as of 31 December 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only 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 parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2020 and 2019, and its 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.

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 Parent Company Only Financial Statements* section of our report. We are independent of the Company 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 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only 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 Company amounted to NT$3,164,266 thousand and NT$162,258 thousand, respectively. Net accounts receivable constituted a material amount of 17% of total assets, which was considered material in the parent company only financial 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 accounts 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 Company was 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 parent company only financial statements.

<u>Valuation for slow-moving inventories</u>

As of 31 December 2020, the Company's net inventories amounted to NT$1,062,985 thousand, constituting 6% of total asset, which was considered material in the parent company only financial 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 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, 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 parent company only financial statements.

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

We did not audit the financial statements of certain subsidiaries, 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 reports of other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT$725,102 thousand and NT$757,435 thousand, representing 4.08% and 4.23% of total assets as of December 31, 2020 and 2019, respectively. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT$16,379 thousand and NT$19,078 thousand, representing 6.97% and 2.19% of the income before tax for the years ended December 31, 2020 and 2019, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(8,569) thousand and NT$(5,458) thousand, representing 17.36% and 8.42% of the comprehensive income (loss) for the years ended December 31, 2020 and 2019, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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.

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. 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 parent company only 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 to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only 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 to express an opinion on the parent company only 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 parent company only 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.

<ins>Huang, Shih-Chieh</ins>

<ins>Lee, Fang-Wen</ins>

Ernst & Young, Taiwan
25 March 2021

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY 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	$233,279	$277,547
Financial assets at fair value through profit or loss, current	Ⅳ/Ⅵ.2	-	410
Notes receivable, net	Ⅳ/Ⅵ.4	16,269	15,417
Notes receivable-related parties, net	Ⅳ/Ⅵ.4/Ⅶ	11,381	13,253
Accounts receivable, net	Ⅳ/Ⅵ.5	772,326	896,799
Accounts receivable-related parties, net	Ⅳ/Ⅵ.5/Ⅶ	2,202,032	2,408,704
Other receivables	Ⅳ/Ⅶ	103,402	70,996
Inventories	Ⅳ/Ⅵ.6	1,062,985	1,110,827
Other current assets		134,957	86,232
Total current assets		4,536,631	4,880,185
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	Ⅳ/Ⅵ.3	83,775	67,254
Investments accounted for under the equity method	Ⅳ/Ⅵ.7	4,384,432	4,112,176
Property, plant and equipment	Ⅳ/Ⅵ.8/Ⅷ	6,381,043	6,178,708
Right-of-use asset	Ⅳ/Ⅵ.19	696,486	709,764
Intangible assets	Ⅳ/Ⅵ.9	57,329	76,695
Deferred tax assets	Ⅳ/Ⅵ.23	354,881	330,327
Prepayment for equipments		1,217,581	1,519,703
Refundable deposits	Ⅷ	17,836	18,692
Other non-current assets-others		26,471	23,485
Total non-current assets		13,219,834	13,036,804
Total assets		$17,756,465	$17,916,989

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2020	31 Dec. 2019
Current liabilities			
Short-term borrowings	Ⅳ/Ⅵ.10	$375,590	$744,000
Short-term notes and bills payable	Ⅳ/Ⅵ.11	-	589,354
Financial liabilities at fair value through profit or loss, current	Ⅳ/Ⅵ.12	17,020	3,412
Notes payable	Ⅳ	296,082	228,556
Accounts payable	Ⅳ	1,645,360	1,409,309
Accounts payable-related parties	Ⅳ/Ⅶ	801,377	786,015
Other payables	Ⅳ	422,826	485,880
Current tax liabilities	Ⅳ/Ⅵ.23	-	67,693
Lease liabilities, current	Ⅳ/Ⅵ.19	38,832	35,818
Current portion of long-term liabilities	Ⅳ/Ⅵ.13	-	11,333
Other current liabilities		301,712	308,630
Total current liabilities		3,898,799	4,670,000
Non-current liabilities			
Long-term borrowings	Ⅳ/Ⅵ.13	4,558,613	3,675,099
Other long-term borrowings	Ⅳ/Ⅵ.14	1,999,439	1,998,616
Deferred tax liabilities	Ⅳ/Ⅵ.23	38,717	40,068
Lease liabilities, non current	Ⅳ/Ⅵ.19	614,829	653,660
Net defined benefit liabilities, non-current	Ⅳ/Ⅵ.15	220,805	229,124
Other non-current liabilities-others		315	1,977
Total non-current liabilities		7,432,718	6,598,544
Total liabilities		11,331,517	11,268,544
Equity			
Capital			
Common stock	Ⅳ/Ⅵ.16	3,128,979	3,128,979
Capital surplus	Ⅳ/Ⅵ.16	1,381,263	1,379,947
Retained earnings	Ⅳ/Ⅵ.16		
Legal reserve		783,394	713,881
Special reserve		250,969	160,750
Unappropriated earnings		1,176,321	1,521,853
Other equity	Ⅳ/Ⅵ.16		
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.16	(5,996)	(5,996)
Total equity		6,424,948	6,648,445
Total liabilities and equity		$17,756,465	$17,916,989

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY 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.17/Ⅶ	$9,391,750	$11,998,508
Operating costs	Ⅳ/Ⅵ.6.19.20/Ⅶ	(8,463,166)	(9,995,094)
Gross profit		928,584	2,003,414
Unealized profit on sales		(456,378)	(471,126)
Realized profit on sales		471,137	554,746
Net gross profit		943,343	2,087,034
Operating expenses	Ⅳ/Ⅵ.18.19.20/Ⅶ		
Sales and marketing expenses		(357,672)	(462,452)
General and administrative expenses		(289,686)	(328,991)
Research and development expenses		(347,777)	(372,526)
Expected credit impairment losses		(2,085)	(8,665)
Subtotal		(997,220)	(1,172,634)
Operating income		(53,877)	914,400
Non-operating income and expenses			
Other income	Ⅵ.21	114,382	34,758
Other gains and losses	Ⅵ.21	(67,200)	(86,657)
Finance costs	Ⅵ.21	(70,638)	(83,831)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	Ⅳ/Ⅵ.7	312,479	93,259
Subtotal		289,023	(42,471)
Net income before income tax		235,146	871,929
Income tax benefit (expense)	Ⅳ/Ⅵ.23	27,470	(176,799)
Net income		262,616	695,130
Other comprehensive income (loss)	Ⅳ/Ⅵ.22		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(11,420)	27,868
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		50,476	(6,959)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method which will not be reclassified subsequently to profit or loss		(1,223)	3,076
Income tax related to items that will not be reclassified subsequently		2,284	(5,574)
Items that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		(101,035)	(57,518)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method which may be reclassified subsequently to profit or loss		(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		(49,372)	(64,849)
Total comprehensive income (loss)		$213,244	$630,281
Earnings per share (NTD)	Ⅳ/Ⅵ.24		
Earnings per share-basic		$0.84	$2.23
Earnings per share-diluted		$0.84	$2.22

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY 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 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
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)
Net income for the year ended 31 December 2019	-	-	-	-	695,130	-	-	-	695,130
Other comprehensive income (loss) for the year ended 31 December 2019	-	-	-	-	25,370	(83,260)	(6,959)	-	(64,849)
Total comprehensive income (loss)	-	-	-	-	720,500	(83,260)	(6,959)	-	630,281
Adjustments for dividends subsidiaries received from parent company	-	1,221	-	-	-	-	-	-	1,221
Others	-	(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
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
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)
Net income for the year ended 31 December 2020	-	-	-	-	262,616	-	-	-	262,616
Other comprehensive income (loss) for the year ended 31 December 2020	-	-	-	-	(10,359)	(89,489)	50,476	-	(49,372)
Total comprehensive income (loss)	-	-	-	-	252,257	(89,489)	50,476	-	213,244
Adjustments for dividends subsidiaries received from parent company	-	1,316	-	-	-	-	-	-	1,316
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

(The accompanying notes are an integral part of the parent company only financial statements.)

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2020	2019	ITEMS	2020	2019
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	$235,146	$871,929	Acquistion of financial assets at fair value through comprehensive income	-	(776)
Adjustments for:			Acquisition of investments accounted for using the equity method	(100,792)	(309,922)
Income and expense adjustments:			Proceeds from disposal of investments accounted for using the equity method	-	10,266
Depreciation	1,298,735	1,231,722	Proceeds from capital reduction of investments accounted for using the equity method	46,792	-
Amortization	36,251	29,946	Acquisition of property, plant and equipment	(1,172,559)	(1,683,702)
Expected credit impairment losses	2,085	8,665	Proceeds from disposal of property, plant and equipment	48	4,658
Finance costs	70,638	83,831	Increase in refundable deposits	(714)	(22)
Interest income	(674)	(1,209)	Decrease in refundable deposits	1,570	-
Dividend income	(979)	(2,161)	Acquistion of intangible assets	(16,885)	(38,637)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(312,479)	(93,259)	Increase in other non-current assets	(35,594)	-
(Gains) on disposal of property, plant and equipment	(515)	(1,947)	Decrease in other non-current assets	32,608	2,328
Losses on disposal of investments	-	2,704	Net cash used in investing activities	(1,245,526)	(2,015,807)
Impairment loss on non-financial assets	-	4,337			
Unrealized profit on sales	456,378	471,126			
Realized profit on sales	(471,137)	(554,746)	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in short-term borrowings	1,600,825	220,000
Financial assets at fair value through profit or loss	410	20,506	Decrease in short-term borrowings	(1,969,235)	(142,000)
Notes receivable	(865)	(728)	Increase in short-term notes and bills payable	-	40
Notes receivable-related parties	1,882	(2,065)	Decrease in short-term notes and bills payable	(589,354)	(510,122)
Accounts receivable	122,387	75,310	Proceeds from long-term borrowings	3,871,720	1,748,697
Accounts receivable-related parties-net	206,676	235,758	Repayment of long-term borrowings	(2,999,539)	(1,437,273)
Other receivables	(32,364)	22,965	Increase in other long-term borrowings	823	300,247
Inventories	47,842	(24,593)	Cash payment for the principal portion of the lease liabilties	(35,817)	(33,564)
Other current assets	(48,725)	18,045	Increase in other non-current liabilities	1,501	1,229
Financial liabilities at fair value through profit or loss	13,608	2,953	Decrease in other non-current liabilities	(3,163)	-
Notes payable	67,526	(68,253)	Cash dividends	(438,057)	(406,767)
Accounts payable	236,051	(101,545)	Net cash used in financing activities	(560,296)	(259,513)
Accounts payable-related parties	15,362	(139,673)			
Other payables	(62,605)	65,836			
Other current liabilities	(6,918)	79,826			
Net defined benefit liabilities	(19,739)	(50,773)			
Cash generated from operations	1,853,977	2,184,507			
Interest received	674	1,209	Net (decrease) in cash and cash equivalents	(44,268)	(24,530)
Dividend received	32,630	251,977	Cash and cash equivalents at beginning of year	277,547	302,077
Interest paid	(84,214)	(103,885)	Cash and cash equivalents at end of year	$233,279	$277,547
Income tax paid	(41,513)	(83,018)			
Net cash provided by operating activities	1,761,554	2,250,790			

(The accompanying notes are an integral part of the parent company only 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 financial statements of the Company 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 Company 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 Company.

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 Company 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 Company.

3. Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company 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:

Estimates of future cash flows;

A. 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
B. 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 Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company determined that the newly published standards and interpretations have no material impact on the Company.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The Company's 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 Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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. Foreign currency transactions

The Company's financial statements are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded 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.

4. 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.

5. Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company 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 Company expects to settle the liability in its normal operating cycle
(b) The Company 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 Company 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.

6. 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.

7. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 Company accounts for regular way purchase or sales of financial assets on the trade date.

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

Financial assets measured at amortized cost

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

A. the financial asset is held within a business model whose objective is to hold financialassets 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company 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 Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
C. The Company 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 Company 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.

8. Derivative instrument

The Company 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.

9. Fair value measurement

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

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

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

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

10. Inventories

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

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

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

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

11. Investments accounted for under the equity method

The Company’s investment in subsidiaries is presented based on Article 21 of the Securities Issuer’s Financial Report Preparation Standards, expressed as "investments using the equity method" and made necessary evaluation adjustments to enable individual financial reporting of the current period's profit and loss and other comprehensive gains and losses The current profit and loss and other comprehensive gains and losses in the financial report prepared on a consolidated basis are the same as the share of the owners of the parent company, and the owner’s equity of the individual financial report is the same as the equity of the owners of the parent company in the financial report prepared on a consolidated basis. These adjustments are mainly due to the consideration of the treatment of the consolidated financial statements of the investment subsidiary in accordance with IFRS No. 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different levels of reporting entities, and debits or credits to "investment account for under the equity method", "share of profits and losses of subsidiaries, affiliates and joint ventures using the equity method" or "share of other comprehensive profits and losses of subsidiaries, affiliates and joint ventures using the equity method".

The Company’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 Company 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 Company’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 Company 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 Company and the associate or joint venture are eliminated to the extent of the Company’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 Company’s percentage of ownership interests in the associate or joint venture, the Company 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 Company's interest in an associate or a joint venture is reduced or increased as the Company 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 Company disposes the associate or joint venture.

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

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

12. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company 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	3～5 years
Buildings	5～60 years
Machinery and equipment	5～10 years
Molding equipment	7 years
Electrical installations	5～10 years
Transportation equipment	5～10 years
Miscellaneous equipment	5～10 years

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

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

13. Leases

The Company 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 Company 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 Company 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 Company 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 Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

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

At the commencement date, the Company 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 Company 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 Company 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 Company 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 Company 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 Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company 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 Company 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 Company accounted for as short-term leases or leases of low-value assets, the Company 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 Company 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.

<u>Company as a lessor</u>

At inception of a contract, the Company 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 Company 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 Company allocates the consideration in the contract applying IFRS 15.

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

14. Intangible assets

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

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

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

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

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

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 (1～3 years).

15. Impairment of non-financial assets

The Company 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 Company 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 Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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

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

16. 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.

17. Revenue recognition

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

Sale of goods

The Company 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 Company is automobile lights and parts and revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30 to 120 days. For most of the contracts, when the Company 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 Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

18. Borrowing cost

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

19. 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 Company 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.

20. Post-employment benefits

All regular employees of the Company 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. Therefore, fund assets are not included in the Company's financial statements.

For the defined contribution plan, the Company 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.

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 Company 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.

21. 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.

<u>Current income tax</u>

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 Company 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.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only 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 Company 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. Please refer to Note 6 for more details.

(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 Company 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 Company 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	$2,179	$1,890
Saving account	226,809	271,326
Time deposits	4,291	4,331
Total	$233,279	$277,547

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 Company 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	$16,264	$10,062
Unlisted companies stocks	67,511	57,192
Total	$83,775	$67,254

The Company 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 Company recognized dividends in the amount of NT$979 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. Notes Receivables and Notes Receivables-Related Parties

	31 Dec. 2020	31 Dec. 2019
Notes receivables	$16,351	$15,486
Less: allowance for doubtful accounts	(82)	(69)
Subtotal	16,269	15,417
Notes receivables-related parties	11,438	13,320
Less: allowance for doubtful accounts	(57)	(67)
Subtotal	11,381	13,253
Total	$27,650	$28,670

Accounts receivables were not pledged.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6.(18) for more details on accumulated impairment and Note 12 for more details on credit risk.

5. Accounts Receivables and Accounts Receivables-Related Parties

	31 Dec. 2020	31 Dec. 2019
Accounts receivables	$934,391	$1,076,209
Less: allowance for doubtful accounts	(162,065)	(179,410)
Subtotal	772,326	896,799
Accounts receivables-related parties	2,202,086	2,408,762
Less: allowance for doubtful accounts	(54)	(58)
Subtotal	2,202,032	2,408,704
Total	$2,974,358	$3,305,503

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$ 3,164,266 thousand and NT$ 3,513,777 thousand as at 31 December 2020 and 2019.
Please refer to Note 6.(18) for more details on impairment of trade receivables for the year ended 31 December 2020 and 2019 and please refer to Note 12 for credit risk disclosure.

6. Inventories

	31 Dec. 2020	31 Dec. 2019
Raw materials	$464,228	$447,733
Work in process	53,191	61,855
Finished goods	509,694	575,127
Merchandise	35,872	26,112
Net	$1,062,985	$1,110,827

The cost of inventories recognized in expenses amounted to NT$8,463,166 thousand and NT$9,995,094 thousand for the year ended 31 December 2020 and 2019, respectively, including inventory valuation loss NT$4,294 thousand and NT$11,078 thousand for the year ended 31 December 2020 and 2019, respectively.

Inventories were not pledged.

7. Investments Accounted For Under The Equity Method

(1) Details are as follows:

Investee Company	31 Dec. 2020 Amount	31 Dec. 2020 Percentage of ownership	31 Dec. 2019 Amount	31 Dec. 2019 Percentage of ownership
Investments in the subsidiaries:				
TI YUAN INVESTMENT CO., LTD.	$51,690	100.00%	$49,134	100.00%
TI FU INVESTMENT CO., LTD.	183,648	100.00%	136,149	100.00%
CONTEK CO., LTD. (Note 1)	60,665	100.00%	52,653	100.00%
SUPRA-ATOMIC CO., LTD. (Note 2)	1,131,620	100.00%	1,252,730	100.00%
JUOKU TECHNOLOGY CO., LTD.	189,474	72.10%	201,318	72.10%
TAMAU MANAGEMENT CONSULTANCY CO., LTD	4,835	100.00%	4,685	100.00%
BESTE MOTOR CO., LTD.	1,365,086	100.00%	1,248,910	100.00%
INNOVA HOLDING CORP.	1,111,681	100.00%	962,153	100.00%
TYC VIETNAM INDUSTRIAL CO., LTD. (Note 3)	85,191	60.00%	-	-
Subtotal	4,183,890		3,907,732	
Investments in the associates				
I YUAN PRECISION INDUSTRIAL CO., LTD.	200,542	15.66%	204,444	15.66%
Total	$4,384,432		$4,112,176	

Note：

(1) The Company invested 400,000 shares in the subsidiaries: CONTEK CO., LTD. in 2020, the Company’s shareholding ratio remains unchanged.

(2) The Company reduction 1,580,000 shares in the subsidiaries: SUPRA-ATOMIC CO., LTD. in 2020, the Company’s shareholding ratio remains unchanged.

(3) The Company invested and established the subsidiaries: TYC VIETNAM INDUSTRIAL CO., LTD., the Company’s shareholding ratio is 60%.

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT$16,379 thousand and NT$19,078 thousand, for the years ended December 31, 2020 and 2019, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT$(8,569) thousand and NT$(5,458) thousand, for the years ended December 31, 2020 and 2019, respectively, and these subsidiaries, associates and joint ventures under equity method amounted to NT$725,102 thousand and NT$757,435 thousand as at December 31, 2020 and 2019, respectively.

(1) Investment subsidiaries

The investment of subsidiaries in individual financial reports is expressed as “investment using the equity method” and necessary evaluation adjustment.

One of the Company’s subsidiaries, TI FU INVESTMENT CO., LTD. held 940 thousand shares of the Company’s stock as at December 31,2020 and 2019, respectively.

(2) Investment in the associates

The Company’s investments in the associates are not individually material. The aggregate carrying amount of the Company’s interests in I YUAN PRECISION INDUSTRIAL CO., LTD. is NT$200,542 thousand, and NT$204,444 thousand, as at 31 December 2020, and 31 December 2019, respectively. The aggregate financial information of the Company’s investments in associates is as follows:

	2020	2019
Profit or loss from continuing operations	$12,952	$19,840
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$12,952	$19,840

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

8. 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	$731,049	$9,716	$1,774,993	$1,341,050	$10,426,609	$137,190	$177,603	$541,232	$-	$15,139,442
Addition	-	-	5,064	114,824	1,341,153	2,331	10,028	12,837	1,571	1,487,808
Disposal	-	-	-	(15,990)	(883,421)	-	(10,278)	(595)	-	(910,284)
Other	-	-	936	-	-	635	-	-	(1,571)	-
30 Dec. 2020	$731,049	$9,716	$1,780,993	$1,439,884	$10,884,341	$140,156	$177,353	$553,474	$-	$15,716,966
1 Jan. 2019	$731,049	$2,840	$1,682,343	$1,356,801	$10,343,448	$130,865	$109,253	$359,992	$196,266	$14,912,857
Addition	-	-	7,727	103,425	1,199,083	-	7,832	24,876	136,272	1,479,215
Disposal	-	-	(4,724)	(119,176)	(1,115,922)	-	(7,903)	(4,905)	-	(1,252,630)
Other	-	6,876	89,647	-	-	6,325	68,421	161,269	(332,538)	-
30 Dec. 2019	$731,049	$9,716	$1,774,993	$1,341,050	$10,426,609	$137,190	$177,603	$541,232	$-	$15,139,442
Depreciation and impairment:：										
1 Jan. 2020	$-	$3,041	$728,517	$1,062,626	$6,672,509	$121,117	$71,756	$301,168	$-	$8,960,734
Depreciation	-	740	45,495	56,810	1,124,248	4,737	16,890	36,537	-	1,285,457
Disposal	-	-	-	(15,989)	(883,405)	-	(10,278)	(596)	-	(910,268)
30 Dec. 2020	$-	$3,781	$774,012	$1,103,447	$6,913,352	$125,854	$78,368	$337,109	$-	$9,335,923
1 Jan. 2019	$-	$2,840	$690,504	$1,134,208	$6,689,472	$117,197	$67,619	$285,692	$-	$8,987,532
Depreciation	-	201	42,720	46,697	1,094,537	3,920	9,988	20,381	-	1,218,444
Impairment loss	-	-	-	-	4,337	-	-	-	-	4,337
Disposal	-	-	(4,707)	(118,279)	(1,115,837)	-	(5,851)	(4,905)	-	(1,249,579)
30 Dec. 2019	$-	$3,041	$728,517	$1,062,626	$6,672,509	$121,117	$71,756	$301,168	$-	$8,960,734
Net book value:										
30 Dec. 2020	$731,049	$5,935	$1,006,981	$336,437	$3,970,989	$14,302	$98,985	$216,365	$-	$6,381,043
31 Dec. 2019	$731,049	$6,675	$1,046,476	$278,424	$3,754,100	$16,073	$105,847	$240,064	$-	$6,178,708

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

Items	2020	2019
Construction in progress and prepayment for equipments	$13,127	$18,963
The interest rate interval of borrowing cost capitalization	0.93%~1.18%	0.96%~1.41%

The material components of the Company's building that have different useful life are the main buildings and factories, which are depreciated based on useful life of 60 years and 35 years, respectively.

The material components of the Company's equipment are mainly the processing equipment, and are depreciated based on useful life of 10 years.

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

9. Intangible assets

	Trademark right	Patent	Software	Royalty	Total
Cost:					
1 Jan. 2020	$11,345	$7,664	$96,181	$17,591	$132,781
Addition - acquired separately	549	2,055	9,472	4,809	16,885
31 Dec. 2020	$11,894	$9,719	$105,653	$22,400	$149,666
1 Jan. 2019	$10,486	$5,766	$65,381	$12,511	$94,144
Addition - acquired separately	859	1,898	30,800	5,080	38,637
31 Dec. 2019	$11,345	$7,664	$96,181	$17,591	$132,781
Amortization and impairment:					
1 Jan. 2020	$3,715	$1,607	$38,379	$12,385	$56,086
Amortization	1,769	854	28,422	5,206	36,251
31 Dec. 2020	$5,484	$2,461	$66,801	$17,591	$92,337
1 Jan. 2019	$1,869	$854	$16,905	$6,512	$26,140
Amortization	1,846	753	21,474	5,873	29,946
31 Dec. 2019	$3,715	$1,607	$38,379	$12,385	$56,086
Net book value:					
31 Dec. 2020	$6,410	$7,258	$38,852	$4,809	$57,329
31 Dec. 2019	$7,630	$6,057	$57,802	$5,206	$76,695

Amortization expense of intangible under the statement of comprehensive income:

	2020	2019
Operating cost	$11,134	$7,332
Operating expense	25,117	22,614
Total	$36,251	$29,946

10. Short-term Borrowings

	Interest rate range	31 Dec. 2020	31 Dec. 2019
Unsecured Loans	0.75%~0.86%	$375,590	$744,000

11. 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	

12. 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

13.Long-term Borrowing

Details are as follows:

	31 Dec. 2020		
Creditors	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.

	31 Dec. 2020		
Creditors	Amount	Interest rate	Redemption
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.
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	4,561,180		
Less: current portion	-		
Less: unamortized expense	(2,567)		
Total	$4,558,613		

	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.

Creditors	31 Dec. 2019 Amount	Interest rate	Redemption
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.
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.
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	3,690,231		
Less: current portion	(11,333)		
Less: unamortized expense	(3,799)		
Total	$3,675,099		

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) In 2019, the Company 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.

14. 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 1)
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 1)
Less: Discount of commercial paper payable			(1,384)	
Net			$1,998,616	

Note 1：A-2 credit information in the syndicated loans agreement with Chang Hwa Bank, please refer to Note 6 13(1).

15. Post-Employment Benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended 31 December 2020 and 2019 were NT$36,403 thousand and NT$39,784 thousand, respectively.

Defined benefits plan

The Company 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 Company contributes an amount equivalent to 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 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$21,682 thousand to its defined benefit plan during the 12 months beginning after December 31 2020.

The defined benefit obligations were expected to mature in 10 years and 6 years as of December 31 2020 and 2019, respectively.

Pension costs recognized in profit or loss are as follows:

	2020	2019
Current service cost	$2,531	$3,040
Net interest on the net defined benefit liabilities	1,466	2,185
Total	$3,997	$5,225

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	$428,432	$417,387	$451,480
Plan assets at fair value	(207,627)	(188,263)	(143,715)
Net defined benefit liabilities	$220,805	$229,124	$307,765

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	$451,480	$(143,715)	$307,765
Pension costs recognized in profit or loss:			
Current service cost	3,040	-	3,040
Interest expense (income)	3,205	(1,020)	2,185
Subtotal	6,245	(1,020)	5,225
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	2	-	2
Actuarial gains and losses arising from changes in financial assumptions	3	-	3
Experience adjustments	(22,624)	-	(22,624)
Remeasurements of the defined benefit assets	-	(5,249)	(5,249)
Subtotal	(22,619)	(5,249)	(27,868)
Payment of benefit obligation	(17,719)	17,719	-
Contribution by employer	-	(55,998)	(55,998)
As of 31 December 2019	417,387	(188,263)	229,124
Pension costs recognized in profit or loss:			
Current service cost	2,531	-	2,531
Interest expenses (income)	2,671	(1,205)	1,466
Subtotal	5,202	(1,205)	3,997
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	1,774	-	1,774
Actuarial gains and losses arising from changes in financial assumptions	11,214	-	11,214
Experience adjustments	5,048	-	5,048
Remeasurements of the defined benefit assets	-	(6,616)	(6,616)
Subtotal	18,036	(6,616)	11,420
Payment of benefit obligation	(12,193)	12,193	-
Contribution by employer	-	(23,736)	(23,736)
As of 31 December 2020	$428,432	$(207,627)	$220,805

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

	31 Dec. 2020	31 Dec. 2019
Discount Rate	0.32%	0.64%
Expected rate of salary increase	1.00%	1.00%

A 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%	$-	$(12,988)	$-	$(21)
Discount Rate decrease by 0.5%	30,064	-	23,096	-
Rate of future salary increase by 0.5%	61,816	-	55,114	-
Rate of future salary decrease by 0.5%	-	(12,988)	-	(21)

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.

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

17. Operating revenue

Revenue from contracts with customers	2020	2019
Sale of goods	$8,687,181	$11,147,824
Other revenue	704,569	850,684
Total	$9,391,750	$11,998,508

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

Disaggregation of revenue

A. The company is a single operating department; please refer to the previous paragraph for the income information that should be disclosed by the reporting department.

B. The types of revenue from contracts signed with customers in 2020 and 2019 are both recognized at a certain point in time.

18. Expected credit losses / (gains)

	2020	2019
Operating Expense- Expected credit losses(gains)		
Notes Receivables	$3	$(34)
Accounts Receivables	2,082	8,699
Total	$2,085	$8,665

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

The Company 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 Company's loss allowance as at 31 December 2020 and 2019 is as follows:

The Company 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	$2,947,052	$61,777	$-	$-	$155,437	$3,164,266
Loss ratio	0%~1%	1%~5%	-	-	100%	
Lifetime expected credit losses	(6,441)	(380)	-	-	(155,437)	(162,258)
Carrying amount	$2,940,611	$61,397	$-	$-	$-	$3,002,008

As at 31 December 2019

		Overdue				
	Not yet due (Note)	<=90 days	91-180 days	181-270 days	>=271 days	Total
Gross carrying amount	$3,247,631	$94,550	$-	$1,418	$170,178	$3,513,777
Loss ratio	0%~1%	5%~10%	-	100%	100%	
Lifetime expected credit losses	(2,032)	(5,976)	-	(1,418)	(170,178)	(179,604)
Carrying amount	$3,245,599	$88,574	$-	$-	$-	$3,334,173

Note：The Company'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	$179,468
Addition/(reversal) for the current period	3	2,082
Write off	-	(19,431)
31 Dec. 2020	$139	$162,119

	Note receivables	Accounts receivables
1 Jan. 2019	$170	$170,769
Addition/(reversal) for the current period	(34)	8,699
31 Dec 2019	$136	$179,468

19. <u>Leases</u>

(1) The Company as a lessee

The Company leases various properties, including real estate such as land, and buildings. The lease terms range from 5 to 20 years.

The Company'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	$626,250	$626,812
Buildings	70,236	82,952
Total	$696,486	$709,764

For the year ended 31 December 2020 and 2019, the Company's additions to right-of-use assets amounting to NT$0 thousand and NT$19,845 thousand.

(b) Lease liabilities

	As at	
	31 Dec. 2020	31 Dec. 2019
Current	$38,832	$35,818
Non-current	614,829	653,660
Total	$653,661	$689,478

Please refer to Note 6.21(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	$562	$562
Buildings	12,716	12,716
Total	$13,278	$13,278

C. Income and costs relating to leasing activities

	2020	2019
The expenses relating to short-term leases	$2,077	$2,034
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	867	1,467

D. Cash outflow relating to leasing activities

For the year ended 31 December 2020 and 2019, the Company's total cash outflows for leases amounting to NT$48,353 thousand and NT$47,143 thousand.

20. For the year ended 31 December 2020 and 2019, the Company'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	$517,574	$329,829	$847,403	$586,333	$349,312	$935,645
Insurances	58,083	34,389	92,472	68,417	34,465	102,882
Pensions	22,714	17,686	40,400	26,556	18,453	45,009
Director's remuneration	-	7,250	7,250	-	18,000	18,000
Other personnel expenses	26,448	17,591	44,039	29,719	18,015	47,734
Depreciations	1,230,398	68,337	1,298,735	1,160,897	70,825	1,231,722
Amortization	11,134	25,117	36,251	7,332	22,614	29,946

(1) The number of employees of Company as of December 31, 2020 and 2019 were 1,648 and 1,705, respectively, including 4 directors who were not concurrently employees.

(2) Companies which have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:

A. Average employee benefits of 2020 and 2019 were NT$623 thousand and NT$665 thousand, respectively.

B. Average salaries of 2020 and 2019 were NT$515 thousand and NT$550 thousand, respectively.

C. The Company's average salary expense adjustment for the year ended December 31, 2020 decreased by 6.36%.

D. The Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.

E. The salary and remuneration policy of the Company:

Director's remuneration established pursuant to Articles 32 of the Company's Articles of Incorporation is as follows:

The Company shall allocate no more than 3% of annual profit as director's remuneration; however, the Company's accumulated losses shall have been covered first. The managers' remuneration and employees compensation are determined based on the salary level of the position in the industry, the position's responsibilities and contribution to the Company's operation goals. In addition to the Company's overall operating performance, factors such as personal performance achievement and contribution to the corporate performance are also considered when determining remuneration to provide reasonable compensation to employees.

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.

21. Non-operating income and expenses

(1) Other income

	2020	2019
Rent income	$1,590	$1,690
Interest income	674	1,209
Dividend income	979	2,161
Royalty income	1,933	1,227
Government subsidy income	68,216	-
Other income-other	40,990	28,471
Total	$114,382	$34,758

(2) Other gains and losses

	2020	2019
Losses (Gains) on disposal of property, plant and equipment	$515	$1,947
Losses on Sale of Investments	-	(2,704)
Foreign exchange (losses) gains, net	(54,279)	(62,052)
Impairment loss- property, plant and equipment	-	(4,337)
Gains (Losses) on financial assets or liabilities at fair value through profit or loss	(1,387)	1,252
Other losses	(12,049)	(20,763)
Total	$(67,200)	$(86,657)

(3) Finance costs

	2020	2019
Interest on borrowings from bank	$(61,046)	$(73,753)
Interest on lease liabilities	(9,592)	(10,078)
Total	$(70,638)	$(83,831)

22. 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	$(11,420)	$2,284	$(9,136)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	50,476	-	50,476
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(1,223)	-	(1,223)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(101,035)	20,207	(80,828)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(10,827)	2,166	(8,661)
Total other comprehensive income	$(74,029)	$24,657	$(49,372)

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	$27,868	$(5,574)	$22,294
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	(6,959)	-	(6,959)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	3,076	-	3,076
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(57,518)	11,504	(46,014)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(46,556)	9,310	(37,246)
Total other comprehensive income	$(80,089)	$15,240	$(64,849)

23. 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	$1,091	$150,817
Adjustments in respect of current income tax of prior periods	(27,313)	(15,363)
Deferred tax expense (income):		
Deferred income tax expense (income) related to origination and reversal of temporary differences	49,953	41,345
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	(51,201)	-
Total Income tax expense	$(27,470)	$176,799

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	(2,284)	5,574
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	$(24,657)	$(15,240)

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	$235,146	$871,929
Tax at the domestic rates applicable to profits in the country concerned	$47,029	$174,386
Tax effect of revenues exempt from taxation	(22,034)	(15,033)
Tax effect of expenses not deductible for tax purposes	-	18
Tax effect of deferred tax assets/liabilities	(25,152)	32,791
Adjustments in respect of current income tax of prior periods	(27,313)	(15,363)
Total income tax expenses recorded in profit or loss	$(27,470)	$176,799

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	As of 31 Dec. 2020
Temporary differences				
Unrealized exchange losses (gains)	$14,919	$(12,023)	$-	$2,896
Allowance for doubtful debts	35,282	(4,480)	-	30,802
Allowance for inventory valuation losses	13,311	859	-	14,170
Exchange differences on translation of foreign operations	75,195	-	22,373	97,568
Financial assets at fair value through profit or loss	600	2,804	-	3,404
Unrealized profits or losses on transactions with associates	94,469	(3,049)	-	91,420
Reserve for land value increment tax	(38,717)	-	-	(38,717)
Compensated absences provisions	6,617	3	-	6,620
Net defined benefit liabilities, non-current	45,825	(3,948)	2,284	44,161
Impairment loss of assets	2,598	-	-	2,598
Depreciation difference for tax purpose	33,279	(29,522)	-	3,757
Impairment on property, plant and equipment	6,881	(597)	-	6,284
Unused tax losses	-	51,201	-	51,201
Deferred income tax (expenses)		$1,248	$24,657	
Deferred tax assets and liabilities net	$290,259			$316,164
As presented on the financial statement:				
Deferred tax assets	$330,327			$354,881
Deferred tax liabilities	$(40,068)			$(38,717)

For the year ended December 31, 2019

	As of 1 Jan. 2019	Recognized in income	Recognized in other comprehensive income	As of 31 Dec. 2019
Temporary differences				
Unrealized exchange losses (gains)	$6,257	$8,662	$-	$14,919
Allowance for doubtful debts	32,614	2,668	-	35,282
Allowance for inventory valuation losses	11,096	2,215	-	13,311
Exchange differences on translation of foreign operations	54,381	-	20,814	75,195
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	6,257	360	-	6,617
Net defined benefit liabilities, non-current	61,553	(10,154)	(5,574)	45,825
Investment accounted for under the equity method	30,493	(30,493)	-	-
Impairment loss of assets	2,598	-	-	2,598
Depreciation difference for tax purpose	36,270	(2,991)	-	33,279
Impairment on property, plant and equipment	6,393	488	-	6,881
Deferred income tax (expenses)		$(41,345)	$15,240	
Deferred tax assets and liabilities net	$316,364			$290,259
As presented on the financial statement:				
Deferred tax assets	$360,523			$330,327
Deferred tax liabilities	$(44,159)			$(40,068)

The following table contains information of the unused tax losses:

		Unused tax losses as at		
Year	Tax losses for the period	31 Dec. 2020	31 Dec. 2019	Expiration year
2020	$256,006	$256,006	$-	2030

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

24. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent 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

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

VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Company 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.	Director of the company
GENERA CORPORATION	Subsidiary
JUOKU TECHNOLOGY CO., LTD.	Subsidiary
T.I.T. INTERNATIONAL CO., LTD.	Subsidiary
DBM REFLEX OF TAIWAN CO., LTD.	Subsidiary
TYC EUROPE B.V.	Subsidiary
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	Director of the company
I YUAN PRECISION INDUSTRIAL CO., LTD.	Associate
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	Subsidiary
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD	Subsidiary
KUN SHAN TYC HIGH PERFORMANCE TECH CO., LTD.	Subsidiary
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
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party
JING TAI TECHNOLOGY CO., LTD.	(Note)

(Note) 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.

1. Significant related party transactions

(1) Sales

	2020	2019
Subsidiaries		
GENERA CORPORATION	$3,561,717	$4,888,466
TYC EUROPE B.V.	1,518,614	1,623,200
Other	217,742	262,307
Subtotal	5,298,073	6,773,973
Joint Ventures	221	224
Other related parties	67,651	80,283
Total	$5,365,945	$6,854,480

The company sold products to some related parties is mainly based on the US OEM price × 0.24 as the reference price. The payment term was T/T 135 days; 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

	2020	2019
Subsidiaries		
JUOKU TECHNOLOGY CO., LTD.	$109,751	$482,356
T.I.T. INTERNATIONAL CO., LTD.	210,520	250,310
JING TAI TECHNOLOGY CO., LTD.	134,555	293,221
Other	36,412	38,252
Subtotal	491,238	1,064,139
Associates		
I YUAN PRECISION INDUSTRIAL CO., LTD.	527,904	576,476
Other	3,145	4,901
Subtotal	531,049	581,377
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	716,526	812,329
Other	194,272	265,711
Subtotal	910,798	1,078,040
Total	$1,933,085	$2,723,556

The company purchases goods from related parties, the bargaining method for purchase 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.

(3) Notes receivables - related parties

	31 Dec. 2020	31 Dec. 2019
Other related parties		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	$11,438	$13,320
Less: allowance for doubtful accounts	(57)	(67)
Net	$11,381	$13,253

(4) Accounts receivables - related parties

	31 Dec. 2020	31 Dec. 2019
Subsidiaries		
GENERA CORPORATION	$1,664,485	$1,871,535
TYC EUROPE B.V.	320,396	395,810
Other	206,432	129,861
Subtotal	2,191,313	2,397,206
Joint ventures	16	324
Other related parties	10,757	11,232
Total	2,202,086	2,408,762
Less: allowance for doubtful accounts	(54)	(58)
Net	$2,202,032	$2,408,704

(5) Other receivables - related parties

	31 Dec. 2020	31 Dec. 2019
Subsidiaries		
GENERA CORPORATION	$10,983	$15
Other	4,305	4,218
Subtotal	15,288	4,233
Joint ventures	6,417	7,377
Associates	12	22
Other related parties	145	247
Total	21,862	11,879
Less: allowance for doubtful accounts	(1,992)	(2,468)
Net	$19,870	$9,411

(6) Accounts payables - related parties

	31 Dec. 2020	31 Dec. 2019
Subsidiary		
JUOKU TECHNOLOGY CO., LTD.	$114,074	$182,100
Other	115,255	143,660
Subtotal	229,329	325,760
Associates		
I YUAN PRECISION INDUSTRIAL CO., LTD.	250,946	171,803
Other	216	471
Subtotal	251,162	172,274
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	292,804	261,226
Other	28,082	26,755
Subtotal	320,886	287,981
Total	$801,377	$786,015

(7) Significant asset transactions

Acquisition of property, plant and equipment

	Purchase price	
Subsidiaries	2020	2019
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.	$196,852	$360,656
JUOKU TECHNOLOGY CO., LTD.	159,767	176,741
DBM REFLEX OF TAIWAN CO., LTD.	45,481	58,262
T.I.T. INTERNATIONAL CO., LTD.	160	176
Subtotal	402,260	595,835
Other related parties	19,930	20,158
Total	$422,190	$615,993

(8) Key management personnel compensation

	2020	2019
Short-term employee benefits	$39,911	$42,519
Post-employment benefits	670	670
Total	$40,581	$43,189

VIII. ASSETS PLEDGED AS SECURITY

Item	Amount 2020	Amount 2019	Purpose of pledge
Property, plant and equipment-Land	$161,590	$161,590	Bank borrowings
Property, plant and equipment-Buildings	258,193	267,805	Bank borrowings
Refundable Deposits	16,450	16,450	Collateral for land lease
Total	$436,233	$445,845	

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 Company's customers operate, which adversely affected the Company's business and financial condition in the the current year. However, as various regions gradually lifted the lockdowns, the impact of the epidemic on the Company 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	83,775	67,254
Financial assets measured at amortized cost:		
Cash and cash equivalents (excludes cash on hand)	231,100	275,657
Notes receivables (related parties included)	27,650	28,670
Accounts receivables(related parties included)	2,974,358	3,305,503
Other receivables	103,402	70,996
Refundable deposits	17,836	18,692
Subtotal	3,354,346	3,699,518
Total	$3,438,121	$3,767,182

Financial Liabilities

	31 Dec. 2020	31 Dec. 2019
Financial liabilities at amortized cost:		
Short-term borrowings and short-term notes and bills payable	$375,590	$1,333,354
Payables	3,165,645	2,909,760
Long-term borrowings (current portion included)	4,558,613	3,686,432
Other long-term borrowings	1,999,439	1,998,616
Lease liabilities	653,661	689,478
Guarantee deposit (under the account of other non-current liabilities-others)	315	1,978
Subtotal	10,753,263	10,619,618
Financial liabilities at fair value through profit or loss:		
Held for trading	17,020	3,412
Total	$10,770,283	$10,623,030

2. Financial risk management objectives and policies

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

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

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company 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 Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company'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$19,081 thousand and NT$28,134 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$4,426 thousand and NT$5,867 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investment at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company 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$4,434 thousand and NT$6,154 thousand, respectively.

Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company'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 Company 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 Company's senior management on a regular basis. The Company'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$16 thousand and NT$10 thousand on the equity attributable to the Company 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 Company 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 Company’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 Company’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 at 31 December 2020 and 2019, accounts receivables from top ten customers represented 74.05% and 72.25% of the total trade receivables of the Company, 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 Company’s treasury in accordance with the Company’s policy. The Company 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 Company’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 Company’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	$378,099	$5,197,172	$903,830	$543,550	$7,022,651
Payables	3,165,645	-	-	-	3,165,645
Lease liabilities(Note)	47,887	95,774	80,520	507,259	731,440
31 Dec. 2019					
Borrowings	$762,612	$2,137,680	$2,059,427	$1,714,412	$6,674,131
Short-term notes and bills payable	590,000	-	-	-	590,000
Payables	2,909,760	-	-	-	2,909,760
Lease liabilities(Note)	45,410	95,774	88,379	547,276	776,839

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	$224,181	$191,400	$315,859	$731,440
31 Dec. 2019	229,563	197,532	349,744	776,839

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	$744,000	$589,354	$3,686,432	$1,998,616	$689,478	$7,707,880
Cash flows	(368,410)	(589,354)	872,181	823	(35,817)	(120,577)
Non-cash change	-	-	-	-	-	-
31 Dec. 2020	$375,590	$-	$4,558,613	$1,999,439	$653,661	$7,587,303
1 Jan. 2019	$666,000	$1,099,436	$3,375,008	$1,698,369	$703,197	$7,542,010
Cash flows	78,000	(510,082)	311,424	300,247	(33,564)	146,025
Non-cash change	-	-	-	-	19,845	19,845
31 Dec. 2019	$744,000	$589,354	$3,686,432	$1,998,616	$689,478	$7,707,880

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 Company 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 Company.

8. Derivative financial instruments

The Company’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 Company 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 Company 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 Company 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 Company 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 Company’s assets and liabilities

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

31 Dec. 2020

	Level	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$16,264	$-	$67,511	$83,775
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	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	10,062	-	57,192	67,254
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contracts	-	197	-	107
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	$57,192	$57,192
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)	10,319	-
Ending balances	$67,511	$57,192

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 Company's profit or loss by NT$8,069 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 Company's profit or loss by NT$ 7,812 thousand

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

The Company'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 Company'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	$91,534	28.077249	$2,570,023
EUR	11,855	34.433169	408,205
CNY	42,446	4.294707	182,293
Non- monetary items:			
USD	130,677	28.077249	3,669,052
VND	70,116,049	0.001215	85,191
Financial Liabilities			
Monetary items:			
USD	$23,573	28.077249	$661,865

	31 Dec. 2019		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	$97,924	29.95314	$2,933,131
EUR	17,468	33.59164	586,779
CNY	24,093	4.29791	103,550
Non- monetary items:			
USD	117,398	29.95314	3,516,446
Financial Liabilities			
Monetary items:			
USD	$4,000	29.95314	$119,813

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

The Company 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$54,279 thousand, NT$62,052 thousand1 respectively.

11. Capital management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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 1.
(b) Endorsement/Guarantee provided to others for the year ended 31 December 2020: Please refer to Attachment 2.
(c) Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.
(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 4.
(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 5.
(i) Names, locations and related information of investees as of December 31, 2020(excluding investment in Mainland China): Please refer to Attachment 6.
(j) Financial instruments and derivative transactions: Please refer to Note6(2)、Note6(12) and Note12(8).

(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 7.

(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1, Attachment 2 and Attachment 7.

(3) Information on major shareholders:

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

XIV. OPERATING SEGMENT INFORMATION

In accordance with Article 22 of the Regulations, the Company is not required to prepare operating segment information for the parent company only financial statements. Please refer to the consolidated financial statements of TYC BROTHER INDUSTRIAL CO., LTD. and subsidiaries for operating segment information.

Attachment 1: 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 HIGH PERFORMANCE CO., LTD.	Other receivables	Y	$25,587 (USD900)	$25,587 (USD900)	$25,587 (USD900)	2.70%	2	$-	Need for operating	$-	-	$-	$1,456,014	$1,456,014	-
0	JUOKU TECHNOLOGY CO., LTD.	PT ASTRA JUOKU INDONESIA	Other receivables	Y	25,500 (IDR15,000,000)	-	-	-	2	-	Need for operating	-	-	-	65,485	130,969	-
1	JUOKU TECHNOLOGY CO., LTD.	JING TAI TECHNOLOGY	Other receivables	Y	29,600	-	-	-	2	-	Need for operating	-	-	-	65,485	130,969	(Note 8)

(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 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 9) 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 2: 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
		Company name	Releationship (Note 2)										
0	The Company	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	(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
0	The Company	T.I.T. INTERNATIONAL CO., LTD.	(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
0	The Company	JUOKU TECHNOLOGY CO., LTD	(2)	1,284,990	900,000	900,000	400,000	-	14.01%	2,569,979	Y	N	N

(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 exchange rate of USD to NTD is 1:28.43.

Attachment 3: 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 CO., LTD.	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 TECH CO., LTD.	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 INVESTMENT CO., LTD.	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 INVESTMENT CO., LTD.	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
	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.

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock as of 31 December 2020

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	GENERA CORPORATION	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%	-
	TYC EUROPE BV.	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%	-
	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Subsidiary of the Company	Sales	134,198	1.43%	T/T 120 days	comparable to general customers		Accounts receivable 169,153	5.35%	-
	JUOKU TECHNOLOGY CO., LTD.	Subsidiary of the Company	Purchases	109,751	1.75%	credit on 90 days	comparable to general customers		Accounts payable 114,074	4.16%	-
	JING TAI TECHNOLOGY CO., LTD.	Subsidiary of the Company	Purchases	134,555	2.15%	credit on 90 days	comparable to general customers		Accounts payable -	-	(Note 1)
	T.I.T. INTERNATIONAL CO., LTD.	Subsidiary of the Company	Purchases	210,520	3.36%	credit on 60 days	comparable to general customers		Accounts payable 58,363	2.13%	-
	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 TECHNOLOGY CO., LTD.	The Company	Holding company's parent company	Sales	134,842	65.54%	After arrival T/T 90 days	N/A		Accounts receivable $-	-	(Note 1)
JUOKU TECHNOLOGY CO., LTD	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%	-
T.I.T. INTERNATIONAL CO., LTD.	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%	-
CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	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%	-
KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	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%	-
GENERA CORPORATION	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%	-
TYC EUROPE BV.	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)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 2)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 5: 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
					Amount	Processing method		
The Company	GENERA CORPORATION	Subsidiary of the Company	$1,664,485	2.01	$30,128	Collection has been strengthened	$732,080	$-
	TYC EUROPE BV.	Subsidiary of the Company	320,395	4.24	-	-	254,999	-
	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Subsidiary of the Company	169,153	1.01	117,616	Collection has been strengthened	25,581	-
CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	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)	-
JUOKU TECHNOLOGY CO., LTD.	The Company	Holding company's parent company	120,150	2.13	23,771	Collection has been strengthened	38,922	-

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

Attachment 6: 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 CO.,LTD.	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	Subsidiary of the Company
	TI YUAN INVESTMENT CO., LTD.	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	Subsidiary of the Company
	TI FU INVESTMENT CO., LTD.	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	Subsidiary of the Company
	TAMAU MANAGEMENT CONSULTANCY CO., LTD.	18F., No. 573, Qingping Rd., Anping Dist., Tainan City	Management consult	1,000	1,000	260,000	100.00%	4,835	694	694	Subsidiary of the Company
	SUPRA-ATOMIC CO., LTD.	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)	Subsidiary of the Company
	BESTE MOTOR CO., LTD.	British Virgin Islands	Reinvestment holding activities	322,939	322,939	12,072,000	100.00%	1,365,086	116,301	116,301	Subsidiary of the Company
	CONTEK CO., LTD.	British Virgin Islands	Reinvestment holding activities	66,512	54,460	2,186,000	100.00%	60,665	(3,205)	(3,205)	Subsidiary of the Company
	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 HOLDING CORP.	Delaware, U.S.A	Reinvestment holding activities	745,370	745,370	5,549	100.00%	1,111,681	200,246	200,246	Subsidiary of the Company
	TYC VIETNAM INDUSTRIAL CO., LTD.	Vietnam	Manufacture and sale automobile lights	88,740	-	-	60.00%	85,191	971	583	Subsidiary of the Company

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 CO., LTD.	TSM TECH CO., LTD.	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 TECHNOLOGY CO.,LTD.	No. 1, Xinle Rd., Tainan City	Manufacturing, and sale of automobile parts	-	200,000	-	-	-	(28,437)	(28,437)	(Note4)、(Note 6)
TI FU INVESTMENT CO., LTD.	DBM REFLEX OF TAIWAN CO., LTD.	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 CO., LTD.	EUROPILOT CO., LTD.	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 CO., LTD.	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 CO., LTD.	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 CO., LTD.	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 CO., LTD.	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 CO., LTD.	TYC EUROPE BV.	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 CO., LTD.	T.I.T. INTERNATIONAL CO., LTD.	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 MOTOR CO., LTD.	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 CO., LTD.	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 HOLDING CORP.	GENERA CORPORATION	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 REAL PROPERTY, INC.	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 Group 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.

(Note4)SUPRA-ATOMIC CO., LTD. applied for a capital reduction on 15 January, 2020 and returned the share price of NT$46,792 thousand.

(Note 5)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 6)The exchange rate of USD to NTD is 1:28.43.

Attachment 7: 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 INDUSTRIAL CO., LTD.	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 CO., LTD.	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 CO., LTD.	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 CO., LTD.	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)CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	-	-	-	-	-	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)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

(Note 4)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 8: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.

TYC BROTHER INDUSTRIAL CO., LTD.

THE CONTENTS OF STATEMENT OF MAJOR ACCOUNTING ITEMS

31 December 2020.

TYC BROTHER INDUSTRIAL CO., LTD.

1.STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Item	Description		Amount	Note
Cash and Petty cash			$2,179	The exchange rate
				of the USD to
Bank Deposits				the NTD is 1:28.43
Savung account			34,022	The exchange rate
Foreign currency cash	USD	4,751,089	135,073	of the EUR to the
	EUR	1,230,540	42,847	NTD is 1:34.82
	JPY	3,831,057	1,051	The exchange rate
	GBP	54,347	2,103	of the JPY to the
	SGD	32,634	701	NTD is 1:0.2743
	RMB	2,530,375	11,012	The exchange rate
Subtotal			226,809	of the GBP to the
Time deposits			4,291	NTD is 1:38.70
				The exchange rate
				of the SGD to the
				NTD is 1:21.47
				The exchange rate
Total			$233,279	of the RMB to the
				NTD is 1:4.352

TYC BROTHER INDUSTRIAL CO., LTD.

2.STATEMENT OF ACCONUTS RECEIVABLE

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description		Amount	Note
Client A	EUR	1,486,022	$51,743	The exchange rate
Others			882,648	of the EUR to the
Subtotal			934,391	NTD is 1:34.82
Less:Allowance for doubtful debts			(162,065)	The amount of individual
Net amount			$772,326	client in others does not exceed
				5% of the account balance.

TYC BROTHER INDUSTRIAL CO., LTD.

3.STATEMENT OF ACCOUNTS RECEIVABLES-RELATED PARTIES

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description		Amount	Note
GENERA CORPORATION	USD	58,546,793	$1,664,485	1.The exchange rate of the USD
TYC EUROPE B.V.	EUR	8,352,706	290,842	to the NTD is 1:28.43
	USD	1,039,541	29,554	The exchange rate of the EUR
KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	RMB	38,867,810	169,153	to the NTD is 1:34.82
Others			48,052	The exchange rate of the RMB
Subtotal			2,202,086	to the NTD is 1:4.352
Less:Allowance for doubtful debts			(54)	2.The amount of individual client
Net			$2,202,032	in others does not exceed 5%.

TYC BROTHER INDUSTRIAL CO., LTD.

4.STATEMENT OF INVENTORIES

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		$483,172	$483,172	1. Inventories were not pledged.
Work in process		53,191	53,191	
Finished goods		561,306	636,130	2. Inventories are valued at lower of cost and net realizable value item by item.
Merchandise		36,166	38,470	
Subtotal		1,133,835	$1,210,963	
Less:Allowance for inventory valuation losses		(70,850)		
Total		$1,062,985		

TYC BROTHER INDUSTRIAL CO., LTD.

5.STATEMENT OF OTHER CURRENT ASSETS

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Prepayment of purchases		$65,136	The amount of individual title
Payment on behalf	Payment on behalf for mold repair and vender complaint.	42,060	in others does not exceed 5% of
Temporary paymants	Temprary payments for freight.	13,388	the account balance.
Prepaid expense	Prepaid expense for repair, maintentance and insurance.	12,921	
Other		1,452	
Total		$134,957	

TYC BROTHER INDUSTRIAL CO., LTD.
6.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
DECEMBER 31, 2020

In Thousands of New Taiwan Dollars

Investee Company	Beginning Balance		Additions		Decrease		Ending Balance			Fair value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit price (NTD)	Total Amount		
JUOKU TECHNOLOGY CO., LTD.	27,923,401	$201,318		$612 (Note6)		$(582) (Note1) (9,528) (Note2) (993) (Note5) (1,353) (Note4)	27,923,401	72.10%	$189,474	8.45	$327,212	None	
TI YUAN INVESTMENT CO., LTD.	5,731	49,134		2,556 (Note1)			5,731	100.00%	51,690	9,163.78	52,518	None	
TI FU INVESTMENT CO., LTD.	12,000	136,149		25,358 (Note1) 35,308 (Note4) 1,316 (Note7)		(14,253) (Note3) (230) (Note5)	12,000	100.00%	183,648	20,997.17	251,966	None	
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	260,000	4,685		694 (Note1)		(544) (Note3)	260,000	100.00%	4,835	18.60	4,835	None	
I YUAN PRECISION INDUSTRIAL CO., LTD.	5,617,854	204,444		12,952 (Note1)		(16,854) (Note3)	5,617,854	15.66%	200,542	44.60	250,556	None	
CONTEK CO., LTD.	1,786,000	52,653	400,000 (Note11)	12,052 (Note9)		(3,204) (Note1) (836) (Note2)	2,186,000	100.00%	60,665	27.75	60,665	None	
INNOVA HOLDING CORP.	5,549	962,153		194,638 (Note1) 49,296 (Note6)		(94,406) (Note2)	5,549	100.00%	1,111,681	USD 9,539.56	USD 52,935	None	
SUPRA-ATOMIC CO., LTD.	68,112,450	1,252,730			(1,580,000) (Note8)	(36,817) (Note1) (2,825) (Note2) (46,792) (Note8) (34,676) (Note6)	66,532,450	100.00%	1,131,620	21.88	1,456,014	None	
BESTE MOTOR CO ., LTD.	12,072,000	1,248,910		116,302 (Note1) 10 (Note6)		(136) (Note2)	12,072,000	100.00%	1,365,086	113.08	1,365,107	None	
TYC VIETNAM INDUSTRIAL CO., LTD.	-	-		582 (Note1) 88,740 (Note9)		(4,131) (Note2)	-	60.00%	85,191	-	-	None	
Total		$4,112,176		$540,416		$(268,160)			$4,384,432				

Note1：Net investment income or loss accounted for using equity method.(Included unrealized gain or loss on the transaction between the Company and its investees.)
Note2：Exchange differences resulting from translating the financial statement of foreign poerations.
Note3：Cash dividends paid by subsidiaries.
Note4：Unrealized gains or losses on financial assets at fair value through other comprehensive income.
Note5：Profits or losses of the defined benefit plan.
Notr6：Downstream transactions are written off.
Note7：Adjustments for dividends subsidiaries received from parent company.
Note8：Refund of capital reduction.
Note9：New investement.

TYC BROTHER INDUSTRIAL CO., LTD.

7.STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPERCIATION

FOR THE YEAR ENDED DECEMBER 31, 2020

In Thousands of New Taiwan Dollars

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Cost					
Land	$627,374	$-	$-	$627,374	
Buildings	95,668	-	-	$95,668	
Total	$723,042	$-	$-	$723,042	
Accumulated depreciation					
Land	$562	$562	$-	$1,124	
Buildings	12,716	12,716	-	$25,432	
Total	$13,278	$13,278	$-	$26,556	

TYC BROTHER INDUSTRIAL CO., LTD.

8.STATEMENT OF SHORT-TERM BORROWINGS

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Type	Description	Balance, End of Year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Note
Unsecured borrowings	Mizuho Bank	$240,000	2020/12/29-2021/1/29	0.82%	None	
Unsecured borrowings	Australia and New Zealand Bank	85,590	2020/12/17-2021/3/17	0.75%	None	
Unsecured borrowings	Cathay United Bank	50,000	2020/12/25-2021/1/22	0.86%	None	
Total		$375,590				

TYC BROTHER INDUSTRIAL CO., LTD.

9.STATEMENT OF NOTES PAYABLE

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		$102,851	The amount of individual client
Client B		62,322	in others does not exceed 5%
Client C		38,862	of the account balance.
Client D		35,080	
Client E		27,456	
Client F		18,483	
Client G		11,028	
Total		$296,082	

TYC BROTHER INDUSTRIAL CO., LTD.

10.STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		$79,370	The amount of individual client
Others		1,565,990	in others does not exceed 5%
Total		$1,645,360	of the account balance.

TYC BROTHER INDUSTRIAL CO., LTD.

11.STATEMENT OF ACCOUNTS PAYABLE-RELATED PPARTIES

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Client	Description		Amount	Note
FORTOP INDUSTRIAL CO., LTD.			$292,804	1.The exchange rate of the USD
I YUAN PRECISION INDUSTRIAL CO., LTD.	USD	8,767,214	250,946	to the NTD is 1:28.43
JUOKU TECHNOLOGY CO., LTD.			114,074	2.The amount of individual client
T.I.T. INTERNATIONAL CO., LTD.	USD	2,045,667	58,363	in others does not exceed 5%
Other			85,190	of the account balance.
Total			$801,377	

TYC BROTHER INDUSTRIAL CO., LTD.

12.STATEMENT OF OTHER PAYABLES

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Other payables			
Salaries payable and bonuses		$186,321	The amount of individual account title in others does not exceed 5% of the account balance.
Employee's compensation		68,835	
Accrued expenses	Freight	65,117	
Others	Deposit for mold	73,352	
Other payables-related parties	Deposit for mold	29,201	
Total		$422,826	

TYC BROTHER INDUSTRIAL CO., LTD.

13.STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Contract liabilites	Advance sales receipts	$82,964	The amount of individual account title
Other unearned revenue	Advance mold receipts	199,531	in others does not exceed 5% of the
Receipts under custody	Receipts under custody for mold	19,151	account balance.
Other		66	
Total		$301,712	

TYC BROTHER INDUSTRIAL CO., LTD.

14.STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Creditors	Description	Amount due within one year	Amount due in one year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Redemption
First Bank	Unsecured Borrowing	$-	$800,000	2019/07/01-2026/09/15	0.45%	None	Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
First Bank	Unsecured Borrowing	-	200,000	2020/08/14-2022/08/14	0.95%	None	Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	Unsecured Borrowing	-	700,000	2019/08/09-2029/08/15	0.50%	None	Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
Bank of Taiwan	Unsecured Borrowing	-	200,000	2020/06/24-2022/06/24	0.96%	None	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	Unsecured Borrowing	-	300,000	2019/11/06-2024/10/15	0.57%	None	Principal are repaid monthly, starting from 17 Oct. 2022 , and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	-	280,000	2020/04/14-2022/04/14	0.91%	None	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	Unsecured Borrowing	-	150,000	2020/06/14-2022/06/13	0.92%	None	Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank	Unsecured Borrowing	-	340,000	2020/11/29-2022/11/29	0.92%	None	Interests are repaid monthly and bullet repayment on expiry date.
Mizuho Bank	Unsecured Borrowing	-	600,000	2020/11/20-2022/11/20	0.90%	None	Interests are repaid monthly and bullet repayment on expiry date.
Yuanta Bank	Unsecured Borrowing	-	520,000	2020/08/19-2022/08/18	0.95%	None	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	Unsecured Borrowing	-	100,000	2020/01/13-2022/01/13	0.90%	None	After applying for each drawdown within the credit line, each transaction shall not exceed 90 days. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	Unsecured Borrowing	-	200,000	2020/07/24-2025/07/24	0.46%	None	Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	-	114,120	2020/04/14-2022/04/14	0.80%	None	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	Unsecured Borrowing	-	57,060	2020/11/29-2022/11/29	0.85%	None	Interests are repaid monthly and bullet repayment on expiry date.
Subtotal		$-	4,561,180				
unamortized expense			(2,567)				
Total			$4,558,613				

TYC BROTHER INDUSTRIAL CO., LTD.

15.STATEMENT OF LEASE LIABILITIES

DECEMBER 31,2020

In Thousands of New Taiwan Dollars

Item	Description	Contract Periods	Discount rates applies	Amount	Note
Land		5~20 years	1.42%	$582,436	
Buildings		5~10 years	1.42%	71,225	
Subtotal				653,661	
(Less):Current portion				(38,832)	
Lease liabilties, non current				$614,829	

TYC BROTHER INDUSTRIAL CO., LTD.

16.STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2020

In Thousands of New Taiwan Dollars

Item	Amount	Note
Automobile lights	$7,566,196	The amount of individual account title
Automobile light parts	308,567	in others does not exceed 5% of the account balance.
Others	1,516,987	Sells for water pump, fan and equipment.
Total	9,391,750	

TYC BROTHER INDUSTRIAL CO., LTD.
17.STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020

In Thousands of New Taiwan Dollars

Item	Amount	Note
Cost of Goods Sold of Self-made Product		
Direct material		
Beginning of year	$462,128	
Add: Raw material purchased	3,409,308	
Less: Raw material, end of year	(483,172)	
Gains on physical inventories	368	
Scrapped	(20,964)	
Sell	(289,090)	
Transfer to other account title	(97,571)	
Supplies and parts used	2,981,007	
Direct labor	375,379	
Factory overheads	1,918,726	
Manufacturing cost	5,275,112	
Add: Work in process, beginning of year	61,855	
Less: Work in process, end of year	(53,191)	
Transfer to other account title	(48,006)	
Cost of finished goods	5,235,770	
Add: Finished goods, beginning of year	627,062	
Finished goods purchased	1,376,670	
Transfer from other account title	48	
Less: Finished goods, end of year	(561,306)	
Losses on physical inventories	(179)	
Scrapped	(3,197)	
Transfer to other account title	(401)	
Cost of Goods Sold of Self-made Product	6,674,467	
Cost of Goods sold of Merchandise		
Merchandise: Beginning of year	26,338	
Add: Merchandise purchased	1,471,142	
Transfer from other account title	1	
Less: Merchandise, end of year	(36,166)	
Losses on physical inventories	(1)	
Scrapped	(8)	
Transfer to other account title	(11)	
Cost of Goods sold of Merchandise	1,461,295	
Other operating costs		
Sell raw materials	289,090	
Losses on scrap of inventories	24,169	
Net gains (losses) on physical inventories	(188)	
Losses on Inventory Valuation	4,294	
Other	10,039	
Total Operating Costs	$8,463,166	

TYC BROTHER INDUSTRIAL CO., LTD.

18.STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

In Thousands of New Taiwan Dollars

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected credit impairment losses	Total
Payroll expenses	$88,049	$123,589	$125,441	$-	$337,079
Freight	44,841	47	1,531	-	46,419
Expected credit impairment losses	-	-	-	2,085	2,085
Repair and maintenance expenses	3,181	16,345	16,622	-	36,148
Depreciation	23,186	41,228	3,923	-	68,337
Amortization expense	1,807	11,863	23,555	-	37,225
Research expense	-	-	108,837	-	108,837
Commission expense	25,867	-	-	-	25,867
Export expense	72,301	-	-	-	72,301
Professional service fee	7,311	21,151	975	-	29,437
Certification fee	38,913	555	4,694	-	44,162
Other expense	52,216	74,908	62,199	-	189,323
Total	$357,672	$289,686	$347,777	$2,085	$997,220

Note：The amount of individual account title in others does not exceed 5% of the of the account balance.

6. Financial turnaround difficulties experienced by the Company and its affiliates in the most recent year and as of the date of publication of the annual report: None

VII.Analysis of the Financial Status, Business Outcomes and Risk Issues：

1.Analysis of the financial status：

Unit：NT$ 1,000；%

Year / Item	2020	2019	Difference	
			Amount	%
Current assets	8,453,095	9,024,153	(571,058)	-6.33%
Real estate, plant and equipment	8,330,236	8,331,456	(1,220)	-0.01%
Intangible assets	90,673	116,418	(25,745)	-22.11%
Other Assets	5,871,131	6,140,016	(268,885)	-4.38%
Total assets	22,745,135	23,612,043	(866,908)	-3.67%
Current liabilities	6,300,812	7,321,703	(1,020,891)	-13.94%
Non-current liabilities	9,739,397	9,427,566	311,831	3.31%
Total liabilities	16,040,209	16,749,269	(709,060)	-4.23%
Share capital	3,128,979	3,128,979	0	0.00%
Capital Provident Fund	1,381,263	1,379,947	1,316	0.10%
Retention of surplus	2,210,684	2,396,484	(185,800)	-7.75%
Other interests	(289,982)	(250,969)	(39,013)	15.54%
Treasury Stock	(5,996)	(5,996)	0	0.00%
Equity attributable to owners of the parent company	6,424,948	6,648,445	(223,497)	-3.36%
Non-controlling interests	279,978	214,329	(184,351)	30.63%
Total equity	6,704,926	6,862,774	(157,848)	-2.30%

The main reasons for the significant changes in assets, liabilities and shareholders ' equity in the last two years (changes of more than 20% and the amount of NT$ 10 million) and their impact and future response plans:

(1) The main reasons for the change:

1. Intangible assets: This is due to the normal amortization of the intangible assets themselves.
2. Non-controlling interests: This is due to the establishment of a new subsidiary in Vietnam during the period.

(2) Impact: There is no significant impact.

(3) Future Response Plan: Not Applicable

2.Financial Performance Review Analysis：

Unit：NT$ 1,000；%

Year / Item	2020	2019	Increase (decrease) amount	Change ratio (%)
Operating revenues	14,446,208	17,539,920	(3,093,712)	-17.64%
Gross profit	2,857,442	4,162,736	(1,305,291)	-31.36%
Operating profit or loss	2,590,956	3,106,929	(515,973)	-16.61%
Non-operating income and expenses	266,486	1,055,804	(789,318)	-74.76%
Net profit before tax	141,415	(72,299)	213,714	-
Net profit for the current period of continuing operating units	407,901	983,505	(575,604)	-58.53%
Losses of closed units	121,214	271,585	(150,371)	-55.37%
Net profit (Loss) for the period	286,687	711,920	(425,233)	-59.73%
Other consolidated profit or loss for the current period (Net after tax)	(56,954)	(60,645)	3,691	-6.09%
Total Consolidated Profit and Loss for the current period	229,733	651,275	(421,542)	-64.73%
Net profit attributable to owner of parent company	262,616	695,130	(432,514)	-62.22%
Net profit attributable to non-controlling interests	24,071	16,790	7,281	43.37%
Total consolidated profit or loss attributable to owners of the parent company	213,244	630,281	(417,037)	-66.17%
Total consolidated profit or loss attributable to non-controlling interests	16,489	20,994	(4,505)	-21.46%

The main reasons for the significant changes in operating income, net operating income and net income before income taxes (changes of 20% or more) in the last two years, the expected sales volume and its basis, the possible impact on the Company's future financial operations and the corresponding plans:

(1) The main reasons for the changes.

1. Income taxes decreased due to a decrease in revenues and income from non-controlling interests compared to the same period last year, and a decrease in comprehensive income due to the effect of exchange rates.
2. Non-operating income and expenses: The share of income and expenses of affiliated companies and joint ventures recognized under the equity method increased in the current period compared with the same period last year.

(2) Expected sales volumes and their basis: Expected AM and OEM sales volumes in 2021 are expected to be variable due to the development of the global COVID-19 outbreak.

(3) Possible impact on future financial operations: No material impact

(4) Future plans in response: Not applicable

3.Cash flow analysis：

(1) Analysis of recent annual cash flow movements：

Item \ Year	2020	2019	Increase (decrease) ratio
Cash flow ratio (%)	45.36%	25.47%	19.89%
Cash flow ratio (%)	84.54%	69.53%	15.01%
Cash flow ratio (%)	10.68%	6.68%	4.00%

Change analysis description：

1.Increase in cash flow ratio: The main reason is the increase in working capital in thecurrent period compared with the previous period.

2. Increase in cash flow allowable ratio: The main reason for the increase in net cash flow from operating activities in the current period compared with the previous period.

3. Increase in cash reinvestment ratio: The main reason for the increase in working capital in the current period compared with the previous period.

(2) Cash flow analysis for the coming year：

Unit：NT$ 1,000

Initial cash balance	Annual net cash flow from operating activities	The total cash outflow	Cash Surplus (insufficient)amount	Remedial measures for cash shortfall	
				Investment plan	Financial plan
200,000	12,075,631	12,093,545	182,086	—	—

Description of the cash flow analysis for the coming year (2021).
In order to meet the business needs and new product development, some of the equipment was retired and replaced.

(3) Projected cash shortage improvement plan: None.

4.Impact of significant capital expenditures on financial operations in the past year :

(1) The use of major capital expenditure and sources of funds.

Unit：NT$ 1,000

Project	Actual or anticipated source of funds	Actual or expected completion date	Total funds required	Actual or scheduled use of funds
				2020
Machines, mold equipment, etc.	Working capital and loans	2020.12	1,235,706	1,235,706

(2) Expected potential earnings：

In response to the significant increase in sales volume, market share expansion and future operational development, the Company has continued to expand its facilities to improve production efficiency and reduce production costs.

5.Recent annual investment policy,the main reasons for its profit or loss, improvement plan and investment plan for the next year:

Description / Item	Amount	Policy	The main reasons for profit or loss	Improvement plan	Other future investment plans
CONTEK	USD 500	Invest in Mainland China - Jiangsu Dibiao Auto Parts Co., Ltd.	Expansion of production base	Not applicable	Additional investment will be considered based on operational demand
TYC	USD 3,000	Investment in Vietnam -TYC VIETNAM INDUSTRIAL CO.,LTD.	Developing the Southeast Asian market	Not applicable	Subject to operational requirements

6.Risk Event Analysis Assessment. :

(1)Effect of interest rate, exchange rate and inflation on the Company's profit or loss and future measures.

Unit：NT$1,000

Year / Item	2020		2021/3/31	
	Amount	%	Amount	%
Net operating income	14,446,208	100.00%	3,968,565	100.00%
Net profit before tax	407,901	2.82%	137,314	3.46%
Interest income	4,460	0.03%	524	0.01%
Interest expenses	124,785	0.86%	24,673	0.62%
Redemption (loss)	(55,778)	0.39%	(51,882)	1.31%

Source: Financial statements audited by certified public accountants for the year 2020 Financial statements audited by certified public accountants for the first quarter of fiscal 2021

1. Impact of interest rate changes on the Company's profit or loss and future measures.
   (1) Effect on profit or loss.
   The Company's bank loans are fixed-rate loans and variable-rate loans; therefore, they did not have a significant impact on the Company.
   (2) Future measures in response.
   The Company maintains an appropriate mix of fixed and floating interest rates, supplemented by interest rate swap contracts to manage interest rate risk. The Company maintains good relationships with its counterparties and is able to control changes in interest rates at any time and adjust them opportunistically.
2. Effect of exchange rate changes on the Company's profit or loss and future measures.
   (1) Effect on profit or loss.
   The Company is primarily an external seller and is affected by changes in foreign exchange rates. The main exchange gains and losses are those arising from derivative financial instruments.
   (2) Future measures in response.
   A. The finance department staff keeps abreast of the exchange rate trend through newspaper publications, internet system and professional consultation with banks.
   B. Forward foreign exchange operations to hedge the risk of foreign currency debts and exchange rate fluctuations with reference to exchange rate trend forecasts.

C. In accordance with the relevant provisions of the Financial Supervisory Commission's letter dated December 20, 2013, No. 1 O2O5373, "Guidelines for the Acquisition or Disposal of Assets by Public Companies", the Company regulates the procedures for engaging in derivative financial instrument transactions and strengthens the risk control management system.

3. The impact of inflation on the Company's profit and loss in the most recent year and future measures to address it.

There is no impact from inflation in FY2020, but changes in the prices of raw materials required for production will still be closely monitored.

(2) The Company's policy on engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profits or losses, and future measures：

1. The Company does not engage in high-risk, highly leveraged investments.
2. Loans of funds to others: The Company's loans of funds to others are mainly due to business transactions and are made in accordance with the "Procedures for Loans of Funds to Others", with the total amount of loans not exceeding 40% of the Company's net worth.
3. The total amount of endorsement and guarantee is limited to 40% of the Company's current net worth, of which the amount of endorsement and guarantee for a single enterprise shall not exceed 20% of the current net worth, and the balance of endorsement and guarantee is NT$900,000 and US$21,000 as of September 30, 2010.
4 . The purpose of these transactions is to hedge the risks arising from foreign currency debts and exchange rate fluctuations. The natural hedge and the management of exchange rate risks by means of forward exchange contracts do not meet the requirements of hedge accounting and therefore hedge accounting is not applied.

(3) Future R&D plans and estimated R&D costs.

Item	Topic	R & D Expenses	Estimated MPT	Key influences on the success of future R&D
1	Radar Blind Spot Warning System Tail Light	4 million	4th quarter of 2021	The sensor system radar is combined with the technical development of a blind spot warning system.
2	Heavy Duty Motorcycle ADB LED Headlight	5 million	4th quarter of 2021	Development of ADB headlamp technology for locomotives.
3	CAN BUS communication full function LED ADB car headlight	8 million	4th quarter of 2021	1. CAN/LIN BUS design technology for vehicle lights. 2. Automotive ADB headlamp technology development.

(4) Effect of significant domestic and foreign policy and legal changes on the Company's financial operations and measures taken in response: None.

(5) The impact of technological and industrial changes on the company's financial business and the corresponding measures:

We will continue to provide high technical standards and quality services through our design and development team, educate and train our sales and technical staff to adapt to product changes, maintain regular interaction with our customers, understand their operating conditions, keep abreast of market information, reduce inventory of raw materials and finished products, and make good commitment to quality and delivery to ensure the company's interests.

(6) Impact of corporate image change on corporate crisis management and response measures: Not applicable.

(7) Expected benefits, possible risks and contingencies of the merger and acquisition: Not applicable.

(8) Expected benefits, possible risks and response measures for plant expansion: Not applicable.

(9) Risks of purchase or sale concentration and countermeasures：

The company's largest purchaser accounted for about 9.02% of the total purchase amount, mainly to produce the company's products sold to North America. In addition, the largest purchaser accounted for about 12.06% of the total sales amount, in view of the future growth trend of the company, and actively mapped out global sales locations, in order to maintain more balanced and stable operating results.

(10) The impact, risk and response measures of a significant transfer or change in the Company.：

Since the establishment of the Company, there have been changes in or transfers of shareholdings of directors or substantial shareholders, but due to the Company's sound operation and maintenance of good operating results, no significant transfer or replacement of shareholdings has occurred.

(11) Impact of the change on the operating rights of the Company, risks and countermeasures: Not applicable.

(12) Litigation or non-litigation events, including litigation, non-litigation or administrative disputes that have been determined or are still pending against the Company, its directors, general manager, persons in charge of the Company, substantial shareholders holding more than 10% of the shares, and affiliated companies, the outcome of which may have a significant impact on shareholders' equity or securities pricing: None.

(13) Other significant risks and response measures: None.

7.Other important matters: None.

VIII.Special notes：

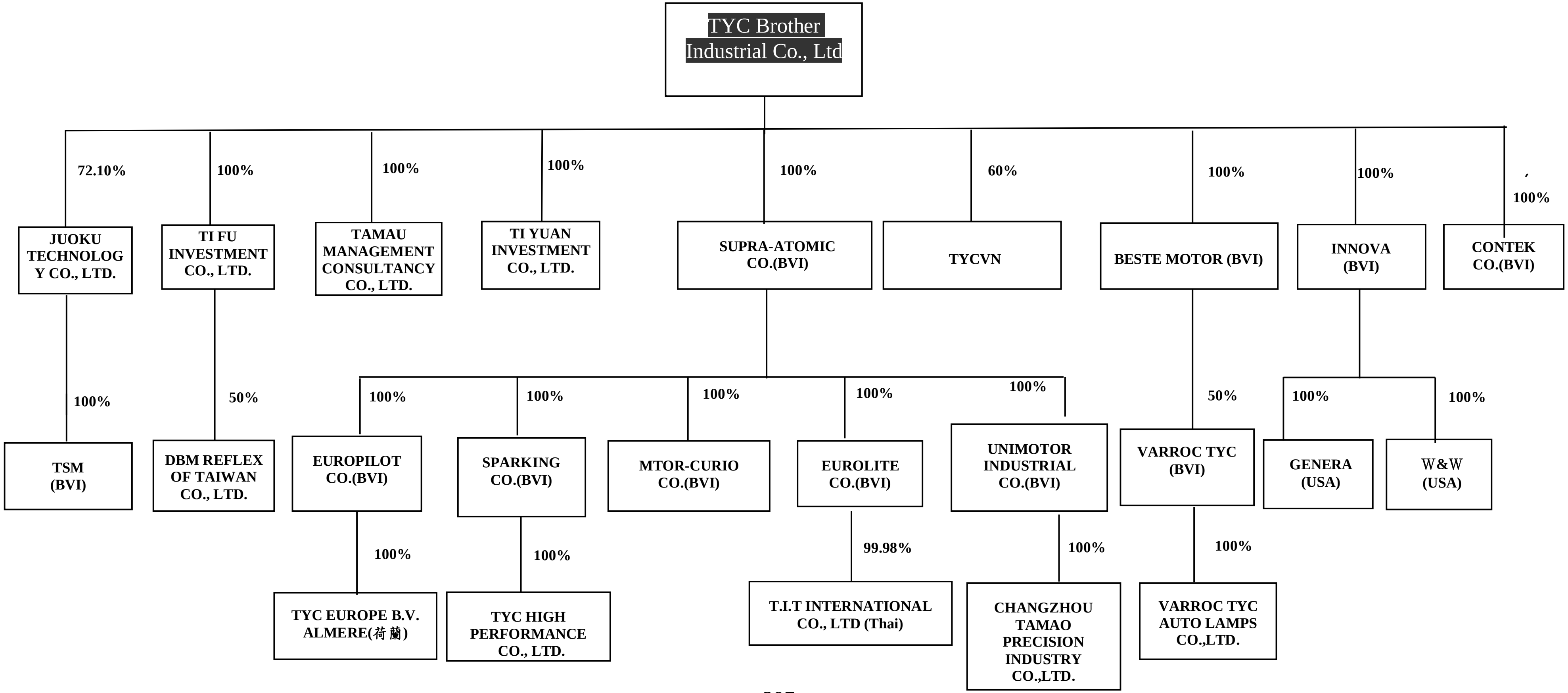
1.Related information on affiliated companies.

(1) Report on Consolidated Operations of Affiliated Companies.

1. Organizational chart of affiliated companies :

T.Y.C.

2020/12/31



2. Basic information on each affiliate.

2020/12/31

Unit：NT$1,000, Foreign Currency in Original Currency

Company Name	Establishment date	Address	Paid-in capital	Main business or production items	Remark
TI YUAN INVESTMENT CO., LTD.	1997.09.25	2F., No. 9, Ln. 681, Gongyuan Rd., North Dist., Tainan City 704030 , Taiwan	57,310	Operating securities investment business	
TI FU INVESTMENT CO., LTD.	1997.09.25	2F., No. 9, Ln. 681, Gongyuan Rd., North Dist., Tainan City 704030 , Taiwan	120,000	Operating securities investment business	
DBM REFLEX OF TAIWAN CO., LTD.	2000.02.15	No. 54, Ln. 0, Xinle Rd., South Dist., Tainan City 702008 , Taiwan	175,000	Mold manufacturing and international trade business	
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	2003.04.22	8F., No. 573, Ln. 0, Qingping Rd., Anping Dist., Tainan City 708010 , Taiwan	2,600	Engaged in business management consultants	
CONTEK CO., LTD.	1998.01.02	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola , British Virgin Islands	USD2,186,000	Engaging in re-investment holding activities	(註 1)
BESTE MOTOR CO., LTD.	2004.07.06	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD12,072,000	Engaging in re-investment holding activities	(註 1)
VARROC TYC CORPORATION	2004.07.07	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD28,144,000	Engaging in re-investment holding activities	(註 1)
CHANGZHOU VARROC TYC CORPORATION	1995.03.16	No. 23, Hengshan Road, New & Hi-Tech Industry Development Area, Changzhou City, Jiangsu Province, PRC	USD27,000,000	Production and sales of lighting lamps and lanterns, motor vehicle accessories, mould machine, etc.	(註 1)
SUPRA-ATOMIC CO., LTD.	2001.11.20	Offshore Incorporations Limited of P.O. Box 957,Offshore Incorporations Centre, Road Town, Tortola , British Virgin Islands	USD66,532,450	Engaging in re-investment holding activities	(註 1)
EUROPILOT CO., LTD.	2002.09.27	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD14,359,821	Engaging in re-investment holding activities	(註 1)
MOTOR-CURIO CO., LTD.	2001.11.23	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD1,893,400	Engaging in re-investment holding activities	(註 1)

Company Name	Establishment date	Address	Paid-in capital	Main business or production items	Remark
SPARKING CO., LTD.	1999.09.30	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD30,915,717	Engaging in re-investment holding activities	(NOTE1)
EUROLITE CO., LTD.	1999.05.10	Commonwealth Trust Limited, Sealing House, Tortola, British Virgin Islans	USD14,697,972	Engaging in re-investment holding activities	(NOTE1)
UNIMOTOR INDUSTRIAL CO., LTD.	1995.09.04	Commonwealth Trust Limited of P.O. Box 3321, Road Town, Tortola, British Virgin Islands	USD6,887,000	Engaged in transfer of investment holding activities	(NOTE1)
TYC EUROPE B.V.	2003.01.28	Henery Moorest roat 25 1328 LS Almere Holland	EUR10,150,000	Sales of car light fixtures	(NOTE1)
T.I.T INTERNATIOM CO., LTD.	1999.10.23	119 Moo 3 Bankhai-Nonglalok Road Tambon Nonglalok, Amphur Bankhai Rayong, Thailand	THB499,560,000	Manufacture and sale of lighting fixtures and moulds	(NOTE1)
CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	2001.08.17	No. 99, Taishan Road, Changzhou City New District, Jiangsu Province, PRC.	USD6,467,000	Production of precision molds	(NOTE1)
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	2000.12.24	No. 99, Dengta Road, Yushan Town, Kunshan City	USD30,000,000	Manufacture and sale of lighting fixtures	(NOTE1)
JUOKU TECHNOLOGY CO., LTD.	2004.01.19	No. 1, Ln. 0, Xinle Rd., South Dist., Tainan City 702008 , Taiwan	387,310	Manufacture, processing and sale of automotive parts and accessories	
TSM TECH CO., LTD.	2003.05.20	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD300,000	Engaged in the transfer of investment holding activities	(NOTE1)
INNOVA HOLDING CORP.	1995.07.26	Offshore, State of Delaware	USD12,250,000	Engaged in the transfer of investment holding activities	(NOTE1)
GENERA CORPORATION	1991.03.06	2800 Saturn street, Brea, CA 92821 USA.	USD 12,388,505	Sales of car light fixtures	(NOTE1)

Company Name	Establishment date	Address	Paid-in capital	Main business or production items	Remark
W&W REAL PROPERTY, INC	2009.06.12	2800 Saturn street, Brea, CA 92821 USA.	USD1,000,000	Engaged in the trading of real estate and rental and sale of investments	(NOTE1)
TYC VIENTNAM INDUSTRIAL CO.,LTD.	2020.05.06	Binh Xuyen Industrial Zone, Dao Duc Town, Binh Xuyen District, Vinh Phuc Province, Vietnam.	USD5,000,000	Manufacture, processing and sale of automotive parts and accessories	(NOTE1)

(Note1)：2020.12.31 Exchange rate USD/NTD：28.43 RMB/NTD： 4.4352 THB/NTD： 0.9356 EUR/NTD：34.82

3. Information on the same shareholders who are presumed to be in a controlling or subordinate relationship pursuant to Article 369 of the Companies Act: None

4. Description of business relationship:

(1) Industry covered by the business of the overall affiliate.

Name of Affiliated company	Industry
TI YUAN INVESTMENT CO., LTD.	Investment
TI FU INVESTMENT CO., LTD.	Investment
DBM REFLEX OF TAIWAN CO., LTD.	Manufacturing
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	Service
CONTEK CO., LTD.	Trading
BESTE MOTOR CO., LTD.	Investment
VARROC TYC CORPORATION	Investment
VARROC TYC CORPORATION	Manufacturing
SUPRA-ATOMIC CO., LTD.	Investment
EUROPILOT CO., LTD.	Investment
MOTOR-CURIO CO., LTD.	Investment
SPARKING CO., LTD.	Investment
EUROLITE CO., LTD.	Investment
UNIMOTOR INDUSTRIAL CO., LTD.	Investment
TYC EUROPE B.V.	Trading
T.I.T INTERNATIONAL CO., LTD.	Manufacturing
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	Manufacturing
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	Manufacturing
JUOKU TECHNOLOGY CO., LTD.	Manufacturing
TSM TECH., LTD.	Investment
INNOVA HOLDING CORP.	Trading
GENERA CORPORATION	Trading
W&W REAL PROPERTY, INC	Investment
TYC VIENTNAM INDUSTRIAL CO., LTD.	Manufacturing

(2) The division of labor between affiliated companies whose businesses are related to each other is as follows.

Name of Affiliated Company	Division of labor
DBM REFLEX OF TAIWAN CO., LTD.	Third parties of the "Company"
TYC EUROPE B.V.	Trading of some of the Company's products
T.I.T INTERNATIONAL CO., LTD.	To buy and sell some of our products and engage in manufacturing and sales
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	Design, manufacture and maintenance of moulds for use by the Company and Group companies
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	Buying and selling part of "the company" products and engaged in the manufacture and sale
JUOKU TECHNOLOGY CO., LTD.	Engaged in mold design, manufacturing and maintenance and provide for the use of the Company and the Group enterprises, trading and manufacturing and sales of some of the products of the"Company"
GENERA CORPORATION	Trading of some of the Company's products

5. Information on directors, supervisors and general managers of affiliated companies：

2020/12/31

Company Name	Title (Note1)	Name or Representative (Note 2)		Shareholdings	
				Number of shares /capital contribution ($) (Note 3)	Shareholding ratio (%)
TI YUAN INVESTMENT CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	5,731	100.00
	Director	WU , CHUN-LANG	TYC legal representative		
	Director	CHEN , CHIN-CHAO	TYC legal representative		
	Supervisor	WENG,YI-FENG	TYC legal representative		
TI FU INVESTMENT CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	12,000	100.00
	Director	WU , CHUN-LANG	TYC legal representative		
	Director	CHEN , CHIN-CHAO	TYC legal representative		
	Supervisor	WENG,YI-FENG	TYC legal representative		
DBM REFLEX OF TAIWAN CO., LTD.	Chairman	WU , CHUN-CHI	Legal representative of TI FU INVESTMENT CO., LTD.	8,750,000	Of 50.00
	Director	TING, CHENG-TAI	Legal representative of TI FU INVESTMENT CO., LTD.		
	Supervisor	WENG,YI-FENG	Legal representative of TI FU INVESTMENT CO., LTD.		
	Director	Christian Matte	legal representative of 9265-2890 QUEBEC INC.	8,750,000	50.00
	Director	Bernard Caire	legal representative of 9265-2890 QUEBEC INC		
	Supervisor	Nesim Benrobi	legal representative of 9265-2890 QUEBEC INC		
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	260,000	100.00
	Director	C.C. Chiu	TYC legal representative		
	Director	CHEN , CHIN-CHAO	TYC legal representative		
	Supervisor	WENG,YI-FENG	TYC legal representative		
CONTEK CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	2,186,000	100.00
BESTE MOTOR CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	12,072,000	100.00
VARROC TYC CORPORATION	Chairman	WU , CHUN-CHI	BESTE MOTOR legal representative	14,072,000	50.00
	Director	TING, CHENG-TAI	BESTE MOTOR legal representative		
	Director	CHUANG,TAI-SHIE	BESTE MOTOR legal representative		
	Director	CHEN , CHIN-CHAO	BESTE MOTOR legal representative		
	Director	Tarang Jain	Varroc Corp Holding B.V. legal representative	14,072,000	50.00
	Director	Stephane Vedie	Varroc Corp Holding B.V. legal representative		
	Director	Todd Morgan	Varroc Corp Holding B.V. legal representative		
	Director	Tharuvai R. Srinivasan	Varroc Corp Holding B.V. legal representative		
VARROC TYC CORPORATION	Chairman	CHUANG,TAI-SHIE	VARROC TYC legal representative	USD27,000,000	100.00
	Director	Tarang Jain	VARROC TYC legal representative		
	Director	TING, CHENG-TAI	VARROC TYC legal representative		
	Director	Y.S. Su	VARROC TYC legal representative		
	Director	CHEN , CHIN-CHAO	VARROC TYC legal representative		
	Director	Stephane Vedie	VARROC TYC legal representative		
	Director	R.S. Feng	VARROC TYC legal representative		
	Director	Tharuvai R. Srinivasan	VARROC TYC legal representative		
	Supervisor	WU , KUO-CHEN	VARROC TYC legal representative		
	Supervisor	Scott Anthony Trujillo	VARROC TYC legal representative		
	GM	R.S. Feng	VARROC TYC legal representative		
重慶 VARROC TYC CORPORATION	Director	Y.S. Su	Legal representative- VARROC TYC AUTO LAMPS CO.,LTD.	RMB100,000,000	100.00
	Supervisor	Y.H. Liu	Legal representative- VARROC TYC AUTO LAMPS CO.,LTD.		
	GM	R.S. Feng	Legal representative- VARROC TYC AUTO LAMPS CO.,LTD.		
SUPRA-ATOMIC CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	66,532,450	100.00
EUROPILOT CO., LTD.	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	14,359,821	100.00
MOTOR-CURIO CO., LTD.	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	1,893,400	100.00
SPARKING CO., LTD.	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	30,915,717	100.00
EUROLITE CO., LTD.	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	14,697,972	100.00
UNIMOTOR INDUSTRIAL CO., LTD	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	6,887,000	100.00
TYC EUROPE B.V.	Chairman	TING, CHENG-TAI	EUROPILOT legal representative	120,000	100.00
	Director	WU , KUO-CHEN	EUROPILOT legal representative		
	Director	CHEN , CHIN-CHAO	EUROPILOT legal representative		
	GM	WU, CHIA-CHI	EUROPILOT legal representative		

Company Name	Title (Note1)	Name or Representative (Note 2)		Shareholdings: Number of shares /capital contribution ($) (Note 3)	Shareholdings: Shareholding ratio (%)
T.I.T INTERNATIONAL CO., LTD.	Chairman	WU , KUO-CHEN	EUROPILOT legal representative	4,994,900	99.98
	Director	CHEN , CHIN-CHAO	EUROPILOT legal representative		
	Director	J.K. Yan	EUROPILOT legal representative		
	Director	WU , CHUN-CHI	EUROPILOT legal representative		
	GM	J.K. Yan	EUROPILOT legal representative		
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	Chairman	WU , CHUN-CHI	UNIMOTOR legal representative	USD6,467,000 元	100.00
	Director	CHEN , CHIN-CHAO	UNIMOTOR legal representative		
	Director	S.J. Huang	UNIMOTOR legal representative		
	GM	S.J. Huang	UNIMOTOR legal representative		
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	Chairman	WU , CHUN-CHI	SPARKING legal representative	USD30,000,000 元	100.00
	Director	Y.L. Wu	SPARKING legal representative		
	Director	CHEN , CHIN-CHAO	SPARKING legal representative		
	Supervisor	WENG,YI-FENG	SPARKING legal representative		
JUOKU TECHNOLOGY CO., LTD.	Chairman	WU , CHUN-CHI	-	176,118	0.45
	Director	CHEN , CHIN-CHAO	TYC legal representative	27,923,401	72.10
	Director	S.C. Wang	-	278,467	0.72
	Director	WU , KUO-CHEN	-	56,999	0.15
	Director	B.Y. Liao	-	21,234	0.05
	Supervisor	KING HO INVESTMENTS LIMITED	-	789,999	2.04
	Supervisor	C.L. Yu	-	310,097	0.80
	Supervisor	WENG,YI-FENG	-	-	-
TSM TECH CO., LTD.	Chairman	WU , CHUN-CHI	TSM legal representative	300,000	100.00
INNOVA HOLDING CORP	Chairman	WU , KUO-CHEN	TYC legal representative	5,549	100.00
	Director	WU , CHUN-CHI	TYC legal representative		
	Director	CHEN , CHIN-CHAO	TYC legal representative		
	Director	Philo Wang			
GENERA CORPORATION	Director	William Newman	INNOVA legal representative	USD12,388,505	100.00
W & W REAL PROPERTY, INC.	Director	William Newman	INNOVA legal representative	USD1,000,000	100.00
TYC VIENTNAM INDUSTRIAL CO., LTD.	Chairman	CHEN , CHIN-CHAO	TYC legal representative	USD5,000,000	60.00
	Director	WU , KUO-CHEN	TYC legal representative		
	Director	M.L. Lin	Taiwan FCC legal representative		
	Director	C.N. Lin	DIAMOND legal representative		

Note 1: If the affiliated company is a foreign company, the equivalent position is listed.

Note 2: If the director or supervisor is a legal entity, the relevant information of the representative should be disclosed separately.

Note 3: The amount of capital contributed is expressed in currency, and the rest is the number of shares.

6. Overview of Affiliate Operations.

2020

Unit：NT$1,000，Foreign currency as the original currency

Company Name	Capital	Total assets	Total liabilities	Net Value	Net operating income	Operating (Loss) Gain	Current profit (loss) (after tax)	Eps (yuan) (tax)	Remarks
TI YUAN INVESTMENT CO., LTD.	57,310	52,775	258	52,517	2,703	2,552	2,556	-	
TI FU INVESTMENT CO., LTD.	120,000	252,459	493	251,966	23,194	22,573	22,953	-	
DBM REFLEX OF TAIWAN CO., LTD.	175,000	328,500	64,904	263,596	189,998	61,239	43,621	-	
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	2,600	8,020	3,185	4,835	8,771	975	694	-	
CONTEK CO., LTD.	66,005	66,005	-	66,005	-	(87)	(3,205)	-	
BESTE MOTOR CO., LTD.	392,024	1,365,107	-	1,365,107	-	-	116,301	-	
SUPRA-ATOMIC CO., LTD.	2,100,713	1,456,014	-	1,456,014	-	-	(69,479)	-	
EUROPILOT CO., LTD.	479,909	491,727	-	491,727	-	-	50,706	-	
MOTOR-CURIO CO., LTD.	56,323	147,369	-	147,369	-	-	21,423	-	
SPARKING CO., LTD.	914,090	325,977	-	325,977	-	-	(111,011)	-	
EUROLITE CO., LTD.	523,358	158,555	-	158,555	-	-	(25,474)	-	
UNIMOTOR INDUSTRIAL CO., LTD.	327,190	306,272	-	306,272	-	-	(1,741)	-	
TYC EUROPE B.V.	431,892 EUR 10,150,000	936,116 EUR 27,186,459	444,394 EUR 12,905,986	491,722 EUR 14,280,473	1,981,610 EUR 59,019,953	71,147 EUR 2,119,036	50,706 EUR 1,510,222	- -	(註 1)
T.I.T INTERNATIONAL CO., LTD	440,612 THB 499,560,000	381,587 THB 407,828,124	223,059 THB 238,398,036	158,528 THB 169,430,088	365,391 THB 388,829,336	(25,649) THB (27,294,279)	(25,476) THB (27,110,182)	- -	(註 1)
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	900,076 RMB191,192,050	985,991 RMB 229,582,775	671,851 RMB 156,437,051	314,140 RMB 73,145,724	258,740 RMB 60,657,917	(133,196) RMB (31,225,840)	(110,366) RMB(25,873,713)	- -	(註 1)
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	196,899 RMB 49,757,411	418,937 RMB 97,547,181	112,839 RMB 26,274,021	306,098 RMB 71,273,160	266,648 RMB 62,511,718	9,103 RMB 2,134,154	(1,732) RMB (406,040)	- -	(註 1)
JUOKU TECHNOLOGY CO., LTD.	387,310	2,339,315	2,038,547	300,768	1,709,857	42,219	6,728		
TSM TECH CO., LTD.	10,122	9,285	-	9,285	-	(68)	(71)	-	

Company Name	Capital	Total assets	Total liabilities	Net Value	Net operating income	Operating (Loss) Gain	Current profit (loss) (after tax)	Eps (yuan) (tax)	Remarks
Jing Tai Technology Co., Ltd.	-	-	-	-	205,752	(31,990)	(28,437)	-	(註 4)
TYC VIETNAM INDUSTRIAL CO., LTD	147,900	141,984	-	141,984	-	(69)	971		(註 1)
	VND116,087,999,976	VND116,859,566,834	-	VND 116,859,566,834	-	VND (55,132,825)	VND771,566,858		(註 5)
INNOVA HOLDING CORP.	362,468	4,543,424	3,078,701	1,464,723	6,446,111	275,358	200,246	-	
	USD 12,250,000	USD161,818,693	USD 109,651,080	USD 52,167,613	USD218,920,789	USD 9,351,623	USD 6,800,697	-	(註 1)

(Note1)：2020.12.31 Exch. Rate USD/NTD：28.077249 2019.12 Average Exchange USD/NTD：29.444945
THB/NTD： 0.935657 THB/NTD： 0.939721
RMB/NTD： 4.294707 RMB/NTD： 4.265564
EUR/NTD：34.433169 EUR/NTD： 33.575257
VND/NTD：0.001215 VND/NTD： 0.001258

(Note 2): All affiliated companies should be disclosed regardless of their size.
(Note 3): If the related party is a foreign company, the relevant figures should be presented in Taiwan dollars using the exchange rate at the reporting date.
(Note 4): The Group's subsidiary, Juoku Technology, and its subsidiary, King Titanium, were merged into Juoku Technology by way of a simple merger, with King Titanium being the surviving company as of September 30, 2012.
(Note 5): In July 2010, the Group invested in the establishment of TYC VIETNAM INDUSTRIAL, CO.

(2) Consolidated Financial Statements of Affiliated Companies:
Consolidated financial statements with parent and subsidiary (Please refer to P76 ~ P179)

(3) Relationship report: None

2.Private securities in the past year and as of the date of publication of the annual report: None

3.Holding or disposal of the company's shares by affiliates in the past year and as of the date of publication of the annual report：

Unit: NT 1000; Shares；%

Name of Subsidiary	Paid-in capital	Source of funds	Percentage of the Company's shareholding	Date of acquisition or disposition	No. and amount of shares acquired	Number and amount of shares disposed	Profit and Loss on Investment	Number and amount of shares held as of the date of publication of the Annual Report	Establishment of Authority	Amount of guarantee endorsed by the Company for its subsidiaries	Amount loaned to subsidiaries by the Company
TI FU INVESTMENT CO., LTD.	120,000	Share capital: 30,000 Surplus: 90,000	100%	No	0	0	0	939,707 shares $5,996,000	No	0	0

4.Other necessary supplementary information: None

IX.Matters in the past year and as of the date of publication of the annual report which have a substantial impact on the owner's equity as stipulated in item 2, paragraph 2 of Article 36 of the Securities Exchange Law.

T.Y.C. BROTHER IND. CO., LTD

Chairman WU , CHUN-CHI