Stock Code:2206

SANYANG MOTOR CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report

For the Years Ended December 31, 2020 and 2019

Address: No. 3, Chung Hua Road, Hukou, Hsinchu, Taiwan (R.O.C.)

Telephone: 886-3-598-1911

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Sanyang Motor Co., Ltd.:

Opinion

We have audited the financial statements of Sanyang Motor Co., Ltd.("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Refer to Note 4(q) "Revenue recognition" for the accounting principles on the recognition of revenue and Note 6(r) "Revenue from contracts with customers" for details of revenues.

   Description of key audit matter:

   The Company's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Company are recognized upon the transferring of control, which is varied by the individual delivery terms of the sales agreement. Risks of revenues not being recorded in the proper period exist when revenues of the Company were recognized earlier than the transfer of control. Therefore, the test of revenue recognition is one of the key audit matters in the audit of financial reports.

Corresponding audit procedures:

(a) Understand the Company's selling system, e.g., products, channels, sales customers.

(b) Examine significant sales agreements.

(c) Test internal controls of the Company over shipment and revenues recognition procedures.

Relevant documents of internal controls aforementioned throughout the year of 2020 were examined selectively and cut-off tests of sales were conducted to verify the validity of revenue recognition.

2. Valuation of accounts receivable

Refer to Note 4(f) "Financial instruments" for the accounting policies on the valuation of accounts receivable, Note 5(a) for uncertainty deriving from the major sources of estimation and accounting assumptions of the valuation of accounts receivable, and Note 6(c) for details of accounts receivable.

Description of key audit matter:

The balance of accounts receivable of the Company is relatively significant, and the recoverability of accounts receivable involves subjective judgements by the Management. Therefore, the valuation of accounts receivable is one of the key audit matters in the audit of financial reports.

Corresponding audit procedures:

(a) Obtain the Management's overdue aging analysis of accounts receivable, and then understand current market conditions, credit reliabilities and historical collection records of the customers to assess the reasonableness of estimates made by the Management.

(b) Analyze and test the accuracy of accounts receivable aging report.

(c) Perform the subsequent period collection of accounts receivable test.

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 financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 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 Company's internal control.

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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Chung-Che Chen and Ti-Nuan Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 30, 2021

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 1,375,884	4	936,093	3
1170	Notes and accounts receivable, net (Notes 6(c) and (r))	845,494	2	854,746	3
1180	Accounts receivable from related parties, net (Notes 6(c), (r) and 7)	187,488	1	229,106	1
1310	Inventories (for manufacturing business) (Notes 6(d) and 7)	1,929,910	6	2,038,257	7
1410	Prepayments	-	-	100,102	-
1461	Non-current assets held for sale (Note 6(e))	-	-	108,320	-
1146	Other current financial assets (Note 8)	169,611	1	-	-
1470	Other current assets (Note 7)	151,483	-	51,164	-
		4,659,870	14	4,317,788	14
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b))	133,151	-	93,976	-
1550	Investments accounted for using the equity method (Notes 6(f) and 7)	20,723,059	61	19,423,979	61
1600	Property, plant and equipment (Notes 6(g), 7 and 8)	5,044,289	15	4,994,550	16
1755	Right-of-use assets (Note 7)	134,985	1	-	-
1760	Investment property, net (Notes 6(h))	2,340,672	7	1,899,571	6
1840	Deferred income tax assets (Note 6(o))	427,649	1	467,807	2
1980	Other non-current financial assets (Note 8)	382,461	1	327,934	1
1995	Other non-current assets, others	39,223	-	44,944	-
		29,225,489	86	27,252,761	86
	Total assets	**$ 33,885,359**	**100**	**31,570,549**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020			December 31, 2019	
	Liabilities and Equity		**Amount**	**%**	**Amount**	**%**
	Current liabilities:					
2100	Short-term borrowings (Note 6(j))	$	5,366,753	16	7,416,190	24
2110	Short-term notes and bills payable (Note 6(i))		300,000	1	400,000	2
2130	Current contract liabilities (Note 6(r))		32,604	-	25,720	-
2170	Notes and accounts payable (Note 6(k))		2,322,595	7	1,349,035	4
2180	Accounts payable to related parties (Notes 6(k) and 7)		587,317	2	400,672	2
2200	Other payables		1,439,782	4	699,769	2
2220	Other payables to related parties (Note 7)		283,919	1	7,670	-
2230	Current tax liabilities (Note 6(o))		261,839	1	-	-
2251	Current provisions for employee benefits (Note 6(n))		79,528	-	79,528	-
2252	Short-term provisions for warranties (Note 6(m))		408,856	1	379,732	1
2280	Current lease liabilities (Note 7)		25,089	-	-	-
2322	Long-term borrowings, current portion (Note 6(l))		-	-	360,000	1
2399	Other current liabilities, others		162,458	-	82,079	-
			11,270,740	33	11,200,395	36
	Non-current liabilities:					
2540	Long-term borrowings (Note 6(l))		5,200,000	15	3,760,000	12
2570	Deferred income tax liabilities (Note 6(o))		1,401,672	4	1,500,652	5
2580	Non-current lease liabilities (Note 7)		110,078	-	-	-
2640	Net defined benefit liability, non-current (Note 6(n))		814,382	3	767,876	2
2645	Guarantee deposits received		289,479	1	288,233	1
2670	Other non-current liabilities, others		28,089	-	18,589	-
			7,843,700	23	6,335,350	20
	Total liabilities		19,114,440	56	17,535,745	56
	Equity (Note 6(p):					
3100	Share capital		8,030,776	24	8,535,956	27
3200	Capital surplus		1,730,173	5	1,736,657	5
3300	Retained earnings		6,583,938	19	6,072,937	19
3400	Other equity		(1,441,152)	(4)	(1,594,441)	(5)
3500	Treasury shares		(132,816)	-	(716,305)	(2)
	Total equity		14,770,919	44	14,034,804	44
	Total liabilities and equity	**$**	**33,885,359**	**100**	**31,570,549**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Notes 6(r) and 7)	$ 30,796,834	100	23,659,272	100
5000	Operating costs (Note 6(d))	26,862,690	87	21,207,513	90
		3,934,144	13	2,451,759	10
5910	Realized profit (loss) from sales	(9,499)	-	3,387	-
	Gross profit from operations	3,924,645	13	2,455,146	10
	Operating expenses (Notes 6(n), (s) and 7):				
6100	Selling expenses	818,672	3	720,372	3
6200	Administrative expenses	910,605	3	591,607	2
6300	Research and development expenses	818,706	3	800,065	3
6450	Expected credit loss (gain) (Note 6(c))	(2,820)	-	55,244	-
		2,545,163	9	2,167,288	8
	Net operating income	1,379,482	4	287,858	2
	Non-operating income and expenses:				
7010	Other income (Notes 6(t) and 7)	66,219	-	59,945	-
7020	Other gains and losses (Note 6(t))	59,295	-	62,040	-
7050	Finance costs (Note 6(t))	(138,874)	-	(145,067)	(1)
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using the equity method (note 6(f))	532,651	2	276,386	1
7229	Gain on disposal of non-current assets held for sale (Notes 6(e) and (t))	364,705	1	1,798,827	8
		883,996	3	2,052,131	8
7900	**Profit before income tax**	2,263,478	7	2,339,989	10
7950	**Less: Income tax expenses (Note 6(o))**	325,134	1	113,764	1
8200	**Profit for the period**	1,938,344	6	2,226,225	9
8300	**Other comprehensive income (loss):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(122,894)	-	31,807	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	39,175	-	(22,799)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will not be reclassified to profit or loss	281,400	1	51,611	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(24,579)	-	19,931	-
		222,260	1	80,550	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method, components of other comprehensive income that will be reclassified to profit or loss	(151,362)	-	(283,387)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(151,362)	-	(283,387)	(1)
8300	**Other comprehensive income**	70,898	1	(202,837)	(1)
8500	**Comprehensive income**	$ 2,009,242	7	2,023,388	8
	Earnings per share (Note 6(q))				
9750	**Basic earnings per share (NT dollars)**	$ 2.41		2.71	
9850	**Diluted earnings per share (NT dollars)**	$ 2.41		2.71	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Retained earnings: Total retained earnings	Other equity: Exchange differences on translation of foreign financial statements	Other equity: Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	Total equity
Balance at January 1, 2019	$ 8,535,956	1,732,462	2,151,601	1,455,989	1,004,998	4,612,588	(1,266,250)	(65,050)	(1,331,300)	(716,305)	12,833,401
Profit for the year	-	-	-	-	2,226,225	2,226,225	-	-	-	-	2,226,225
Other comprehensive income for the year	-	-	-	-	60,304	60,304	(283,387)	20,246	(263,141)	-	(202,837)
Comprehensive income for the year	-	-	-	-	2,286,529	2,286,529	(283,387)	20,246	(263,141)	-	2,023,388
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	103,839	-	(103,839)	-	-	-	-	-	-
Special reserve	-	-	-	(50,461)	50,461	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(826,180)	(826,180)	-	-	-	-	(826,180)
Reversal of special reserve due to disposal of land	-	-	-	(17,281)	17,281	-	-	-	-	-	-
Disposal of subsidiaries or investments accounted for using equity method	-	4,195	-	-	-	-	-	-	-	-	4,195
Balance at December 31, 2019	8,535,956	1,736,657	2,255,440	1,388,247	2,429,250	6,072,937	(1,549,637)	(44,804)	(1,594,441)	(716,305)	14,034,804
Profit for the year	-	-	-	-	1,938,344	1,938,344	-	-	-	-	1,938,344
Other comprehensive income for the year	-	-	-	-	(122,579)	(122,579)	(151,362)	344,839	193,477	-	70,898
Comprehensive income for the year	-	-	-	-	1,815,765	1,815,765	(151,362)	344,839	193,477	-	2,009,242
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	230,382	-	(230,382)	-	-	-	-	-	-
Special reserve	-	-	-	225,097	(225,097)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(811,180)	(811,180)	-	-	-	-	(811,180)
Reversal of special reserve due to disposal of land	-	-	-	(39,666)	39,666	-	-	-	-	-	-
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(462,150)	(462,150)
Retirement of treasury shares	(505,180)	(6,687)	-	-	(533,772)	(533,772)	-	-	-	1,045,639	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	-	203	-	-	-	-	-	-	-	-	203
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	40,188	40,188	-	(40,188)	(40,188)	-	-
Balance at December 31, 2020	**$ 8,030,776**	**1,730,173**	**2,485,822**	**1,573,678**	**2,524,438**	**6,583,938**	**(1,700,999)**	**259,847**	**(1,441,152)**	**(132,816)**	**14,770,919**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	**2019**
Cash flows from (used in) operating activities:		
Profit before income tax	$ 2,263,478	2,339,989
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	558,762	453,134
Amortization expense	26,065	27,924
Expected credit (gain) loss	(2,820)	55,244
Interest expense	138,874	145,067
Interest revenue	(6,200)	(3,594)
Dividend revenue	(11,565)	(15,315)
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for using the equity method	(532,651)	(276,386)
Gain on disposal of property, plant and equipment	(7,533)	(1,278)
Gain on disposal of investment properties	-	(44,910)
Gain on disposal of non-current assets held for sale	(364,705)	(1,798,827)
Realized loss (profit) from sales	9,500	(3,386)
Others	835	498
Total adjustments to reconcile profit (loss)	(191,438)	(1,461,829)
Changes in operating assets and liabilities:		
Notes and accounts receivable, net	12,072	418,192
Notes and accounts receivable from related parties	41,618	80,850
Inventories	75,265	8,017
Prepayments	-	48,220
Other current assets	(344)	(5,114)
Contract liabilities	6,884	(18,157)
Accounts payable	973,560	174,406
Accounts payable to related parties	186,645	113,313
Other payables (including related parties)	1,022,953	78,371
Short-term provisions for warranties	29,124	(76,213)
Other current liabilities	80,379	(3,245)
Net defined benefit liabilities	(76,388)	(70,117)
Total adjustments	2,160,330	(713,306)
Cash inflow generated from operations	4,423,808	1,626,683
Interest received	6,103	3,668
Interest paid	(145,575)	(146,389)
Income taxes paid	(97,304)	(58,449)
Net cash flows from operating activities	4,187,032	1,425,513

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	**2019**
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using the equity method	(1,000,305)	(2,401,466)
Proceeds from disposal of investments accounted for using equity method	15,190	-
Acquisition of property, plant and equipment	(566,903)	(642,022)
Proceeds from disposal of property, plant and equipment	23,341	8,977
Acquisition of investment properties	(452,183)	(702,090)
Proceeds from disposal of investment properties	-	90,871
Proceeds from disposal of non-current assets held for sale	473,025	1,838,881
Other current financial assets	(1,311)	-
Other non-current financial assets	(222,827)	33,665
Other non-current assets	(20,344)	(8,695)
Dividends received	360,492	67,342
Net cash flows used in investing activities	(1,391,825)	(1,714,537)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	51,313,887	41,435,945
Decrease in short-term borrowings	(53,363,324)	(38,593,191)
Decrease in short-term notes and bills payable	(100,000)	(150,000)
Proceeds from long-term borrowings	5,950,000	2,100,000
Repayments of long-term borrowings	(4,870,000)	(3,480,000)
Increase (decrease) in guarantee deposits received	1,246	(1,027)
Payments of lease liabilities	(13,895)	-
Cash dividends paid	(811,180)	(826,180)
Cost of increase in treasury shares	(462,150)	-
Net cash (used in) flows from financing activities	(2,355,416)	485,547
Net increase in cash and cash equivalents	439,791	196,523
Cash and cash equivalents at beginning of period	936,093	739,570
Cash and cash equivalents at end of period	**$ 1,375,884**	**936,093**

See accompanying notes to parent company only financial statements.

SANYANG MOTOR CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

SANYANG MOTOR CO., LTD. (the "Company") was incorporated in September of 1961, and relocated to Hsinchu Industrial Park to accomplish the integration of its factories and offices together, The registered office is located at No. 3, Chung Hua Road, Hukou, Hsinchu, Taiwan (R.O.C.).

The Company entered China and Vietnam's scooter market in 2000.

The major business activities of the Company are manufacturing and sale of automobiles, scooters and their parts and providing related technical and consulting services.

(2) Approval date and procedures of the financial statements

The financial statements were authorized for issuance by the Board of Directors on March 30, 2021.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

● Amendments to IFRS 3 "Definition of a Business"

● Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"

● Amendments to IAS 1 and IAS 8 "Definition of Material"

● Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its Parent Company only financial statements:

● Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"

● Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform －Phase 2"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have been issued by the Internal Accounting Standards Board (IASB), but yet to be endorsed by the FSC, to have a significant impact on its Parent Company only financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipmentt－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies

The significant accounting policies presented in the Parent Company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the Parent Company only financial statements.

(a) Statement of compliance

These Parent Company only financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “ the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following significant accounts:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial instruments at fair value through other comprehensive income are measured at fair value; and

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of defined benefit obligation.

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Notes to the Financial Statements

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in New Taiwan Dollar (NTD) has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (hereinafter referred to as the reporting date), the monetary items denominated in foreign currencies are translated into the functional currencies using exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into functional currencies at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive:

1) An investment in equity securities designated as at fair value through other comprehensive income;

2) A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) Qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into New Taiwan Dollar at exchange rates at the reporting date. The income and expenses of foreign operations are translated into the New Taiwan Dollar at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its subsidiaries that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely to occur in the foreseeable future, exchange differences arising from such monetary items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current. An entity shall classify a liability as current when:

(i) It is expected to be settled within the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement 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 issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(Continued)

(f) Financial instruments

Account receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

(Continued)

- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and

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- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for accounts receivables are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

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- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowances charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of writeoff based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

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(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, costs include an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Company's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or join control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill which is arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest 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.

The Company discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Company accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Company's ownership interest in an associate is reduced while it continues to apply the equity method, the Company reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

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 Company continues to apply the equity method without remeasuring the retained interest.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Investment in Subsidiaries

The Company accounts for its investments using the equity method when it has control over them. Under the equity method, the profit or loss and other comprehensive income stated in the statement of comprehensive income will be identical to the profit or loss and other comprehensive income attributable to the owners of parent company stated in the consolidated statement of comprehensive income, and the equity as shown in the balance sheet will be the same as the equity attributable to owners of parent company as shown in the consolidated balance sheet.

The Company regards the changes in ownership in the subsidiaries as equity transactions with other shareholders under the circumstances the controllability still exists.

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(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative periods of property, plant and equipment are as follows:

(1)Buildings	3～55 years
(2)Machinery equipment	2～15 years
(3)Utilities and vehicles	3～15 years
(4)Office equipment and others	3～8 years

Depreciation methods, useful lives, and residual values are reviewed at least at each reporting date and adjusted if appropriate.

(Continued)

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owneroccupied to investment property.

(m) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a 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, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method 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. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

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 under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment of lease period on whether it will exercise a extension or termination option; or

5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

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The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(n) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

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The estimated useful lives for current and comparative periods are as follows:

1)	Computer software	2~5 years
2)	Royalty	5 years
3)	Others	3~5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and non-current assets held for sale) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For the assets expect for goodwill, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Continued)

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(q) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

1) Sale of goods-automobiles scooters and their parts

The Company manufactures and sells automobiles, scooters and their parts.

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the location according to the contract, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company often offers volume discounts to its customers based on aggregate sales of its products. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

No element of financing is deemed present as the credit term of the sales of goods is consistent with the market practice.

The Company’s obligation to provide a refund or maintenance for faulty products under the standard warranty terms is recognized as a provision, please refer to Note 6(m).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Service Revenue

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion, which is of the costs incurred to date as a proportion of the total estimated costs of the transaction, at the reporting date. If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

3) Technical support and consulting services

Including consulting services, assisting foreign operators to develop new types of scooter, and technical remuneration determined based on the sales volume of foreign operators, which is calculated when sales actually occur.

4) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off currenttax assets against current tax liabilities; and

(Continued)

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling interests in the acquiree either at fair value or at the noncontrolling interest’s proportionate share of the acquiree’s identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company’s financial statements. During the measurement period, the provisional amounts recognized at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period will not exceed one year from the acquisition date.

(Continued)

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss or other comprehensive income.

(u) Earnings per share

The Company discloses the Company basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(v) Operating segments

Please refer to the consolidated financial report of the Company for the years ended December 31, 2020 and 2019 for information on operating segments information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the regulations and IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. These assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic.

(a) The loss allowance of accounts receivable

The Company has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For the information on the relevant assumptions and inputs, please refer to Note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(d) for further description of the valuation of inventories.

Assessment

The Company’s accounting policies and disclosures included financial and non-financial assets and liabilities measured at fair value.

The Company periodically adjusts valuation models, conducts back-testing, renews input data for valuation models. If the sources of input data for valuation models are provided by the outer third-party (e.g. agencies or pricing intuitions), the Company evaluates relevant supportive evidence to confirm that such results of valuation and classification of the fair value hierarchy are in compliance with the IFRSs.

The Company strives to use market observable inputs when measuring assets and liabilities. For different levels of the fair value hierarchy to be used in determining the fair value of financial instruments, please refer to Note 6(u).

Please refer to note 6(u) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 280	280
Demand deposits	1,375,604	935,813
Cash and cash equivalents	$ 1,375,884	936,093

Please refer to note 6(u) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income:		
Common shares of domestic unlisted companies	$ 133,151	93,976

(i) The Company designate the equity investments stated above as financial assets at fair value through other comprehensive income because the Company intends to hold these investments for long-term strategic purposes.

(ii) For the years ended December 31, 2020 and 2019, dividend revenues of $11,565 thousand and $15,315 thousand, respectively, related to equity investments at fair value through other comprehensive income, were recognized.

(iii) There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2020 and 2019.

(iv) Please refer to Note 6(u) for credit risk and market risk.

(v) As of December 31, 2020 and 2019, the Company did not provide any financial assets at fair value through other comprehensive income as collaterals.

(c) Notes and accounts receivable (including related parties)

		December 31, 2020	December 31, 2019
Notes receivable from operating activities	$	223,808	193,826
Accounts receivable－measured at amortized cost		710,142	752,785
Accounts receivable from related parties－measured at amortized cost		187,488	229,106
Less: Loss allowance		(88,456)	(91,865)
	$	1,032,982	1,083,852

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevent industry information.

Credit losses for notes and accounts receivable were determined as follows:

	December 31, 2020					
Credit rating		**Gross carrying amount**	**Weighted average expected credit loss rate**	**Loss allowance provision**	**Credit impaired**
Low risk	$	1,032,982	0%	-	No
Medium risk		88,456	100%	88,456	Yes
Total	$	1,121,438		88,456	

	December 31, 2019				
Credit rating		**Gross carrying amount**	**Weighted average expected credit loss rate**	**Loss allowance provision**	**Credit impaired**
Low risk	$	1,083,852	0%	-	No
Medium risk		91,865	100%	91,865	Yes
Total	$	1,175,717		91,865	

(Continued)

The aging analyses of notes and accounts receivable were determined as follows:

		December 31, 2020	December 31, 2019
Current	$	904,712	1,055,107
Overdue 1 to 90 days		128,270	80,445
Overdue 91 to 180 days		-	2,196
Over 180 days past due		88,456	37,969
	$	1,121,438	1,175,717

For the credit risk of other receivables as of December 31, 2020 and 2019, please refer to note 6(u).

The movements in the allowance for notes and accounts receivable were as follows:

		2020	2019
Balance at January 1	$	91,865	38,998
Impairment losses recognized		8,364	55,244
Impairment losses reversed		(11,184)	(2,308)
Amounts written off		(589)	(69)
Balance at December 31	$	88,456	91,865

As of December 31, 2020 and 2019, the Company did not provide any notes and accounts receivable as collaterals.

For further credit risk information, please refer to note 6(u).

(d) Inventories

		December 31, 2020	December 31, 2019
Raw materials and consumables	$	944,316	1,103,337
Work in process		66,860	44,828
Finished goods		644,845	715,879
Inventories in transit		273,889	174,213
	$	1,929,910	2,038,257

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(i) For the years ended December 31, 2020 and 2019, the details of the cost of sales were as follows:

		For the years ended December 31	
		2020	**2019**
Cost of goods sold	$	26,888,759	21,260,407
Revenue from sale of scraps		(32,501)	(39,138)
Loss (gain) on physical inventory		(272)	23
Loss on disposal of inventory		5,494	6,477
Loss on (gain on recovery of) inventory market price decline and obsolescence		1,210	(20,256)
	$	26,862,690	21,207,513

(ii) The Company recognized gain on reversal of inventory write-downs for the year ended December 31, 2019 due to sale of inventories.

(iii) As of December 31, 2020 and 2019, the Company did not provide any investories as collaterals.

(e) Non-current assets held for sale

(i) The Board of Directors of the Company resolved to sell the land numbered 15-7 and 15-9, located at Ankang Section, Neihu District, Taipei City, on October 8, 2018, and signed a sales contract in the same month. Therefore, the Company reported the land as non-current assets held for sale in the amount of $40,054 thousand on December 31, 2018. The ownership was transferred in January, 2019, and gain on disposal of non-current assets held for sale in the amount of $1,798,827 thousand was recognized for the year ended December 31, 2019.

(ii) The Board of Directors resolved to sell the land numbered 828 located at the third Subsection, Tanmei Section, Neihu District, Taipei City, and the buildings on it and signed a sales contract in October, 2019. The Company reported non-current assets held for sale in the amount of $108,320 thousand on December 31, 2019. The ownership was transferred in March 2020, and gain on disposal of non-current assets held for sale in the amount of $364,705 thousand was recognized for the year ended December 31, 2020.

(iii) As of December 31, 2020 and 2019, the non-current assets held for sale of the Company were pledged as collateral; please refer to note 8.

(f) Investments accounted for using the equity method

A summary of the Company's financial information on investments accounted for using the equity method is as follows:

		December 31, 2020	December 31, 2019
Subsidiaries	$	20,487,108	19,173,833
Associates		235,951	250,146
	$	20,723,059	19,423,979

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2020.

(ii) Associates

The Company's financial information on investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	$ 235,951	250,146

	For the years ended December 31	
	2020	2019
Attributable to the Company:		
Net loss from continuing operations	(14,195)	(15,011)
Other comprehensive income (loss)	-	-
Comprehensive income	(14,195)	(15,011)

(iii) The Company acquired the equity of APh ePower Co., Ltd. in November, 2018. According to the investment agreement, the Company was entitled with seats of Board of Directors, and thus the significant influence over the investee company existed though the shareholding ratio was under 20%, which led to the adoption of equity method . APh ePower Co., Ltd issued ordinary shares for cash in July and September, 2019. The Company subscribed to additional shares at a percentage different from its existing ownership percentage resulting in the shareholding ratio increased to 23.21%.

(iv) Collateral

As of December 31, 2020 and 2019, the Company did not provide any investment accounted for using the equity method as collaterals.

(g) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019, were as follow:

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Construction in progress	Accumulated impairment	Total
Cost or deemed cost:								
Balance on January 1, 2020	$ 2,998,045	2,523,971	11,091,744	1,041,004	685,646	79,898	-	18,420,308
Additions	-	12,522	303,576	10,890	19,104	220,811	-	566,903
Disposals	-	(4,819)	(316,366)	(17,031)	(47,117)	-	-	(385,333)
Transfer from inventories	-	-	-	-	33,082	-	-	33,082
Transfer from (to) construction in progress	-	2,444	212,504	3,379	24,952	(243,279)	-	-
Reclassifications	-	(95)	-	-	-	(835)	-	(930)
Balance on December 31, 2020	$ 2,998,045	2,534,023	11,291,458	1,038,242	715,667	56,595	-	18,634,030

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	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Construction in progress	Accumulated impairment	Total
Balance on January 1, 2019	$ 2,998,045	2,526,057	10,638,068	1,031,700	662,613	118,893	-	17,975,376
Additions	-	8,456	292,225	4,788	25,267	311,286	-	642,022
Disposals	-	(11,094)	(167,083)	(5,348)	(32,171)	-	-	(215,696)
Transfer from inventories	-	-	-	-	18,871	-	-	18,871
Transfer from (to) construction in progress	-	552	328,534	9,864	11,066	(350,016)	-	-
Reclassifications	-	-	-	-	-	(265)	-	(265)
Balance on December 31, 2019	$ 2,998,045	2,523,971	11,091,744	1,041,004	685,646	79,898	-	18,420,308
Accumulated depreciation and impairment loss：								
Balance on January 1, 2020	$ -	1,996,789	9,867,706	954,474	541,245	-	65,544	13,425,758
Depreciation for the year	-	41,604	433,200	12,723	45,997	-	-	533,524
Disposals	-	(1,561)	(307,191)	(16,968)	(42,382)	-	(1,423)	(369,525)
Reclassifications	-	(16)	-	-	-	-	-	(16)
Balance on December 31, 2020	$ -	2,036,816	9,993,715	950,229	544,860	-	64,121	13,589,741
Balance on January 1, 2019	$ -	1,964,077	9,681,274	947,444	526,097	-	65,544	13,184,436
Depreciation for the year	-	41,987	349,849	12,296	45,187	-	-	449,319
Disposals	-	(9,275)	(163,417)	(5,266)	(30,039)	-	-	(207,997)
Balance on December 31, 2019	$ -	1,996,789	9,867,706	954,474	541,245	-	65,544	13,425,758
Carrying amount:								
Balance on December 31, 2020	$ 2,998,045	497,207	1,297,743	88,013	170,807	56,595	(64,121)	5,044,289
Balance on January 1, 2019	$ 2,998,045	561,980	956,794	84,256	136,516	118,893	(65,544)	4,790,940
Balance on December 31, 2019	$ 2,998,045	527,182	1,224,038	86,530	144,401	79,898	(65,544)	4,994,550

As of December 31, 2020 and 2019, the property, plant and equipment of the Company were pledged as collaterals; please refer to note 8.

(h) Investment property

	Owned property			
	Land and improvements	Buildings	Construction in progress	Total
Cost or deemed cost:				
Balance on January 1, 2020	$ 1,645,062	161,169	213,819	2,020,050
Additions	352,454	8,901	90,828	452,183
Transfer from construction in progress	2,982	204,703	(207,685)	-
Reclassifications	-	95	-	95
Balance on December 31, 2020	$ 2,000,498	374,868	96,962	2,472,328
Balance on January 1, 2019	$ 1,248,039	185,410	54,828	1,488,277
Additions	542,866	-	159,224	702,090
Reclassification to non-current assets held for sale	(100,577)	(22,812)	-	(123,389)
Disposals	(45,266)	(1,429)	-	(46,695)
Reclassifications	-	-	(233)	(233)
Balance on December 31, 2019	$ 1,645,062	161,169	213,819	2,020,050

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	Owned property			
	Land and improvements	**Buildings**	**Construction in progress**	**Total**
Accumulated depreciation and impairment loss:				
Balance on January 1, 2020	$ -	120,479	-	120,479
Depreciation for the year	-	11,161	-	11,161
Reclassifications	-	16	-	16
Balance on December 31, 2020	$ -	131,656	-	131,656
Balance on January 1, 2019	$ -	132,467	-	132,467
Depreciation for the year	-	3,815	-	3,815
Reclassification to non-current assets held for sale	-	(15,069)	-	(15,069)
Disposals	-	(734)	-	(734)
Balance on December 31, 2019	$ -	120,479	-	120,479
Carrying amount:				
Balance on December 31, 2020	$ 2,000,498	243,212	96,962	2,340,672
Balance on January 1, 2019	$ 1,248,039	52,943	54,828	1,355,810
Balance on December 31, 2019	$ 1,645,062	40,690	213,819	1,899,571
Fair value:				
Balance on December 31, 2020				$ 5,685,549
Balance on December 31, 2019				$ 5,222,840

(i) The fair value of investment properties (as measured or disclosed in the financial statements) was based on a valuation by a qualified independent appraiser or the Company, using comparative method (reference to the website of Department of Land Administration for the registered actual selling price or real-estate agency's website for the average transaction price in similar district). The inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

(ii) As of December 31, 2020 and 2019, the investment property of the Company were pledged as collaterals; please refer to note 8.

(i) Short-term notes and bills payable

The short-term notes and bills payable were summarized as follows:

	December 31, 2020		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	CBF, IBFC	0.88%~0.89%	$ 300,000

	December 31, 2019		
	Guarantee or acceptance institution	**Range of interest rates (%)**	**Amount**
Commercial paper payable	CBF, ETFC, IBFC	1.135%~1.140%	$ 400,000

As of December 31, 2020 and 2019, the Company did not provide any assets as collaterals for the short-term notes and bills payable.

(Continued)

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Notes to the Financial Statements

(j) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Letters of credit	$ 116,753	396,190
Unsecured bank loans	500,000	1,150,000
Secured bank loans	4,750,000	5,870,000
Total	$ 5,366,753	7,416,190
Unused short-term credit lines	$ 7,613,153	3,772,076
Range of interest rates	0.800%~0.980%	1.100%~1.168%

For the collaterals for short-term borrowings, please refer to Note 8.

(k) Notes and accounts payable (including related parties)

Notes and accounts payable (including related purties) were summarized as follows:

	December 31, 2020	December 31, 2019
Accounts payables to suppliers	$ 2,909,912	1,749,707

(l) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2020			
	Currency	Range of interest rates	Expiry date	Amount
Unsecured bank loans	NTD	1.0768%	2022	$ 500,000
Secured bank loans	NTD	0.840%~1.200%	2022~2025	4,700,000
Less: current portion				-
Total				$ 5,200,000
Unused long-term credit lines				$ -

	December 31, 2019			
	Currency	Range of interest rates	Expiry date	Amount
Secured bank loans	NTD	1.090%~1.120%	2019~2022	$ 700,000
Syndicated loans	NTD	1.797%	2019~2023	3,420,000
Less: current portion				(360,000)
Total				$ 3,760,000
Unused long-term credit lines				$ 2,700,000

(Continued)

(i) For the collaterals for long-term borrowings, please refer to Note 7 and 8.

(ii) The Company sent out an official letter on November 18, 2020, to Land Bank of Taiwan to repaid the syndicated loan in advance and terminate the contract. The outstanding balance of the syndicated loan was settled in November 30, 2020.

(iii) Certain financial covenants

According to the syndicated loan contract between the Company and the participants, the Company should comply with certain financial covenants, e.g., current ratio, liability ratio and interest coverage ratio, in the semiannual and annual consolidated financial statements . As of December 31, 2019, the Company comply with the aforementioned financial covenants.

(m) Provisions

	For the years ended December 31	
	2020	**2019**
Balance at January 1	$ 379,732	455,945
Provisions made during the year	231,696	126,401
Provisions used during the year	(195,332)	(202,614)
Provisions reversed during the year	(7,240)	-
Balance at December 31	**$ 408,856**	**379,732**
Current	$ 408,856	379,732
Non-current	-	-
Total	**$ 408,856**	**379,732**

The provision for warranties relates mainly to sales of automobiles and scooters for the years ended December 31, 2020 and 2019. The provision is based on estimates made from historical warranty data.

(n) Employee benefits

(i) Defined benefit plans

Reconcilintion of defined benefit obligation at present value and plan asset at fair value for the Company were as follows:

	December 31, 2020	**December 31, 2019**
Present value of defined benefit obligations	$ 3,110,210	3,159,653
Fair value of plan assets	(2,295,828)	(2,391,777)
Net defined benefit liabilities	**$ 814,382**	**767,876**

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The employee benefit liabilities for the Company were as follows:

	December 31, 2020	December 31, 2019
Compensated absence liabilities	$ 79,528	79,528

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall not be less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $2,295,828 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the Company were as follows:

	For the years ended December 31	
	2020	2019
Defined benefit obligations at January 1	$ 3,159,653	3,160,555
Current service costs and interest cost	45,147	52,030
Remeasurements loss (gain):		
－Actuarial loss (gain)－experience adjustments	68,589	9,210
－Actuarial loss (gain)－financial assumptions	126,043	34,693
Benefits paid	(289,222)	(96,835)
Defined benefit obligations at December 31	$ 3,110,210	3,159,653

(Continued)

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	For the years ended December 31	
	2020	2019
Fair value of plan assets at January 1	$ 2,391,777	2,290,755
Interest income	23,993	25,946
Remeasurements loss (gain):		
—Return on plan assets excluding interest income	71,738	75,710
Contributions paid by the employer	97,504	96,053
Benefits paid	(289,184)	(96,687)
Fair value of plan assets at December 31	$ 2,295,828	2,391,777

4) Expenses recognized in profit or loss

The pension expenses recognized in profit or loss for the Company were as follows:

	For the years ended December 31	
	2020	2019
Current service costs	$ 13,937	16,831
Net interest of net liabilities for defined benefit obligations	7,217	9,253
	$ 21,154	26,084
Operating costs	$ 12,076	14,507
Selling expenses	2,380	2,941
Administration expenses	2,721	3,613
Research and development expenses	3,977	5,023
	$ 21,154	26,084

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

Remeasurement of net defined benefit liability recognized in other comprehensive income for the Company were as follows:

	For the years ended December 31	
	2020	2019
Cumulative amount, January 1	$ 935,006	966,813
Recognized during the year	122,894	(31,807)
Cumulative amount, December 31	$ 1,057,900	935,006

6) Actuarial assumptions

The principle actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.500%	1.000%
Future salary increase rate	2.000%	2.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $100,566 thousand.

The weighted-average lifetime of the defined benefit plans is 9.44 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2020		
Discount rate	(63,962)	65,917
Future salary increase rate	63,261	(61,706)
December 31, 2019		
Discount rate	(68,861)	71,046
Future salary increase rate	68,587	(66,821)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $44,241 thousand and $42,132 thousand for the years ended December 31, 2020 and 2019, respectively.

(Continued)

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(o) Income taxes

(i) The components of income taxes for the Company were as follows:

	For the years ended December 31	
	2020	2019
Current tax expense		
Current period	$ 245,743	2,548
Land value increment tax	69,448	64,647
Additional tax on undistributed earnings	18,271	-
Adjustment for prior periods	25,915	2,204
	359,377	69,399
Deferred tax expense		
Origination and reversal of temporary differences	(34,243)	44,365
Income tax expense	$ 325,134	113,764

(ii) The amount of income tax recognized in other comprehensive income (loss) was as follows:

	2020	2019
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ (24,579)	(19,931)

(iii) Reconciliation of income tax and profit before tax was as follows:

	For the years ended December 31	
	2020	2019
Profit before income tax	$ 2,263,478	2,339,989
Income tax using the Company's domestic tax rate	452,696	467,998
Tax-exempt income from disposal of land	(73,674)	(367,977)
Share of profit accounted for using the equity method	(106,530)	(55,277)
Effect of tax on land value increment tax	36,351	64,647
Additional tax on undistributed earnings	18,271	-
Adjustments for prior years tax	25,915	2,204
Change in unrecognized temporary differences	(584)	11,570
Effect of tax on repatriated offshore funds	(39,530)	-
Others	12,219	(9,401)
Total	$ 325,134	113,764

(Continued)

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(iv) Unrecognized deferred tax liabilities

The Company was able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, the Company considered it improbable that the temporary differences will reverse in the foreseeable future. Hence, such temporary differences were not recognized as deferred tax liabilities. Details were as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences associated with investments in subsidiaries	$ 509,183	322,410
Unrecognized deferred tax liabilities	$ 101,837	64,482

(v) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows:

	Carryforward of unused tax losses	Defined benefit plans	Provisions	Others	Total
Deferred tax assets:					
Balance at January 1, 2020	$ 135,133	187,001	75,946	69,727	467,807
Recognized in profit or loss	(135,133)	-	5,825	64,571	(64,737)
Recognized in other comprehensive income	-	24,579	-	-	24,579
Balance at December 31, 2020	$ -	211,580	81,771	134,298	427,649
Balance at January 1, 2019	$ 162,562	167,070	91,189	87,385	508,206
Recognized in profit or loss	(27,429)	-	(15,243)	(17,658)	(60,330)
Recognized in other comprehensive income	-	19,931	-	-	19,931
Balance at December 31, 2019	$ 135,133	187,001	75,946	69,727	467,807

	Income from foreign investments	Land value increment tax	Others	Total
Deferred tax liabilities:				
Balance at January 1, 2020	$ 380,018	1,120,634	-	1,500,652
Recognized in profit or loss	(65,883)	(33,097)	-	(98,980)
Balance at December 31, 2020	$ 314,135	1,087,537	-	1,401,672
Balance at January 1, 2019	$ 380,018	1,135,896	703	1,516,617
Recognized in profit or loss	-	(15,262)	(703)	(15,965)
Balance at December 31, 2019	$ 380,018	1,120,634	-	1,500,652

(vi) The Company's income tax returns for the years through 2018 were assessed by the tax authorities.

(Continued)

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Notes to the Financial Statements

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the number of authorized ordinary shares were 950,000 thousand shares, with par value of $10 per share. The total value of the authorized ordinary shares was amounted to $9,500,000 thousand. As of that date, 803,078 thousand shares and 853,596 thousand shares were issued, respectively. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding for 2020 and 2019 was as follows:

(in thousands of shares)

	Ordinary Shares	
	2020	**2019**
Balance on January 1	853,596	853,596
Retirement of treasury shares	(50,518)	-
Balance on December 31	**803,078**	**853,596**

(ii) Capital surplus

The balances of capital surplus of the Company were as follows:

	December 31, 2020	**December 31, 2019**
Difference between consideration and carrying amount of subsidiaries acquired or disposed of	$ 175,638	175,435
Gain on disposal of assets	1,370,744	1,370,744
Changes in equity of associates and joint ventures accounted for using the equity method	22,161	22,161
Stock option from convertible bonds	106,296	112,983
Others	55,334	55,334
	$ 1,730,173	**1,736,657**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from the issuance of capital stock and the earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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Notes to the Financial Statements

(iii) Retained earnings

The Company is in the maturity phase of its enterprise life cycle, but ongoing changes of the industrial environment arise from various outside factors, and also with the Company endeavoring to expand the domestic and foreign market, future capital expenditure, taxation planning, and shareholders' benefits shall be taken into consideration when the Company determines the surplus earning distribution, based on actual surplus level, to stable share market price.

The general meeting of shareholders made a resolution on June 10, 2019 to amend the articles of incorporation for the Company to distribute the surplus earning and offset losses at the end of every half fiscal year. The proposal of surplus earning distribution or loss off-setting for the first half of fiscal year should be forwarded with the business report and financial statements to supervisors for their auditing, and afterwards be submitted to the Board of Directors for approval.

The Company distributing surplus earning in accordance with the aforementioned provision shall estimate and reserve the taxes and dues to be paid, the deficit to be offset and the legal reserve to be set aside. And the special reserve should be set aside or reversed as required by the regulations; if there is remaining surplus earning, it should be calculated with the beginning balance of the accumulated undistributed surplus earning as distributable one.

The Company authorize the Board of Directors to distribute the whole or a part of the distributable surplus earning, legal reserves and capital surplus to be paid in cash, in the amount not exceeding 10 percent of paid-in capital. Such distribution should be adopted by a majority of directors at a meeting attended by at least two thirds of the total number of directors, and be reported to the shareholder's meeting.

Where such legal reserve amounts to the total amount of its capital, it could not be set aside.

The Company distributing surplus earning in the form of new shares to be issued by the Company in accordance with the aforementioned provision shall follow the provisions of the Company Act; if such surplus earning is distributed in the form of cash, it shall be approved by a meeting of the Board of Directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions during its first-time adoption of IFRSs, resulting in its retained earnings to increase by $1,583,058 thousand, incurred from unrealized revaluation increments, on the transition date. In accordance with Permit No.1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, the special reserve in the amount of $1,397,866 thousand is set aside based on the additional retained earnings' amount, due to the transition to IFRSs. The aforementioned special reserve may be reversed in proportion with the usage, disposal, or reclassification of the related assets, and then, be distributed afterwards. Due to the Company's disposal of properties, plants and equipments, special reserves were reversed by $39,666 thousand and $17,281 thousand in year 2020 and 2019, respectively.

(Continued)

In accordance with Permit No. 1010012865 issued by the FSC on April 6, 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. The special reserves were set aside (reserved) by $231,436 thousand and $(58,086) thousand in June, 2020 and 2019, respectively.

In accordance with Permit No. 1010047490 issued by the FSC on November 21, 2012, the Company set aside special reserves, calculated by the differences between the carrying amount of treasury stock held by the subsidiaries and the Company's stock price, in portion to the shareholding ratio. If there is rebounding in market price afterwards, those special reserves could be reversed. The Company set aside (reversed) special reserves by $(6,339) thousand and 7,625 thousand in June, 2020 and 2019, respectively.

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 23, 2020 and June 28, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	**Total Amount**	**Amount per share**	**Total Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 1.01	811,180	1.01	826,180

The Board of Directors resolved not to distribute the earnings for the first half of year 2020 on November 13, 2020.

(iv) Treasury shares (held by the subsidiaries)

1) In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

2) Prior to the R.O.C. Company Act amendments in 2001, subsidiaries of the Company, Ching Ta and Nanyang, acquired the Company's shares for investment purposes in the open market. The shares held by subsidiaries of the Company were deemed as treasury shares. As of December 31, 2020 and 2019, the market price per share of the Company was $35.70 and $21.30, respectively.

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The details of the treasury shares held by subsidiaries were as follows:

Company	December 31, 2020 Shares held (in thousand shares)	December 31, 2020 Acquired Costs	December 31, 2019 Shares held (in thousand shares)	December 31, 2019 Acquired Costs
Ching Ta Investment Co., Ltd.	981	$ 37,498	981	37,498
Nanyang Industries Co., Ltd.	4,351	95,318	4,351	95,318
	5,332	**$ 132,816**	**5,332**	**132,816**

3) The Board of Directors of the Company in year 2017, resolved to repurchase 27,416 thousand shares for transfering to employees. The Board of Directors resolved to retire the treasury shares and the procedures of change of registration was completed in year 2020.

4) The Board of Directors of the Company in year 2020, resolved to repurchase 23,102 thousand shares for maintaining the Company’ s credit and shareholders' benefits. The Board of Directors resolved to retire the treasury shares and the procedure of change of registration was completed in year 2020.

(v) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2020	$ (1,549,637)	(44,804)	(1,594,441)
Exchange differences on foreign operations	(152,833)	-	(152,833)
Exchange differences on associates accounted for using the equity method	1,471	-	1,471
Unrealized gains on financial assets measured at fair value through other comprehensive income	-	344,839	344,839
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(40,188)	(40,188)
Balance on December 31, 2020	**$ (1,700,999)**	**259,847**	**(1,441,152)**
Balance on January 1, 2019	$ (1,266,250)	(65,050)	(1,331,300)
Exchange differences on foreign operations	(281,326)	-	(281,326)
Exchange differences on associates accounted for using the equity method	(2,061)	-	(2,061)
Unrealized gains from financial assets measured at fair value through other comprehensive income	-	20,246	20,246
Balance on December 31, 2019	**$ (1,549,637)**	**(44,804)**	**(1,594,441)**

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(q) Earnings per share

Basic earnings per share

		For the years ended December 31	
		2020	2019
Net income attributable to common shareholders of the Company	$	1,938,344	2,226,225
Issued number of ordinary shares on January 1		853,596	853,596
Effects of treasury shares		(50,813)	(32,292)
Weighted average number of ordinary shares on December 31		802,783	821,304
	$	2.41	2.71

Diluted earnings per share

		2020	2019
Net income attributable to common shareholders of the Company (after the adjustment of potential dilutive ordinary shares)	$	1,938,344	2,226,225
Weighted average number of ordinary shares		802,783	821,304
Effect of potential dilutive ordinary shares			
Employee share bonus		942	1,252
Weighted average number of ordinary shares (after the adjustment of potential dilutive ordinary shares)		803,725	822,556
	$	2.41	2.71

(r) Revenue from contracts with customers

(i) Details of revenue

		For the years ended December 31	
		2020	2019
Primary geographical markets:			
Taiwan	$	25,826,844	18,552,240
China		625,625	428,030
Asia		1,271,276	1,294,544
Europe		2,640,975	2,760,067
America		374,767	541,802
Others		57,347	82,589
	$	30,796,834	23,659,272
Major products/services lines			
Merchandise sales	$	30,731,384	23,466,515
Technical services		46,659	115,240
Others		18,791	77,517
	$	30,796,834	23,659,272

(Continued)

(ii) Contract balances

		December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	$	223,808	193,826	189,380
Accounts receivable		897,630	981,891	1,487,756
Less: Loss allowance		(88,456)	(91,865)	(38,998)
Total	**$**	**1,032,982**	**1,083,852**	**1,638,138**
Contract liabilities	**$**	**32,604**	**25,720**	**43,877**

Please refer to Note 6(c) for the details of accounts receivable and allowance for impairment.

The major change in the balance of contract liabilities is arising from the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the years ended December 31, 2020 and 2019.

(s) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $22,979 thousand and $23,756 thousand, and directors' and supervisors’ remuneration amounting to $11,490 thousand and $11,878 thousand, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. The remunerations were expenpensed under operating expenses during 2020 and 2019. The difference between the estimated and actual amount of remuneration distributed in the next year was deemed as a change in accounting estimates. If the Board of Directors resolved to carry out a share-based compensation to employees, the numbers of shares to be distributed were calculated based on the closing price of the Company’s ordinary shares one day before the date of the meeting of Board of Directors. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, were identical to those of the actual distributions for 2020 and 2019.

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(t) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	For the years ended December 31	
	2020	2019
Interest income	$ 6,200	3,594
Rental income	48,454	41,036
Dividend revenue	11,565	15,315
Total other income	$ 66,219	59,945

Other gains and losses

The details of other gains and losses were as follows:

	For the years ended December 31	
	2020	2019
Foreign exchange gains (losses)	$ 1,732	(8,183)
Gains on disposals of property, plant and equipment	7,533	1,278
Gains on disposals of investment property	-	44,910
Revenues from indemnities	29,537	4,607
Others	20,493	19,428
	$ 59,295	62,040

(iii) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest expense	$ 138,874	145,067

(iv) Gain on disposal of non-current assets held for sale

	For the years ended December 31	
	2020	2019
Gain on disposal of land and buildings	$ 364,705	1,798,827

(Continued)

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(u) Financial instruments

(i) Credit risk

1) Maximum amount exposed to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables and other current financial assets, etc, which are considered to be of low risk, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses.

None of these financial assets were considered to be impaired after the assessment.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments but the impact of netting agreements, and financial liabilities whose carrying amount approximates the amount of future contractual cash flows are not disclosed as follows.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities:							
Bank loans and short-term notes and bills payable	$ 10,866,753	11,116,793	5,704,720	29,891	1,333,195	4,048,987	-
Lease liabilities	135,167	140,979	15,098	11,961	27,058	74,901	11,961
	$ 11,001,920	**11,257,772**	**5,719,818**	**41,852**	**1,360,253**	**4,123,888**	**11,961**
December 31, 2019							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	**$ 11,936,190**	**12,144,281**	**8,289,796**	**310,840**	**415,560**	**3,128,085**	**-**

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

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(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposures to foreign currency risk were as follows:

	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets						
Monetary items						
USD	$ 24,871	28.1100	699,117	23,111	29.9850	692,994
EUR	6,656	34.5500	229,978	5,862	33.6100	197,038
JPY	334	0.2726	91	42,204	0.2759	11,644
Financial liabilities						
Monetary items						
USD	14,018	28.1100	394,038	9,990	29.9850	299,560
EUR	6	34.5500	206	-	-	-

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables and accounts payable that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR and JPY as of December 31, 2020 and 2019 would have increased (decreased) the net profit after tax for the years ended December 31, 2020 and 2019 by $4,280 thousand and $4,817 thousand, respectively. The analysis assumes that all other variables remain constant.

3) Foreign exchange gains (losses) on monetary items

For the years ended December 31, 2020 and 2019, foreign exchange gain (loss) (including the realized and the unrealized portions) is amounted to $1,732 thousand and $(8,183) thousand, respectively.

(iv) Interest rate analysis

The financial assets and liabilities's exposure to interest risk has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the sensitivity analysis is based on the assumption that liabilities outstanding on the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate changes.

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If the interest rate increased/decreased by 1%, the Company's net income would have increase /decrease by $35,695 thousand and $84,900 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the Company's variable-rate borrowings.

(v) Other market price risk

If the price of the securities which the Company hold as equity instruments changes, the impact of the price change on other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remains constant:

	For the years ended December 31			
	2020		2019	
Prices of securities at the reporting date	**Other comprehensive income (loss), net of tax**	**Net income (loss)**	**Other comprehensive income (loss), net of tax**	**Net income (loss)**
Increase 5%	$ 5,326	-	3,759	-
Decrease 5%	$ (5,326)	-	(3,759)	-

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

For financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, e.g., cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, other financial assets, short-term borrowings, short-term bills and notes payable, notes and accounts payable (including related parties), other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, disclosure of fair value information is not required.

The Company measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows:

	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Common shares of domestic unlisted companies	$ 133,151	-	-	133,151	133,151

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Common shares of domestic unlisted companies	$ 93,976	-	-	93,976	93,976

2) Valuation techniques for financial instruments not measured at fair value

The assumptions and methods used in evaluating financial instruments not measured at fair value are as follows:

a) Financial assets and liabilities measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flows of the financial assets and liabilities.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

Evaluation of financial instruments traded in active markets is based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial unions, pricing institute, or authorities and such price can reflect those actual trading frequently happened in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is the indication of a non-active market.

Evaluation of fair value of financial instruments without an active market is based on valuation technique or quoted price from competitors.Fair value measured by a valuation technique can be extrapolated from similar financial instuments, the discounted cash flow method, or other valuation technique including a model using observable market data on the reporting date.

If the financial instruments held by the Company have no active market, the measurements of fair value are categorized as follows:

- Equity instruments without quoted price: The fair value was determined basing on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value was discounted for its lack of liquidity in the market.

- Equity instruments without quoted price: The fair value is measured at net asset value method. By looking through the nature and the included items of each asset and liability item and collecting the market value information of each asset and liability for items whose book value may be different from the fair value, the Company needs to obtain the fair value of the company's net assets, and calculate the company's equity value. The discount effect is adjusted due to lack of market liquidity in equity securities.

b) Fair value hierarchy

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for assets or liabilities either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

4) Transfers between levels

The Company's valuation techniques of fair values remained the same and there were no transfers between each level for the years ended December 31, 2020 and 2019.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income — Unquoted equity instruments 2020	Fair value through other comprehensive income — Unquoted equity instruments 2019
Opening balance, January 1	$ 93,976	116,775
Total gains and losses recognized in other comprehensive income	39,175	(22,799)
Ending Balance, December 31	**$ 133,151**	**93,976**

(Continued)

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income — equity investments.

The Company's financial instrument investments without an active market are classified to Level 3 and have more than one significant unobservable inputs. The significant unobservable inputs of financial instrument investments without an active market are individually independent, and there is no correlation between them.

Quantified information on significant unobservable inputs was as follow:

Item	Valuation Technique	Significant Unobservable Inputs	Interrelationship between Significant Unobservable Inputs and Fair Value Measurement
Financial assets at fair value through profit or loss-equity investments without an active market	Net Asset Value Method	• Net Asset Value • Market illiquidity discount rate (10% as of December 31, 2020 and 2019)	• Not applicable • The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Net Asset Value Method	• Net Asset Value • Market illiquidity discount rate (10% as of December 31, 2020 and 2019)	• Not applicable • The estimated fair value would increase (decrease) if the market illiquidity discount rate was lower (higher).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Listed Company Comparison Method	• The multiplier of price-to-earning ratio (8.36 as of December 31, 2019) • The multiplier of price-to-book ratio (1.12 and 0.99 as of December 31, 2020 and 2019, respectively) • Market illiquidity discount rate (40% as of December 31, 2020 and 2019)	The estimated fair value would increase (decrease) if: • the multiplier was higher (lower) • the market illiquidity discount rate was lower (higher).

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7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing the inputs would have the following effects on profit or loss and other comprehensive income:

			Profit or loss		Other comprehensive income	
	Inputs	**Fluctuation**	**Favorable**	**Unfavorable**	**Favorable**	**Unfavorable**
December 31, 2020						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Net asset value	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	4,790	(4,790)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	16,489	(16,489)
December 31, 2019						
Financial assets at fair value through profit or loss						
Equity investments without an active market	Net asset value	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	The multiplier of price-to-earning ratio	5%	-	-	1,778	(1,778)
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	2,088	(2,088)
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	10,307	(10,307)

The favorable and unfavorable effects represent the changes in fair value, and the fair value is evaluated based on a variety of unobservable inputs using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

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(v) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Audit Committee.

(iii) Credit risk

Credit risk means the potential loss for the Company if the counterparty involved in any transaction defaults. The primary potential credit risk derives from financial instruments, e.g., bank deposits and accounts receivable.

1) Accounts receivable and other receivables

The payment term of the scooter department is mainly by letter of credit or receiving deposits, while the main sales customer of the automobile department is subsidiaries; hence, there is of low credit risk.

The management designates a professional department to stipulate the policy of credit management in order to reduce the credit risk of accounts receivable. The department is responsible for the determination and approval of credit lines, and other procedures of followup monitoring. Also, the Company continues to evaluate the financial position of its customers.

(Continued)

2) Investments

The Company deposits cash in different financial institutions and only deals with financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties. The Company manages the exposure to credit risk related to each financial institution.

3) Guarantees

The Company’ s policy is to provide financial guarantees only to subsidiaries. As of December 31, 2020 and 2019, there were no guarantees provided.

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’ s approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company’ s reputation.

The Company's financial department continues to monitoring cash flow requirements and optimizing its cash return on investments to ensure its liquidity is sufficient for the settlement of expiring liabilities. Loans and borrowings from the bank form an important source of liquidity for the Company. As of December 31, 2020 and 2019, the Company’ s short-term and long-term unused credit lines are amounted to $7,613,153 thousand and $6,472,076 thousand respectively, which was enough for the fulfillment of all contractual obligations.

(v) Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Company’ s income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimize the return.

(w) Capital management

The Company’ s objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

(Continued)

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As of December 31, 2020, the Company's capital management strategy is consistent with the prior year as of December 31, 2019, and the gearing ratio is maintained at 50% and ensure financing at reasonable cost. The Company's debt-to-equity ratio on reporting date is as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 19,114,440	17,535,745
Less: cash and cash equivalents	(1,375,884)	(936,093)
Net debt	17,738,556	16,599,652
Total equity	14,770,919	14,034,804
Adjusted capital	$ 32,509,475	30,634,456
Debt-to-equity ratio	55%	54%

(7) Related-party transactions

(a) Names and relationship with related parties

The followings are entities that have had transactions with related parties and the Company during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Shan Young Assets Management Co., Ltd. (Shan Young)	A subsidiary of the Company
Youth Taisun Co., Ltd. (Youth Taisun)	〃
Chu-Yang Motor Co., Ltd. (Chu-Yang)	〃
NOVA Design Co., Ltd. (NOVA Design)	〃
Nanyang Industries Co., Ltd. (Nanyang)	〃
Shian Yang Industries Co., Ltd. (Shian Yang)	〃
Nanyang Insurance Agent Co., Ltd. (Nanyang Insurance Agent)	〃
Nanchen Industries Co., Ltd. (Nanchen)	〃
SUNSHINE AUTO-LEASE Co., Ltd.(SUNSHINE AUTO-LEASE)	〃
Ching Ta Investment Co., Ltd. (Ching Ta)	〃
Profit Source Investment Ltd. (Profit Source)	〃
Sanyang Deutschland GmbH (SYDE)	〃
SY International Ltd. (SYI)	〃
Sanyang Italia S.R.L. (SYIT)	〃
Sanyang Motor Colombia S.A.S (SCB)	〃
NOVA Design Ltd. (NOVA Samoa)	〃
Li Yang Industry Co., Ltd. (Li Yang)	〃
Jau Ryh Businness Co., Ltd.(Jau Ryh)	〃
NANYANG HOLDING CO., LTD (NY Samoa)	〃

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Name of related party	Relationship with the Company
Three Brothers Machinery Industrial Co., Ltd. (TBM)	A subsidiary of the Company
Fact Co., Ltd.	〃
Chong Hing International Limited (Chong Hing)	〃
Cosmos System Inc. (Cosmos)	〃
New Path Trading Limited (New Path)	〃
Plassen International Limited (PIL)	〃
Vietnam Manufacturing and Export Processing (Holdings) Ltd. (VMEPH)	〃
Sun Goal Limited (Sun Goal)	〃
NOVA Design (Shanghai) Ltd. (Nova Shanghai)	〃
Su Zhou Hui Ying Motor Sales and Service Co., Ltd. (Su Zhou Hui Ying)	〃
Chang Zhou Nan Yang Motor Sales and Service Co., Ltd. (Chang Zhou Nan Yang)	〃
Vietnam Three Brothers Machinery Industrial Co., Ltd. (VTBM)	〃
Three Brothers Machinery Industrial (BVI) Co., Ltd. (TBM BVI)	〃
Fu Ta Co., Ltd. (Fu Ta)	〃
Zhangjiagang Qingzhou Engineering Industry Co., Ltd. (SCK)	
Sanyang Global (Xiamen) Co., Ltd. (Sanyang Global)	〃
Chin Zong Trading Co., Ltd. (Chin Zong)	〃
Vietnam Manufacturing and Export Processing Co., Ltd. (VMEP)	〃
Xiamen Xiashing Motorcycle Co., Ltd. (Xia Shing Motor)	〃
Xiamen Three Brothers Machinery Industrial Co., Ltd. (XTBM)	〃
Guangzhou Three Brothers Machinery Industrial Co., Ltd. (GTBM)	Note3
Duc Phat Molds Co., Ltd. (Duc Phat)	Note2
Vietnam Casting Forge Precision Co., Ltd. (VCFP)	A subsidiary of the Company
Dinh Duong Joint Stock Company (Dinh Duong)	〃
Chang Zhou Hui Ying Motor Sales and Service Co., Ltd. (Chang Zhou Hui Ying)	Note1
Zoeng Chang Industry Co., Ltd. (Zoeng Chang)	Associate of the Company
King Zone Corporation (King Zone)	A subsidiary of the Company is the juristic director of the entity

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Name of related party	Relationship with the Company
Taiwan Keihin Carburetor Co., Ltd. (Keihin) (Note4)	The Company is the juristic director of the entity
Taiwan Tea Corporation (Taiwan Tea)	Same chairman with the Company
Sanyang Academy Foundation	Same chairman with the Company

Note 1: Chang Zhou Hui Ying had been liquidated in the second quarter of 2019, so the transactions with it were only disclosed till June 2019.

Note 2: Duc Phat had been merged in VMEP in the second quarter of 2019. VMEP was the surviving company and Duc Phat were was the dissolved company. The transactions with Duc Phat were only disclosed till June 2019.

Note 3: The Company sold its equity in GTBM in the third quarter of 2019, so the transactions with it were only disclosed till September 2019.

Note 4: Keihin had decided to rename as Hitachi Astemo Taichung Co., Ltd. on February 9, 2021, in accordance with the resolutions of shareholders' meeting.

(b) Significant transactions with related parties

(i) Merchandise sold, technical and consulting services provided to related parties:

	Sales	
	For the years ended December 31	
	2020	2019
Subsidiaries		
Nanyang	$ 6,141,783	6,397,356
Other subsidiaries	2,965,381	2,108,873
	9,107,164	8,506,229
Associates	965	673
Other related parties	971	587
	$ 9,109,100	8,507,489

The Company sells automobiles to Nanyang and Nanchen and the selling price is in accordance with the Company's pricing standards. The Company sells scooters and their spare parts to other subsidiaries, and the selling prices are based on a mark-on basis. The selling prices of scooters and their spare parts to other related parties are of no significant difference with those for the ordinary courses. The Company grant Nanyang and Nanchen specific credit terms, which allows them to continue purchasing as long as the accounts receivables are within the quota, but there are interests imposed on the outstanding accounts receivable. They can also choose to pay immediately right after shipment. As of December 31, 2020 and 2019, the quota for Nanyang and Nanchen is $800,000 thousand and $100,000 thousand, respectively. As for the transaction terms for other subsidiaries and other related parties, the credit terms ordinarily ranged from 30 to 120 days. Besides, if interests for delayed payments are specified in the transaction terms, the Company calculates the interests using its average borrowing rate plus 0.25%.

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Nanyang provided guaranteed bills in the amount of $800,000 thousand as of December 31, 2020 and 2019.

	Technical and consulting services provided	
	For the years ended December 31	
	2020	2019
Subsidiaries	$ 40,292	109,471
Associates	3,806	4,249
Other related parties	977	983
	$ 45,075	114,703

Except for the pricing of personnel costs for the expatriates to related parties are of no significant difference between those for the ordinary courses, the pricing standards of other technical and consulting services provided for related parties are not comparable, since there are no similar transactions with non-related parties. The credit terms depend on the sales and collection situations of the subsidiaries, and there are no interests for any delayed payments.

(ii) Goods purchased from related parties:

	Purchases	
	For the years ended December 31	
	2020	2019
Subsidiaries	$ 2,748,320	2,787,143
Associates	336,316	213,247
Other related parties	789,491	513,359
	$ 3,874,127	3,513,749

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms are partial prepayments or 45 days after acceptaance, which were not different from the payment terms given by other vendors.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Categories	December 31, 2020	December 31, 2019
Accounts receivable	Subsidiaries-SYIT	$ 105,811	105,171
	Subsidiaries-Nanyang	1,128	31,576
	Other subsidiaries	80,228	91,859
	Associates	203	385
	Other related parties	118	115
		$ 187,488	229,106

(Continued)

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Account	Categories	December 31, 2020	December 31, 2019
Other receivables	Subsidiaries－VMEP	$ 43,751	30,563
(Accounted for as "Other current assets")	Subsidiaries－Xia Shing Motor	8,062	9,705
	Other subsidiaries	2,711	2,340
	Associates	465	478
	Other related parties	179	122
		$ 55,168	43,208

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Categories	December 31, 2020	December 31, 2019
Accounts payable	Subsidiaries－Xia Shing Motor	$ 151,867	176,660
	Other subsidiaries	208,441	104,609
	Associates	62,700	33,419
	Other related parties	164,309	85,984
		$ 587,317	400,672
Other payables	Subsidiaries	$ 31,188	7,631
	Sanyang Academy Foundation (Note)	250,000	-
	Associates	2,686	-
	Other related parties	45	39
		$ 283,919	7,670

Note: In accordance with the Board resolution, the Company had decided to donate $250,000 thousand to the Sanyang Academy Foundation for the purpose of education promotion and social welfare contribution, and the donation was accounted for as "Administrative Expenses".

(Continued)

(v) Services acquired from related parties:

Item	Categories	For the years ended December 31 2020	2019
Product design services	Subsidiaries－NOVA Design	$ 146,113	141,763
Warranty services	Subsidiaries	38,320	40,672
Repair services	Subsidiaries	4,107	4,360
〃	Associates	-	39
〃	Other related parties	160	40
Consigned processing services	Subsidiaries	6,300	7,861
〃	Associates	5,193	361
〃	Other related parties	612	731
		$ 200,805	195,827

(vi) Leases

1) The Company leases land and buildings to Nanyang as the automobile service factories, and a monthly rental payment is stated in the lease agreement. The related rental income was $11,150 thousand and $16,195 thousand for the years ended December 31, 2020 and 2019, respectively.

2) The Company leases land and buildings to NOVA Design as the headquarter, and a monthly rental payment is stated in the lease agreement. The related rental income was $13,111 thousand for the year ended December 31, 2020.

3) The Company rented a warehouse from its subsidiary, Nanyang on May 14, 2020. Considering the market conditions of neighboring districts, the lease term was 6 years, and a right-of-use asset of $136,842 thousand was recognized accordingly. Related interest expenses for the lease liability were in the amount of $1,060 thousand for year 2020, and the lease liability was in the amount of $125,941 thousand as of December 31, 2020.

(vii) Property transactions

1) Machinery equipment acquired from related parties were as follows:

	Objects	For the years ended December 31 2020	2019
Subsidiaries	Machinery and molds	$ 15,949	22,080
Associates	〃	3,819	4,141
Other related parties	〃	865	1,374
		$ 20,633	27,595

(Continued)

2) Machinery equipment and molds sold to related parties:

	For the years ended December 31			
	2020		2019	
	Disposal price	Gains on disposal	Disposal price	Gains on disposal
Subsidiaries	$ -	-	1,087	912
Associates	$ 300	101	-	-

3) Financial instruments sold to related parties:

		For the years ended December 31, 2020			
Related parties	Account	Shares	Objects	Selling price	Gains on disposal
Subsidiaries-Nanyang	Investment accounted for using the equity method	1,986 thousand shares	Nanchen	$ 15,190	1,843

Note：The transaction was deemed as organization restructuring of the Group, so the gains or losses on disposal should be adjusted into capital surplus.

(viii) Other

1) Interest income from delayed receipts of payments

	For the years ended December 31	
	2020	2019
Subsidiaries	$ 379	500

2) Advertising

	For the years ended December 31	
	2020	2019
Subsidiaries	$ 3,247	873

3) Shan Young provided its real estate for the Company as collateral for bank loans. As of December 31, 2020 and 2019, the book value of the aforementioned real estate was $4,900,000 thousand and $8,720,000 thousand, respectively.

4) Chong Hing provided time deposits amounted CNY265,000, thousand for the Company as collateral for bank loans in NTD1,000,000 thousand as of December 31, 2020.

5) The Company participated in the capital increased by cash of Shan Young on August 13, 2020, in accordance with the Board resolution, acquiring 100,000 thousand shares with $1,000,000 thousand. The capital increase date was on August 13, 2020.

6) The Company participated in the capital increased by cash of Shan Young on March 28, 2019, in accordance with the Board resolution, acquiring 220,000 thousand shares with $2,200,000 thousand. The capital increase date was on March 28, 2019.

(c) Key management personnel compensation

	For the years ended December 31	
	2020	**2019**
Short-term employee benefits	$ 55,907	49,975

(8) Pledged assets

The book values of pledged assets provided by the Company were as follows:

Asset	Items being guaranteed	December 31, 2020	December 31, 2019
Other current financial assets	The deposits for armament purchases and warranties of the Ministry of National Defense etc.	$ 168,300	-
Other non-current financial assets	The deposits for armament purchases and warranties of the Ministry of National Defense, and deposits of work-study programs, etc.	156,476	316,599
Property, plant and equipment	Customs duty guarantee, long-term and short-term borrowings, and financing guarantee credit, etc.	3,486,107	3,514,599
Investment property	Long-term and short-term borrowings, and financing guarantee credit, etc.	1,886,138	1,135,467
Non-current assets held for sale	〃	-	108,320
Total		$ 5,697,021	5,074,985

(9) Commitments and contingencies

(a) Significant unrecognized contractual commitments

(i) The balance of issued but unused letters of credit:

	December 31, 2020	December 31, 2019
USD	USD 42,732	20,964
JYP	JPY -	41,860

(ii) The unpaid balance of signed contracts of construction in progress and computer software, etc.:

	December 31, 2020	December 31, 2019
Unpaid balance	$ 143,991	206,777

(iii) As of December 31, 2020 and 2019, the performance guaranteed bills received by the Company are amounted to $44,046 thousand and $59,535 thousand, respectively.

(iv) The Company signed a contract of joint construction with allocation of buildings with Yao Da Construction Co., Ltd. on June, 19, 2018. The joint construction will take place at the land owned by the Company, numbered 711, located at the third Subsection, Tanmei Section, Neihu District, Taipei City. The ratio of joint construction is 58% for landowner (the Company) and 42% for constructor (Yao Da Construction Co., Ltd.).

(b) Significant contingent liability:

(i) Light Tactical Vehicle

The Company obtained the contract of producing Light Tactical Vehicles of the Ministry of National Defense in June, 2009, and the total contract price was $4,851,903 thousand. All of the vehicles were delivered in the fourth quarter of year 2016. However, due to the overdue of delivery, the Ministry of National Defense deducted the penalties for overdue from installment payments in the amount of $690 millions.

The Company filed a civil lawsuit to require the Ministry of National Defense to pay the unpaid amount plus interests calculated based on 5% annual interest rate. On December 28, 2018, the judgement of the first instance, made by Taipei District Court, alleged that the obligation of default, due to the controversies occurred in the acceptance phase, should not be ascribed to the Company. Therefore, the Ministry of National Defense should pay the principal of $615,674 thousand plus interests calculated based on 5% annual interest rate to the Company. The Ministry of National Defense appealed against the imposed interests and litigation expenses on January 25, 2019.

According to the judgement of the second instance made by Taiwan High Court on October 9, 2019, the aforementioned interests payable by the Ministry of National Defense calculated based on 5% annual interest rate should be calculated by the next day of the judgement of the second instance. However, the Company believed that the relevant interests should be accrued upon the next day of declaring public summons for claims on every installment of accounts receivable through the date of repayment of principal. The Company had appealed against the latest judgement on November 8, 2019.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

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(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the year ended December 31					
	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	1,160,237	1,007,079	2,167,316	895,112	822,741	1,717,853
Labor and health insurance	83,824	70,974	154,798	81,170	75,829	156,999
Pension	29,428	35,967	65,395	31,674	36,542	68,216
Remuneration of directors	-	31,858	31,858	-	31,987	31,987
Others	74,671	65,345	140,016	69,276	58,989	128,265
Depreciation	438,612	120,150	558,762	363,086	90,048	453,134
Amortization	17,691	8,374	26,065	20,176	7,748	27,924

For the years ended December 31, 2020 and 2019, the information on the number of employees and employee benefit expense of the Company is as follows：

	2020	2019
Number of employees	2,328	2,298
Number of directors (non-employee)	6	6
Average employee benefit expense	$ 1,089	904
Average employee salary expense	$ 933	749
Percentage of adjustment for average employee salary expense	25.00%	
Remuneration for supervisors	$ -	-

Compensation policies are as follows:

(a) Directors (including independent directors)

(i) According to Article 24 of the Company, the remunerations to the president, the directors and the supervisors are determined based on their contribution and participation in the Company’s operation, considering the domestic and foreign industrial standards, and approved by the Board of Directors. In accordance with Article 31-1 of Incorporation, the Company should contribute no less than 1% of the profit as employee compensation and less than 1% as directors’ and supervisors’ remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Independent directors are not entitled to receive the aforementioned remuneration.

(ii) In addition, transportation allowances are reimbursed to the president, the directors and the supervisors when they attend the meeting of Board of Directors.

(Continued)

(b) Management

The compensation to the management of the Company is determined mainly based on their personal performances, considering the industrial standards to make its compensation level competitive. The Compensation Committee of the Company will review the aforementioned compensation plan, and then submit it to the Board of Directors for approval.

(c) Employees

The salaries to the employees are adjusted on an annual basis, considering their positions, personal performances, and market earnings surveys.

(Continued)

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company:

(i) Loans to other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of lender	Name of borrower	Account name	Related party	Maximum outstanding balance during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Nature of loan	Amount of transaction with the borrower	Reason for short-term financing	Loss Allowance	Collateral		Limit on total loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	SYI	Shan Young	Other receivables	Y	84,330 (USD3,000)	-	-	Note 2	Short-term financing	-	Business operation	-		-	2,154,182 (USD76,634)	2,154,182 (USD76,634)
1	SYI	MBMC	Other receivables	N	42,151 (EUR1,220)	-	-	1.56%	Short-term financing	-	Business operation	-		-	2,154,182 (USD76,634)	2,154,182 (USD76,634)
2	SCK	Yangzhou Tairun Hotel Co., Ltd.	Other receivables	Y	86,400 (CNY20,000)	43,200 (CNY10,000)	43,200 (CNY10,000)	4.00%	Short-term financing	-	Business operation	-		-	210,622 (CNY48,755)	210,622 (CNY48,755)
3	Sanyang Global	XTBM	Other receivables	Y	25,920 (CNY6,000)	12,960 (CNY3,000)	12,960 (CNY3,000)	3.91%	Short-term financing	-	Business operation	-		-	114,756 (CNY26,564)	114,756 (CNY26,564)
4	SYIT	MBMC	Other receivables	N	84,302 (EUR2,440)	42,151 (EUR1,220)	42,151 (EUR1,220)	3.00%	Short-term financing	-	Business operation	-		-	73,799 (EUR2,136)	73,799 (EUR2,136)
5	VMEPH	VMEP	Other receivables	Y	660,585 (USD23,500)	196,770 (USD7,000)	196,770 (USD7,000)	Note 2	Short-term financing	-	Business operation	-		-	646,165 (USD22,987)	646,165 (USD22,987)
6	VMEP	Dinh Duong	Other receivables	Y	82,800 (VND69,000,000)	-	-	Note 2	Short-term financing	-	Business operation	-		-	469,774 (USD16,712)	469,774 (USD16,712)
7	Chin Zong	VMEP	Other receivables	Y	56,220 (USD2,000)	56,220 (USD2,000)	56,220 (USD2,000)	Note 2	Short-term financing	-	Business operation	-		-	59,075	59,075

Note 1: The numbering method is as follows:

(1) “0” represents the parent company.

(2) Subsidiaries are sequentially numbered from 1 by company.

Note 2: There is no additional interest according to the agreement between both parties.

Note 3: The limit on total loans granted to a single party and ceiling on total loans granted for short-term financing shall not exceed 40% of the net worth of SYI, SCK, Sanyang Global and SYIT.

Note 4: The ceiling on total loans granted and limit on total loans granted to a single party for short-term financing shall not exceed 40% of the net worth of VMEPH, VMEP and Chin Zong. When the reason for financing is business related, the ceiling on total loans granted shall not exceed 60% of the net worth and the ceiling on total loans granted to a single party shall not exceed one and a half times the total amount of purchases and sales transactions with the lender for the last year.

Note 5: The shareholders of SYIT signed the Agreement in advance, which resulted in the repeated calculation of maximum outstanding balance during the period. In fact, the circumstance of over-loaning didn't exist.

Note 6: The amount of loans from VMEPH. to VMEP has decreased, and the circumstance of over-loaning no longer exist as of December 31, 2020.

Note 7: Intra-group transactions have been eliminated in the consolidated financial statements.

SANYANG MOTOR CO., LTD.
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(ii) Guarantees and endorsements for other parties:

(In thousands of NTD/ foreign currency)

No. (Note 1)	Name of endorser/ guarantor	endorsee/guarantee		Limit on total endorsements/guarantees provided to a single party	Maximum outstanding endorsements/ guarantees amount during the period	Ending balance of guarantees and endorsements	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amount of endorsements/ guarantees to net asset of the latest financial statements of the endorser/guarantor	Ceiling on total endorsements/ guarantees provided	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China
		Name	Relationship (Note 8))										
1	Shan Young	The Company	3	13,836,989	10,360,000	4,900,000	4,100,095	5,300,000	65.43%	13,836,989	N	Y	N
2	SYI	Ching Ta	4	807,825	570,000	510,000	236,000	295,155 (USD10,500)	9.47%	807,825	N	N	N
3	Chong Hing	Shan Young	4	3,512,000	1,512,000	1,300,000	854,000	986,256 (CNY228,300)	37.02%	3,512,000	N	N	N
4	Chong Hing	The Company	3	3,512,000	1,000,000	1,000,000	1,000,000	1,144,800 (CNY265,000)	28.47%	3,512,000	N	Y	N
5	TBM BVI	TBM	3	49,682	15,461	15,461	13,800	15,461 (USD550)	24.39%	49,682	N	Y	N

Note 1: The numbering method is as follows:

(1) "0" represents the parent company.

(2) Subsidiaries are sequentially numbered from 1 by company.

Note 2: Limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed the total appraisal of owned land and buildings of Shang Young. The aforementioned appraisal value is in accordance with the latest appraisal report prepared and issued by real estate appraiser or other person duly authorized by law to engage in the value appraisal of real estate or other fixed assets.

Note 3: Limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 15% of the net worth of SYI. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year.

Note 4: According to policy for endorsements/ guarantees of SYI, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company's net worth.

Note 5: According to policy for endorsements/ guarantees of Chong Hing, the limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided shall not exceed 100% of its net worth. When the reason for endorsements/ guarentees is business related, the amount of endorsements/ guarantees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its net worth.

Note 6: According to policy for endorsements/ guarantees of Chong Hing, for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 90% or more of the voting right, the total endorsements/ guarantees provided shall not exceed 10% of the Company's net worth, provided that this restriction shall not apply to endorsements/ guarantees provided for the company in which our parent company that directly or indirectly holds 100% of our voting right holds directly or indirectly 100% of the voting right.

Note 7: Limit on total endorsements/guarantees provided to a single party and ceiling on total endorsements/guarantees provided of TBM BVI shall not exceed 50% of the Company's net worth. When the reason for endorsements/ guarantees is business related, the amount of endorsements/ guarentees provided shall not exceed the total amount of purchases and sales transactions with the endorser/ guarantor for the recent year and ceiling on total endorsements/guarantees provided should not exceed 10% of its net worth.

Note 8: The relationship is classified into the following seven types:

(1) Transactions between the companies.

(2) The Company directly or indirectly holds more than 50% voting right.

(3) When other companies directly or indirectly hold more than 50% voting rights of the Company.

(4) The Company directly or indirectly holds more than 90% voting right.

(5) A company that is mutually protected under contractual requirements based on the needs of the contractor.

(6) A company that is endorsed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.

(7) Under the Consumer Protection Act, performance guarantees for pre-sale contracts for companies in the same industry.

SANYANG MOTOR CO., LTD.
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(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In thousands of NTD/In thousands of shares)

Name of holder	Category and name of security	Relationship with the Company	Account name	Ending balance				Note
				Shares (in thousands)	Carrying value	Percentage of ownership	Fair value	
The Company	Equity-Taiwan Keihin Carburetor Co., Ltd.	The Company is the juristic director of the entity	Financial assets at fair value through other comprehensive income - non-current	5,339	95,816	19.94%	95,816	
〃	Equity-Lico Technology Corporation	-	Financial assets at fair value through profit or loss - non-current	8,861	-	7.13%	-	
〃	Equity-Sheng Mao Investment Co., Ltd.	The Company is the juristic director of the entity	Financial assets at fair value through other comprehensive income - non-current	1,500	37,335	25.00%	37,335	
Shan Young	Equity-Taiwan Tea Co., Ltd.	The Group is the juristic director of the entity	〃	79,858	1,429,458	10.11%	1,429,458	
〃	Private equity-Taiwan Tea Co., Ltd.	〃	〃	63,250	1,049,318	8.01%	1,049,318	
Youth Taisun	Equity-Sheng Mao Investment Co., Ltd.	〃	〃	360	8,960	6.00%	8,960	
〃	Equity-Xu Mao Investment Co., Ltd.	〃	〃	75	1,643	0.50%	1,643	
Nanyang	Equity-The Company	Parent company	〃	4,351	155,329	0.54%	155,329	
〃	Equity-Chaur Chin Industries Co., Ltd.	-	〃	1	280	0.28%	280	
NOVA Design	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	〃	300	7,467	5.00%	7,467	
Ching Ta	Equity-The Company	Parent company	〃	981	35,040	0.12%	35,040	
〃	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	〃	60	1,493	1.00%	1,493	
〃	Equity-Xu Mao Investment Co., Ltd.	〃	〃	2,600	56,940	17.33%	56,940	
〃	Equity-King Zone Co., Ltd.	〃	〃	800	5,200	10.00%	5,200	
〃	Equity-Tac / Taiwan Aerospace Corp.	-	Financial assets at fair value through profit or loss - non-current	17	-	0.01%	-	
〃	Preferred equity-Nano Griptech, Inc.	-	〃	78	15,459	3.14%	15,459	
〃	Equity-Spirox Corporation	-	Financial assets at fair value through other comprehensive income - non-current	680	21,998	0.66%	21,998	
〃	Equity-National Petroleum Co., Ltd.	-	〃	13,098	662,759	4.24%	662,759	
〃	Equity-LSC Ecosystem Corporation	-	〃	9,167	100,000	8.22%	100,000	
〃	Equity-Gold Yu Co., Ltd.	-	〃	3,000	49,470	5.56%	49,470	
〃	Equity-Full Speed Express Corp.	-	〃	1,290	19,350	10.94%	19,350	
Chu-Yang	Equity-Ding Tai Motor Co., Ltd.	-	〃	100	1,000	2.55%	1,000	
〃	Equity-Ding Sheng Motor Co., Ltd.	-	〃	130	1,300	4.28%	1,300	
〃	Equity-Hong Yu Motor Co., Ltd.	-	〃	100	1,000	3.08%	1,000	
〃	Equity-Sang Shun Wang Motor Co., Ltd.	-	〃	100	1,086	3.45%	1,086	
Fact Co., Ltd.	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	〃	60	1,493	1.00%	1,493	
〃	Equity-Xu Mao Investment Co., Ltd.	〃	〃	1,500	32,850	10.00%	32,850	
TBM	Equity-Vietnam Hong Zheng Science & Technology Co., Ltd.	-	〃	-	9,616	19.00%	9,616	
〃	Equity-Vietnam Hung Li Science & Technology Co., Ltd.	-	〃	-	1,123	6.08%	1,123	
〃	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	〃	600	14,934	10.00%	14,934	
〃	Equity-Xu Mao Investment Co., Ltd.	〃	〃	750	16,425	5.00%	16,425	
Sanyang Global	Equity-Shang Guang (Shanghai) Investment Ltd.	-	〃	1,519	164,806	6.76%	164,806	

Note : The balance stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD28.1100 ；CNY1=NTD4.3200

Average exchange rate for the reporting period: USD1=NTD29.4911 ；CNY1=NTD4.2727

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(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In thousands of NTD/In thousands of shares)

Name of company	Category and name of security	Account name	Counter-party	Relationship with the company	Beginning Balance		Purchases			Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Valuation	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Shan Young	Taiwan Tea Co, Ltd.	Financial assetsat fair value through other comprehensive income-non-current	Centralized securities exchange market	Non-related party	48,580	799,141	31,278	491,403	138,914	-	-	-	-	79,858	1,429,458 (Note 1)
The Company	Shan Young	Investmens accounted for using the equity method	Cash capital increase	Subsidiary	556,300	6,394,212	100,000	1,000,000	-	-	-	-	-	656,300	7,488,641 (Note 2)
VMEPH	VMEP	Investmens accounted for using the equity method	Debt-to-equity swap and cash capital increase	Subsidiary	-	214,453 (USD7,152)	-	1,082,235 (USD38,500)	-	-	-	-	-	-	1,174,435 (USD41,780) (Note 2)

Note 1: Fair value adjustment is included in the ending balance.

Note 2: Investment income (losses) and related adjustment in equity are included.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In thousands of NTD)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	Relationship	If the counter-party is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Other termss
							Owner	Relationship with the Company	Date of transfer	Amount			
The Company	Land, numbered 1318, etc., located in WaShiLi Section.	2020.10.05	345,000	345,000	FuDi Development Co., Ltd.	Non-related party	-	-	-	-	Appraisal report	Business purpose	
Shan Young	Land, numbered 233, located in Shebei Section.	2020.07.31	490,015	490,015	Natural person	Non-related party	-	-	-	-	Appraisal report	Business purpose	

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In thousands of NTD)

Name of company	Name of property	Transaction date	Acquisition date	Carrying value	Transaction amount	Status of receive	Gain (loss) on disposal	Counter-party	Relationship	Purpose of disposal	Reference for determining price	Other terms
The Company	Land, numbered 828, located in 3th Subsection and the buildings on it	2019.10.15	1967.11.10	108,320	478,186	478,186	364,705 (Note)	Chong Wei Development Co., Ltd.	Non-related party	Earning profit	Appraisal report	

Note : After deduction of relevant expenses, please refer to note 6(e).

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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of NTD)

Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nanyang	Note 2	Sales	(6,145,001)	(20)%	8 billion in credit and payment received right after shipment	According to the pricing policy of the Company	No ordinary transaction can be compared to	1,128	-%	Interest is imposed if there is any delay
〃	Nanchen	〃	Sales	(947,016)	(3)%	1 billion in credit and payment received right after shipment	〃	〃	11,799	1%	〃
〃	Chu-Yang	〃	Sales	(759,076)	(2)%	Guarantee deposit 25,000 thousand and payment received in 2 days on a weekly settlement base	〃	〃	1,766	-%	〃
〃	SYIT	〃	Sales	(414,350)	(1)%	Payment received 120 days after shipment	〃	〃	105,811	10%	
〃	VMEP	〃	Sales	(125,951)	- %	Payment received 45-60 days after shipment	〃	〃	27,209	3%	
〃	Xia Shing Motor	〃	Sales	(621,457)	(2)%	Payment received 30 days after shipment	〃	〃	36,878	4%	
〃	Xia Shing Motor	〃	Purchases	1,836,641	9%	The payment for goods before the 15th of the previous month is paid in the first ten days of the month, and the payment after the 16th of the previous month is paid in the last ten days of the month.	No ordinary transaction can be compared to	〃	(151,867)	(5)%	
〃	Taiwan Keihin Carburetor Co., Ltd.	Note 4	Purchases	723,003	4%	Payment paid 45 days after acceptance	〃	〃	(157,095)	(5)%	
〃	Zoeng Chang Industry Co., Ltd.	Note 2	Purchases	336,316	2%	Payment paid 45 days after acceptance	〃	〃	(62,700)	(2)%	
〃	TBM	〃	Purchases	570,465	3%	Payment paid 45 days after acceptance	〃	〃	(130,329)	(4)%	
〃	Youth Taisun	〃	Purchases	297,527	1%	Payment paid 45 days after acceptance	〃	〃	(71,985)	(2)%	
〃	NOVA Design	〃	Purchases	146,113	1%	Payment paid 45 days after acceptance	〃	〃	(15,853)	(1)%	
Nanyang	The Company	Note 1	Purchases	6,145,001	88%	8 billion in credit and payment received right after shipment	〃	〃	(1,128)	(1)%	Interest is imposed if there is any delay
〃	Nanchen	Note 2	Sales	(499,268)	(6)%	Payment received 3 days after acceptance	〃	〃	21,279	15%	
〃	SUNSHINE AUTO-LEASE	〃	Sales	(279,170)	(3)%	Payment received right after shipment	〃	〃	26,171	19%	
Xia Shing Motor	The Company	Note 1	Sales	(1,836,641)	(30)%	The payment for goods before the 15th of the previous month is received in the first ten days of the month, and the payment after the 16th of the previous month is received in the last ten days of the month.	〃	〃	151,867	37%	
〃	VMEP	Note 3	Sales	(182,573)	(3)%	Payment received 35 days after acceptance		〃	19,672	5%	
〃	The Company	Note 1	Purchases	621,457	11%	Payment received 30 days after acceptance	〃	〃	(36,878)	(4)%	
〃	SCK	Note 3	Purchases	219,379	4%	Payment paid 45 days after acceptance	〃	〃	(3,918)	-%	
〃	XTBM	〃	Purchases	153,414	3%	Payment paid 30 days after acceptance	〃	〃	(10,952)	(1)%	

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Name of purchaser/seller	Counter-party	Relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
Nanchen	The Company	Note 1	Purchases	947,016	62%	1 billion in credit and payment paid right after shipment	〃	〃	(11,799)	(28)%	Interest is imposed if there is any delay
〃	Nanyang	〃	Purchases	499,268	33%	Payment paid 3 days after shipment	〃	〃	(21,279)	(50)%	
Chu-Yang	The Company	〃	Purchases	759,076	100%	Guarantee deposit 25,000 thousand and payment paid in 2 days on a weekly settlement base	〃	〃	(1,766)	(100)%	Interest is imposed if there is any delay
SYIT	The Company	〃	Purchases	414,350	90%	Payment paid 120 days after acceptance	〃	〃	(105,811)	(80)%	
VMEP	The Company	〃	Purchases	125,951	6%	Payment paid 45-60 days after delievery	〃	〃	(27,209)	(12)%	
〃	VTBM	Note 3	Purchases	107,995	6%	Payment paid 45 days after acceptance	〃	〃	(16,418)	(7)%	
〃	Xia Shing Motor	〃	Purchases	182,573	9%	Payment paid 35 days after acceptance	〃	〃	(19,672)	(8)%	
TBM	The Company	Note 1	Sales	(570,465)	(82)%	Payment received 45 days after acceptance	〃	〃	130,329	83%	
SCK	Xia Shing Motor	Note 3	Sales	(219,379)	(46)%	Payment received 45 days after acceptance	〃	〃	3,918	4%	
XTBM	Xia Shing Motor	〃	Sales	(153,414)	(81)%	Payment received 30 days after acceptance	〃	〃	10,952	49%	
SUNSHINE AUTO-LEASE	Nanyang	Note 1	Purchases	279,170	77%	Payment paid right after shipment	〃	〃	(26,171)	(80)%	
Youth Taisun	The Company	〃	Sales	(297,527)	(91)%	Payment received 45 days after acceptance	〃	〃	71,985	90%	
NOVA Design	The Company	〃	Sales	(146,113)	(85)%	Payment received 45 days after acceptance	〃	〃	15,853	87%	
VTBM	VMEP	Note 3	Sales	(107,995)	(75)%	Payment received 45 days after after delievery	〃	〃	16,418	88%	

Note 1: Investor company accounts for the Company using the equity method.

Note 2: Investee company accounted for using the equity method by the Company.

Note 3: Affiliate.

Note 4: Substantive related party.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In thousands of NTD/ foreign currency)

Name of company	Counter-party	Relationship	Ending balance	Turnover rate	Overdue		Amounts received in the subsequent period	Loss allowance
					Amount	Action taken		
VMEPH	VMEP	Subsidiaries	196,770 (USD 7,000)	Not applicable	-		196,770 (USD 7,000)	-
The Company	SYIT	Subsidiaries	105,811 (EUR 3,063)	3.93	-		57,375 (EUR 1,661)	-
Xia Shing Motor	The Company	The parent company of the Group	151,867 (USD 5,403)	11.18	-		151,867 (USD 5,403)	-
TBM	The Company	The parent company of the Group	130,329	5.77	-		127,869	-

(ix) Trading in derivative instruments:Please refer to note 6(b).

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(b) Information on investees:

The following is the information on investees for the year ended December 31, 2020 (excluding information on investees in Mainland China):

(In thousands of NTD/ In thousands of shares)

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Net income (losses) of investee	Investment income (losses) recognized for the period	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of ownership	Carrying value			
The Company	Shan Young	Taiwan	Real estate development and management	3,843,889	2,843,889	656,300	100.00%	7,488,641	(93,187)	(93,187)	Note 1
〃	Youth Taisun	Taiwan	Manufacturing of automobiles, scooters and their parts	179,657	179,657	16,753	100.00%	208,844	19,053	19,053	〃
〃	Chu-Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	37,000	9,092	9,092	〃
〃	Nanyang	Taiwan	Distribution, repair, and maintenance of automobiles and its parts	833,486	833,181	126,506	89.60%	1,715,671	153,134	137,193	〃
〃	Nanchen	Taiwan	Sale of automobiles	-	6,501	-	- %	-	10,983	(2,611)	Note 3
〃	NOVA Design	Taiwan	Product design	195,495	195,495	19,080	100.00%	211,525	2,440	2,440	Note 1
〃	SUNSHINE AUTO-LEASE	Taiwan	Passenger car rental and leasing	35,178	35,178	6,764	16.27%	82,897	33,151	5,394	〃
〃	Ching Ta	Taiwan	Investment activities	785,609	785,609	95,807	99.66%	1,532,388	134,957	134,498	〃
〃	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	3,512,031	11,643	11,643	〃
〃	SYDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	102,714	1,471	1,471	〃
〃	SYI	Samoa	Investment shareholding company	3,662,860	3,662,860	-	100.00%	5,385,427	334,067	334,067	〃
〃	SYIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	184,524	22,800	22,800	〃
〃	APh ePower Co., Ltd.	Taiwan	Power source development industry	260,000	260,000	26,000	23.21%	235,951	(61,148)	(14,195)	Note 2
〃	SCB	Columbia	Sale of scooters and its parts	91,466	91,466	100	100.00%	25,446	(35,007)	(35,007)	Note 1
Nanyang	Nanchen	Taiwan	Sale of automobiles	39,533	24,228	9,011	90.07%	69,247	10,983	Disclosure not required	〃
〃	SUNSHINE AUTO-LEASE	Taiwan	Passenger car rental and leasing	91,926	91,926	25,557	61.46%	295,229	33,151	〃	〃
〃	Li Yang	Taiwan	Repair of automobiles and sale of automobile parts	13,317	13,317	1,200	100.00%	15,092	1,482	〃	〃
〃	Nanyang Insurance Agent	Taiwan	Property insurance agency business	34,879	34,879	1,316	92.86%	36,450	7,345	〃	〃
〃	NY Samoa	Samoa	Investment shareholding company	423,487	423,487	-	100.00%	193,502	891	〃	〃
〃	Jau Ryh	Taiwan	Truck rental and leasing	21,328	21,328	1,693	100.00%	34,822	14,369	〃	〃
〃	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	62,871	14,281	〃	〃
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	64,629	(7,051)	〃	〃
Ching Ta	TBM	Taiwan	Manufacturing,processing and sale of scooter parts	87,449	87,449	5,225	55.00%	54,651	57,248	〃	〃
〃	SUNSHINE AUTO-LEASE	Taiwan	Passenger car rental and leasing	19,680	19,680	8,782	21.12%	107,608	33,151	〃	〃
〃	Fact Co., Ltd.	Taiwan	Manufacturing processing and sale of hardware and iron	43,840	43,840	1,000	100.00%	20,819	1,813	〃	〃
〃	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	88,158	(7,051)	〃	〃
〃	Zoeng Chang Industry Co., Ltd.	Taiwan	Manufacturing, processing and sale of scooter parts	33,200	33,200	9,020	40.00%	308,628	55,289	〃	Note 2
〃	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	62,627	(18,137)	〃	〃
〃	Winner RV Ltd.	Taiwan	Sale, manufacturing and design of recreational vehicle	100,000	100,000	5,000	26.32%	97,919	(592)	〃	〃
Profit Source	Chong Hing	British Virgin Isands	Investment shareholding company	727,431 (USD25,878)	727,431 (USD25,878)	-	100.00%	3,512,035 (USD124,939)	11,649 (USD395)	〃	Note 1
SYI	Cosmos	British Virgin Islands	Investment shareholding company	371,783 (USD13,226)	371,783 (USD13,226)	-	100.00%	367,201 (USD13,063)	16,309 (USD553)	〃	〃
〃	VMEPH	Cayman Islands	Investment shareholding company	2,782,440 (USD98,984)	2,782,440 (USD98,984)	608,818	67.07%	1,083,444 (USD38,543)	(167,627) (USD(5,684))	〃	〃
〃	New Path	Samoa	Investment shareholding company	258,809 (USD9,207)	258,809 (USD9,207)	-	100.00%	292,962 (USD10,422)	4,217 (USD143)	〃	〃
〃	PIL	British Virgin Islands	Investment shareholding company	388,930 (USD13,836)	388,930 (USD13,836)	-	100.00%	1,529,240 (USD54,402)	409,395 (USD13,882)	〃	〃
〃	Sun Goal	Samoa	Investment shareholding company	245,428 (USD8,731)	245,428 (USD8,731)	-	100.00%	159,384 (USD5,670)	7,078 (USD240)	〃	〃
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	147,035	147,035	-	100.00%	63,379	484	〃	〃
〃	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	36,722	3,065	〃	〃

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

Name of investor	Name of investee	Location	Main business and products	Original investment amount December 31, 2020	Original investment amount December 31, 2019	Ending balance Shares (in thousands)	Ending balance Percentage of ownership	Ending balance Carrying value	Net income (losses) of investee	Investment income (losses) recognized for the period	Note
TBM	Fu Ta	Samoa	Investment shareholding company	47,628	47,628	-	51.00%	-	-	Disclosure not required	Note 1
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	150,000	150,000	15,000	100.00%	147,686	(5,383)	〃	〃
〃	VMEP	Vietnam	Manufacturing and sale of scooters and its parts	4,467,607 (USD158,933)	3,385,372 (USD120,433)	-	100.00%	1,174,435 (USD41,780)	(113,629) (USD(3,853))	〃	〃
VMEP	VCFP	Vietnam	Manufacturing of scooter parts, etc	126,495 (USD4,500)	126,495 (USD4,500)	-	100.00%	139,285 (USD4,955)	(708) (USD(24))	〃	〃
〃	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	13,071 (USD465)	13,071 (USD465)	-	31.00%	16,304 (USD580)	3,065 (USD104)	〃	〃
〃	Dinh Duong	Vietnam	Sale of scooters and real estate development, etc.	202,757 (USD7,213)	120,789 (USD4,297)	-	99.94%	203,067 (USD7,224)	(206) (USD(7))	〃	〃
Qing Zhao Investment Co., Ltd.	Sunny Mind	Samoa	Investment shareholding company	330,951	330,951	-	100.00%	164,471	(17,409)	〃	Note 2

Note 1: Subsidiary included in the consolidated financial statements.

Note 2: Associate of the Group.

Note 3: For the investee whose original investment amount on December31,2020 was zero, please refer to note 4(c) for the details of liquidation or organization restructuring during the period.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses, and other information:

(In thousands of NTD/ In thousands of shares)

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated remittance of earnings in current period
Xia Shing Motor	Manufacturing, assembling and sale of scooters and its parts, along with the follow-up warranty service	646,530 (USD23,000)	(ii) Note 1 (2)1	388,930 (USD13,836)	-	-	388,930 (USD13,836)	533,995 (USD18,107)	76.67%	409,425 (USD13,883)	1,527,526 (USD54,341)	-
SCK	Manufacturing and sale of scooter parts	928,754 (USD33,040)	(ii) Note 1 (2)1	652,883 (USD23,226)	-	-	652,883 (USD23,226)	23,386 (USD793)	100.00%	23,386 (USD793)	526,557 (USD18,732)	-
Xiamen King Long United Automotive Industry Co., Ltd.	Assembling and manufacturing of automobile and its parts	Note 1	(ii) Note 1 (2)1	1,003,583 (USD35,702)	-	-	1,003,583 (USD35,702)	-	-%	-	-	492,628 (USD17,525)
Sanyang Global	Developing, wholesaling, importing and exporting the following items: computer software, tool equipment, molds, (eletric)scooter and automobile and their parts	252,990 (USD9,000)	(ii) Note 1 (2)1	252,990 (USD9,000)	-	-	252,990 (USD9,000)	4,158 (USD141)	100.00%	4,158 (USD141)	286,891 (USD10,206)	-
Chongqing Kuayue Group Co., Ltd.	Developing, manufacturing, selling engine of automobile and its parts	42,362 (USD1,507)	(ii) Note 1(1)	12,706 (USD452)	-	-	12,706 (USD452)	-	30.00%	-	-	-
NOVA Shanghai	Product design	365,486 (USD13,002)	(ii) Note 1 (2)2	323,574 (USD11,511)	-	-	323,574 (USD11,511)	(18,314) (USD(621))	100.00%	(18,314) (USD(621))	320,173 (USD11,390)	-
XTBM	Manufacturing, processing and sale of scooter parts	123,684 (USD4,400)	(ii) Note 1 (2)3	123,684 (USD4,400)	-	-	123,684 (USD4,400)	147 (USD5)	54.81%	88 (USD3)	18,581 (USD661)	-
GTBM	Manufacturing, processing and sale of scooter parts	Note 2	(ii) Note 1 (2)3	19,621 (USD698)	-	-	19,621 (USD698)	-	-%	-	-	-
Su Zhou Hui Ying	Retail of automobiles and its parts	269,856 (USD9,600)	(ii) Note 1 (2)4	269,856 (USD9,600)	-	-	269,856 (USD9,600)	1,032 (USD35)	89.60%	914 (USD31)	84,892 (USD3,020)	-
Chang Zhou Nan Yang	Retail of automobile and its parts	113,846 (USD4,050)	(ii) Note 1 (2)4	113,846 (USD4,050)	-	-	113,846 (USD4,050)	(118) (USD(4))	89.60%	(118) (USD(4))	88,490 (USD3,148)	-
Yangrun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	140,550 (USD5,000)	(ii) Note 1 (2)5	140,550 (USD5,000)	-	-	140,550 (USD5,000)	(147) (USD(5))	29.19%	(29) (USD(1))	47,534 (USD1,691)	-

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

Name of investee	Main business and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated remittance of earnings in current period
Tairun Hotel Co., Ltd.	Developing, leasing, and selling real estate and hotel	140,550 (USD5,000)	(ii) Note 1 (2)5	-	-	-	-	(17,193) (USD(583))	29.19%	(5,013) (USD(170))	4,722 (USD168)	-
Yangrun Property Management Co., Ltd.	Residential estate management, building repairing, and sale of construction materials and daily necessities	2,160 (CNY500)	(ii) Note 1 (2)6	-	-	-	-	-	29.19%	-	2,160 (CNY500)	-

Note 1: The Group disposed its investment in Xiamen King Long United Automotive Industry Co., Ltd in the year of 2018, and the proceeds from the disposal (including accumulated investment amount) was remitted to Chong Hing, the investment shareholding company of the disposed investee company.

Note 2: The Group disposed its investment in GTBM on July 31, 2019, and the proceeds from the disposal (including accumulated investment amount) was remitted to TBM BVI, the investment shareholding company of the disposed investee company.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,502,549 (USD89,027)	3,380,480 (USD120,259)	9,640,073

Note 1: The method of investment is calssified into the following three types:

(1) Through company in the third region to transfer money to invest in the investee in Mainland China.

(2) Through setting up company in the third region to invest in the investee in Mainland China.

1.The Company set up company in the third region to invest in the investee in Mainland China.

2.NOVA Design set up company in the third region to invest in the investee in Mainland China.

3.TBM set up company in the third region to invest in the investee in Mainland China.

4.Nanyang set up company in the third region to invest in the investee in Mainland China.

5.Qing Zhao Investment Co., Ltd. set up company in the third region to invest in the investee in Mainland China.

6.Split-up of Yang Zhou Tai Run Hotel Co., Ltd.

(3) Through investing company in the third region to invest in the investee in Mainland China.

Note 2: The investment income(losses) was recognized based on the investee company’s financial reports audited by international accounting firm which collaborated with the Company’s audit team or certified public accountants of R.O.C..

Note 3: In accordance with Permit No. 10804600980 (Principles for the review of investment or technical cooperation in the Mainland China) issued by Investment Commission, MOEA on March 12, 2019, the limit on investment in Mainland China is the higher of 60% of the Company’s or the Group’s net worth.

Note 4: If the investment was invested in foreign currency, the amount stated above had been converted into New Taiwan Dollar based on the following exchange rates:

Exchange rate on the reporting date: USD1=NTD28.1100；CNY1=NTD4.3200

Average exchange rate for the reporting period: USD1=NTD29.4911；CNY1=NTD4.2727

(iii) Significant transactions:

For the direct or indirect significant transactions between the Company and its investees in Mainland China, which have been eliminated in the consolidated financial statements during the year of 2020, please refer to “Information on significant transaction”.

SANYANG MOTOR CO., LTD.
Notes to the Financial Statements

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Da Yang Investment Ltd.	64,492,000	8.03%
Chuan Yuan Investment Ltd.	47,375,000	5.89%
Bai Ke Investment Ltd.	44,230,000	5.50%

Note: The aforementioned information of major shareholders is extracted from the statistics maintained by Taiwan Depository and Clearing Corporation, which reveal the shareholders whose shareholding ratios are over 5%. The calculation is based on the non-physical securities (including ordinary shares, private shares, and treasury shares) delivered through the book-entry system to the shareholder at the last trading day of every quarter.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2020.

Sanyang Motor Co., Ltd.

Statement of inventories

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	Amount		
Item	**Cost**	**Net Realizable Value**	**Note**
Finished goods	$ 644,950	673,597	
Work in progcess	66,860	66,860	
Raw materials	1,027,931	1,142,291	
Consumables	5,537	5,537	
Inventories in transit	273,889	273,889	
Total	2,019,167	**2,162,174**	
Less: Allowance for inventory market price decline and obsolescence	(89,257)		
Net	**$ 1,929,910**		

Sanyang Motor Co., Ltd.

Statement of changes in investments accounted for using the equity method

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Additions		Deduction			Exchange differences on translation of		Unrealized gains (losses) on financial assets at fair value throuth other	Share of acturial gains (losses) of the investee company's'		Ending Balance			
Name of Investee	Shares	Amount	Shares	Amount	Shares	Amount	Investment income (losses)	foreign financial statements	Capital surplus	comprehensive income	defined benefits obligations	Retained earnings	Shares	Percentage of Ownership	Amount	Collateral
Shan Young Assets Management Co., Ltd.	556,300	$ 6,394,212	100,000	1,000,000	-	-	(93,187)	-	-	187,616	-	-	656,300	100.00%	7,488,641	None
Youth Taisun Co., Ltd.	16,753	188,100	-	-	-	-	19,053	-	-	5,847	(4,156)	-	16,753	100.00%	208,844	〃
Chu-Yang Motor Co., Ltd.	2,900	27,908	-	-	-	-	9,092	-	-	-	-	-	2,900	100.00%	37,000	〃
Nanyang Industries Co., Ltd.	126,484	1,622,100	22	305	-	18,973	137,193	(666)	(1,640)	-	(22,648)	-	126,506	89.60%	1,715,671	〃
Nanchen Industries Co., Ltd.	1,986	15,958	-	-	1,986	15,190	(2,611)	-	1,843	-	-	-	-	- %	-	〃
NOVA Design Co., Ltd.	18,000	203,151	1,080	-	-	537	2,440	(902)	-	4,134	3,239	-	19,080	100.00%	211,525	〃
SUNSHINE AUTO-LEASE Co., Ltd.	6,473	77,503	291	-	-	-	5,394	-	-	-	-	-	6,764	16.27%	82,897	〃
Ching Ta Investment Co., Ltd.	85,186	1,251,087	10,621	-	-	-	134,498	(2,833)	-	110,147	(699)	40,188	95,807	99.66%	1,532,388	〃
APh ePower Co., Ltd.	26,000	250,146	-	-	-	-	(14,195)	-	-	-	-	-	26,000	23.21%	235,951	〃
Profit Source Investment Ltd. (Samoa)	-	3,443,147	-	-	-	-	11,643	57,241	-	-	-	-	-	100.00%	3,512,031	〃
Sanyang Deutschland GmbH	-	98,450	-	-	-	-	1,471	2,793	-	-	-	-	-	100.00%	102,714	〃
SY International Ltd.	-	5,627,527	-	-	-	329,417	334,067	(204,482)	-	(42,268)	-	-	-	100.00%	5,385,427	〃
SY Italia S.r.l	-	156,724	-	-	-	-	22,800	5,000	-	-	-	-	-	100.00%	184,524	〃
Sanyang Motor Colombia S.A.S (SCB)	-	67,966	-	-	-	-	(35,007)	(7,513)	-	-	-	-	-	100.00%	25,446	〃
Total		$ 19,423,979		1,000,305		364,117	532,651	(151,362)	203	265,476	(24,264)	40,188			20,723,059	

Note 1: The additions were purchases and share dividends received, and the deduction was cash dividends received and disposals.

Note 2: Unrealized gains (losses) on financial assets at fair value throuth other comprehensive income in the amount of $265,476 thousand included the valuation of $305,664 thousand and the realized accumulated gains (losses) of $40,188 thousand transferred to retained earnings due to disposals.

Sanyang Motor Co., Ltd.

Statement of changes in property, plant and equipment

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(g) for the regarding information.

Statement of changes in investment property

Please refer to Note 6(h) for the regarding information.

Sanyang Motor Co., Ltd.

Statement of short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Loan Type	Lender	Ending Balance	Financing Period	Interest Rates	Crdit Line	Collateral
Unsecured bank loans	Agribank, Hsinchu Branch	$ 500,000	2020.12.11~2021.06.11	0.88%	500,000	None
Purchase loans	ChangHwa Bank, Songshan Branch (A)	116,753	2020.08.07~2021.02.03	0.90%	2,000,000	The land located at Neihu District, Taipei City and the land and buildings located at Xinfeng Township, Hsinchu County
Secured bank loans	ChangHwa Bank, Songshan Branch	1,000,000	2020.06.17~2021.06.17	0.90%	Shared credit line with (A)	〃
〃	Taiwan Business Bank, Songshan Branch	150,000	2020.12.11~2021.03.11	0.98%	2,500,000	The land and buildings located at HuKou Township, Hsinchu County
〃	YuanTa Bank, Ximen Branch	500,000	2020.12.14~2021.03.19	0.85%	800,000	The land and buildings located at South District, Tainan City
〃	Bank of Taiwan, Beida Rd. Branch	200,000	2020.10.30~2021.01.28	0.98%	500,000	The land and buildings located at Zhongli District, Taoyuan City and Zhubei City, Hsinchu County
〃	HuaNan Bank, Songshan Branch	700,000	2020.11.06~2021.02.05	0.90%	2,000,000	The land and buildings located at Neihu District, Taipei City and Xinzhuang District, New Taipei City
〃	TaiShin Bank, Kanto Bridge Branch	1,000,000	2020.11.30~2021.01.04	0.80%	1,000,000	The time deposits of the subsidiary, Chong Hing
〃	ShinKong Bank, East Taipei Branch	1,200,000	2020.12.21~2021.01.13	0.88%~0.90%	1,400,000	The land and buildings located at Neihu District, Taipei City
		$ 5,366,753				

Sanyang Motor Co., Ltd.

Statement of trade payables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Vendor Name	Description	Amount	Note
Non-related parties			
A Company	Loan	$ 228,651	
B Company	〃	163,384	
C Company	〃	120,015	
Others	〃	1,810,545	Each of the items was less than 5% of the account balance
Total		$ 2,322,595	

Sanyang Motor Co., Ltd.

Statement of long-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Lendor	Loan Type	Financing Period	Interest rates	Ending Balance	Collateral
Land Bank of Taiwan, Hsingong Branch	Credit line of secured loans, part A: $1,000,000 thousand	2020.11~2025.11 The loan may be appropriated but cannot be revolved	1.20%	$ 1,000,000	The land and buildings located at HuKou Township, Hsinchu County
〃	Credit line of secured loans, part B: $1,000,000 thousand	2020.11~2025.11 The loan may be appropriated and revolved	〃	1,000,000	〃
Taiwan Cooperative Bank, Songshan Branch	Credit line of secured loans $2,000,000 thousand	2020.11~2025.11 The loan may be appropriated and revolved	1.20%	2,000,000	The land and buildings of the subsidiary, Shan Young, located at Neihu District, Taipei City
Agribank, Hsinchu Branch	Credit line of secured loans $700,000 thousand	2020.02~2022.10 The loan may be appropriated and revolved	0.84%~0.87%	700,000	The land and buildings located at Neihu District, Taipei City
Export-Import Bank of R.O.C., Hsinchu Branch	Credit line $500,000 thousand	2020.11~2022.11 The loan may be appropriated but cannot be revolved	1.0768%	500,000	None
Subtotal				5,200,000	
Less: Current portion				-	
Total				$ 5,200,000	

Sanyang Motor Co., Ltd.

Statement of operating revenue

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Automobiles	12,480 units	$ 8,430,190	
Scooters	383,496 units	20,451,009	
Engines and spare parts		2,142,164	
Total sales		31,023,363	
Less: Sales discounts and returns		(291,979)	
Net sales		30,731,384	
Revenues from technical services		46,659	
Revenues from OEM		8,922	
Other revenues		9,869	
Net operating revenues		**$ 30,796,834**	

Sanyang Motor Co., Ltd.

Statement of operating costs

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Raw materials	
Beginning inventories	$ 1,365,550
Add: Purchases	19,360,847
Gain on physical inventories	272
Less: Non-manufacturing requisitions	(94,021)
Disposals	(5,494)
Ending inventories	(1,307,357)
Usage	19,319,797
Direct labor	739,965
Manufacturing expenses	1,813,492
Manufacturing costs	21,873,254
Add: Beginning work in process	44,828
Less: Ending work in process	(66,860)
Costs of Goods manufactured	21,851,222
Add: Beginning finished goods	715,926
Purchases	1,701,757
Less: Ending finished goods	(644,950)
Others	(61,913)
Manufacturing costs	23,562,042
Revenues from sale of scraps	(32,501)
Gain on physical inventories	(272)
Loss on disposal of inventories	5,494
Gain on recovery of inventory market price decline and obsolescence	1,210
Cost of goods sold	23,535,973
Cost of technical services	20,975
warranry expenses	223,518
Commodity tax	3,082,224
Operating costs	**$ 26,862,690**

Sanyang Motor Co., Ltd.

Statement of selling expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Salary expenses	$ 266,256
Recycling and clearing expenses	241,252
Advertising expenses	113,357
Others (Each of the items was less than 5% of the account balance)	197,807
Total	**$ 818,672**

Statement of administrative expenses

Item	Amount
Salary expenses	$ 349,713
Donation expenses	255,740
Depreciation	53,019
Others (Each of the items was less than 5% of the account balance)	252,133
Total	**$ 910,605**

Statement of research and development expenses

Item	Amount
Salary expenses	$ 391,110
Depreciation	44,316
Consumables	176,434
Others (Each of the items was less than 5% of the account balance)	206,846
Total	**$ 818,706**

Sanyang Motor Co., Ltd.

Statement of other gains and losses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to Note 6(t) for the regarding information.

Statement of finance costs

Please refer to Note 6(t) for the regarding information.

Statement of gain on disposal of non-current assets held for sale

Please refer to Note 6(t) for the regarding information.