SANYANG MOTOR CO.,LTD. Annual Report 2020

三陽工業
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Annual Report 2020

Stock Code: 2206

SYM

SANYANG MOTOR CO.,LTD.
Publication Date: May 13, 2021
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Website of the Company: http://www.sanyang.com.tw

------DISCLAIMER----

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None.

VI. Website of the Company: http://www.sanyang.com.tw/

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Chapter 1. Letter to Shareholders

I. 2020 Business Report

(I) Results of Operation

Net sales amount was NT$ 30,796,834 thousand in 2020, with a YoY growth of 30.17% compared with NT$ 23,659,272 thousand in 2019.

(II) Budget Execution

Unit: NT$ thousand

Item	Estimated 2020 net operating revenue	Actual 2020 net operating revenue	Difference	Control rate (%)
Motorcycles	15,447,951	20,204,502	4,756,551	130.79%
Vehicles	7,665,955	8,416,879	750,924	109.80%
Others	1,975,934	2,175,453	199,519	110.10%
Total	25,089,840	30,796,834	5,706,994	122.75%

(III) Financial Revenue and Expenditure and Profitability Analysis

1. Financial revenue and expenditure :

In 2020, net operating revenue was NT$ 30,796,834 thousand, operating cost was NT$ 26,862,690 thousand, operating expense was NT$ 2,545,163 thousand, net operating income was NT$ 1,379,482 thousand, non-operating income and expenses was NT$ 883,996 thousand and profit before income tax was NT$ 2,263,478 thousand.

2. Profitability analysis:

Item	2020	2019
Return on assets (ROA) (%)	6.26	7.75
Return on equity (ROE) (%)	13.46	16.57
Net profit margin (%)	6.29	9.41
Earnings per share (EPS) (current period) (NT$)	2.41	2.71

(IV) Research and Development

1.Motorcycle

(1)Mass production models launched in 2020:

A. Fiddle LT 115 (domestic sales)

Introduction

It is a small commuter motorcycle developed particularly for young women, with a retro, fashionable and simple shape and fresh accessories/colors. The light and delicate shape and convenience of carrying that women care about the most are highlighted. Besides, CBS and ABS braking systems are introduced to increase driving safety. Thus a tool for riding instead of walking that caters to own taste and makes rider felt secure, safe and comfortable is provided for college students and women just entering the society.

Product positioning

It is a kind of commuter motorcycle intended for young women at the age of 18-24. Aimed to develop a tool for riding instead of walk, it highlights shape, size and reasonable price. In addition, it also has the distinct product characteristics of carrying convenience, low height of seat (rider could tread on the ground smoothly) and suitable center pillar (rider could stand up steadily).

B. Fiddle 125 (domestic sales)

Introduction

Fiddle 125 contains Privis technology under the retro neutral appearance. Focused on the urban new-new generations concerning texture, it is going to enter the 125c.c. retro large body market oriented to urban new generations concerning quality. Characterized by rounded and elegant shape and the design of modest luxury, it is the combination of lower leather cloak ornament and upper Tadee jewelry of frame front plate; the two elements that mix with each other are to develop the hierarchical texture and beauty.

Product positioning

It is designed for the high-income office workers aged at 25-44, dominated by women and supplemented with men. All of them are consumers who like retro model and highlight product shape. Applicable to the medium/shop-distance commuting, it is an urban motorcycle with excellent shape and practicability in virtue of Grade I oil consumption.

C. JET SR 125 (domestic sales)

Introduction

Since its launch in market in 2015, JET S has been successfully rooted in 125c.c. youth market and becomes one of the preferred models with popular performance. Besides, the diversified refitting and accessories that young people highlight are designed. To ensure the continuous popularity of JET, the new generation of LED lens type fisheye headlamp, light bar taillight and JET SR with performance regulated are launched, so as to ensure competitiveness of the commodity.

Product positioning

Mainly targeted at the young men aged at 18-24, it, besides those students/workers, is also applicable to those who like going for a ride and running the mountains by motorcycle and are interested in refitting. Appearance and shape, power control, price and refitting are the advantageous characteristics to be considered while purchasing the motorcycle.

D. MAXSYM 400 (domestic sales and export)

<u>Introduction</u>

The 400c.c. product cruising in the city shows the modern aesthetics with European style with brand-new external evolutionary design and geometric simplicity and neat elements, supplemented with light and compact body design. Meanwhile, the high-quality LED lamps, conveniences such as KEYLESS and TCS and safe new motorcycle equipment are designed, making consumers have a sense of freshness.

<u>Product positioning</u>

Intended for the men aged at 35~59 and white or blue collars having budget consideration, it satisfies the demands of urban commuting and long-distance leisure tourism. The product focuses on the features of conform and practicability.

E. JET X 125 (product name for sales in Thailand: DRONE) (export)

<u>Introduction</u>

The Company has a strategic cooperation with Thailand's third largest brand GPX to jointly develop a brand-new luxury sports scooter with keel shape by utilizing JET 14 platform, which contributes to the opportunity for launching SYM in Thailand's market and further expansion to ASEAN and global markets (Europe). The brand-new design style enriches SYM product line and provides consumers with more diversified choices.

<u>Product positioning</u>

Intended for young men aged at 25-39 and white-collar office workers in Europe, it is applicable to commuting and suburban leisure travel. Requirements: Brisk start, flexible control, smooth riding and safety among bicycles and vehicles.

F. CRUiSYM α125/250/300 (export)

<u>Introduction</u>

With the "transboundary" sports requirement, it is a sports large scooter able to meet urban and suburb travel. LED lens-type fisheye headlight and VA

Type LCD multicolored panel are newly increased and imported, to improve CRUiSYM product competitiveness. Product features: Besides the practical convenience, riding comfort and excellent control, 300c.c. is also designed with “TCS traction control system”, to improve riding active safety and improve consumer satisfaction.

Product positioning

Oriented to young and mature men at the age of 30-45 middle and high-come groups, it concerns shape and brand. 80% of application is for daily commuting and 20% is for holiday suburb travel.

G. Joymax Z+ 125/250/300(export)

Introduction

It is a “beginner cruiser with high-quality riding feeling and the high-CP value large scooter at a favorable price. On the basis of Joymax Z, it has new shape at front end view; designed with LED dual headlights, it has style form low profile into elegance and calmness, but still maintains the flexible visual feeling. In addition, 300 c.c. is also designed with the “TCS traction control system”, to enhance product active safety and make product more competitive.

Product positioning

Oriented to (young and mature) male office workers at the age of 30-40, people purchasing motorcycle for the first time who is sensitive to price and has limited motorcycle budget or people who want to upgrade their motorcycle (200 c.c. below) into 300 c.c., it can meet the use demands of 80% daily urban commuting and the 20% suburb travel.

(2) 2021 mass production models

Besides the existing 50-600 c.c. under mass production, for the different types of motorcycles and light motorcycles, we will, besides satisfying different market demands, launch the brand-new and modified new type motorcycles both in domestic and foreign markets in 2021 in successions according to market demands of different markets and compartments, including six brand-new scooters, five modified scooters, one modified automatically transmission motorcycle and two electric bicycles, which will contribute the motorcycle sales and income a lot.

2. Vehicle

A. TUCSON Shadow

Introduction

To respond to the new demand of modern travel, TUCSON Shadow is added with multiple special accessories, e.g. boldly referring to current fashionable aesthetic new color – “smelting grey”, a brand-new motorcycle color; installing the exclusive Shadow Shine night running kit, shining black mesh air dam and 18-inch shining black turbo type aluminum ring, so as to add more mysterious night fashion to TUCSON Shadow; the high-luster shining coating on rear window, tail wing and rearview mirror is aimed to create stronger running atmosphere. It accords with the integrated streamline design aesthetics developed by HYUNDAI’s chief consultant Peter Schreyer and minimalist aesthetics that is popular at present and focuses on the theme of black, so as to highlight its style of briskness.

TUCSON Shadow also have made multiple breakthroughs in the part of car hold decoration, the fashion new concept combined with the eco-friendly protection topic. All seats are made from chamois environmentally friendly material. The sports car front seats are partially mixed with the red rolled edge design; accelerator pedal is made of reinforced metal material. All those interior and exterior decorations create an overall running atmosphere.

<u>Product positioning</u>

The car is targeted at the customers who upgrade domestic cars and are concerned about safety and controllability.

B. TUCSON 2.0 Premium

<u>Introduction</u>

Tucson 2.0 premium has been designed with a new and cool black grid radiator cover to highlight its special style. It is also designed with an exclusive premium nameplate to further stress its extraordinary style. To express the theme of “luxury”, the new 2.0 Premium car has been designed with EPB electronic handbrake and Auto Hold automatic parking system (APS) as well as 8-inch suspension touch screen above the console. Such functions as Apple CarPlay / Android Auto and reversing camera as well as Smart Key intelligent key-free control system, Push Start engine starting key and electric adjustable driver’s seat are designed to highlight comfort and technological connotation. It is also equipped with photosensitive headlights, dual-zone constant temperature air conditioning system, diverse optional driving modes, HAC uphill start aid system, DBC steep hill slow descending aid system, 4-sensor reversing radar, 6 auxiliary airbags, etc., making it a typical and most valuable tour car for domestic house at a price of NTD 900,000 in Taiwan’s market.

Product positioning

The car is targeted at the customers who upgrade domestic cars and are concerned about safety and controllability..

C.ELANTRA/ELANTRA Sport 30th Anniversary

Introduction

Compared with simple and elegant standard model, ELANTRA 30th anniversary is designed with 30th anniversary nameplate which is used to highlight the exclusive quality. The dedicated Two-tone suspension roof wall matches with rear window roof spoiler so as to make the appearance which is tough and powerful more vigorous. The dual-color aluminum ring, rear mirror decorative cover, radiator trim frame (applicable to ELANTRA Sport models only) and metal fuel tank trim cover make ELANTRA/ELANTRA Sport the highlight of the street undoubtedly under the effect of cool black coating effect. In addition to the upgraded appearance design, the car is also designed with improved interior parts, i.e., the chamois seats, which bring totally different driving experience for drivers.

Product positioning

ELANTRA is the ideal choice of the buyers willing to purchase 1.6~1.8 medium-sized recreational vehicle on the basis of meeting their economic budget. ELANTRA Sport is designed with new generation of 1.6 L gasoline turbo engine and 7-speed DCT transmission system, which is quite attractive for the customers paying special attention to performance.

D.ELANTRA Sport Final Force

Introduction

Besides following the design style of DNA-Intense Glide sports car in the series, ELANTRA Sport Final Force Ultimate is also designed with exclusive Black Package cool and black suite trim, hexagon honeycomb disturbance device, rear mirror decorative cover and dual-color aluminum ring, all of which are in black color and highlight the optimal performance of the car together with chamois seats. In addition to the above, Final Force is also designed with tailored trim parts, such as front air guide wing, invincible lower disturbance wing, strategic tail wing and ultra-high speed shunt, so as to make ELANTRA Sport always the highlight of the whole site.

Product positioning

It is equipped with a new generation of 1.6 L gasoline turbo engine and a

7-speed DCT transmission system to attract the buyers paying special attention to performance.

E.ELANTRA 2021 Model Year

Introduction

To bring consumers with the optimal driving experience, the new year ELANTRA classic car has been designed with upgraded cruise control and steering wheel sound quick dial functions so that drivers could enjoy the driving experience more wholeheartedly. The car is configured with standard air conditioner outlet of rear seats so as to ensure the cooling effect of the members sitting at the rear seats. For the models of Luxury level and above, Smart science and technology have been adopted, such as Smart Key intelligent key-free control system, Push Start intelligent on/off device and exclusive Smart Trunk intelligent sensing tail compartment technology, all of which make the car more optimal and useful. Following the brand’s innovative design style, the 6th generation of ELANTRA is more outstanding and special, which is designed with the horizontal grid hexagon disturbance device, vivid LED headlights on both sides/DRLs, all of which contribute to the fashion and amazing visual effect. When viewed from one side, the whole car is smooth and the low and elegant shape totally manifests its charm that arouses the attention of everyone.

Product positioning

The product can satisfy the safety requirements of the market and economic customers.

F. The New IONIQ Hybrid

Introduction

The European style of the New IONIQ Hybrid that has been modified totally has been upgraded again by integrating some fashionable and elegant elements. The design above contributes to the ultra-low drag coefficient of 0.24Cd. It is also designed with fresh new disturbance device in diamond pattern and attractive Fastback inclined back and bottom well matched with LED taillight, making it highly outstanding and enhancing the aesthetic quality. The idea of pursing future development is fully manifested by the cabin of The New IONIQ Hybrid. The use of the brand new 7-inch Super Vision color digital meter makes it possible to switch among different driving modes, making traveling information clearer and highlighting the sense of science and technology. The console arrangement, which is totally different from the previous one, is dominated by the 8-inch suspension touch multi-media audio and video host, which is also matched with dynamic energy management system and supports Apple Carplay/Android Auto functions. With HYUNDAI's car production idea contained in the design, the New IONIQ Hybrid is designed with the highest safety standard. The HYUNDAI Smart Sense intelligent safety technology applied this time includes SCC intelligent initiative space maintenance system (Stop & Go attached), FCW front collision warning system/FCA front active collision parking aid system (including pedestrian detection), LFA lane maintenance auxiliary system, LDW lane deviation warning system/LKA lane deviation aided system, LVDA front vehicle leaving system, DAW driving fatigue warning system and HBA intelligent dipped headlight and headlights on full beam adjustment system, etc. The Level 2 semi-automatic driving function could help avoid risks and make safety judgment in advance. The New IONIQ Hybrid has ultra-high body structure rigidity by using AHSS advanced highly rigid steels. The proportion of use of highly rigid steel reaches 53.5%. The whole car is designed with 7 SRS aid air bags. Upon its launch in 2017, it was granted IIHS TOP SAFTY PICK by the international vehicle safety appraisal organization for 3 consecutive years. The car not only consumes green energy but also ensures driving safety.

Product positioning

The car is aimed to attract the customers with favorable economic foundation and highlighting CP value with its fashionable appearance and highly safe performance.

G.KONA Hybrid

Introduction

The brand new KONA Hybrid is the exclusive hybrid car fitted with lithium ion polymer batteries among the products of the same level and integrated with green technology, intelligent technology and driving funs. It has changed the impression on the small hybrid SUV substantially! As the first small Hybrid SUV among the products of the same level in the market, it is outstanding in terms of environmental protection and energy conservation as well as operation experience. The 1.6 L GDi direct injection engine is designed with the exclusive 6-speed DCT dual-clutch gearbox among the same level. With HYUNDAI's latest generation of Hybrid energy system, it can output the power of 141 ps and 27 kgm at maximum and superior oil consumption level of 26.7 km/L, reflecting its outstanding efficiency further. It is charged by electricity automatically when slowing down. Electricity is used under general circumstances to enhance the oil consumption performance.

The appearance of KONA Hybrid follows the attractive and special design style of KONA series. The aesthetic design was granted four awards such as 2018 (Red Dot Design Award, iF design, Good Design Award and IDEA Design Award. The hexagon honeycomb radiator cover in the center of the vehicle head is well matched with the special separate headlights, and perfectly combined with the extended side line of dynamic wing that is extended backward. The low bottom full of dynamics and the saturated tail design, together with the Two-Tone dual-color black suspended roof concept, make the visual effect of the whole car fashionable and extraordinary.

Product positioning

As one of Hyundai's latest generation of green energy SUVs, it was upgraded on the basis of KONA Hybrid and has more vivid brand image. It highlights Hyunda's highlight on environmental protection and energy conservation.

H.KONA PLUS

Introduction

Besides following the strength of the group's new generation of SUV, it draws the attentions with the special hexagonal radiator and separated headlights. The elaborately designed head and tail modeling could better reflect the design aesthetic connotation of HYUNDAI's SUV. The body line is three-dimensional and well arranged. The dynamic and quiet overall feeling reflects its marvelous performance at all times. The interior design reflects youth and fashion with Two-Tone design and optimized functions. Power is supplied with the 1.6 L direct injection turbo engine which is prevailing in today's market. It has the maximum power of 177 ps and 27 kgm peak torsion. With 7-speed DCT dual-clutch gearbox, KONA PLUS not only brings driving fun but also enables driver to experience the pleasure of controlling from the inner heart.

The highlights of KONA PLUS lie in the "SCC intelligent active space maintenance system" with upgraded "HYUNDAI Smart Sense" safety and technology in the medium/senior vehicle models. It is also designed with DAW driving fatigue driving system, FCW front collision warning system, FCA front active parking aid system, BCW blind area detection and warning system, LDW lane deviation warning system, LKA lane deviation aid system, LCA lane change rear warning system, RCCW rear traffic anti-collision warning system, etc. so as to realize the optimal protection at all times. Also with the 51% AHSS advanced highly rigid steel body, 6 SRS air bags, ESC electronic vehicle dynamic stability system/ VSM integrated vehicle dynamic management system, HAC uphill start aid system, DBC steel hill slow descending aid system, etc., the vehicle is the safety type among all Class 1 million cars.

Product positioning

The car belongs to the latest small SUV, which lays emphasis on design, safety and driving dynamics.

I. ALL NEW VENUE

Introduction

The All-New VENUE is designed with the high view and high practicality of the SUV. Its delicate body line design is classic, eternal and popular. By inheriting the smooth model that HYUNDAI Motor excels in, the new generation of separate headlights is eye-catching and attractive. Both the exterior and interior designs are dominated by Two-tone mode, making it the best choice for fashion men and women. The car is equipped with the 8-inch video multimedia system, NAVI navigation system and the most popular Apple CarPlay and Android Auto action device link function. Moreover, the Off-road drive mode with 6 kinds of drive modes is available for this car exclusively among the cars of the same level. The rear seats and carriage can be combined flexibly to enhance your driving experience and make your travel wonderful.

HYUNDAI pays special attention to the modeling technique and safety. The All-New VENUE eradicates the impression that mini-car is unsafe totally. With strong and safe body and super active and passive safety equipment, it could best safeguard the new generation of car owners. Over 62% of the whole car is made of HSS highly rigid steel. The car is also equipped with "HYUNDAI Smart Sense" six advanced safe technologies that this brand is proud of. The standard 6 air bags really make the whole car beyond customers' expectations and safeguard drivers' safety.

Product positioning

Strategically positioned for the beginners, it can satisfy the demands of economic families and is also a good choice for women/young consumers.

(2) Vehicle types that will be produced in bulk in 2021:
The brand new SUVs, refitted passenger vehicles and commercial trunks will be launched in 2021 to satisfy customers' diverse methods and requirements for repurchase and upgrading.

II. Outline of 2021 Business Plan

(I) Business strategies

1. Quality: Finish work and delivery punctually and by ensuring both quality and quantity.
2. Innovation: Keep improvement and enhance the company's competitiveness with new thinking and technology.
3. Service: Enhance professionalism, customer experience and brand satisfaction.

(II) Sales Volume Forecast

The sales forecast for 2021 is: 344,000 motorcycles and 12,000 cars.

(III) Key production and distribution policy

1. Boost the marketing system focusing on "customer satisfaction"
   (1) Keep improving the value of SYM brand by enriching the scientific and humanistic features of the products; reflect the brand features of vitality, enjoyment, innovation and international vision and bring more traveling funs to customers;
   (2) Keep upgrading the hardware and software level of distribution channel, intensify service and technical training, create the channel store style and decoration complying with professional brand image and enhance the channel management efficiency and the level of sales, maintenance and parts (3S);
   (3) Cooperate with overseas agents with high quality products, occupy overseas market actively and enhance the global market occupancy rate;
   (4) Enhance the differentiated added value in virtue of innovative thinking, break through outdated ideas, resolve difficulties from a non-traditional perspective and grasp and cope with market changes quickly and effectively;
   (5) Keep intensifying the management and sales systems of the part center, enhance the quality and supply of parts and improve the sales volume of the original plant's parts.
2. Implement the production system where "quality" is prioritized
   (1) Boost the machine platform and balanced production constantly;
   (2) Implement quality audit and auxiliary system and ensure the quality of global production base and satellite plant;
   (3) Strengthen the problem awareness and problem-solving capacity of all staff and boost plant datamation, transparent information and reasonable process.
3. Enhance auto plant's productivity and product competitiveness comprehensively
   (1) Cooperate with Hyundai Motor continuously and closely, keep the same pace with international HYUNDAI brand operation and intensify the capacity of the existing production line;
   (2) Introduce energy-saving and NEVs, motor vehicles with high performance and discounted price and intensify brand image and product competitiveness;
   (3) Introduce Hyundai Motor's most competitive commercial vehicle, improve product sales line and expand market occupancy;
   (4) Update production equipment and carry out reasonable process construction

continuously, seek for overseas OEM orders and improve productivity.

4. Talent cultivation system laying emphasis on international talent cultivation.
5. Establish certain economic scale for SYM.

III. Future Development Strategies of the Company and Effects of External Competitions, Legal Environment and Overall Business Environment

(I) According to international environmental protection/energy conservation trends, related government laws, regulations and their amendments on promoting energy conservation and reduction of carbon emissions, the Company has first launched a full range of motorcycles in line with Phase 7 laws and regulations of Taiwan. It has been actively developing new energy and energy-saving commodities dependent upon its outstanding R&D strengths. It develops energy-saving internal-combustion engines and electric vehicles, in order to improve energy efficiency and keep up with accelerated development of new energy vehicles;

(II) In consideration of developed public traffic network, extended service life of vehicles, secondhand vehicle trading markets, sub-replacement facility and aging, the Company actively promotes integration of motorcycle platforms. By sharing its value chain, it expands purchases of shared parts, enhances purchasing personnel's bargaining power, and alleviates impacts of growing costs. In addition, the Company supplies energy-saving new energy vehicles with safe, superior and reliable quality, to improve customer satisfaction.

(III) Continuously enhance R&D capabilities and manufacturing technologies; develop key energy technologies for electric vehicles, increase added value of products, expand overseas sales markets, improve overall business performances and enhance international competitiveness of domestic and overseas companies in response to declining duties, rigorous environmental requirements and great challenges from competitive international manufacturers.

Chapter 2. Company Overview

I. Company Profile

Items	Summary
Date of Incorporation	Incorporated on August 29, 1961, and formerly known as Sanyang Electric Machinery Plant, which was incorporated in 1954
Headquarters	3 Chung Hua Rd., Hukou, Hsinchu Tel: (03)5981911
Xingfeng Plant	184 Keng Tzu Kou, Shangkeng Village, Xinfeng, Hsinchu Tel: (03)5576788
Parts Center	815 Xinxing Road, Xinfeng Township, Hsinchu **Tel: (03)5970612**
Authorized Capital	NT$9.5 billion
Number of Employees	About 2,313
Major Products	Vehicles, motorcycles, automotive products, parts and assemblies, etc.

II. Company History

1954 · Sanyang Electric Machinery Plant was founded in Neihu District, Taipei to manufacture dynamoelectric light sets for bicycles.

1959 · Sanyang Electric Machinery Plant was reorganized as Sanyang Electrical Machinery Co., Ltd.

1961 · Sanyang Electrical Machinery Co., Ltd. was reorganized as Sanyang Industry Co., Ltd.

1962 · Sanyang collaborated with Honda, Japan to manufacture motorcycles.

1967 · Sanyang signed a technology agreement with Honda, Japan on automobile production.

1969 · Sanyang's automobile plant was inaugurated to manufacture automobiles.

1976 · Sanyang independently developed and applied Steadite AlloyCylinders to her products with a 50,000km warranty; Steadite Alloy Cylinders were exported to Honda, Japan.

1977 · The first 1200cc automobile, Honda Civic, was launched and Nanyang Industries Co., Ltd. became the exclusive distributor of Sanyang automobiles.

1978 · Foundation Stone Laying Ceremony of Hsinchu Plant was held.

1980 · Dr. Shi H. Huang succeed Mr. Chi-Chun Huang as Chairperson of the Board; motorcycle production lines in Neihu were

1982 · Sanyang started to export motorcycles to the Dominican Republic.

1989 · Hsinchu Automobile Plant was inaugurated; automobile production lines in Neihu were relocated to the Hsinchu Plant.

1990 · Sanyang Safety Driving Center was opened to the public; Sanyang Educational and Training Center was inaugurated; Taiwan's first automatic auto body welder G/W M/C was utilized in the production lines.

1992 · Sanyang entered into a technology alliance with VMEP in Vietnam.

1995 · Sanyang entered into technology alliances with Xiashing Motorcycle Co., Ltd. and Qingzhou Engineering Industry Co., Ltd.in China; ISO 9001 and ISO 9002 were certified.

1996 · Sanyang was listed on the Taiwan Stock Exchange.

1998 · Sanyang was certified to ISO 9000, ISO 14001 and OHSAS 18001, the three-in-one integrated management system.

1999 · The Engineering Division was inaugurated; administration and other functional offices in Neihu were relocated to the Hsinchu Plant and Sanyang resettled in Hsinchu completely.

2000 · Sanyang acquired VMEP, Xiashing and Qingzhou.

2001 · The engine plant of VMEP started operations.

2002 · Sanyang severed ties with Honda, Japan and engaged in a technology cooperation with Hyundai Motors, Korea; Aerospace Ceramic Cylinders and Electronic Fuel Injection System were able to be applied to all lines of products.

2003 · The Engineering Division was certified to QS 9000; VMEP was certified to ISO 9001.

2004 · Sanyang acquired 25% stake in King Long United Automotive Industry Co., Ltd.; the Product Life Cycle Management System (PLM) was applied.

2005 · Sanyang won the Ministry of National Defense bid to manufacture 4988 units of military tactical trucks; Sanyang Motor Vietnam Company Limited (SMV), the 13th automaker in Vietnam was established; Sanyang Italia S.R.L. in Italy started operations; PT.Sanyang Industri Indonesia was formally granted license to commence production.

2006 · Sanyang announced her brand new logo, the Moving Arrow.

2007 · The ground-breaking ceremony of SMV was held; Sanyang entered into a cooperation with Mahindra& Mahindra Limited (MTWL) to produce scooters in India; VMEPH was listed on the Hong Kong Stock Exchange.

2008 · Sanyang Global (Xiamen) Co., Ltd. started operations

2009 · Sanyang announced the application of Swirl Tumble Control System (S.T.C.S.) and cooperated with Uniteks Gida Tekstil Motorlu Araclar San. Ve Tic. A.S. in Turkey to manufacture motorcycles; ISO14064 was certified; VMEPH issued Taiwan Depository Receipts (TDR) in Taiwan; electric bicycles were launched.

2010 · VMEP R&D Centers in Vietnam was inaugurated.

2011 · The Groundbreaking Ceremony of Sanyang Nei-Hu Headquarter Park was held.

2012 · SYM launched E-WOO, a light electric scooter.

2013 · SYM launched two brand new big scooters, MAXSYM 400i and GTS 300i.

2014 · Sanyang entered into an OEM agreement with Kia Motors Corp. .

· Messrs. Walter H. C. Chang and C. Y. Wu were elected Chairperson and Vice Chairperson respectively in the Board of Directors Meeting.

2015 · SYM SB300 was launched in Taiwan.

· SYM brand logo and font (typeface) were formally revised.

· Sanyang Industry Co., Ltd. was formally renamed as Sanyang Motor Co., Ltd..

2016 · Shark Mini, a new 125cc scooter, was launched in Vietnam.

· Hyundai’s new SUV All New Tucson was launched in Taiwan.

· Xiashing Motor received the Chinese High-Tech Enterprise Certification from the Xiamen Government.

2017 · Mr. C. Y. Wu and Ms. Li-Chu Wu were elected Chairperson and Vice Chairperson respectively in the Board of Directors Meeting.

· VMEP opened a new office in Ho Chi Minh City.

· VMEP held a groundbreaking ceremony for its new plant in Phu Nghia.

· SYM announced its whole new engine with Zero-Resistance Starter & Generator System (ZRSG) in the 2017 Milan Motorcycle Shows (EICMA).

2018 · "Solar Roof" was installed to practically support our national green policy.

· Xiashing Motor celebrated the relocation of its R&D Center.

· Sanyang’s Spare Part Center held its groundbreaking ceremony.

· Sanyang signed a memorandum of understanding (MOU) with the state-run CPC Corporation for a joint development of electric-vehicle business.

2019 · President Tsai Ing-wen visited Sanyang`s Hsinchu Plant.

· Vietnam Manufacturing and Export Processing Co., Ltd. formally relocated its Dongnai Plant to Nhon Trach

· Sanyang Motor was elected as the 2019 Happy Enterprise.

· SYM was awarded the silver prize of the 2019 German Best Brand and Dealer Satisfaction for the motorcycle segment.

・SYM DRG BT, a 158cc sporty scooter, was launched.

(I) 2020 Important Events:

Feb. Qingzhou Engineering Industry Co., Ltd. was recognized and awarded the "Excellent Enterprise of Improved Quality and Efficiency with Double Prevention Mechanism" by the People's Government of Changchiagang City.

Apr. Qingzhou Engineering Industry Co., Ltd. was recognized and awarded the "2019 Smart and Advanced "Manufacturer"by the People's Government of Changchiagang City.

May Xiashing Motorcycle Co., Ltd. was recognized and awarded as the "Key Industrial Enterprise" by the Xiamen Municipal People's Government.

Jun. The Sanyang Parts Center was inaugurated.

Sep. The new Hyundai compact SUV, Venue, was launched.

Oct. Xiashing Motorcycle Co., Ltd. was recognized as a "Municipal-Level Design Center" by the Xiamen Municipal Bureau of Industry and Information Technology.

Oct. Xiashing Motorcycle Co., Ltd. passed the Safety Performance Audit conducted by the Xiamen Municipal People's Government.

Oct. Sanyang Motor formed a brand alliance, SYM x GPX, with GP Motor Thailand Company Limited to further expand both enterprises' market share in the ASEAN market.

Nov.Xiashing Motorcycle Co., Ltd. was recognized as an "Enterprise of Provincial-Level Technology Center" by the Fujian Provincial Department of Industry and Information Technology.

Dec.The SYM Service Innovation Academy was inaugurated.

(II) The Company's M&A, Reinvestment in Affiliates and Restructuring during the Most Recent Year and as of the Date of the Annual Report:

1. The Company invested VMEP with NT$1,000,000 thousand in cash in the third quarter of 2020.
2. VMEP acquired 0.04% equity interest in Dinh Duong by using debt for equity in the first quarter of 2020.
3. In 2020, Nanyang Industries Co., Ltd. purchased 17 thousand shares of Nanchen Industries Co., Ltd. from an unrelated party for NT$114 thousand, acquiring 0.17% of the shares. In the first quarter of 2021, the Company purchased 994 thousand shares of Nanchen Industries Co., Ltd. from an unrelated party for NT$6,819 thousand, and completed the simplified merger on March 1, 2021, making Nanyang Industries Co., Ltd. the surviving company.
4. Nanyang Industries Co., Ltd. purchased 1,986 thousand shares of Nanchen Industry Co., Ltd. from the Company for NT$15,190 thousand in the fourth quarter of 2020, acquiring 19.85% equity interest.
5. In the fourth quarter of 2020, the Company purchased 22 thousand shares of Nanyang Industries Co., Ltd. from an unrelated party for NT$305 thousand, acquiring 0.01% equity interest.
6. FULL TA completed the liquidation process in the first quarter of 2021.

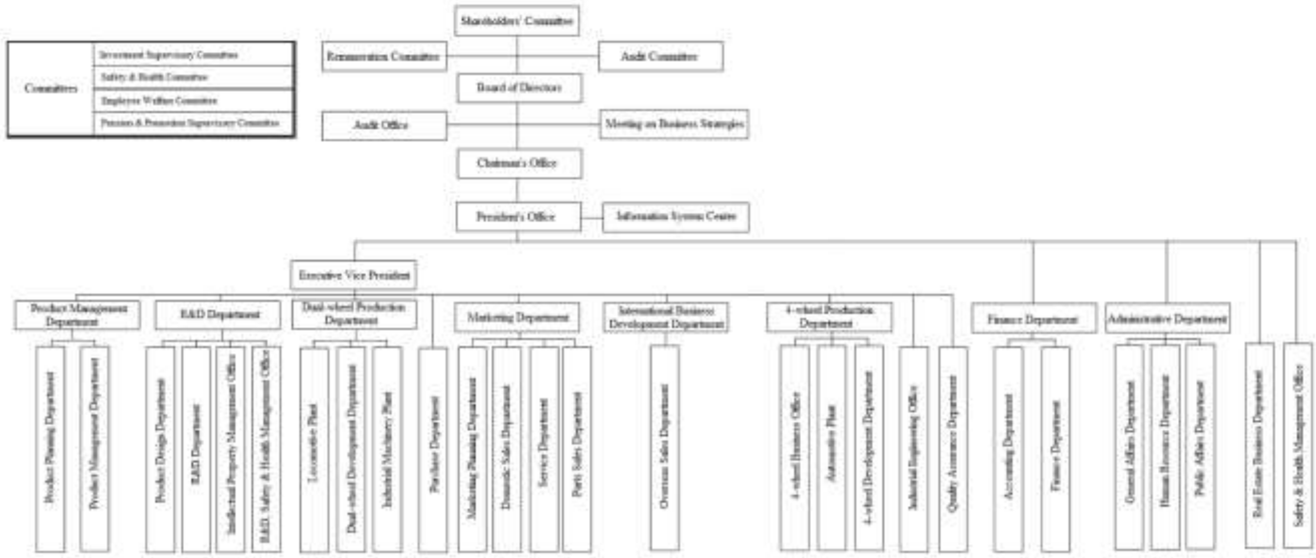
(III) Transfer or Swap of Shares in Large Quantities by Directors, Supervisors or Major Shareholders Holding over 10% Shares during the Most Recent Year and as of the Date of Annual Report: None.

(IV) Changes in Right of Management, Significant Changes in Management Mode or Businesses and Other Important Matters Sufficient for Affecting Shareholder Equity during the Most Recent year and as of the Date of Annual Report: None.

Chapter 3. Corporate Governance Report

I. Company Organizational Structure

(I) Organizational Chart



(II) Businesses of Main Departments

1. Product Management Department:

   (1) Strengthen product design and plan exquisite products according to core market ideas and customer requirements; integrate product specifications and plans with style design mechanism; draft plans for new domestic and foreign models.
   (2) Coordinate and integrate product plans, development, and product life cycles for domestic and foreign production bases; manage model naming.
   (3) Control target costing from corporate planning to design development and mass production; coordinate and manage all related communications to ensure improvement of product competitiveness.
   (4) Enhance market research and propose core ideas with market value; draft plans for new domestic and foreign models, and products of the headquarters.

2. R&D Department:

   (1) Develop, design and test technologies and functions of 2-wheel models; analyze competitive models, plan and promote R&D related businesses.
   (2) Manage project materials, technical information and financial affairs related to R&D.
   (3) Plan and promote R&D of intellectual property businesses.

3. Purchasing Department:

   (1) Promote purchase of parts home and abroad as well as import and export related businesses; manage of overseas subsidiaries reselling operations.
   (2) Promote reduction of the costs and the improvement of the quality of purchased materials.
   (3) Control businesses related to automobile platforms, domestic and foreign supply chain integration.

(4) Implement strategies for cutting purchase costs of parts in domestic and foreign production sites of the Company.
(5) Coordinate management of international purchases and improve global organizational effectiveness.

4. Quality Assurance Department:

(1) Plan, establish, promote and maintain quality management system of the Company.
(2) Plan and promote the quality management activities of the Company.

5. Marketing Department:

(1) Formulate and promote domestic marketing strategies; set and draft annual, mid and long-term sales objectives and plans.
(2) Formulate and promote policies and rules related to domestic and foreign marketing services.
(3) Formulate and promote policies and rules related to sales of parts in domestic and foreign markets.

6. International Business Development Department:

(1) Formulate and promote global marketing strategies; set and draft annual, mid and long-term foreign sales objectives and plans.
(2) Formulate and promote policies and rules related to orders and sales in foreign markets of three areas.
(3) Coordinate maximization of resource utilization in three areas; improve manufacturing, sales and services of products sold abroad.
(4) Promote businesses for integration of 3S systems in three areas.
(5) Develop global markets and increase global sales.

7. Dual-wheel and 4-wheel Production Departments:

(1) Prepare materials on automobiles engine parts and structural parts of motorcycles; assemble automobiles and scooters as well as their engines.
(2) Ensure normal factory production and manufacturing quality; cut manufacturing costs and collaborate with development units to put newly developed products into trial and mass production, to guarantee smooth mass production of new models.
(3) Ensure normal design, machining, manufacturing, assembly, repair and maintenance of machines, fixtures, tools, inspection tools and dies, to assure product quality, cut costs and deliver products on time according to needs.
(4) Manage product development, model integration and product life cycle in domestic and foreign production bases.

8. Industrial Engineering Department:

Improve factory production regime, rationalize production, improve production technologies, and draft related technical standards and specifications.

9. Finance Department:

(1) Raise funds; operate and schedule businesses; manipulate and adopt foreign exchange rates and interest rates.
(2) Formulate accounting and cost rules, and manage related businesses.
(3) Evaluate investments, manage and supervise reinvested entities.

10. Real Estate Business Department:

(1) Develop land assets of the Company.

(2) Plan land leases and sales of the Company's land and factory buildings, and manage businesses.
(3) Plan and execute construction projects and factory repairs of the Company.

11. Administrative Department:

(1) Plan and draft human resource plans, strategies, visions and development blueprints; assist in implementing operations strategies of the Company; formulate employment and salary rules according to human resource strategies, promote businesses such as training development, and ensure effective utilization of human resources.
(2) Plan and promote matters, employee services, dormitory management, welfare businesses and general purchase businesses related to general affairs of the Company.
(3) Manage and promote integrated information businesses of the Company; coordinate planning of business processes of multinational operations; assist subsidiaries and affiliates in information development.
(4) Manage trademarks, legal instruments, litigations and non-litigation cases of the Company.
(5) Formulate development strategies for public affairs, and dominate promotion of activities and businesses related to public affairs.

12. Safety & Health Management Office:

Formulate policies and ideas of the Company on environmental safety and health, to ensure all operations and procedures conform to government rules; assist in creating and maintaining healthy and safe workplace environment.

13. President's Office:

(1) Draft and promote business concepts, visions, and policies, mid and long-term objectives as well as annual business plans.
(2) Supervise and promote planning of the Company's KPI and business performances.
(3) Plan, suggest, supervise and promote integrated businesses of the Company.
(4) Manage and coordinate subsidiaries home and abroad.
(5) Establish and improve business management systems of subsidiaries home and abroad.

14. Audit Office:

(1) Establish audit systems and promote internal audit businesses.
(2) Submit, suggest, track and check annual audit plan and audit report.

II. Information of Directors and Main Managers

(I) Information about Directors

April 25, 2021

Position	Nationality/ Place of Registration	Name	Gender	Date Elected	Term of Office	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Other Executives or Directors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Chairperson	R.O.C.	Ching-Yuan Wu	Male	109.06.23	3	100.05.27	20,126,240	2.36%	20,126,240	2.51%	281,360	0.04%	-	-	Master in Agriculture and Urban Planning of Chung Hua University	Chairperson of Nanyang Industries Co., Ltd. Chairperson of Ching Ta Investment Chairperson of Taiwan Tea Corp.	Vice Chairperson	Li-Chu Wu	Sibling	Note 1
Vice Chairperson	R.O.C.	Chien-Jin Investment Co., Ltd. Representative Li-Chu Wu	Female	109.06.23	3	103.06.18 106.06.20	29,181,000 -	3.42% -	29,181,000 17,046,560	3.63% 2.12%	- 4,269,600	- 0.53%	-	-	EMBA, Nanjing Normal University	Chairperson of Shan Young Assets Vice Chairperson of Nanyang Industries Co., Ltd.	Chairperson	Ching-Yuan Wu	Sibling	-
Managing Director/ Independent Director	R.O.C.	Chung-Chuan Shih	Male	109.06.23	3	106.06.20	-	-	-	-	-	-	-	-	Master of Laws of National Chengchi University	-	-	-	-	-
Director	R.O.C.	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	Male	109.06.23	3	103.06.18	29,181,000 -	3.42% -	29,181,000 106,200	3.63% 0.01%	- 36,200	- 0.00%	-	-	Department of International Trade, Feng Chia University	Director of Nanyang Industries Co., Ltd.	-	-	-	-
Director	R.O.C.	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	Male	109.06.23	3	103.06.18	14,625,000 -	1.71% -	14,625,000 17,000	1.82% 0.00%	- -	- -	-	-	Cass Business School Investment Management	Director of Nanyang Industries Co., Ltd. Chairperson of Three Brothers Machinery Industrial	-	-	-	-

Position	Nationality/Place of Registration	Name	Gender	Date Elected	Term of Office	Date First Elected	Shareholding When Elected		Current Shares Held		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Other Executives or Directors who Are Spouses or within the Second Degree of Kinship			Note
							Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
Director	R.O.C.	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	Male	109.06.23	3	103.06.18	14,625,000 -	1.71% -	14,625,000 1,531,000	1.82% 0.19%	- -	- -	- 17,963,000	- 2.24%	-	Director of Taiwan Tea Corp.	-	-	-	-
Director	R.O.C.	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	Male	109.06.23	3	103.06.18 106.06.20	14,625,000 -	1.71% -	14,625,000 -	1.82% -	- -	- -	- -	- -	University of Ottawa	-	-	-	-	-
Independent Director	R.O.C.	Chen Chiang	Male	109.06.23	3	106.06.20	-	-	-	-	-	-	-	-	Master of Commerce in the Department of Accounting and Information Technology, National Chung Cheng University	-	-	-	-	-
Independent Director	R.O.C.	Chih-Hung Hsieh	Male	109.06.23	3	106.06.20	-	-	-	-	-	-	-	-	National Chengchi University Doctor of Juris Science	Independent Director of EMIS Independent Director of YUNGTAY	-	-	-	-

Note 1: In case that the Chairperson and the President or their equivalents (top manager) are the same person, or two persons who are spouses or relatives within 1 degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and a majority of the Directors not concurrently serving as employees or managers) should be described:

The Chairperson of the Company also acts as President to improve operational efficiency and abilities to execute decisions. At present, a majority of the directors of the Board of Directors don't concurrently serve as employees or managers.

1. Major Corporate Shareholders

April 25, 2021

Name of Corporate Shareholders	Major Corporate Shareholders
Chien-Jin Investment Co., Ltd.	(1) Li-Chu Wu (80%) (2) Chun-Mei Fan Chiang (20%)
Chao-Yao Investment Co., Ltd.	(1) Li-Chu Wu (33.33%) (2) Chin-Nu Yang (66.67%)

2. Directors' Professional Qualifications and Independence

Qualifications / Name	Meeting One of the Following Professional Qualification Requirements, Together with at Least Five Years of Work Experience			Satisfaction of Independence Requirements (Note 1)												Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Having Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business	1	2	3	4	5	6	7	8	9	10	11	12	
Ching-Yuan Wu			✓					✓	✓		✓	✓		✓	✓	0
Li-Chu Wu			✓					✓	✓	✓	✓	✓		✓		0
Chung-Chuan Shih		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Li-Hsi Chiang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Ren-Hao Tien			✓			✓		✓	✓	✓	✓	✓	✓	✓		0
Yu-Chang Huang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Te-Ching Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Chen Chiang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chih-Hung Hsieh	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note 1: Please check "✓" the corresponding boxes if the directors meet the following conditions during the two years prior to the nomination and during the term of office.✓

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

(2) Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company or subsidiary appointed according to the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies or local laws and regulations.

(3) Not the natual person shareholder who holds shares, together with those held by the person's spouse, children (minors), or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings.

(4) Not a spouse, kin within the second degree of kinship under the Civil Code, or the lineal blood relatives within the third degree of kinship under the Civil Code as specified in (1) through (3).

(5) Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings or any of the authorized representatives of a company referred to in Paragraphs I and II of Article 27 of the Company Act. However, the aforementioned does not apply to independent directors appointed in accordance with the Act or the laws and regulations

of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(6) Not a director, supervisor, or employee of other company who has a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person. However, the aforementioned does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(7) Not a director (or governor), supervisor, or employee of other company or institutions who is the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses. The aforementioned does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

(8) Does not have financial or business relationships with the Company or with directors (executive), supervisors, managers, or major shareholders with over 5% shareholdings (but specific companies or institutions with 20% of issued shares held, but no more than 50%, and are a related company to the parent, subsidiary, or associated company in accordance to local rules & regulations, as independent directors of related companies, are excluded).

(9) Does not provide the Company or associated companies with auditing or in the past 2 years, obtained compensation cumulated over NT$500,000 in business, legal, financial, accounting services, by professionals, sole proprietorships, partnerships, companies, or institutional owners, partners, directors, supervisors, managers, and spouses. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not a spouse or relative within the second degree of kinship of any other directors.

(11) Not been a person of any conditions defined in Article 30 of the Company Act.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

(II) Information on the Directors, President, Vice Presidents, Assistant Vice Presidents, and Supervisors of Divisions and Branch Units

April 25, 2021

Position	Nationality	Name	Gender	Date Taking Office (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
President	R.O.C.	Ching-Yuan Wu	Male	105.05.13	20,126,240	2.51%	281,360	0.04%	–	–	Master in Agriculture and Urban Planning of Chung Hua University	Chairperson of Nanyang Industries Co., Ltd. Chairperson of Ching Ta Investment Chairperson of Taiwan Tea Corp.	-	-	-	Note 2
Vice President	R.O.C.	Nai-Shih Lin	Male	94.06.01	–	–	–	–	–	–	Master of Business Administration, New York Institute of Technology	Chairperson of SUNSHINE AUTO-LEASE	-	-	-	
Vice President	R.O.C.	Hsu-Pin Chen	Male	103.09.01	–	–	–	–	–	–	Master, Department of Mechanical Engineering, National Chiao Tung University	Chairperson of CHU-YANG MOTOR Director of Sanyang Italia S.r.l Director of Sanyang Deutschland GmbH Director of Three Brothers Machinery Ind CO., LTD. Director of Youth Taisun Director of Astemo	-	-	-	
Vice President	R.O.C.	Shih-Liang Hsu	Male	108.10.15	569	0.00%	–	–	–	–	Department of Industrial Engineering and Management, Tunghai University	Director of Sanyang Global and President Director of XIAMEN XIASHING MOTORCYCLE and President Chairperson of Zhangjiagang Qingzhou Engineering Industry	-	-	-	
Assistant Manager	R.O.C.	Ying-Feng Chiu	Male	99.12.01	18,412	0.00%	–	–	–	–	Master of Mechanical Engineering, National Taiwan University	Chairperson of NOVA Design	-	-	-	
Assistant Manager	R.O.C.	Chao-Shun Lin	Male	102.02.06	11,064	0.00%	1,719	0.00%	–	–	Master of Machinery, National Taiwan University of Science and Technology	-	Assistant Manager	Chao-Sheng Lin	Brother	
Assistant Manager	R.O.C.	Hsi-Cheng Chang	Male	103.10.01	11,694	0.00%	–	–	–	–	Master of International Business Management, National Taiwan University	Chairperson of Youth Taisun	-	-	-	
Assistant Manager	R.O.C.	Kuei-Chin Huang	Male	105.12.23	53	0.00%	–	–	–	–	Kaohsiung Municipal Kaohsiung Vocational	Supervisor of Ching Ta Investment	-	-	-	

Position	Nationality	Name	Gender	Date Taking Office (Note 1)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominees		Main Experience (Educational Attainment)	Other Position Concurrently Held at the Company and Other Companies	Managerial Officer who Are Spouses or within the Second Degree of Kinship			Note
					Number of Shares	%	Number of Shares	%	Number of Shares	%			Position	Name	Relationship	
											High School of Commerce	Supervisor of SUNSHINE AUTO-LEASE				
Assistant Manager	R.O.C.	Chao-Sheng Lin	Male	106.05.26	11,606	0.00%	–	–	–	–	Department of Mechanical Engineering, Industrial Technology Research Institute	Director of Zhangjiagang Qingzhou Engineering Industry	Assistant Manager	Chao-Shun Lin	Brother	
Assistant Manager	R.O.C.	Chien-Sheng Chen	Male	106.05.26	10,718	0.00%	–	–	–	–	Department of Mechanical Engineering, National Taipei University of Technology	Director of Zhangjiagang Qingzhou Engineering Industry Director of Sanyang Global	-	-	-	
Assistant Manager	R.O.C.	Ren-Hao Tien	Male	106.07.03	17,000	0.00%	–	–	–	–	Cass Business School Investment Management	Director of Nanyang Industries., Ltd. Chairperson of Three Brothers Machinery	-	-	-	
Assistant Manager	R.O.C.	Yuan-Ping Huang	Male	106.07.03	7,211	0.00%	–	–	–	–	Department of Mechanical Engineering, National Chung Hsing University	Director of Three Brothers Machinery. Director of Astemo	-	-	-	
Assistant Manager	R.O.C.	Ming-Chieh Lin	Male	106.07.17	–	–	–	–	–	–	Master of the School of Civil Engineering, National Chiao Tung University	-	-	-	-	
Assistant Manager	R.O.C.	Yuh-Shying Gau	Male	107.10.08	12,000	0.00%	–	–	–	–	Ph.D. in Mechanical Engineering, Department of Industrial Engineering, University of Wisconsin-Madison	-	-	-	-	
Assistant Manager	R.O.C.	Hsu-Chi Cheng (Note 2)	Male	110.01.11	–	–	–	–	–	–	Department of Mechanical Engineering, National Kaohsiung University of Applied Sciences	-	-	-	-	

Note1: Date taking office means the date on which one is appointed as manager of the Company.

Note2: Hsu-Chi Cheng was appointed on January 11, 2021, and transferred to the post as VMEP on April 22, 2021.

Note3: In case that the Chairperson and the President or their equivalents (top manager) are the same person, or two persons who are spouses or relatives within 1 degree of kinship, the reason, rationality, necessity and corresponding measures (such as increasing the number of Independent Directors, and a majority of the Directors not concurrently serving as employees or managers) should be described: The Chairperson of the Company also acts as President to improve operational efficiency and abilities to execute decisions. At present, a majority of the directors of the Board of Directors don't concurrently serve as employees or managers.

(III) Remuneration of Directors, Independent Directors, President and Vice President in 2020

1-1. Remuneration of General Directors and Independent Directors

Position	Name	Remuneration of Directors								Sum of A, B, C and D to After-tax Net Income Ratio (%)	
		Compensation (A)		Severance Pay and Pension (B)		Directors' Compensation (C)		Business Execution Expenses (D)			
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Chairperson	Ching-Yuan Wu	10,461	10,461	-	-	3,830	3,830	75	75	0.74	0.74
Vice Chairperson	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	6,300	6,300	108	108	2,553	2,553	70	70	0.47	0.47
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	-	-	-	-	1,277	1,277	75	75	0.07	0.07
Director	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	-	-	-	-	1,277	1,277	75	75	0.07	0.07
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang	-	-	-	-	1,277	1,277	65	65	0.07	0.07
Director	Chao-Yao Investment Co., Ltd. Representative: Te-Ching Chang	-	-	-	-	1,277	1,277	55	55	0.07	0.07
Managing Director/Independent Director	Chung-Chuan Shih	2,880	2,880	-	-	-	-	205	205	0.16	0.16
Independent Director	Chen Chiang										
Independent Director	Chih-Hung Hsieh										

Unit: NTD Thousand

Position	Name	Relevant Remuneration Received by Directors who Are Also Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		Salary, Bonus, and Allowance (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
						Cash	Stock	Cash	Stock			
Chairperson	Ching-Yuan Wu	5,415	5,415	-	-	-	-	-	-	1.02	1.02	None
Vice Chairperson	Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	3,302	3,302	-	-	-	-	-	-	0.64	0.64	
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	-	-	-	-	-	-	-	-	0.07	0.07	
Director	Chao-Yao Investment Co.,Ltd Representative: Ren-Hao Tien	2,931	2,931	108	108	118	-	118	-	0.23	0.23	
Director	Chao-Yao Investment Co.,Ltd Representative: Yu-Chang Huang	-	-	-	-	-	-	-	-	0.07	0.07	
Director	Chao-Yao Investment Co.,Ltd Representative: Te-Ching Chang	-	-	-	-	-	-	-	-	0.07	0.07	
Managing Director/Independent Director	Chung-Chuan Shih	-	-	-	-	-	-	-	-	0.16	0.16	
Independent Director	Chen Chiang											
Independent Director	Chih-Hung Hsieh											

Note 1. Please explain the independent director remuneration policy, system, standard, and structure, and the connections between the amount of remuneration and the considered factors such as their duties, risks, and working hours.

According to Article 24 of the Articles of Incorporation of the Company, the remuneration paid to the Chairperson, directors and supervisors shall be determined by the Board of Directors based on the degree of their participation and contributions to business operations of the Company as well as industry standards home and abroad. According to Article 31-1 of the Articles of Incorporation, if the Company has earnings, it shall set aside over 1% of the pretax earnings as employee remuneration and no more than 1% as remuneration to directors and supervisors. When the Company suffers accumulated losses, it shall first offset the appropriate amount of such losses with the earnings. Independent Directors shall not participate in the foregoing remuneration distribution. In attending Board of Directors meetings of the Company, the travel fees shall be additionally disbursed.

Note 2. The remuneration paid to directors for providing services (e.g. providing consulting services as non-employees) for all companies in the consolidated financial statements lately: None.

Note 3. The remuneration paid to directors (including Independent Directors) by the Company in 2019 accounted for 1.73% of the net profits after tax, and the remuneration paid to directors (including Independent Directors) by all companies in the financial statements in 2019 occupied 1.73% of the net profits after tax in 2019.

1-2. Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Sum of Remuneration (A+B+C+D)		Total Amount of Remuneration (A+B+C+D+E+F+G)	
	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements
Less than NT$1,000,000	-	-	-	-
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	Chung-Chuan Shih, Chih-Hung Hsieh, Chen Chiang	Chung-Chuan Shih, Chih-Hung Hsieh, Chen Chiang	Chung-Chuan Shih, Chih-Hung Hsieh, Chen Chiang	Chung-Chuan Shih, Chih-Hung Hsieh, Chen Chiang
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	-	-	-	-
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	-	-	-	-
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	-	-	-	-
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	-	-	-	-
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	3 persons	3 persons	3 persons	3 persons

2-1. Remuneration of the President and the Vice President

Unit: NTD Thousand

Position	Name	Salary (A)		Severance Pay and Pension (B) (Note 4)		Bonuses and Allowances etc. (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from Invested Companies Other than Subsidiaries or the Parent Company
		The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company	All Companies in Consolidated Financial Statements	The Company		All Companies in Consolidated Financial Statements		The Company	All Companies in Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	Ching-Yuan Wu	8,019	8,019	446	446	9,863	9,863	442	-	442	-	0.97	0.97	None
Vice President	Nai-Shih Lin													
Vice President	Hsu-Pin Chen													
Vice President	Shih-Liang Hsu													

Note1: The actual amount of retirement pension in 2020: NT$0 thousand, amount allocated for retirement pension in 2020: NT$446 thousand.

Note2: The policies, standards, combinations, decision-making procedure for remunerations, and their relation to business performance:

According to the Company's policies on remuneration paid to managers, the managers' remuneration is mainly dependent upon their individual performances and in accordance with the market level, so that the salaries will be competitive in the Company. The decision-making procedure for the remuneration shall be submitted to the Company's Remuneration Committee for review and delivered to the Board of Directors for approval after it is determined according to the foregoing remuneration policies.

Note3: The remuneration paid by the Company to the President and the Vice President in 2019 accounted for 0.55% of the net profits after tax in 2019; the remuneration paid to the President and the Vice President in 2019 by all companies in the financial statements was equivalent to 0.55% of the net profits after tax in 2019.

2-2. Range of Remuneration

Range of Remuneration Paid to the President and Vice President	Name of President and Vice President	
	The Company	All Companies in Consolidated Financial Statements
Less than NT$1,000,000	-	-
NT$1,000,000 (inclusive)~NT$2,000,000 (exclusive)	-	-
NT$2,000,000 (inclusive)~NT$3,500,000 (exclusive)	-	-
NT$3,500,000 (inclusive)~NT$5,000,000 (exclusive)	Nai-Shih Lin, Hsu-Pin Chen, Shih-Liang Hsu	Nai-Shih Lin, Hsu-Pin Chen, Shih-Liang Hsu
NT$5,000,000 (inclusive)~NT$10,000,000 (exclusive)	Ching-Yuan Wu	Ching-Yuan Wu
NT$10,000,000 (inclusive)~NT$15,000,000 (exclusive)	-	-
NT$15,000,000 (inclusive)~NT$30,000,000 (exclusive)	-	-
NT$30,000,000 (inclusive)~NT$50,000,000 (exclusive)	-	-
NT$50,000,000 (inclusive)~NT$100,000,000 (exclusive)	-	-
Over NT$100,000,000	-	-
Total	4 persons	4 persons

Note: The actual amount of retirement pension in 2020: NT$0 thousand, amount allocated for retirement pension in 2020: NT$446 thousand.

3. Name of managers receiving employee compensation and distribution

Unit: NTD Thousand

	Position	Name	Stock	Cash	Total	Ratio of total amount to net profit after tax (%)
Managers	Vice President	Nai-Shih Lin	-	1,258	1,258	0.06
	Vice President	Hsu-Pin Chen				
	Vice President	Shih-Liang Hsu				
	Assistant Manager	Ying-Feng Chiu				
	Assistant Manager	Chao-Shun Lin				
	Assistant Manager	Hsi-Cheng Chang				
	Assistant Manager	Kuei-Chin Huang				
	Assistant Manager	Chao-Sheng Lin				
	Assistant Manager	Chien-Sheng Chen				
	Assistant Manager	Ren-Hao Tien				
	Assistant Manager	Yuan-Ping Huang				
	Assistant Manager	Ming-Chieh Lin				
	Assistant Manager	Yuh-Shying Gau				

III. Corporate Governance and Operations

(I) Operations of the Board

A total of 15 (A) Board meetings were held in 2020. The attendance of the Directors and the Independent Directors was as follows:

Directors' Involvement in Operations of the Board of Directors

Position	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) [B/A] (Note 1)	Note
Chairperson	Ching-Yuan Wu	15	0	100%	Reelected on June 23, 2020
Vice Chairperson	Representative of Chien-Jin Investment Co., Ltd. Li-Chu Wu	14	1	93.33%	
Managing Director/Independent Director	Chung-Chuan Shih	14	1	93.33%	
Director	Representative of Chien-Jin Investment Co., Ltd. Li-Hsi Chiang	15	0	100%	
Director	Representative of Chao-Yao Investment Co., Ltd. Yu-Chang Huang	13	2	86.67%	
Director	Representative of Chao-Yao Investment Co., Ltd. Ren-Hao Tien	15	0	100%	
Director	Representative of Chao-Yao Investment Co., Ltd. Te-Ching Chang	11	4	73.33%	
Independent Director	Chen Chiang	15	0	100%	
Independent Director	Chih-Hung Hsieh	12	3	80%	

Other matters to be recorded:

I. Any matters listed in Article 14-3 of the Securities and Exchange Law, and other resolutions of the Board of Directors' meetings to which an independent director has expressed objection or reservation and recorded or declared in writing: None.

II. Recusals of directors from proposal execution for conflicts of interest:

Board of Directors Date and Session	Directors Avoiding Proposal Execution	Proposal Content	Reasons for Avoiding for Interests	Participation in Voting
2020.01.14 25th Board 19th session	Ching-Yuan Wu Li-Chu Wu Ren-Hao Tien	Drafted proposal of the Company for allocating 2019 year-end bonus to the directors and managers.	Involved compensation and interests of Chairperson Ching-Yuan Wu, Vice Chairperson Li-Chu Wu and Director Ren-Hao Tian.	Except that Chairperson Ching-Yuan Wu, Vice Chairperson Li-Chu Wu and Director Ren-Hao Tian evaded for interests, all other directors present approved the proposal by voting.

Board of Directors Date and Session	Directors Avoiding Proposal Execution	Proposal Content	Reasons for Avoiding for Interests	Participation in Voting
2020.03.30 25th Board 20th session	Ren-Hao Tien	2019 employee compensation of the Company.	Involved compensation and interests of Director Ren-Hao Tian.	Except that Director Ren-Hao Tian evaded for interests, all directors present approved the proposal by voting.
	Ching-Yuan Wu Li-Chu Wu Li-Hsi Chiang Yu-Chang Huang Te-Ching Chang Ren-Hao Tien	2019 director compensation of the Company.	Involved compensation and interests of Chairperson Ching-Yuan Wu, Vice Chairperson Li-Chu Wu, Director Li-Hsi Chiang, Director Yu-Chang Huang, Director Te-Ching Chang and Director Ren-Hao Tian.	Except that Chairperson Ching-Yuan Wu, Vice Chairperson Li-Chu Wu, Director Li-Hsi Chiang, Director Yu-Chang Huang, Director Te-Ching Chang and Director Ren-Hao Tian evaded for interests, all other directors present approved the proposal by voting.
2020.06.05 25th Board 11th session (Extraordinary)	Ching-Yuan Wu Li-Chu Wu	The Company intended to acquire and directly hold 67.07% equity of Vietnam Manufacturing and Export Processing (Holdings) Limited (VMEPH) through SY International Ltd. (hereinafter referred to as "SYI").	Involved interests of Chairperson Ching-Yuan Wu, Vice Chairperson Li-Chu Wu	Except that Chairperson Ching-Yuan Wu, Vice Chairperson Li-Chu Wu avoided participating in voting for interests, all other directors present approved the proposal by voting.
2020.07.03 26th Board 2nd session	Chung-Chuan Shih Chih-Hung Hsieh Chen Chiang	Intended to engage members of the 4th Remuneration Committee of the Company.	Involved interests of three independent directors, namely Chung-Chuan Shih, Chih-Hung Hsieh and Chen Chiang.	Except that the Independent Directors Chung-Chuan Shih, Chih-Hung Hsieh and Chen Chiang didn't participate in voting for interests, all other directors present approved the proposal.
2020,08,13 26th Board 4th session	Ren-Hao Tien	2020 salary adjustment for managers of the Company.	Involved compensation and interests of Director Jen-Hao Tian.	Except that Director Jen-Hao Tian evaded for interests, all other directors present approved the proposal by voting.
2020.10.05 26th Board 5th session	Ching-Yuan Wu Li-Chu Wu Ren-Hao Tien	2020 Mid-Autumn bonus allocation to managers of the Company.	Involved compensation and interests of Chairperson Ching-Yuan Wu, Vice Chairperson Li-Chu Wu and Director Jen-Hao Tian.	Except that Chairperson Ching-Yuan Wu, Vice Chairperson Li-Chu Wu and Director Jen-Hao Tian evaded for interests, all other directors present approved the proposal by voting.
2020.12.24 26th Board 7th session	Ching-Yuan Wu Yu-Chang Huang Ren-Hao Tien	The Company intended to donate NT$250,000,000 to Hsinchu Sanyang Education Foundation ("Sanyang Education Foundation"), a corporate consortium.	Involved interests of Chairperson Ching-Yuan Wu, Director Yu-Chang Huang and Director Ren-Hao Tien.	Except that Chairperson Ching-Yuan Wu, Director Yu-Chang Huang and Director Ren-Hao Tien didn't participate in voting for interests, all other directors present approved the proposal by voting.

III. TWSE/TPEx listed companies shall disclose the information of self-evaluation of the Board of Directors, such as evaluation cycle, period, scope, method and content:

1. On March 30, 2020, the Company drafted Regulations Governing the Evaluation of the Board of Directors, and will regularly appraise performances of the Board of Directors, functional committees and directors at the end of each fiscal year. For this evaluation, a report was presented on February 4, 2021.
2. The performances of the Board of Directors and functional committees in 2020 were "outstanding"; the directors independently evaluated their performances to be "outstanding".
3. To improve functions of the Board of Directors and enhance the Board members' understanding of amendments to laws and regulations, the Company will appropriately deliver related courses to strengthen the Board members' performance of their duties and arouse their great concerns about corporate governance.

Execution of the Board's evaluation

Frequency	Cycle	Scope	Method
Once a year	January 1, 2020 - December 31, 2020	Performance appraisal of the Board of Directors, directors and functional committees Functional committees include Audit Committee and Remuneration Committee.	Internal self-evaluation of the Board of Directors, directors' self-evaluations, and internal self-evaluations of functional committees.

Content:

1. Self-evaluation of the Board of Directors' performance: The performance indicators of the Board of Directors include five major aspects: participation in the operation of the Company, improvement of the quality of the Board of Directors' decisions, composition and structure of the Board of Directors, selection and continuing education of the Directors, and internal control.
2. Self-evaluation of board members' performance: The performance evaluation indicators for directors include six major aspects: mastery of corporate goals and tasks, directors' awareness of their responsibilities, participation in corporate operations, internal relations and communication, directors' professionalism and continuing education, and internal control.
3. Self-evaluation of the Audit Committee's performance: The performance evaluation indicators of the Audit Committee include five major aspects: participation in the company's operation, awareness of the functional committee's responsibilities, improvement of the quality of the functional committee's decision making, composition and selection of functional committee members, and internal control.
4. Self-evaluation of the performance of the Remuneration Committee: The performance evaluation indicators of the Remuneration Committee include four major aspects: the degree of participation in the company's operation, the recognition of the responsibilities of the functional committee, the improvement of the quality of the functional committee's decision making, and the composition and selection of the functional committee members.

IV. Measures undertaken during the current year and most recent year to strengthen the functions of the Board of Directors (such as the establishment of an audit committee and improvement of information transparency, etc.) and assessment of their implementation:

1. After directors were re-elected for the Board of Directors at the 2017 shareholders' meeting, the Board of Directors appointed three Independent Directors and set up the Audit Committee.
2. The Company bought liability insurances for directors and important staff of the Company, and reported such insurances at the Board of Directors meeting on February 4, 2021.
3. On March 30, 2021, the Company appointed Kuei-Chin Huang as Assistant Manager of the Finance Department and as Governance Supervisor of the Company, in order to assist the directors in performing their duties and improve efficiency of the Board of Directors.

Note 1: (1) When a director leaves office, the actual attendance rate (%) shall be calculated based on the number of Board meetings held and how many meetings the director has actually attended during his or her employment.

(2) When the directors are re-elected, the actual attendance rate (%) of the new and former directors shall be calculated based on the number of Board meetings held and how many meetings the directors has actually attended.

(II) Functioning of the Audit Committee

1. The Audit Committee of the Company has 3 members in total.
2. The current term of office of each committee member is from June 23, 2020 to June 22, 2023.
3. In 2020, the Audit Committee of the Company held 10 meetings (A) in total, and the members' attendance of the meetings was as follows:

Position	Name	Actual Number of Attendances (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A)	Note
Independent Director	Chung-Chuan Shih	10	0	100%	Reelected on June 23, 2020
Independent Director	Chen Chiang	10	0	100%	
Independent Director	Chih-Hung Hsieh	8	2	80%	

Other matters to be recorded:

I. With regard to the implementation of the Audit Committee, if any of the following circumstances occurs, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and Company's responses to such resolutions shall be specified:

(I) Matters referred to in Article 14-5 of the Securities and Exchange Law

Item	Date	Proposal Content	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
25th Board 19th session Board of Directors	2020.01.14	The proposal to assess the independence of, and to appoint CPAs auditing and attesting the Company's financial statements for 2020.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
25th Board 20th session Board of Directors	2020.03.30	1. 2019 Statement on Internal Control System of the Company. 2. The 2019 Business Report and Financial Statements of the Company. 3. 2019 Earnings Distribution of the Company	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
25th Board 22nd Session Board of Directors	2020.05.14	The Company's acquisition of assets from its related parties, including the right to use immovable property.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
25th Board 11th session Extraordinary Board of Directors Meeting	2020.06.05	The Company intended to acquire and directly hold 67.07% equity of Vietnam Manufacturing and Export Processing (Holdings) Limited (VMEPH) through SY International Ltd. (hereinafter referred to as "SYI").	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.

Item	Date	Proposal Content	Opinions of all Independent Directors and the Company's handling of opinions of Independent Directors
26th Board 3rd session Board of Directors	2020.07.30	The Company intends to acquire all negotiable securities of Taiwan Tea Corp. by holding 100% equity of its subsidiary Shangyang Asset Management Co., Ltd.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th Board 4th session Board of Directors	2020.08.13	The 1st capital increase of Shangyang Asset Management Co., Ltd. (subsidiary of the Company) in cash in 2020.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th Board 5th session Board of Directors	2020.10.05	The Company intends to acquire the land property in the Wanli West Segment, Gangshan District, Kaohsiung	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th Board 6th session Board of Directors	2020.11.13	1. The Company's earnings distribution for the first half of 2020 2. Amendment to some clauses of the Regulations for Treasury Stocks.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.
26th Board 7th session Board of Directors	2020.12.24	1. The Company intended to donate NT$250,000,000 to Hsinchu Sanyang Education Foundation ("Sanyang Education Foundation"), a corporate consortium. 2. The Company holds 100% shares of its subsidiary Shangyang Asset Management Co., Ltd. and intends to acquire negotiable securities of Taiwan Tea Corp.	All Independent Directors approved the proposal, and submitted the proposal to the Board of Directors for resolution.

(II) Except for the aforementioned matters, other resolutions which were not approved by the Audit Committee but resolved by more than two-thirds of all the Directors: None.

II. Regarding recusals of Independent Directors from voting due to conflicts of interests, the names of the Independent Directors, contents of the proposals, reasons for recusal, and results of voting shall be specified: None.

III. Communications between the Independent Directors, the Company's chief internal auditor and CPAs (shall include the material items, methods and results of audits of corporate finance or operations, etc.):

(I) Summary of communications between Independent Directors and Internal Chief Audit Officer:

Date	Communication Points	Results
2020.01.14	Report on implementation of the internal audit of the Company from October to November, 2019	Noted
2020.03.30	2019 Statement on Internal Control System of the Company	The resolution was approved
2020.05.14	Report on implementation of the internal audit of the Company from January to March, 2020	Noted
2020.08.13	Report on implementation of the internal audit of the Company from April to June, 2020	Noted
2020.11.13	Report on implementation of the internal audit of the Company from July to September, 2020 2. Drafting of the 2021 Internal Audit Plan of the Company	Noted The resolution was approved

(II) Summary of communications between Independent Directors and CPAs:

Date	Communication Points	Results
2020.03.30	Audit report on 2019 financial statements of the Company.	Good
2020.08.13	Audit report of the Company's financial statements for the second quarter of 2020.	Good

4. Annual key tasks of the Audit Committee:

(1) Review financial reports

After the Company's annual business report, financial statements and earnings distribution plan are reviewed and approved by the Audit Committee, they shall be submitted to the Board of Directors for discussion. After they are resolved by the Board of Directors, they shall be submitted to the Shareholders' Meeting for approval.

(2) Assess effectiveness of internal control

According to the internal self-evaluation of the Board of Directors, directors' self-evaluations, and internal self-evaluations of functional committees, the internal bodies of the Company shall independently evaluate their internal control systems and their implementation. The audit body shall communicate with members of the Audit Committee from different perspectives several times per year, to evaluate effectiveness of the Company's internal control.

(3) Appoint CPAs

The Audit Company annually evaluates independence and professionalism of the CPAs as well as reasonableness of appointment and remuneration. In 2020, the Company appointed accountants Chung-Che Chen and Ti-Nuan Chien from KPMG as CPAs. After such appointment was approved by the Audit Committee on January 14, 2020, it was reported to the Board of Directors for resolution.

(4) Review all amendments of the Company

Procedures for major financial/business conduct involving the acquisition and disposal of assets, loans of funds to others, or engaging in derivatives trading shall be reviewed and submitted to the shareholders' meeting for discussion after the Board of Directors' resolution.

(5) Review material matters specified by other companies or competent authorities

The acquisition or disposal of real estate, right-to-use assets and marketable securities shall be reviewed and approved by the Audit Committee and then submitted to the Board of Directors for approval.

(III) Implementation Status of Corporate Governance and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>I. Has the Company established and disclosed its code of practice on corporate governance based on "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"?</td><td>✓</td><td></td><td>The Company has formulated corporate governance best-practice principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies on May 13, 2021.</td><td>The Company has exercised and enforced rules related to the Company's governance based on governance spirit of the Company.</td></tr>
<tr><td>II. Shareholding structure & shareholders' rights
(I) Does the company establish and implement internal operating procedures to deal with shareholders' suggestions, doubts, disputes, and litigations?
(II) Does the Company have a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?
(III) Does the company establish and execute a risk management and firewall system within its affiliates?
(IV) Does the Company establish internal rules against insiders using undisclosed information to trade in securities?</td><td>
✓
✓
✓
✓</td><td></td><td>
(I) The Company has spokesperson, deputy spokesperson and Finance Department to perform their respective duties.
(II) The Company provides a shareholder list via a shareholder service agency.
(III) The Company and its affiliates have established the Company's related party transaction management measures.
(IV) The Company has developed operating procedures for processing internal material information, to prevent insider trading.</td><td>
No material difference.
No material difference.
No material difference.
No material difference.</td></tr>
<tr><td>III. Composition and responsibilities of the Board of Directors
(I) Does the Board develop and implement a diversity guideline for the composition of its members?
(II) Does the company voluntarily establish other functional committees in addition to the legally-required Remuneration Committee and Audit Committee?</td><td>
✓</td><td>

✓</td><td>
(I) Although the Company has not expressly formulated diverse policies as to composition of the Board of Directors, it has diversified the Board members.
(II) Currently, the Company doesn't voluntarily set up other functional committees.</td><td>
No material difference.
In the future, the Company will set up other functional committees according to actual needs.</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
(III) Does the Company develop standards and methods to evaluate the performance of the Board of Directors, conduct the evaluation annually and regularly, report the results of evaluations to the Board of Directors, and use them as references for individual directors' remuneration and nomination and renewal?	✓		(III) 1. The Company has developed the Procedures for Evaluating Performance of the Board of Directors, and performed the evaluation since 2020. 2. According to the Procedures for Evaluating Performance of the Board of Directors, the Board shall evaluate performance of the Board of Directors at least once a year; such evaluation shall be conducted by an external professional independent organization or an external professional team of scholars at least every three years. 3. The 2020 performance appraisal results of the Board of Directors were reported to the Board of Directors on February 4, 2021.	No material difference.
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) The CPA firm and CPAs appointed by the Company have no conflicts of interest with the Company and strictly maintain their independence. The Board of Directors regularly discusses engagement of CPAs auditing and attesting financial statements of the current year from the perspective of their independence and competency every year, and a resolution was thereby passed by the Board of Directors on February 4, 2021.	No material difference.
IV. Does the Company appoint adequate persons and a chief governance officer to be in charge of corporate governance matters (including but not limited to providing directors and supervisors required information for business execution, assisting directors and supervisors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings and keeping minutes at	✓		On March 30, 2021, the Board of Directors of the Company passed a resolution to appoint Kuei-Chin Huang of the Finance Department to act as Governance Supervisor of the Company, to assist the directors in performing their duties and improve efficiency of the Board of Directors.	No material difference.

Evaluation Item		Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
		Yes	No	Description	
	the Board meetings and shareholders' meetings according to law)?				
V.	Does the Company set communication channels and a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has set communication channels and a dedicated section on its website for stakeholders.	No material difference.
VI.	Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed a professional shareholder service agency and securities service agency to deal with shareholders' meeting affairs.	No material difference.
VII.	Information disclosure				
(I)	Does the Company have a website to disclose the financial operations and corporate governance status?	✓		(I) The Company has set up a website to regularly disclose its financial information. http://www.sanyang.com.tw	No material difference.
(II)	Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to collect and disclose information, creating a spokesman system, and making the process of investor conferences available on the corporate website)?	✓		(II) The Company has built an English website and particularly executed the spokesman system. In addition, its affiliates have respectively appointed special personnel to collect and disclose information of the Company. http://www.sanyang.com.tw/en/	No material difference.
(III)	Does the Company publicly announce and file the annual financial reports within two months after the close of the given fiscal year and publicly announce and file the first, second, and third quarterly financial reports and the operation of each month ahead of the required deadline?		✓	(III) The Company has announced its annual and quarterly financial statements and each month's business operations within the periods specified by laws and regulations. However, the Company hasn't announced and declared its annual financial statements within two months after the end of the fiscal year.	Summary.
VIII.	Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor	✓		1. Employee rights: The Company has always treated employees honorably and provides protection of their legal rights in accordance with the Labor Standards Act.	No material difference.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
relations, supplier relations, stakeholder rights, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by Directors and Supervisors)?			2. Caring for Employees: The company has established a welfare system for enriching/stabilizing employees' lives and a sound education and training system to build good relations with employees based on mutual trust and reliance. Welfare includes but is not limited to: providing funds for employees' club activities and providing recreation and entertainment, subsidies for health checkup, medical consultations, provisioning of employee dormitories, caring for daily lives of employees residing in the Company's dormitories and free parking lots. 3. Investor relations: Set up the Finance Department and the Public Affairs Office to specially deal with shareholders' suggestions. 4. Supplier relations: The Company maintains good relationships with its suppliers. 5. Stakeholders' rights: The stakeholders can communicate with and offer suggestions to the Company to safeguard their legitimate rights and interests. 6. Progress of training for directors: All directors of the Company have professional industry backgrounds and practical experiences in business management. 7. Execution process of risk management policies and risk measurement standards: Establish various internal regulations and conduct multiple risk management and assessment under regulations. 8. Implementation of client policy: The Company maintains positive relations with customers to create Company profits.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
			9. The Company's purchase of liability insurances: The Company has bought liability insurances for its directors. Such insurances were reported at thee Board of Directors meetings on January 14, 2020 and February 4, 2021.	

IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved:

1. The Company's ranking in the 6th Corporate Governance Appraisal of the Taiwan Stock Exchange in 2019: 66~80%.
2. The Company has made following improvements:
   (1) The Company has developed procedures for evaluating performances of the Board of Directors and regularly evaluated performances of the Board of Directors every year since 2020.
   (2) Appointment of the Company's governance officer.
3. Matters and measures to be strengthened as priorities:
   (1) Upload the English meeting notice 16 days before the date of the general shareholders' meeting, and the English annual report 7 days prior to the meeting.
   (2) Increase transparency of information disclosure.

(IV) Composition, duties and operation of the Remuneration Committee:

1. Information on Members of the Remuneration Committee

Title (Note 1)	Qualifications / Name	Meeting One of the Following Professional Qualification Requirements, Together with at Least Five Years of Work Experience			Compliance with Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Note
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist who Has Passed a National Examination and Has Been Awarded a Certificate in a Profession Necessary for the Business	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chung-Chuan Shih		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Chen Chiang		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Independent Director	Chih-Hung Hsieh	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note1: For the title, please fill in director, independent director, or others.

Note2: Please check "✓" the corresponding boxes if the members meet the following conditions during the two years prior to the nomination and during the term of office.✓

(1) Not an employee of Aurora or any of its affiliates.

(2) Not a director or supervisor of the Company's affiliates. Not applicable in cases where the person is an independent director of the Company's parent company or any subsidiary appointed in accordance with the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies or other local laws and regulations.

(3) Not the natual person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the Top 10 in shareholding.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 1 subparagraph, or of any of the persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of an institutional shareholder that directly holds 5%or more of the total number of issued shares of the Company, or that ranks among the Top 5 in shareholding, or that designates its representative to serve as a director or supervisor of the Company under Paragraph 1 or 2, Article 27 of the Company Act (except for an independent director appointed in accordance with the Act

or the laws and regulations of the local country by, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(6) Not a director, supervisor or employee of a company controlled by the same person who has shares over a majority of the Company's director seats or voting rights (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(7) Not a director, supervisor, or employee of another company or institution who, or whose spouse, is a chairperson, president, or person holding an equivalent position of the Company (except for an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specified company or institution that has a financial or business relationship with the Company (except for a specific company or institution holding more than 20% but less than 50% of the total issued shares of the Company and concurrently serving as an independent director, as appointed in accordance with the Act or the laws and regulations of the local country at the Company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual, sole proprietorship, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or spouse thereof that provides auditing service for the Company or any of its affiliates, or provides commercial, legal, financial, or accounting service with cumulative remuneration less than NT$500,000 in the past two years. However, this does not apply in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions perform their functions in accordance with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not under any of the categories stated in Article 30 of the Company Act.

2. Operational status of the Remuneration Committee

(1) The Company's Remuneration Committee consists of 3 members.

(2) For this committee, each member's tenure shall be from July 3, 2020 to June 22, 2023.

(3) In 2020, the Company's Remuneration Committee held 4 (A) meetings altogether, and the attendance of its members was as follows:

Position	Name	Actual Number of Attendances (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Note
Convener	Chung-Chuan Shih	4	0	100%	Re-elected on July 3, 2020
Committee Member	Chen Chiang	4	0	100%	
Committee Member	Chih-Hung Hsieh	3	1	75%	

Other matters to be recorded:

I. If the Board of Directors refuses to adopt or amend a recommendation of the Remuneration Committee, the date of the meeting, session, content of the proposal, resolution by the Board of Directors, and the Company’s response to the Remuneration Committee’s opinion (e.g., if the remuneration approved by the Board of Directors exceeds the recommended one of the Remuneration Committee, the circumstances and cause for the difference shall be specified) shall be specified:

II. For resolution(s) made by the Remuneration Committee with the Committee members voicing objections or qualified opinions on the record or in writing, please state the meeting date, session, content of proposal, and opinions of all members and the Company's response to the said opinions: None.

III. Discussions and resolutions of the Remuneration Committee in 2020:

Session of the Remuneration Committee	Date	Proposal Content	Opinions of the Remuneration Committee and the Company's Response to the Opinions
10th Session of the 3rd Remuneration Committee	2020.01.14	Drafted proposal of the Company for allocating 2019 year-end bonus to the directors and managers.	The proposal was approved by all members, and submitted to the Board of Directors for resolution.
11th session of the 3rd Remuneration Committee	2020.03.30	1. The Company's distribution of employee compensation in 2019. 2. The Company's distribution of directors' compensation in 2019.	The proposal was approved by all members, and submitted to the Board of Directors for resolution.
1st session of the 4th Remuneration Committee	2020.08.13	1. Revised the Company's management measures for directors' and managers' compensation. 2. The Company's salary adjustment for managers in 2020.	The proposal was approved by all members, and submitted to the Board of Directors for resolution.
2nd session of the 4th Remuneration Committee	2020.10.05	2020 Mid-Autumn bonus allocation to managers of the Company.	The proposal was approved by all members, and submitted to the Board of Directors for resolution.

Note: During member re-election for the Remuneration Committee, the actual attendance rate (%) of the new and former members of the committee shall be calculated based on the number of sessions held by the committee and how many times they have attended the sessions during their employment.

(V) Performance of corporate social responsibility, deviations from the corporate social responsibility best practice principles for TWSE/TPEx listed companies and reasons thereof:

Evaluation Item	Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
I. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and develop related risk management policies or strategies? (Note 3)	✓		The Company attaches importance to corporate governance, environmental protection and social engagement, which are included in the Company's management policies and related business activities. While striving for sustainable operations and profits, the Company also pays attention to stakeholders' interests and performs its corporate social responsibilities.	No material difference.
II. Does the Company appoint full-time (part-time) senior managers authorized by the Board to be in charge of proposing the corporate social responsibility policies and reporting to the Board?		✓	II. The Company has formulated Corporate Social Responsibility Best Practice Principles, but has not yet appointed full-time (part-time) personnel to perform corporate social responsibilities.	To promote corporate governance, develop sustainable environment, safeguard social public welfare and strengthen its information disclosure, the Company continuously performs its social responsibilities and has its functional projects implemented by internal bodies of the Company. The Safety Management Office annually issues corporate social responsibility reports, discloses the Company's performance, reviews area for improvement and strives to reach those goals.
III. Environmental issues (I) Does the Company establish an environmental management system proper to its industry's characteristics?	✓		(I) The Company has established a system related to environmental management and promotes environmental management systems (ISO14001 and ISO14064). It annually entrusts DNV GL to audit the systems.	No material difference.
(II) Does the Company endeavor to utilize all resources more efficiently and use renewable materials that have insignificant impact on the	✓		(II) The Company promotes 7 energy conservation measures, including temperature reduction for factories, alternative use of LED lights as lighting	No material difference.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
environment?			equipment, and upgrading of air-conditioning equipment. The original purchased open-ended iron cases and bottom plates have been replaced by those made of recycled imported auto parts, to increase utilization ratio of materials.	
(III) Has the Company evaluate d the current and future potential risks and opportunities of climate change, and adopted countermeasures related to climate issues? (IV) Has the Company collected data for greenhouse gas emissions, water usage and waste quantity in the past two years, and formulated energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓ ✓		(III) To effectively control drastic increase in greenhouse gas emissions and respond to challenges to sustainable development resulting from climate change, the Company has taken following measures to reduce greenhouse gas emissions: 1. Developing greenhouse gas inventory 2. Tracking actual greenhouse gas emissions by the Company 3. Putting forward feasible proposals for reducing greenhouse gas emissions 4. Implement work plans for reducing greenhouse gas emissions 5. Promote sustainable development (IV) 1. Greenhouse gases: Since 2007, the Company has begun to identify and take inventory of greenhouse gases in the Hsinchu plant according to ISO 14064, in order to know greenhouse gas emissions and provide basis for bringing forth proposals for reducing greenhouse gas emissions. For all greenhouse gases emitted by the Company, identification of related emission sources, data collection and emission calculation are performed. In addition, they are investigated and verified by DNV. 2. Energy conservation and carbon emission reduction: To meet the commitments of environmental, safety and health policies for "improving equipment effectiveness, managing energy conservation of	No material difference. No material difference.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
			public facilities and cutting energy costs, the Company has completely carried out activities for cutting power consumption by 1% per year since 2015. In 2020, the Company launched 12 improvement themes and decreased power consumption by 1,504,990kW·h/year.	
IV. Social issues (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(I) All of the Company's amendments to its internal control and management rules are in line with related government regulations.	No material difference.
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, rest and annual leave, and other benefits), and appropriately reflected the operating performance or achievements in the employee remuneration?	✓		(II) The Company has formulated related remuneration management measures, bonus allocation standards and leave management measures. It has also set up the Employee Welfare Committee and Trade Union, to guarantee related rights and benefits of the employees.	No material difference.
(III) Does the Company provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		(III) The Company has set up an environmental, safety and health management department for patrolling, inspection, education and supervision of environment, safety and health in its plants, to ensure workers' safety during operations. The Company has lawfully been staffed with professional nursing personnel, drafted and executed the plans for health management and promotion in plants. Apart from regular health checkups, environment, health and safety education and training for employees, it has also specially recruited physicians and professional specialist physicians to provide professional health management services in its plants.	No material difference.
(IV) Does the Company draft effective career development and training plans for its employees?	✓		(IV) The Company has set up special education and training organizations, and established a training system. It annually investigates and performs training on	No material difference.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
			management, quality control, production management, marketing, languages and professional skills according to corporate policies, strategies, rules and training demands. It actively cultivates talents and improves its employees' professional skills. In addition, it has drafted measures regarding official ranks and titles, which are classified into management and professional positions. Its employees can improve their capabilities and achieve career development according to their duties, job types and corporate training system.	
(V) Do the Company's products and services comply with related regulations and international rules for customers' health and safety, privacy, sales, labeling and formulate polices to protect consumers' rights and consumer appeal procedures?	✓		(V) The business units of the Company have set 080 toll-free customer complaint hotlines for their consumers. They make 24-hour road rescue and door-to-door services available to consumers. In addition, consumers can leave messages and send them to the email address of the Company's official website. Full-time customer service specialists are appointed to deal with related matters and give replies. The Company protects customers' personal information at the highest degree according to laws on personal data protection.	No material difference.
(VI) Does the Company formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	✓		(VI) 1. The Company has listed green procurement as a basic requirement for supplier management, and collaborated with manufacturers to assess the Measures for Evaluating New Collaborative Manufacturers' Applications for QAV1. The Company arranges procurement; quality assurance; quality control; technical; and environment & safety personnel to perform on-site evaluations in manufacturers' premises. The manufacturers getting more than 80 (inclusive) scores in the evaluation are confirmed as qualified suppliers.	No material difference.

Evaluation Item	Status (Note 1)			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Summary Description (Note 2)	
			2. The manufacturers contracting projects are listed in great concerns of the Company. They have to sign environment, safety and health commitments in procurement outsourcing and manufacturers' contracting agreements. In addition to encouraging the contractors to undertake responsibilities, the environmental and health organizations shall provide assistance, training and improvement education when necessary, in order to safeguard effective implementation of environmental, safety and health policies inside the plants.	
V. Does the Company refer to internationally-used standards or guidelines for the preparation of reports such as CSR reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation body?	✓		1. The data disclosed in the corporate social responsibility reports is from the Company's statistics and survey results, presented as international general indicators. 2. The greenhouse gas emissions specified by ISO14064 have been verified by DNV. 3. The Company has passed ISO14001, ISO45001 and CNS 15506 certifications for being certified by DNV GL. The certifications are valid from October 17, 2019 to October 16, 2022.	No material difference.
VI. If the Company has established corporate social responsibility best-practice principles based on the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies," describe the implementation and any deviations from such principles: None.				
VII. Other important information to facilitate a better understanding of corporate social responsibility practices: The Company's environmental protection, community involvement, social contributions, social services, social public welfare, consumer rights and interests, human rights, safety, health and other social responsibility activities have been integrated and disclosed in the Company's corporate social responsibility report, and announced on the website of Sanyang Motor (http://www.sanyang.com.tw/).				

Note 1. If Implementation Status is specified "Yes," please explain the key policies, strategies and measures taken and the current progress; if Implementation Status is specified "No," please provide reasons and explain any policy, strategy and measure planned for the future.

Note 2. If the Company has prepared a CSR report, the method for looking up the CSR report and index page shall be indicated in lieu of the report.

Note 3. Materiality principle refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VI) The Company's faithful operations and measures

Evaluation Item	Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs (I) Does the Company formulate the ethical corporate management policies approved by the Board of Directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its Board to implement the policies?	✓		(I) The Company has formulated professional code of ethics and detailed social norms for practitioners. It complies with policies and practices on faithful operations.	No material difference.
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include those specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) The Company has drafted measures for non-competition and confidentiality undertakings, professional code of ethics and letter of confirmation on service codes, to prevent rather dishonest behaviors and risky operations. However, the Company has not established a risk evaluation mechanism, which will be constructed in accordance with the Company's needs.	No material difference.
(III) Does the Company specify in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implement them and review the prevention programs on a regular basis?	✓		(III) The Company has formulated professional code of ethics to prevent dishonest behaviors and specify appropriate ways of representation.	No material difference.
II. Conducting business operations in good faith (I) Does the Company evaluate business partners' credit records and include ethics-related clauses in the business contracts signed with the counterparties?	✓		(I) The Company has formulated detailed social norms for its employees to strictly ban its employees, their relatives, friends and stakeholders from accepting bribes, rebates or illegitimate benefits.	No material difference.
(II) Does the Company establish an exclusively dedicated unit supervised by the Board of Directors to be in	✓		(II) The Company has built a team in charge of professional ethics to irregularly publicize and	Summary.

Evaluation Item	Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
charge of ethical corporate management and report to the Board of Directors the implementation of ethical corporate management policies and prevention programs on a regular basis (at least once a year)? (III) Does the Company formulate policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	 ✓		gradually uphold ethics, but has not regularly reported implementation of such ethics to the Board of Directors. (III) The Company has developed professional code of ethics and detailed social norms for its employees, to prevent conflicts of interest and specify appropriate ways of representation.	 No material difference.
(IV) Does the Company establish effective accounting systems and internal control systems to implement ethical corporate management, with the internal audit unit being responsible for devising relevant audit plans based on the results of assessment of any unethical conduct risk, examining accordingly the compliance with the prevention programs, or engaging a certified public accountant to carry out the audit? (V) Does the Company regularly hold internal and external training on ethical corporate management?	✓ ✓		(IV) The Company has established internal control and accounting systems in accordance with government decrees, lawfully appointed internal audit personnel, executes the audit plans approved by the Board of Directors, and makes regular reports to the Audit Committee and the Board of Directors. (V) The Company has arranged courses related to faithful business operations in its education and training programs for new employees.	No material difference. No material difference.
III. Operation of the whistle-blowing system (I) Does the Company develop both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party? (II) Has the Company developed standard operating procedures and confidentiality measures for the investigation of reported incidents?	 ✓ ✓		 (I) The Company has built a team on professional ethics and set up Audit Office to accept employees' impeaches. The employees prejudicing interests of the Company against principles on faithful operations will be punished according to work rules and keys for special rewards and punishments. (II) The Company has established procedures for accepting impeaches, which are implemented by human resource, environment and health organizations. The Company strictly maintains	 No material difference. No material difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Status (Note 1)</th><th rowspan="2">Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(III) Does the Company provide protection for whistle-blowers against improper treatment?</td><td>✓</td><td></td><td>secrecy of whistleblowers' rights, interests and privacies.

(III) After receiving complaints, the Company will notify and respond to them objectively, fairly and impartially. It will strictly keep the whistleblowers' rights, interests and privacies confidential.</td><td>No material difference.</td></tr>
<tr><td>IV. Enhancing information disclosure
(I) Does the Company disclose the ethical corporate management policies and the results of its implementation on the company website and MOPS?</td><td>✓</td><td></td><td>The Company has created a website to regularly disclose its business information required by laws and regulations.
http://www.sanyang.com.tw.</td><td>No material difference.</td></tr>
<tr><td colspan="5">V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation:
The Company has not formulated express Codes of Conduct for Faithful Business Operations, but related codes have been implemented in other internal rules of the Company, including work rules, detailed social norms for employees, professional code of ethics, and letter of conformation of service norms. No difference exists in the practical operations. Regarding the professional code of ethics, the Company requires all employees to:
1. Comply with the code at work and personal conducts.
2. Make sure of no conflict of interest.
3. Protect confidential information and property of the Company.
4. Obey all applicable laws, rules and regulations.
5. Avoid disobeying rules on Banning Insider Trading.
6. Respect everyone, equally and fairly treat everyone.
7. Make sure of having read and understood all policies of the Company.
8. Consult with the immediate supervisor or the Professional Ethics Committee in case of any inexplicable questions.
9. Report any violations of rules to the Professional Ethics Committee or in accordance with related procedures.
The Company appoints the Head of the HR Department to receive whistleblowing reports and create a whistleblowing email account (hr@sym.com.tw). Any whistleblowing matters or violations reported will be submitted to the Professional Ethics Committee for investigation and handling.</td></tr>
<tr><td colspan="5">VI. Other important information to facilitate better understanding of the Company's ethical corporate management (e.g., review of and amendments to ethical corporate management policies)
1. As the basis to fulfilling ethical management in practice, the Company conducts its businesses in good faith in compliance with all government regulations,</td></tr>
</table>

Evaluation Item	Status (Note 1)			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons Thereof
	Yes	No	Description	
relevant regulations for TWSE/TPEx listed companies and other regulations related to international business activities. 2. All employees of the Company have signed the Professional Code of Ethics and Letter of Conformation of Service Code, in order to regulate employees' behaviors.				

(VII) Please disclose access to the Company's Corporate Governance Best Practice Principles, related rules and regulations, if any: None.

(VIII) Other important information sufficient for enhancing understanding of corporate governance:

1. All important information of the Company is announced on the MOPS pursuant to regulations of competent authorities.
2. Continuing education of directors in 2020:

Position	Name	Date	Refresher Course	Training Hours (hr)	Training Institution
Chairperson	Ching-Yuan Wu	2020.05.07	Corporate Governance	3	Taiwan Corporate Governance Association
		2020.08.13	The Board of Directors reflect on performance appraisal How to build an efficient Board of Directors	3	Taiwan Corporate Governance Association
Vice Chairperson	Li-Chu Wu	2020.05.07	Corporate Governance	3	Taiwan Corporate Governance Association
		2020.08.13	Conduct performance appraisal of the Board of Directors to consider how to build an efficient Board of Directors	3	Taiwan Corporate Governance Association
Managing Directors and Independent Directors	Chung-Chuan Shih	2020.05.07	Corporate Governance	3	Taiwan Corporate Governance Association
		2020.08.13	Conduct performance appraisal of the Board of Directors to consider how to build an efficient Board of Directors	3	Taiwan Corporate Governance Association
		2020.10.12	Analysis of Differences between Statements of Corporate Accounting Standards and IFRSs Lately Recognized by the)Financial Supervisory Commission	3	National Federation of Certified Public Accountant Associations of the Republic of China
		2020.10.15	Practical seminar on zero tax rate applicable to foreign sales of goods with business taxes	3	National Federation of Certified Public Accountant Associations of the Republic of China
		2020.11.16	Analysis of 2020 new laws on business income	3	National Federation of Certified Public

Position	Name	Date	Refresher Course	Training Hours (hr)	Training Institution
			taxes and regulations on industrial innovations		Accountant Associations of the Republic of China
Director	Li-Hsi Chiang	2020.05.07	Corporate Governance	3	Taiwan Corporate Governance Association
		2020.08.13	Conduct performance appraisal of the Board of Directors to consider how to build an efficient Board of Directors	3	Taiwan Corporate Governance Association
Director	Yu-Chang Huang	2020.08.13	The Board of Directors reflect on performance appraisal How to build an efficient Board of Directors	3	Taiwan Corporate Governance Association
Director	Te-Ching Chang	2020.08.13	Conduct performance appraisal of the Board of Directors to consider how to build an efficient Board of Directors	3	Taiwan Corporate Governance Association
Director	Ren-Hao Tien	2020.05.07	Corporate Governance	3	Taiwan Corporate Governance Association
		2020.08.13	Conduct performance appraisal of the Board of Directors to consider how to build an efficient Board of Directors	3	Taiwan Corporate Governance Association
Independent Director	Chih-Hung Hsieh	2020.05.07	Corporate Governance	3	Taiwan Corporate Governance Association
		2020.08.13	Conduct performance appraisal of the Board of Directors to consider how to build an efficient Board of Directors	3	Taiwan Corporate Governance Association
Independent Director	Chen Chiang	2020.05.07	Corporate Governance	3	Taiwan Corporate Governance

Position	Name	Date	Refresher Course	Training Hours (hr)	Training Institution
					Association
		2020.08.13	Conduct performance appraisal of the Board of Directors to consider how to build an efficient Board of Directors	3	Taiwan Corporate Governance Association

(IX) Status of internal control system

1. Statement on Internal Control

SANYANG MOTOR CO., LTD.

Statement on Internal Control

Date: March 30, 2021

The Company hereby states the results of the self-evaluation of the internal control system for 2020 as follows:

I. The Company clarifies that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including income, performance, and asset safety) and reporting are reliable, timely, and transparent, as well as to ensure compliance with relevant regulations and laws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of the internal control system based on the criteria provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the Regulations identify 5 components of internal control based on the process of management control: 1. control environment; 2. risk assessment; 3. control activities; 4. information and communication; and 5. monitoring operations. Each key component includes several items. Please refer to the Regulations for the aforementioned items.

IV. The Company has evaluated the design and operating effectiveness of the internal control system according to the Regulations.

V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2020, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, is effective and can reasonably assure the achievement of the foregoing goals.

VI. This statement is an integral part of the Company's annual report and prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was approved by the Board of Directors on March 30, 2021, and none of the nine Directors present objected to it and all consented to the content expressed in this statement.

SANYANG MOTOR CO., LTD.

Chairperson (Signature/Seal): Ching-Yuan Wu

President (Signature/Seal): Ching-Yuan Wu

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(X) Penalties imposed upon the Company and its employees according to laws, penalties imposed by the Company upon its employees for the violation of the internal control system, principal deficiencies, and improvement status during the most recent fiscal year and during the current fiscal year and as of the date of the annual report: None.

(XI) Major resolutions of the 2020 shareholders' meeting and Board of Directors meeting

1. Important resolutions of the 2020 general shareholders' meeting:

<table>
<tr><th>Matters to Be Resolved</th><th>Review of Implementation Status</th></tr>
<tr><td>Approval of 2019 Business Report and Financial Statements</td><td>Based on the voting results, the number of affirmative votes complies with the statutory requirement and the proposal was thus approved.</td></tr>
<tr><td>Approval of 2019 Profit Distribution Plan</td><td>Based on the voting results, the number of affirmative votes complies with the statutory requirement and the proposal was thus approved. The Company confirmed the ex-dividend date to be July 27, 2020 and the date for distributing cash dividends to be August 17, 2020. It distributed NT$811,179,604 as cash dividends in total.</td></tr>
<tr><td>Election for the 16th Board of Directors</td><td>9 directors were elected and appointed for the 26th Board of Directors. Each term of office is 3 years, calculated from June 23, 2020 to June 22, 2023. The directors elected (including Independent Directors) are as follows:
· Ching-Yuan Wu
· Representatives of Chien-Jin Investment Co., Ltd.: Li-Chu Wu and Li-Hsi Chiang
· Representatives of Chao-Yao Investment Co., Ltd.: Yu-Chang Huang, Te-Ching Chang and Ren-Hao Tien
· Chung-Chuan Shih (Independent Director)
· Chih-Hung Hsieh (Independent Director)
· Chen Chiang (Independent Director)</td></tr>
<tr><td>Relieve non-competition constraints upon directors of the 26th Board of Directors and their representatives.</td><td>Exempt the directors from the non-competition clauses according to the resolution of the general shareholders' meeting:
<table>
<tr><th>Director</th><th>Company Name and Concurrent Position</th></tr>
<tr><td>Ching-Yuan Wu</td><td>Chairperson, Xiamen Xiashing Motorcycle Co., Ltd.
Chairperson, Nanyang Industries Co., Ltd.
Chairperson, Three Brothers Machinery Industrial Co., Ltd.
Director, Yafu Energy Storage Co., Ltd.
Director, Nova Design (Shanghai) Ltd.</td></tr>
<tr><td>Chien-Jin Investment Co., Ltd.
Representative:
Li-Chu Wu</td><td>Chairperson, Shan Young Assets Management Co., Ltd.
Chairperson, Liyang Industrial Co., Ltd.
Vice Chairperson, Nanyang Industries Co., Ltd.
Director, Nanyang Insurance Agency Co., Ltd.
Director, Xiamen Xiashing Motorcycle Co.,</td></tr>
</table></td></tr>
</table>

		Ltd. Director, Vietnam Rongzhang Technology Co., Ltd. Non-executive Director, Vietnam Manufacturing & Export Processing Holdings Ltd.
	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	Director, Nanyang Industries Co., Ltd.
	Chao-Yao Investment Co., Ltd. Representative: Ren-Hao Tien	Chairperson, ChangZhou NanYang Motor Sales and Service Ltd. Chairperson, Suzhou HuiYing Motor Sales and Service Ltd. Director, Nanyang Industries Co., Ltd. Director, RONGZHANG INDUSTRIAL CO., LTD. Director, Weile Vehicle Co., Ltd.

2. Major resolutions of the Board of Directors in 2020 and as of the date of annual report:

Item	Date	Major Resolutions	Implementation Status
25th Board 19th session Board of Directors	2020.01.14	1. Approved the 2019 year-end bonus distribution plan for directors and managers of the Company. 2. Approved the 2020 business plan of the Company. 3. Approved the proposal to assess independence of, and to appoint CPAs auditing and attesting the Company's 2020 financial statements.	Took actions in accordance with the resolutions.
25th Board 8th session Extraordinary Board of Directors Meeting	2020.02.03	Approved the Company's 9th buyback of treasury stocks	Took actions and made announcements according to the resolutions.
25th Board 9th session Extraordinary Board of Directors Meeting	2020.03.20	Approved the Company's 10th buyback of treasury stocks	Took actions and made announcements according to the resolutions.
25th Board 20th session Board of Directors	2020.03.30	1. Approved the Company's 2019 statement on internal control. 2. Approved the 2019 business report and financial statements of the Company. 3. Approved the Company's 2019 distribution of employee remuneration. 4. Approved the Company's 2019 distribution of directors' remuneration. 5. Approved the Company's 2019 earnings	Implemented and announced paragraphs 2 and 5 according to the resolutions; submitted them to the 2020 general shareholders' meeting for acceptance and resolution; implemented and announced paragraphs 3 and 4 pursuant to the resolutions, and

Item	Date	Major Resolutions	Implementation Status
		distribution. 6. Approved the Company's enactment of the Regulations Governing the Evaluation of the Board of Directors. 7. Approved election for the 26th Board of Directors. 8. Approved the proposal to convene the 2020 general shareholders' meeting. 9. Approved thee Company's acceptance of the candidate nomination for Independent Directors. 10. Approved exemption of new directors of the 26th Board of Directors and their representatives from non-competition clauses.	reported them at the 2020 general shareholders' meeting; implemented and announced paragraph 10 in accordance with the resolutions, and reported them at the 2020 shareholders' general meeting for discussion and resolution.
25th Board 21st session Board of Directors	2020.05.07	1. Approved the Company's revision of some clauses of the "Charter for the Audit Committee". 2. Approved the Company's revision of some clauses of the "Charter for the Remuneration Committee". 3. Approved the Company's revision of some clauses of the "Rules of Procedure for the Board of Directors". 4. Approved the Company's candidate list of Independent Directors nominated by the shareholders.	Implemented and announced the proposals according to the resolutions. Paragraph 4 was announced in combination with the given schedules, and reported at the 2020 general shareholders' meeting for election.
25th Board 22nd Session Board of Directors	2020.05.14	1. Approved adjustment of the Company's financing limit. 2. Approved acquisition of assets including the right to use immovable property through stakeholders.	Took actions in accordance with the resolutions.
25th Board 10th session Extraordinary Board of Directors Meeting	2020.05.22	Approved the Company's 11th buyback of treasury stocks.	Took actions and made announcements according to the resolutions.
25th Board 11th session Extraordinary Board of Directors Meeting	2020.06.05	The Company passed a resolution to indirectly hold 67.07% equity of Vietnam Manufacturing and Export Processing (Holdings) Limited (VMEPH) through acquisition by its subsidiary SY International Ltd. ("SYI").	Took actions and made announcements according to the resolutions.
26th Board 1st session Board of Directors	2020.06.23	Election of managing directors for the 26th Board of Directors	Elected Director Ching-Yuan Wu, Director Li-Chu Wu and Independent Director Chung-Chuan Shih as managing directors; elected Director Ching-Yuan Wu as Chairperson and Director Li-Chu Wu as Vice Chairperson.
26th Board 2nd session Board of	2020.07.03	1.Approved the appointment of the members of the 4th Remuneration Committee of the Company.	The proposals were implemented and announced according to the resolutions.

Item	Date	Major Resolutions	Implementation Status
Directors		2. Approved the date of operation related to 2019 cash dividend. 3. Approved the cancelation of treasury shares and stipulating the record date for capital reduction.	The 2019 cash dividends indicated in Paragraph 2 will be paid on August 17, 2021. The Company confirmed the base date for capital reduction with treasury stocks to be July 26, 2020, and completed registration of capital reduction on July 30, 2020.
26th Board 3rd session Board of Directors	2020.07.30	1. The Company approved the proposal for acquiring negotiable securities of Taiwan Tea Corp. by holding 100% shares of its subsidiary Shan Young Assets Management Co., Ltd. 2. Approved the Company's 12th buyback of treasury stocks.	The proposals were implemented and announced according to the resolutions. The proposal specified in Paragraph 2 was reported at the 2021 general shareholders' meeting.
26th Board 4th session Board of Directors	2020.08.13	1. Approved the Company's remuneration management measures for directors and managers. 2. Approved 2020 salary adjustment for managers of the Company. 3. Approved the 1st capital increase in Shan Young Assets Management Co., Ltd. (a subsidiary of the Company) in 2020. 4. Approved the cancellation of treasury stocks and confirmed the base date for capital reduction.	The proposals were implemented and announced according to the resolutions. The base date for capital reduction with treasury stocks was confirmed as September 12, 2020, and registration of capital reduction was completed on September 21, 2020.
26th Board 5th session Board of Directors	2020.10.05	1. Approved 2020 Mid-Autumn bonus distribution to managers of the Company. 2. Approved the Company's purchase of the land property on the Wanli West Segment in Gangshan District, Kaohsiung. 3. Approved the Company's application for interim financing limit. 4. Approved the cancellation of treasury stocks and confirmed the base date for capital reduction.	The proposals were implemented and announced according to the resolutions. The base date for capital reduction with treasury stocks specified in Paragraph 4 was confirmed to be October 15, 2020, and the registration of capital reduction was November 5, 2020.
26th Board 6th session Board of Directors	2020.11.13	1. Approved 2021 internal audit plan of the Company. 2. Approved adjustment of the Company's financing limit. 3. Approved the Company's earnings distribution for the first half of 2020. 4. Approved revision of some clauses in the Regulations for Treasury Stocks.	Took actions and made announcements according to the resolutions.
26th Board 7th session Board of Directors	2020.12.24	1. A resolution was passed that the Company intended to donate NT$250,000,000 to Hsinchu Sanyang Education Foundation ("Sanyang Education Foundation"), a corporate consortium. 2. The Company approved the proposal for acquiring negotiable securities of Taiwan Tea Corp. by holding 100% shares of its subsidiary Shangyang Asset Management	Took actions and made announcements according to the resolutions.

Item	Date	Major Resolutions	Implementation Status
		Co., Ltd. 3. Approved newly appointed managers of the Company.	
26th Board 8th session Board of Directors	2021.02.04	1. Approved 2021 business plan of the Company. 2. Approved the proposal to assess the independence of, and to appoint CPAs auditing and attesting 2021 financial statements of the Company. 3. Approved the distribution of directors and managers' remuneration of the Company in 2020. 4. Approved salary of newly appointed managers of the Company.	Took actions in accordance with the resolutions.
26th Board 9th session Board of Directors	2021.03.30	1. Approved the 2020 statement on internal control of the Company. 2. Approved 2020 business report and financial statements of the Company. 3. Approved 2020 employee remuneration distribution of the Company. 4. Approved 2020 distribution of directors' remuneration of the Company. 5. Approved 2020 earnings distribution of the Company. 6. Approved revision of some clauses in the Articles of Incorporation. 7. Approved revision of some clauses in the Rules of Procedure for Board of Directors Meetings. 8. Approved amendments to the Rules Governing the Election of Directors. 9. Approved amendments to the Procedures for Capital Loans and Others. 10. Approved amendments to some clauses in the Processing Procedures for Engagement in Derivative Commodity Transactions. 11. Approved amendments to some clauses in the "Charter for the Audit Committee". 12. Approved the proposal to convene the 2021 general shareholders' meeting of the Company. 13. Approved appointment of corporate governance executive of the Company.	The proposals were implemented and announced according to the resolutions. The proposals specified in Paragraphs 2 and 5 were presented at the 2021 general shareholders' meeting for acceptance and resolution; those in Paragraphs 3 and 4 were reported at the 2021 general shareholders' meeting; those indicated in Paragraphs 6 through 10 were presented at the 2021 general shareholders' meeting for discussion and resolution.
26th Board 10th session Board of Directors	2021.05.13	1. Approved the adjustment of the Company's financing position. 2. Approved the amendment to the "Remuneration Committee Charter." 3. Approved the amendment to the "Board of Directors Requests Standard Operating Procedures." 4. Approved the amendment to the "Procedures for the Acquisition or Disposal of Assets." 5. Approved the addition of the "Corporate Governance Best-practice Principles."	The Company will implement the resolution in accordance with the content of the resolution, and the fourth item will be reported to the shareholders for discussion and resolution at the Annual General Meeting in 2021.

(XII) The important resolutions passed by the Board of Directors or the Board of Supervisors with varying opinions and recorded or stated in writing in the most recent fiscal year and as of the date of annual report: None.

(XIII) Summary of discharge and resignation of parties relating to the financial report: None.

IV. CPAs' Professional Fees

(I) Breakdown of CPA Professional Fee

Name of CPA Firm	Name of CPAs	Audit Period	Note
KPMG	Chung-Che Chen	2020.01.01~2020.12.31	-
	Ti-Nuan Chien	2020.01.01~2020.12.31	-

Currency Unit: NTD Thousand

Range	Category of Fees	Audit Fees	Non-audit Fees	Total
1	Under NT$2,000 thousand			
2	NT$2,000 thousand (inclusive) - NT$4,000 thousand		✓	
3	NT$4,000 thousand (inclusive) - NT$6,000 thousand			
4	NT$6,000 thousand (inclusive) - NT$8,000 thousand			
5	NT$8,000 thousand (inclusive) - NT$10,000 thousand			
6	NT$10,000 thousand and above	✓		✓

(II) Information about CPA Professional Fee

Unit: NTD Thousand

Name of CPA Firm	Name of CPAs	Audit Fees	Non-audit Fees					Audit Period
			System Design	Company Registration	Human Resources	Others (Note 1 - Note 6)	Subtotal	
KPMG	Chung-Che Chen Ti-Nuan Chien	10,200	-	-	-	-	-	2020.01.01 - 2020.12.31
KPMG	Wei-Tun Yeh	-	-	-	-	1,480 (Note 1)	1,480	-
KPMG	Chung-Che Chen	-	-	-	-	480 (Note 2)	480	-
KPMG	Chung-Che Chen	-	-	-	-	200 (Note 3)	200	-
KPMG	Wei-Tun Yeh	-	-	-	-	150 (Note 4)	150	-
KPMG	Chung-Che Chen					50 (Note 5)	50	-
Note	1. Transfer price: NT$1,480 thousand. 2. Fees in the English financial statements: NT$480 thousand. 3. Fees in the letter of opinions on reasonableness of buyback prices of stocks: NT$200 thousand. 4. Business tax: NT$150 thousand. 5. Total payroll of full-time employees in non-management roles: NT$50 thousand.							

(III) Change in CPA firm and audit fees for the year of the change less than that of the previous year: None.

(IV) Audit fees which were over 15% lower than that of the previous year: None.

(V) Items for evaluating independence of CPAs:

Evaluation Item	Rating	Independence of the CPAs
1. Whether the CPAs have direct or material indirect financial interest with the Company	No	Yes
2. Whether the CPAs have conducted any financing or guarantee activities in connection with the Company or its directors.	No	Yes
3. Whether the CPAs have close business relationships or potential employment relationships with the Company	No	Yes
4. The CPAs and members of the audit team serving as directors or managerial officers or holding positions with significant influence on the audit work of the Company at present or in the past 2 years	No	Yes
5. Whether the appointed CPAs provide non-audit services for CMP that would have a direct impact on the audits	No	Yes
6. Whether the CPAs have stocks or other securities issued by the Company as intermediaries	No	Yes
7. Whether the CPAs act as defendant of the Company or solve the Company's conflicts with other third parties on behalf of the Company	No	Yes
8. Whether the CPAs have kinships with directors, managers or staff holding posts with material impacts upon audit in the Company	No	Yes

V. CPAs Replacement Related Information:

(I) About former CPAs

<table>
<tr><td>Date of Replacement</td><td colspan="4">Approved by the Board of Directors on January 14, 2020</td></tr>
<tr><td>Replacement Reasons and Remarks</td><td colspan="4">Internal adjustment of the CPA firm
The former CPAs Kuo-Yang Tseng and Ti-Nuan Chien were replaced by Chung-Che Chen and Ti-Nuan Chien.</td></tr>
<tr><td rowspan="3">Termination by the Company or the CPAs or Rejection of Appointment</td><td colspan="2">Party
Condition</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination by the Company</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">Termination by the CPAs</td></tr>
<tr><td>Opinions (Other than Unqualified Opinions) in the Past 2 Years and Reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">With Different Opinions from the Issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting Principles or Practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of Financial Statements</td></tr>
<tr><td></td><td colspan="2">Audit Scope or Steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">✓</td></tr>
<tr><td>Description</td><td colspan="3"></td></tr>
<tr><td>Additional Disclosures under Subparagraphs 1-4 to 1-7, Paragraph 6, Article 10 of the Guidelines)</td><td colspan="4">None</td></tr>
</table>

(II) Successive CPAs

Name of CPA Firm	KPMG
Name of CPAs	CPAs Chung-Che Chen and Ti-Nuan Chien
Date of Appointment	Approved by the Board of Directors on January 14, 2020
Inquiries into Accounting Treatments or Principles for Specific Transactions and Possible Opinions on Financial Statements before Appointment	None
Successive CPAs' written disagreements with the former CPAs	None

(III) Former CPAs' reply to disclosures under Subparagraphs 1 and 2-3, Subparagraph 6, Article 10 of the Guidelines: N/A.

VI. Information Regarding the Chairperson, Presidents, Financial and Accounting Managers Holding a Position at an Accounting Firm or an Affiliate in the Most Recent Fiscal Year: None.

VII. Conditions of Share Transfer and Changes in Equity Pledge from the Directors, Managers, and Shareholders Holding over 10% of Shares in the Most Recent Year and as of the Date of the Annual Report:

(I) Changes in equity of directors, managerial officers and major shareholders:

Unit: Share

Position	Name	2020 (Note 1)		As of April 25 of the current year	
		Change in Number of Shares Held	Change in Number of Shares Pledged	Change in Number of Shares Held	Change in Number of Shares Pledged
Chairperson/ President	Ching-Yuan Wu	-	-	-	(3,098,000)
Vice Chairperson/ Director	Chien-Jin Investment Co., Ltd.	-	(2,382,000)	-	(3,910,000)
Vice Chairperson	Chien-Jin Investment Co., Ltd. Representative Li-Chu Wu	-	(2,800,000)	-	(2,050,000)
Managing Director/ Independent Director	Chung-Chuan Shih	-	-	-	-
Director	Chien-Jin Investment Co., Ltd. Representative: Li-Hsi Chiang	-	-	-	-
Director	Chao-Yao Investment Co., Ltd.	-	(2,418,000)	-	-
Director	Chao-Yao Investment Co., Ltd. Representative: Yu-Chang Huang Ren-Hao Tien Te-Ching Chang	-	-	-	-
Independent Director	Chen Chiang	-	-	-	-
Independent Director	Chih-Hung Hsieh	-	-	-	-
Vice President	Hsiung-Shih Lin	-	-	-	-
Vice President	Hsu-Pin Chen	-	-	-	-
Vice President	Shih-Liang Hsu	-	-	-	-
Assistant Manager	Ying-Feng Chiu	-	-	-	-
Assistant Manager	Chao-Shun Lin	-	-	-	-
Assistant Manager	Hsi-Cheng Chang	-	-	-	-
Assistant Manager	Kuei-Chin Huang	-	-	-	-
Assistant Manager	Chao-Sheng Lin	-	-	-	-
Assistant Manager	Chien-Sheng Chen	-	-	-	-
Assistant Manager	Ren-Hao Tien	-	-	-	-
Assistant Manager	Yuan-Ping Huang	-	-	-	-
Assistant Manager	Ming-Chieh Lin	-	-	-	-
Assistant Manager	Yuh-Shying Gau	6,000	-	-	-
Assistant Manager	Hsu-Chi Cheng (Note 2)	-	-	-	-

Note1: January 1, 2020 - December 31, 2020
Note2: Appointed on January 11, 2021

(II) Where the counterparty of stock transfer or stock pledge is a related party, the name of the counterparty, relationship between the counterparty and the Company, Directors, Supervisors and shareholders holding over 10% shares of the Company, and the shares obtained or pledged shall be disclosed: None.

VIII. Information on Relationships among TOP10 Shareholders

April 25, 2021 Unit: Share

Name	Current shareholding		Spouse & minor shareholding		Total number of shares held in others' names		Top10 shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Note
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Name (or Designation)	Relationship	
Da Yang Investment Ltd. Representative: Tiao-Mou Hsu	64,492,000	8.03%	-	-	-	-	-	-	-
Chuan Yuan Investment Ltd. Representative: Kuo-I Wang	47,375,000	5.90%	-	-	-	-	-	-	-
Bai Ke Investment Ltd. Representative: Wen-Lung Chang	44,230,000	5.51%	-	-	-	-	-	-	-
Guancheng Investment Co., Ltd. Representative: Ting-Yu Hsiao	29,997,000	3.74%	-	-	-	-	-	-	-
Chien-Jin Investment Co., Ltd. Representative: Li-Chu Wu	29,181,000	3.63%	–	–	–	–	Ching-Yuan Wu	Brother and sister with the company's representative	-
							Chuangfu Development Consulting Co., Ltd.	Sisterhood with the company's representative	-
							Li-Chu Wu	Representative of the company	-
Youyi Investment Co., Ltd. Representative: Tsai-Hung Li	23,333,000	2.91%	-	-	-	-	-	-	-
Ching-Yuan Wu	20,126,240	2.51%	281,360	0.04%	–	–	Chien-Jin Investment Co., Ltd.	Brother and sister with the company's representative	
							Chuangfu Development Consulting Co., Ltd.	Brother and sister with the company's representative	
							Li-Chu Wu	Sibling	
Hongbai Investment Co., Ltd. Representative: Chen-Mei Ku	17,963,000	2.24%	-	-	-	-	-	-	-
Chuangfu	17,086,000	2.13%	-	-	-	-	Chien-Jin Investment	Sisterhood with the company's	-

Name	Current shareholding		Spouse & minor shareholding		Total number of shares held in others' names		Top10 shareholders, name and relationship with anyone who is a related party or a relative within the second degree of kinship		Note
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Name (or Designation)	Relationship	
Development Consulting Co., Ltd. Representative: Li-Mei Wu							Co., Ltd.	representative	
							Ching-Yuan Wu	Brother and sister with the company's representative	-
							Li-Chu Wu	Sisterhood with the company's representative	-
Li-Chu Wu	17,046,560	2.12%	4,269,600	0.53%	-	-	Chien-Jin Investment Co., Ltd.	Representative of the company	-
							Ching-Yuan Wu	Sibling	-
							Chuangfu Development Consulting Co., Ltd.	Sisterhood with the company's representative	-

IX. Number of Shares Held by the Company, Its Directors, Managers or Any Companies under Direct or Indirect Control of the Company in a Single Enterprise, and Their Total Shareholding Ratio

April 25, 2021 Unit: Share; %

Investee business (Note)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by Aurora		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Shan Young Assets Management Co., Ltd.	656,300,000	100%	-	-	-	100%
Chu Yang Motor Co., Ltd.	2,900,000	100%	-	-	-	100%
Ching Ta Investment Co., Ltd.	95,807,241	99.66%	-	-	-	99.66%
Sanyang Deutschland GmbH	-	100%	-	-	-	100%
Sanyang Italia S.r.l	-	100%	-	-	-	100%
Youth Taisun Co., Ltd.	16,752,800	100%	-	-	-	100%
SY International Ltd.	-	100%	-	-	-	100%
NOVA Design Co., Ltd.	19,080,000	100%	-	-	-	100%
Nanyang	126,506,270	89.60%	-	-	-	89.60%

Investee business (Note)	Ownership by the Company		Investment by Directors/Managerial Officers and Companies Directly or Indirectly Controlled by Aurora		Total Ownership	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Industries Co., Ltd.						
SUNSHINE AUTO-LEASE Co., Ltd.	6,763,840	16.27%	34,339,106	82.58%	41,102,946	98.85%
Profit Source Investment Ltd.	-	100%	-	-	-	100%
APh ePower Co., Ltd.	26,000,000	23.21%	-	-	-	23.21%
Sanyang Motor Colombia S.A.S	100,002	100%	-	-	-	100%

Note: The Company uses the equity method for its long-term investments.

Chapter 4. Fundraising Status

I. Capital and Shares

(I) Source of Capital

Capitalization Process

Unit: Shares; NT$

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital Stock	Capital Increase by Assets Other than Cash	Others
1990.07	NT$10	500,000,000	5,000,000,000	455,000,000	4,550,000,000	Retained earnings: NT$395,371,200 Capital reserves: NT$200,916,800	None	(79) TCZ (I) No.01769
1992.12	NT$10	500,000,000	5,000,000,000	486,850,000	4,868,500,000	Retained earnings: NT$136,500,000 Capital reserves: NT$182,000,000	None	(81)TCZ (I) No. 03331
1994.09	NT$10	750,000,000	7,500,000,000	569,000,000	5,690,000,000	Cash: NT$91,225,000 Retained earnings: NT$486,850,000 Capital reserves: NT$243,425,000	None	(83) TCZ (I) No.32553
1995.10	NT$10	750,000,000	7,500,000,000	694,180,000	6,941,800,000	Retained earnings: NT$995,750,000 Capital reserves: NT$256,050,000	None	(84) TCZ (I) No.34157
1998.07	NT$10	750,000,000	7,500,000,000	746,243,500	7,462,435,000	Retained earnings: NT$242,963,000 Capital reserves: NT$277,672,000	None	(87) TCZ (I) No. 58685
1999.09	NT$10	850,000,000	8,500,000,000	776,093,240	7,760,932,400	Capital reserves: NT$298,497,400	None	(88) TCZ (I) No. 75780
2000.08	NT$10	850,000,000	8,500,000,000	790,070,000	7,900,700,000	Capital Reserves: NT$139,767,600	None	(88) TCZ (I) No. 72283
2001.08	NT$10	850,000,000	8,500,000,000	805,370,000	8,053,700,000	Capital reserves: NT$153,000,000	None	(90) TCZ (I) No. 153660
2008.09	NT$10	850,000,000	8,500,000,000	845,638,500	8,456,385,000	Retained earnings: NT$402,685,000	None	FSC Official Letter No. 0970039548
2011.08	NT$10	950,000,000	9,500,000,000	896,376,810	8,963,768,100	Retained earnings: NT$507,383,100	None	FSC Official Letter No. 1000036651
2014.04	NT$10	950,000,000	9,500,000,000	900,044,604	9,000,446,040	Overseas convertible corporate bonds USD$6,400,000	None	FSC Official Letter No. 1020051210
2015.12	NT$10	950,000,000	9,500,000,000	880,044,604	8,800,446,040	Cancellation of treasury stocks NT$200,000,000	None	JSS No. 10401262010

Year/Month	Par Value	Authorized Capital		Paid-in Capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital Stock	Capital Increase by Assets Other than Cash	Others
2017.08	NT$10	950,000,000	9,500,000,000	868,595,604	8,685,956,040	Cancellation of treasury stocks NT$114,490,000	None	JSS No. 10601113840
2018.06	NT$10	950,000,000	9,500,000,000	853,595,604	8,535,956,040	Cancellation of treasury stocks NT$150,000,000	None	JSS No. 10701062160
2020.07	NT$10	950,000,000	9,500,000,000	814,398,604	8,143,986,040	Cancellation of treasury stocks NT$391,970,000	None	JSS No. 10901146070
2020.09	NT$10	950,000,000	9,500,000,000	804,982,604	8,049,826,040	Cancellation of treasury stocks NT$94,160,000	None	JSS No. 10901180540
2020.11	NT$10	950,000,000	9,500,000,000	803,077,604	8,030,776,040	Cancellation of treasury stocks NT$19,050,000	None	JSS No. 10901200540

Share Class

Share Class	Authorized Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Common Shares	803,077,604	146,922,396	950,000,000	Listed Company's Shares

Information on shelf registration: None.

(II) Shareholder Structure

April 25, 2021

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Corporate Shareholders	Individuals	Foreign Institutions and Natual Persons	Total
Number of Shareholders	1	4	294	50,008	205	50,512
Shares Held	1,975,000	3,886,124	390,975,302	316,637,163	89,604,015	803,077,604
Shareholding Ratio	0.25	0.48	48.68	39.43	11.16	100

(III) Equity Distribution

April 25, 2021; unit: NT$10 per share

Shares Range	Number of shareholders	Shareholding	Shareholding Ratio (%)
1~999	25,767	1,481,970	0.18
1,000~5,000	18,749	38,988,462	4.85
5,001~10,000	3,010	24,380,034	3.04
10,001~15,000	867	11,000,180	1.37
15,001~20,000	648	12,173,933	1.52

Shares Range	Number of shareholders	Shareholding	Shareholding Ratio (%)
20,001~30,000	477	12,418,976	1.55
30,001~40,000	233	8,532,090	1.06
40,001~50,000	159	7,534,681	0.94
50,001~100,000	284	20,515,860	2.55
100,001~200,000	118	17,434,809	2.17
200,001~400,000	70	19,247,153	2.40
400,001~600,000	27	13,373,139	1.67
600,001~800,000	13	9,203,165	1.15
800,001~1,000,000	16	14,759,366	1.84
Over 1,000,001	74	592,033,786	73.71
Total	50,512	803,077,604	100.00

(IV) List of major shareholders: shareholders holding 5% shares

April 25, 2021

Shareholding / Name of Major Shareholders	Shareholding	Shareholding Ratio (%)
Da Yang Investment Ltd.	64,492,000	8.03 %
Chuan Yuan Investment Ltd.	47,375,000	5.90 %
Bai Ke Investment Ltd.	44,230,000	5.51 %

(V) Information on market value, net value, earnings and dividends per share

Year / Items			2019	2020	As of May 13, 2021 of current year
Market Price per Share	Highest		23.50	40.75	38.95
	Lowest		19.70	18.25	24.65
	Average		20.96	23.02	32.03
Net Worth per Share (Note 2)	Before Distribution		16.44	18.39	19.14
	After Distribution		15.49	Note 1	Note 1
Earnings per Share	Weighted Average Shares (Thousand)		821,304	802,783	798,201
	Earnings per Share		2.71	2.41	0.74
Dividends per Share	Cash Dividends		1.01	Note 1	Note 1
	Stock Dividends	Stock Dividends Appropriated from Earnings	0	Note 1	Note 1
		Stock Dividends Appropriated from Capital Reserves	0	Note 1	Note 1
	Accumulated Undistributed Dividend (Note 3)		0	0	0
Return on Investment	Price / Earnings Ratio (Note 4)		7.73	9.55	43.28
	Price / Dividend Ratio (Note 5)		20.75	Note 1	Note 1
	Cash Dividend Yield (Note 6)		4.82%	Note 1	Note 1

Note1: The earnings distribution in 2020 has not been resolved by the shareholders' meeting.

Note2: Information on net worth peer share and earnings per share of the Company has been audited (reviewed) by CPAs in the most recent quarter and as of the date of the annual report.

Note3: Please fill out basic and diluted earnings per share if retroactive adjustment is necessary due to stock dividend payout.

Note4: Price/earnings ratio = Average closing price per share for the current fiscal year/ earnings per share, excluding loss per share.

Note5: Price/dividend ratio = Average closing price per share for the current fiscal year/Cash dividend per share.

Note6: Cash dividend yield = Cash dividends per share/Average closing price per share for the current fiscal year.

(VI) Dividend policy and implementation of the Company

1. Dividend policy:

   In case of earnings upon annual final settlement of the Company, the earnings shall be first used to pay taxes and offset accumulated losses of the previous years. Then, 10% of the remained earnings shall be set aside as accumulated legal reserve, and the opening undistributed earnings shall be deemed accumulated undistributed earnings, which shall be accounted as distributable earnings of the current fiscal year after they are partially set aside as special reserves. The Board of Directors shall draft the earnings distribution proposal, which shall be resolved by the shareholders' meeting. The dividends to shareholders shall not exceed 10% of the paid-in capital. In case of any surplus, bonuses shall be paid to shareholders.

   The Company is at a mature state of its life cycle, but its industry environment may change with other external factors. In addition, it will continue actively expanding its local and international markets. In distributing earnings, apart from actual earnings, the Company's future capital requirements, tax system and impacts upon shareholders shall also be taken into account. On the premise of maintaining stable dividends, the Company shall decide how to distribute dividends in cash or by shares. The cash dividends distributed shall not be below 10% of the total dividends distributed. When there are sufficient earnings and capitals, the distribution ratio shall be increased. The distribution proposal shall be drafted by the Board of Directors, and resolved according to the Company Act.

   The earnings distribution or deficit offset of the Company shall be performed at the end of half of a fiscal year. The proposal for earnings distribution of deficit offset in the first half of a fiscal year shall be resolved by the Board of Directors after it is submitted to and audited by the Audit Committee along with the business report and financial statements.

   In distributing earnings as mentioned above, the Company shall first forecast and reserve the taxes payable, lawfully offset losses or set aside legal reserves or special reserves. In case of any surplus, the surplus and the opening accumulated undistributed earnings shall be accounted as distributable earnings. However, this provision shall not apply if such legal reserves amount to the total capital of the Company.

   In distributing surplus earnings according to the foregoing Paragraph 3 by issuing new shares, the Company shall follow the Company Act. To distribute surplus earnings in cash, the distribution shall be resolved by the Board of Directors.

2. Dividend distribution proposed at this shareholders' meeting:

   The 2020 earnings distribution proposal was drafted according to the Articles of Incorporation of the Company, and NT$1.3 per share was distributed as cash dividend.

SANYANG MOTOR CO., LTD.

2020 Earnings Distribution

SANYANG MOTOR CO.,LTD.
2020 Earnings Distribution

Currency Unit: NT$

Summary	Amount
Beginning Balance of Retained Earnings	1,162,591,523
Plus (Minus):	
Retained earnings offset due from retired treasury stocks	(533,771,819)
Changes in actuarial gains and losses for the current period	(122,578,630)
Retained earnings derived from investments accounted for using equity method	40,187,478
Reversal of special reserve arising from first-time adoption of IFRSs	39,666,172
Reversal of special reserve arising from differences between the carrying amount of treasury stock held by the subsidiaries and the parent company’s stock price(Note 1)	16,454,814
Reversal of special reserve arising from reduction of rotary rights and interests.	113,623,262
After-tax net profit for the year	1,938,344,167
	2,654,516,967
Appropriated items:	
Legal reserve (10%)	(136,184,737)
Retained earnings available for distribution	2,518,332,230
Distribution items:	
Cash dividends NT$ 1.3/share (Note 2)	1,044,000,885
Unappropriated retained earnings	1,474,331,345

Note 1: According to Nov.21 2012 the Permit No. 1010047490 of Financial Supervisory Commission.
Note 2: The dividend ratio per share shall be adjusted in accordance with the actual number of outstanding shares on the ex-dividend date.
Note 3: According board resolution, the earnings of the first half of 2020 were not distributed by board resolution on Nov. 13, 2020.

(VII) Effect upon business performance and earnings per share of any stock dividend distribution proposed at this shareholders' meeting: None.

(VIII) Remuneration of Employees and Directors:

1. Percentages or ranges with respect to remuneration of employees, directors and supervisors as set forth in the Company's Articles of Incorporation:

   If the Company has earnings, it shall set aside over 1% of the balance as remuneration to the employees and no greater than 1% of the balance as remuneration to directors and supervisors. When the Company suffers accumulated losses, it shall first offset the appropriate amount of such losses with the earnings. Independent Directors shall not participate in the foregoing remuneration distribution.

2. Accounting practices for differences between estimated and actual distributed remuneration of employees, directors and supervisors:

   The employee remuneration of the Company is calculated as the product between 2020 net pretax profits. 0.5% shall be withdrawn from the earnings as remuneration of directors. No difference existed between the actual distributed amount and the estimated amount listed in the 2020 separate financial statements.

3. Remuneration distribution approved by the Board of Directors:

(1) Pay remuneration to employees, directors and supervisors in cash or in the form of stocks. In case of any discrepancy between the recognized and estimated amounts, the discrepancy, its cause and response to the discrepancy shall be indicated:

On March 30, 2021, the Board of Directors of the Company passed a resolution to pay NT$22,979,470 as employee remuneration and NT$11,489,735 as remuneration to directors, which should be paid in cash. No discrepancy existed between the actual distributed amount and the estimated amount listed in the 2020 separate financial statements.

(2) The amount of employee remuneration distributed in the form of stocks, and its ratio to net after-tax income and total amount of employee remuneration listed in the separate financial statements: The Company didn't pay any remuneration to employees in the form of stocks in 2020, so this provision didn't apply.

4. Actual payment of remunerations to employees, directors and supervisors in the preceding year (including number of distributed shares, amount and stocks), and if there is any discrepancy between the actual and recognized remunerations paid to employees, directors or supervisors, the discrepancy, its cause and response to the discrepancy shall be indicated: In 2019, NT$23,756,234 was paid to employees as remuneration, and NT$11,878,117 was paid to directors as remuneration. No discrepancy existed between the actual and recognized remunerations in 2019.

(IX) The Company's repurchase of its shares:

1. Repurchase of the Company's shares (completed)

May 13, 2021

Term of repurchase	9th time	10th time
Purpose of repurchase	To maintain credit of the Company and shareholders' equity	To maintain credit of the Company and shareholders' equity
Term of Repurchase	02/05/2020~03/20/2020	03/23/2020~05/22/2020
Range of Repurchase Price	Between NT$15.00 and NT$31.00 per share	Between NT$15.00 and NT$30.00 per share
Type and quantity of shares repurchased	15,000 thousand common shares	6,197 thousand common shares
Amount of shares repurchased	NT$301,818,374	NT$120,672,646
Ratio of quantity repurchased to scheduled quantity of repurchase	100%	41.31%
Shareholdings that have been cancelled and transferred	15,000 thousand common shares	6,197 thousand common shares
Cumulative number of shares held in the Company	0 share	0 share
Proportion of cumulative number of shares held in the Company to total number of shares issued (%)	0%	0%

Term of repurchase	11th time	12th time
Purpose of repurchase	To maintain credit of the Company and shareholders' equity	To maintain credit of the Company and shareholders' equity
Term of Repurchase	05/25/2020~06/29/2020	None
Range of Repurchase Price	Between NT$15.00 and NT$29.00 per share	Between NT$15.00 and NT$31.00 per share
Type and quantity of shares repurchased	1,905 thousand common shares	-
Amount of shares repurchased	NT$40,152,227	-
Ratio of quantity repurchased to scheduled quantity of repurchase	19.05%	-
Shareholdings that have been cancelled and transferred	1,905 thousand common shares	-
Cumulative number of shares held in the Company	0 share	-
Proportion of cumulative number of shares held in the Company to total number of shares issued (%)	0%	0%

2. The Company's Buyback of Stocks (under Execution): None

II. Issuance of Corporate Bonds, Preferred Stocks, Overseas Depository Receipts, Employee Stock Option Certificates, Mergers and Acquisitions or Issuance of New Shares for Acquisition of Other Companies: None.

III. Implementation of the Company's Capital Allocation Plans:

(I) Each Uncompleted Issuance or Private Placement of Securities or Issuance or Private Placement Completed in the Past 3 Years but Have Not Yielded the Planned Benefits: None.

(II) Implementation Status: None.

Chapter5. Overview of Operations

I. Business Activities

(I) Scope of Business

1. Principal Business Activities

(1) Production of vehicles, motorcycles and bicycles as well as their parts and related supplies for selling home and abroad.
(2) Production of various engines for selling home and abroad.
(3) Production of various machines, equipment, fixtures, tools, measuring tools, dies and their parts for selling home and abroad.
(4) Production of mowers and their parts for selling home and abroad.
(5) Sales of solvent naphtha and engine oil (banned from selling and circulation in markets where products such as petrol and diesel oil are regulated).
(6) Maintenance and repair of vehicles and motorcycles.
(7) Exhibition of vehicles and motorcycles.
(8) Editing and publication of books, periodicals, journals and magazines related to vehicles and motorcycles.
(9) Training on safe driving, repair and maintenance of vehicles and motorcycles (excluding training classes on car driving).
(10) Measurement of air pollution and noise of motor vehicles.
(11) E701031 Restrained Telecom Radio Frequency Equipment and Materials Installation Engineering.
(12) F401021 Restrained Telecom Radio Frequency Equipment and Materials Import.
(13) CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing.
(14) CD01990 Other Transportation Vehicles and Components Manufacturing
(15) F114990 Wholesale of Other Transport Tools and Parts.
(16) Import and Export of the Aforesaid Products.
(17) Provisioning of Technical and Advisory Services Related to the Aforesaid Products.
(18) Quotation, Bidding and Distribution of the Aforesaid Products for Domestic and Foreign Manufacturers.
(19) ZZ99999 All Businesses Not Banned or Restricted by Business Laws except for Licensed Businesses.

2. Weight of businesses

This year, the sales of various motorcycles, vehicles and related parts account for 65.61%, 27.33% and 7.06% of the businesses respectively.

3. Current products and new products planned for development in the Company

(1) Motorcycles

A. Current products

Motorcycles: WOO series, MIO series, Fiddle LT series, VEGA series, VIVO series, DUKE series, Z1 attila series, JET S/SR series, FNXBT series, Jin Fa Cai series, FIGHTER series, DRGBT series, Orbit/CROX/X'Pro series, Fiddle series, JET 14 series, Symphony S/SR/ST/CARGO series, HD series, Citycom series, Joyride series, GTS/CRUiSYM/Joymax Z series, MAXSYM series, MAXSYM TL series, Wolf series, Wolf Legend series, Wolf SB series, and SYMNH X/T series.

Eelectric scooters:E-WOO/e X’Pro series.

Parts: E-WOO/e X’Pro series

B. New products planned for development

- Motorcycle development for markets in China/Asia/Europe/Central and South America/ASEAN countries
- Development of new multifunctional prototypes
- Development of big heavy sports motorcycles with a displacement above 300c.c.
- Development of brand new safe motorcycles
- Development of green and environment-friendly electric scooter

(2) Vehicles

A. Current products

- VENUE 1.6 GAS
- SANTA FE 2.2 DSL / 2.4 GAS
- TUCSON 2.0 GAS / 2.0 DSL / 1.6T GAS
- ELANTRA 1.6 GAS / Turbo GAS
- PORTER 3.25ton Commercial Vehicles/Double-Cabin Commercial Vehicles
- HD35 3.5ton Commercial Vehicles
- MIGHTY 6.5ton / 7.8ton Commercial Vehicles
- Imported vehicle series: SANTA FE, VELOSTER, IONIQ, KONA and GRAND STAREX

B. New products planned for development

Brand new modified medium-sized crossover sport utility vehicles, hybrid electric vehicles and electric vehicles

4. Industry overview

(1) Industry status and development

A. Motorcycles

In 2020, the six countries with top sales of motorcycles by the Company are India (13,990,000 motorcycles, -24.6%), Mainland China (9,970,000 motorcycles, -0.3%), Indonesia (about 3,660,000 motorcycles, -43.5%), Vietnam (about 2,680,000 motorcycles, -1.7%), Thailand (about 1,520,000 motorcycles, -11.8%), and Philippine (about 1,210,000 motorcycles, -29.2%). The Company cumulatively sold about 33,030,000 motorcycles in these six countries in 2020, and such sales approximately declined by 20.8% compared with those in 2019.

In 2020, 1,035,854 motorcycles were domestically sold in total, and the total sales increased by 14.8% compared with those in 2019. Generally, the sales growth of diesel motorcycles was attributable to the policy launched by the Ministry of Finance for decreasing commodity taxes on exchanging an old model for a new one by NT$4,000, the sunset clause drafted by the Ministry of Communications for paying NT$4,000 as subsidy for purchasing an ABS/CBS motorcycle in 2020, and the policy promoted by the Environmental Protection Department for subsidizing replacement of an old model with a new one in 2021. In addition, the practitioners in this industry made more efforts to stipulate purchases and thus facilitated premature consumption. As a result, the annual sales in 2020 were 27.6% higher than those in 2019. On the contrary, government subsidies for electric scooters declined and oil price significantly dropped. Because of these factors, the annual sales of electric scooters drastically declined by 41.4% in 2020.

Impacted by the global COVID-19 in 2020, Taiwan sold a total number of 125,419 motorcycles abroad (excluding triangular trade), a 4.6 % decline from the 131,487 units sold in 2019. The scooter models were mainly exported to Europe, America and Asia. The sales decline was mainly attributed to the sales decline by 23.1% in Europe and by 0.1% in Asia. The export to Europe accounted for 24.4% of the total foreign sales of Taiwan models. Italy, Spain, Greek, Belgium and Germany were top five European markets for sales of Taiwan models, as suggested by customs import and export statistics. The export to America occupied 27.3% of the total foreign sales of Taiwan models, mainly to Columbia and the United States, as suggested by customs import and export statistics). The export to Asia accounted for 45.3% of the total foreign sales of Taiwan models, particularly to Iraq, Japan, Korea, Mainland China, Israel and Hong Kong, as suggested by customs import and export statistics.

Where there will be limited chances for growth in domestic markets, overseas business and export markets will become principal drivers for promoting development of the Taiwan motorcycle industry in the future. Despite fierce competitions from manufacturers of Mainland China, impacts of prosperity and decline of global economic environment in exporting motorcycles, Taiwan motorcycle manufacturers are believed to occupy certain positions in the international markets by increasing their product value, developing new markets and satisfying different market needs with global layout.

B. Vehicles

By 2020, 48.5% of automobiles had been used for more than 10 years on a nationwide basis. However, in face of global trends of environmental protection, the government and people are still jointly promoting reduction of carbon emissions. Since 2016, the government has subsidized replacement of old vehicles with new ones in terms of commodity tax to encourage people to purchase vehicles stipulated by the new regulations on environmental protection in lieu of the old ones. This policy has originally been determined to be implemented until 2021. However, In January 2021, the Executive Yuan enacted an amendment to the commodity tax regulations to extend the policy for 5 years, and the policy will be implemented until the extension is approved by the Legislative Yuan. It expected that the automobile market would continuously benefit from government policies.

Although the global supply chain, automobile production and sales of automobile manufacturers were impacted and disrupted by the epidemic, the epidemic in Taiwan was appropriately controlled. In addition, the government subsidized purchase of new goods in lieu of old ones in terms of commodity tax, so 457,000 cars were sold in Taiwan in 2020, and the sales grew by 4% compared with the sales of 440,000 cars in 2019.

With the increase of environmental awareness, electric vehicles have become integral parts of the automobile industry. In 2020, the Industrial Institute founded the Taiwan Technical Promotion Alliance of Electric Power Supply to Electric Vehicles, established unified charging standards, created more convenient charging environment and promoted development of the industry of electric vehicles in Taiwan.

The global autombile industry has become mature, and the standards for driving safety are more rigorous in Taiwan laws and rgulations, according to which, related automobile configurations must be standard ones for new vehicles. Apart from vehicle manufacturers' rising costs in R&D and certification, consumers' purchase costs have increased as well.

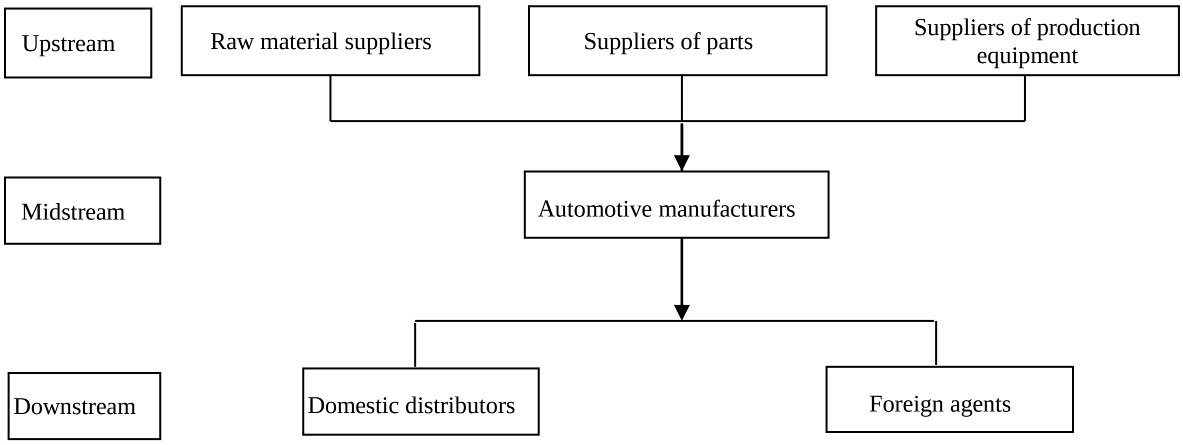
Since China joined WTO, the import tariff has gradually been downregulated by 17.5% year by year, but the import tariff of auto parts has not been adjusted accordingly. As a consequence, the costs of domestic vehicles are relatively high, and the difference in terminal sales prices has been narrowed. All these have promoted constant drastic increase in sales of imported vehicles. In 2020, the sales of imported vehicles even accounted for 47.2% of the total sales of vehicles in Taiwan.

Benefiting from greater needs for e-commerce logistics, the sales of commercial vehicles have been increasing year by year. Having achieved significant growth in their sales over the past years, sport utility vehicles have become mainstream in the market, and tendency of consumers' vehicle application is gradually changing.

(2) Connections among industry upstream, midstream and downstream

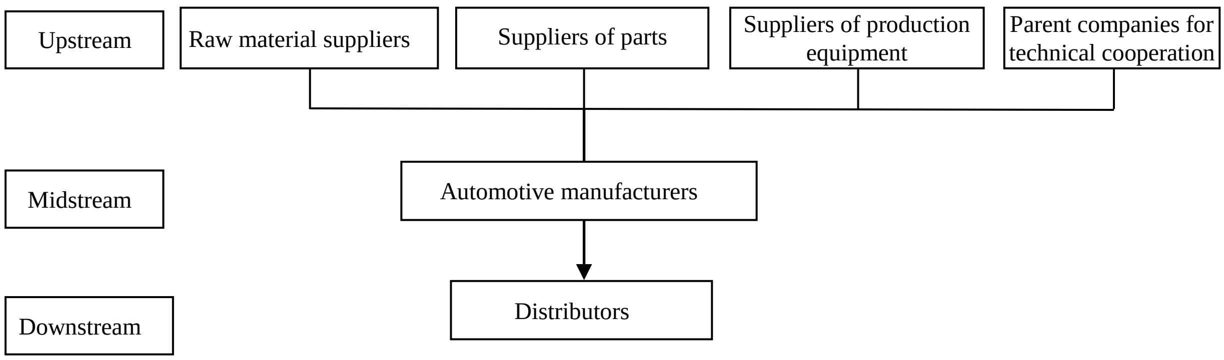
A. Motorcycles

The upstream mainly comprises of raw material suppliers (from the industries of steel, iron, aluminum ingots, rubber and plastics), suppliers of parts (systems/parts) and suppliers of production equipment (equipment and peripherals); the midstream is the motorcycle manufacturers, which manufacture products necessary for consumers using upstream raw materials and parts; the downstream is the customers served by the motorcycle manufacturers, including domestic distributors for domestic sales and foreign agents for foreign sales.



B. Vehicles

The upstream is primarily composed of raw material suppliers (from the industries of iron, steel, aluminium ingots, rubber and plastics), suppliers of parts (systems/parts), suppliers of production equipment (equipment and peripherals), and the parent companies for technical cooperation (KD parts); the midstream is the automobile manufacturers, which manufacture products necessary for consumers with upstream raw materials and parts; the downstream is the automobile distribution system.



(3) Future development trends of products

A. Motorcycles

a. More rigorous laws and regulations on environmental protection

Greenhouse effects have caused increasingly more serious warming of the earth. With the enactment of laws/regulations on environmental protection and increase of consumers' awareness of environmental protection, developed and developing countries have adopted more stringent laws and regulations on pollution control to reduce urban pollution, or control total pollution load by driving restriction. For instance, the latest European V Regulations and the Taiwan VII Regulations have strictly restricted exhaust emissions of motorcycles other countries such as China and ASEAN countries have also gradually made their related laws more stringent like Europe. In other words, restricting waste emissions of motorcycles has become a consistent government requirement of all countries for motorcycle management. Therefore, to develop motorcycles with "low pollution and low energy consumption" using advanced technologies, including "injection system, lean combustion and hybrid system..." will be critical for development of the motorcycle industry.

b. In view of remarkable differences in regional market demands, it is necessary to rapidly respond to commodities of different markets.

In developed countries, customers value sports leisure, individualized and environment-friendly products, including leisure motorcycles with high added value and a displacement above 300 c.c., and small-displacement sport or fashionable.

In the Taiwan market, scooters are the mainstream scooters, but environment-friendly and new-segment scooters have become new mainstream trends. Sub-segment commodities, including scooters with vintage appearance or multiple functions have gradually become popular among young consumers, and the market shares have tended to increase.

Although CUB series are still main types of motorcycles in Southeast Asia, convenient scooters have been increasing over the past years. Since they were successively launched by the manufacturers, new types of 14-inch big-wheel 125/150c.c. scooters have become mainstream products in Southeast Asia. In developing countries such as Mainland China, Central & South America and Africa, attractive, affordable and durable scooters are still key focuses of consumer demands. With the polarization between the rich and the poor, expense luxury scooters with high displacement have gradually emerged.

c. Commodity development towards high and low consumption

In developed and highly developed countries, consumption has been polarized due to widening gaps between the rich and the poor and growing living expenses. Meanwhile, the prices of motorcycles are being polarized. Expensive motorcycles, with luxurious configurations and perfect, performances highlight individuals' status; the cheap motorcycles, with necessary functions, are pragmatic and mainly used as travel tools. As a whole, they are worthy of their prices. In the future, the motorcycle manufacturers will have to supply motorcycles which can satisfy polarized consumer needs according to these consumer trends.

d. Increase added value of products and extend the use of related technologies

With the development of global economy, motorcycles, in addition to satisfying the basic requirements for being used as travel tools with practical functions, have become partners of holidays and leisure activities highlighting individuals' tastes. Therefore, the motorcycle plants have striven to improve their overall product value with high-displacement engines, popularized safe configurations including ABS/CBS, differential exquisite appearance design, and advanced/branded configurations and so on. In addition, they extend the application of related motorcycle technologies in electric scooters, three-wheel models and diverse other products.

e. Development of Alternative Energy Motorcycles

To protect the earth, all worldwide motorcycle manufacturers invest much money and human resources in studying alternative energy motorcycles, including electric scooters, hybrid scooters and hydrogen fuel-cell scooters. However, breakthroughs remain to be made in technologies and endurance capacity is still a problem. In a short term, it is difficult to make alternative energy vehicles popularize, but developing alternative energy products has become a long-term concern of motorcycle manufacturers.

B. Vehicles

a. Popularization of Low-displacement Turbo Engines

As environmental regulations become more and more rigorous, downsizing displacement and equipping automobiles with turbo engines have become research and development trends of global automobile manufacturers. European brands have kept up with the trends in succession.

b. Development of Alternative Energy Vehicles

With the constant expansion of electric vehicle markets and faster growth of electric vehicles, the Bureau of Energy, Ministry of Economic Affairs has promulgated the Standards and Inspection Management Regulations for Permissible Energy Consumption of Vehicles, which will be enforced in 2022. All automobile manufacturers actively improve fuel consumption of their automobiles. They have successively launched hybrid and electric vehicles, so new energy vehicles have become foremost objectives of their future development.

c. Development of Self-driving Vehicles

Self-driving vehicles have become global development trends of automobiles. All automobile manufacturers have competitively begun to study self-driving vehicles. Throughout development of self-driving vehicles, internet of vehicles and ADAS (advanced driver assistance system) are indispensable and key technologies. Internet of vehicles makes it possible for a vehicle to communicate with other surrounding vehicles and road facilities. ADAS controls direction, accelerator and brake system in a coordinated manner with multiple sensing technologies, including radar and image recognition. The integration of internet of things and ADAS makes faster and safer transport services available, changing future human transport modes.

d. Mainstream Advanced and Safe Equipment

Whether vehicles are equipped with ADAS is considered in evaluating safety of new vehicles in different countries, to boost power of automobile manufacturers. ADASs, including active cruise control (ACC) system, forward collision warning (FCW) system, blind spot detection (BSD) system and around view monitor (AVM) system, have been actively introduced and particularly promoted by automobile manufacturers.

e. Further Development of SUV Market

With growing market demands for SUVs, constant increase of market size and product segmentation (B/C/D Segment), the brands have begun to launch B-SUVs or crossover vehicles. Increasing their overall sales with complete product lines of SUV series, luxury brands have started to develop SUVs in succession.

(4) Status of product competitions:

A. Motorcycles

Scooters with a displacement below 125c.c. still face threats from cheap products of Mainland China, ASEAN nations and India. Developing branded, high-quality and differentiated products is the main way for domestic manufacturers to respond to the challenges. Meanwhile, the manufactures confront with competitions against low prices by reducing product costs through globalized production, labor division of production bases, and reinforced integration of the supply chain with scooter platforms. Although European, American and Japanese manufacturers enjoy technological advantages in high-displacement motorcycles, all domestic motorcycle manufacturers have invested considerable resources in R&D, in order to improve style design of products, promote development of new technologies and enhance manufacturing competitiveness for the final purpose of continuously increasing added and brand value of products.

In terms of motorcycle derivatives, electric vehicles developed based on concepts on environmental protection have become green industries where manufacturers have invested much in R&D or conducted technical cooperation, so as to reduce impacts of environmental protection and green energies.

B. Vehicles

At present, major global automobile manufacturers mostly concentrate on development of low-displacement turbo engines. With lower energy and fuel consumption, these automobiles are subject to lower taxes and exhibit outstanding performances with lower exhaust emissions. The Company manufactures and sells imported automobiles as agent, including cars, sport utility vehicles and other products of different types. It has successively launched this type of automobiles. With complete production lines, it can satisfy its target customers' needs for automobiles with varying displacement.

With constant growth of the global market of electric vehicles, the automobile manufacturers have successively launched hybrid and electric products. At present, only infrastructure has not been popularized. Thus, the sales can hardly significantly increase in a short term, and the market is still small. As a result, the selling prices are still over high.

(5) Technology and research overview

A. R&D expenditures in the recent years

These years, the Company has been increasing its investments in R&D personnel and resources year by year in response to domestic and foreign market demands. It has been developing creative technologies and new advanced automobiles. Its R&D outlays amounted to NT$723,256 thousand in 2016, NT$748,702 thousand in 2017, NT$791,045 thousand in 2018, NT$800,065 thousand in 2019 and NT$818,706 thousand in 2020, which reflects that the Company attaches great importance to R&D.

B. R&D outcomes in recent years

a. Developing brand new styles and performances of vehicles

(a) Motorcycles

- "VIVO 125" in March 2019: domestic sales of parity scooters with brand new styles.
- "E-WOO" in April 2019: domestic sales of lightweight electric scooters with brand new styles.
- "DRGBT" in October 2019: domestic sales of sport scooters with brand new styles.
- "MAXSYM TL" in October 2019: export of large flagship dual-cylinder sport scooters with brand new styles.
- "Symphony" in December 2019: export of parity big-wheel European-style scooters with brand new styles.
- "e-X'Pro" in December 2019: export of commercial electric scooters with brand new styles.
- "Fiddle LT 115" in May 2020: domestic sales of popular scooters with brand new styles.
- "Fiddle 125" in August 2020: domestic sales of popular scooters with brand new styles.
- "MAXSYM 400" in October 2020: export of large flagship sport utility scooters with brand new styles.
- "JET X 125" in December 2020: export of big-wheel sport scooters with brand new styles.

(b) Vehicles

- In December 2020, All New VENUE was launched.

b. Developing modified styles and improving performances

(a) Motorcycles

- "Z1 attila 125" in May 2019: domestic sales of small-size sport scooters with modified styles.
- "JET SR 125" in March 2020: popular sport scooters with modified styles/headlights and better engine performances.
- "CRUiSYM α" in July 2020: export of large average-price sport scooters with upgraded headlights/instruments.
- "VIVO 150" in August 2020: domestic sales of VIVO 125 parity scooters with a displacement of 150c.c.
- "X' Pro 125" in November 2020: export of commercial scooters with modified styles.
- "Joymax Z+" in November 2020: export of large parity commuting scooters with modified styles and headlights.

- Existing motorcycles were equipped with CBS/ABS, and complied with Taiwan-VII/Euro-V Emission Standards.

(b) Vehicles

- In March 2020, ELANTRA/ELANTRA Sport 30 was launched.
- In May 2020, TUCSON Shadow was launched.
- In May 2020, KONA Hybrid crossover sport utility vehicles were launched.
- In August, 2020, ELANTRA Sport Final Force was launched.
- In August, 2020, KONA PLUS crossover sport utility vehicles were launched.
- In October 2020, technologically upgraded ELANTRA 2021 was launched.
- In November 2020, TUCSON 2.0 Premium was launched.
- In November 2020, the New IONIQ Hybrid was launched.

(6) Plans for long-term and short-term development (future development strategies of the Company)

Items	Development Plans	
A. Plan for Short-term Business Development	(a) Ensure profit making	◎Ensure operating profits from motorcycles ◎Ensure operating profits from vehicles
	(b) Increase market shares	◎Improve customer satisfaction ◎Increase brand awareness ◎Continuously optimize pathways
B. Plan for long-term business development	(a) Elevate brand image and value	◎Supply reliable and satisfactory high-quality products to customers ◎Improve repair technologies and further improve after-sales service system ◎Make products young, technological and environment-friendly
	(b) Increase differences in value creation for products	◎Continuously develop and launch energy-saving and new energy technologies and products ◎Continuously introduce new technologies and launch products with high displacement ◎Continuously integrate global supply chains and international automobile platforms
	(c) Build internationalized operation platforms	◎Internationalize talent development and cultivation ◎Improve international operation mechanism ◎Speed up corporate labor division and

		resource integration ◎Actively seize business opportunities for international cooperation

II. Overview of the Market, Production and Sales

(I) Market Analysis

1. Motorcycles

(1) Sales areas of main products:

Apart from domestic sales, the motorcycles and their parts manufactured by the Company are also exported to Europe, America, Africa, Australia, Hong Kong, Macao, Japan, Southeast Asia... other areas and countries.

(2) Market shares:

The Company's domestic/foreign sales and domestic market shares over the past two years are shown as follows. In the future, the Company will continue developing new products to satisfy consumer needs and maintain its stable growth:

Unit: Unit; %

Items / Year	2020	2019
Domestic Sales (Exfactory) Growth Rate	287,281 (+54.56%)	185,875 (+0.75%)
Foreign Sales (Exfactory) Growth Rate	29,057 (+1.59%)	28,601 (+19.54%)
Total Domestic and Foreign Sales (Exfactory) Growth Rate	316,338 (+47.49%)	214,476 (+2.90%)
Domestic Market Shares	29.04 %	20.84%

Note: The above foreign sales exclude sales of IKD and triangular trade volume.

(3) Future market supply and demand

In 2021, main international organizations forecast that global economy is expected to bounce back for factors of the base period; they predict that there would be still extremely great uncertainties, which would be dependent upon subsequent COVID-19 control in different countries. The emerging motorcycle markets, including China, India, ASEAN countries and Latin America, are still major markets. In mature markets such as Europe and North America, economic growth has tended to gradually bounced back compared with that of last year.

In domestic motorcycle markets, the annual domestic motorcycle sales are supposed to be between 850,000 and 900,000 because the policy of the Ministry of Finance on exchanging old models for new ones will be further implemented for another 5 years, the Environmental Protection Agency implements the policy for replacing Phase 1 to 4 models with new ones, and there is still one year for people to obtain subsidies for purchasing electric scooters or Phase 7 environment-friendly fuel vehicles with their old ones. In the first half of 2020, Sanyang Motor enjoyed the subsidy of NT$5,000 earlier for exchanging its old models for Phase 7 environment-friendly ones when it rapidly launched Phase 7 new products (with ABS/CBS) in the first half of 2020. Both the sales and market shares increased significantly. In the first half of 2021, the Company will focus on promoting CBS/ZRSG and water-cooling products. The sales and market shares are expected to increase continuously.

In spite of fierce competitions from Mainland China in foreign sales markets, the Taiwan industry of motorcycles still maintains certain advantages in R&D and design. In view of its factories abroad, it is supposed to gradually yield overall benefits. In spite of small growth in the European market of motorcycles in 2020, the foreign sales of Taiwan motorcycles declined under the impacts of COVID-19. In 2020, Europe was still the major export market of Sanyang Motor, and the sales grew by 0.90% as a whole. Apart from continuously supplying products with high added value such as high-displacement scooters in developed countries, in 2021, the Company will also strengthen its development of competitive products for triangular trade. In addition, for developing countries, it will enhance its work specific to the Latin American market, continue integrating cost advantages of its overseas subsidiaries, and supply competitive products at reasonable prices. Therefore, the Company is still optimistic about development of its export market.

(4) Future growth of the industry

A. Domestic motorcycle market: In spite of high motorcycle parc, slow market growth, increasingly more rigorous environmental regulations and increasing product prices, the policies for exchanging old models for new ones have been stimulating consumers' purchase intentions. However, the motorcycle industry still focuses on making profits from business operations, so it aims to continuously improve added value of products and be committed to development of environment-friendly products. In 2021, Sanyang Motor will be marketing-oriented and launch products and services to the satisfaction of customers, in order to improve customer satisfaction and brand image.

B. Export markets of motorcycles: The motorcycle markets of developed markets have been saturated, but in developing countries, there is still space for growth of motorcycle markets, so in a middle term, the motorcycle industry will still maintain relatively stable growth. In market operations, Sanyang Motor will continue expand its product lines, adjust its product mix for selling, reinforce layout of overseas strongholds, develop emerging overseas markets, look for overseas cooperation opportunities, and increase sales of Taiwan motorcycles and international trade, so as to increase sales revenues, expand sales in new markets and improve brand image.

(5) Expected sales volume and competition niche

A. Expected sales volume

In 2021, Sanyang Motor is expected to sell 262,000 motorcycles (excluding triangular trade and IKD) in total home and abroad.

B. Competition niche

a. All service parts are independently sold by the Company to improve confidence and satisfaction of distributors and consumers.

b. The Company has complete distribution channels in the domestic markets.

c. The Company will continue to focus on investing in markets of heavy-duty motorcycles and popular expensive scooters, to increase operating revenues.

(6) Favorable/unfavorable Factors of Development Visions and Countermeasures

A. Favorable factors

a. External environment - global

(a) With the increase of environmental awareness and the outbreak of financial crisis, fuel saving arouses greater concerns of consumers. The demands for economical and fuel saving electric scooters.

(b) The purchasing power has increased in Latin America, and in a long term, market growth will be achieved.

(c) European and American brands are based on OEM/ODM business opportunities deriving from the pressure in production costs.

(d) The market size of high-displacement is high in Europe and America, where the added value of products is high.

(e) In mature European and American markets and growing Latin American markets, there have been greater demands for the products sold at moderate and low prices.

(f) The product mix of scooters has gradually been expanded in emerging markets.

b. External environment - Taiwan

(a) Young consumers have greater demands for popularity and differentiation. Their consumption in purchasing motorcycles, related parts, accessories and components has increased.

(b) The low-cost businesses/installment payment businesses have increased, and the threshold for purchasing motorcycles is low, which are favorable for activating markets.

(c) Due to energy and environmental factors, there is space for development of energy-saving and environment-friendly motorcycles.

(d) The government has launched subsidization policy to fully promote electric scooters and gradually activate markets of electric scooters.

(e) The central and local governments will continue promoting the subsidization policy for exchanging old models for new ones, which will be favorable for increasing sales of motorcycles.

(f) From 2020 to 2021, the Environmental Protection Agency grants subsidies for exchanging Phase 1 to 4 models for new ones, electric scooters or Phase 7 environment-friendly fuel scooters, which will be helpful for increasing sales of motorcycles.

B. Unfavorable factors

a. External environment - global

(a) The era of green environment has come. Alternative environment-friendly products (electric scooters) will be launched in markets in succession and partially replace some fuel scooters.

(b) Striking differences in product requirements, laws and regulations of different areas.

(c) In terms of export, the Company faces competitions from large European, Japanese and Chinese motorcycle manufacturers, which hinder the export markets.

(d) In view of global pollution, emission, increasingly more stringent safety rules and regulations, the Company must be more able to control costs and master more advanced technologies.

(e) European and Japanese brands launch products made in India/ASEAN countries/China to capture mass markets at affordable prices, which hinders the survival of export markets.

b. External environment - Taiwan

(a) As environmental, safety laws and regulations became more and more stringent; costs have increased accordingly, which might affect the purchase intentions in the markets of new models.

(b) The government has fully promoted markets of electric scooters and continuous subsidization policies, to partially replace fuel scooters with electric ones.

(c) The growth in 15-to-40-year-old population has tended to be negative, and the population purchasing motorcycles has decreased.

(d) Promote motorcycles at low prices. Cheap motorcycles have become the mainstream ones available in markets. They have become alternatives of medium and high-price motorcycles, thus decreasing motorcycle manufacturers' sales revenues.

(e) With the continuous development of tools of mass transportation, the sales of motorcycles will be replaced by the sales of such tools.

(f) As trade tends to be liberalized, new competitors and low-cost products will be likely to enter Taiwan.

C. Countermeasures

a. For domestic sales, the Company will improve its distribution channels, services and parts supply. It will supply attractive and environment-friendly products, enhance network marketing and improve brand image.

b. For export, the Company will concentrate on mature markets to increase market shares, improve brand image, expand sales of high-displacement motorcycles and make breakthroughs in emerging markets.

2. Vehicles

(1) Main areas for selling products: All products manufactured by the Company and distributed by it as agent are all domestically sold.

(2) Market shares: The domestic sales and market shares over the past two years are as follows:

(3)

Unit: Unit; %

Items \ Year	2020	2019
Sales	12,480	11,437
Growth Rate	9.12%	(2.86%)
Domestic Market Shares	2.7%	2.6%

(4) Future market supply and demand

The price decline of imported automobiles and growing market acceptance has progressively narrowed the domestic market size of automobiles. To be more competitive in product prices, Mainland China will inevitably become critical for global supply chains of international automobile manufacturers.

(5) Favorable/unfavorable factors of development visions and countermeasures

A. Favorable factors

The government promotes the policy for exchanging old motor vehicles for new ones. Originally, the term of this policy has been 5 years, but extended to 10 years after the Legislative Yuan passed the amendment to the regulations of commodity taxes, in hope of reducing carbon emissions of old vehicles and stimulating the exchange of old vehicles for new ones.

B. Unfavorable factors

a. Taiwan no longer enjoys advantages in labor costs. International automobile manufacturers have successively set up plants in emerging countries which are more advantageous in labor costs. In addition, the automobiles imported from Japan are more competitive in prices owing to easy monetary policies of Japanese Yen.

b. Since China joined WTO, the tariff on imported automobiles has been downregulated to 17.5%, but the import tax rate for auto parts has not been adjusted accordingly. Thus, the price gaps between domestic and imported automobiles have been narrowed, which have driven increase in sales of imported automobiles.

c. Because of global climate changes, energy conservation and carbon emission reduction have become issues that all countries must seriously and actively deal with. Particularly, the automobile industry has taken initiatives to handle such issues. As environmental protection laws and regulations on automobiles become more and more stringent in different countries, the automobile manufacturers will inevitably invest more in developing new products/technologies and improving fuel efficiency of engines. Unavoidably, customers' costs for purchasing automobiles will be higher.

C. Countermeasures

a. Introduce power-free automatic facilities from Japan, increase production ration of automatic equipment, and decrease complex labor production to save energy, and improve production and its efficiency. Automation will also be favorable for reducing the employment of older workers and making young people more willing to participate in production. In this way, the industry will be able to control the labor costs effectively.

b. Improve HYUNDAI's brand image in domestic markets; provide customers with reliable advanced products and services; continue focusing on Taiwan market; increase market share and revenue of this brand in domestic markets.

c. Deepen cooperation with the technical parent company, actively strive to become a part of the global supply chain system, create more opportunities for exporting motorcycles and their parts, and make up for the deficiency in domestic market size.

d. Increase product lines of heavy-duty commercial automobiles and sell heavy-duty automobiles to increase revenue.

e. For environmental protection, fuel-efficient, economical and alternative energy vehicles will be major considerations of vehicle development. Continuously plan and develop green vehicles with efficient output power and low fuel consumption. The technical parent company HYUNDAI plans to massively launch electric vehicles by 2025. In addition, it is speeding up its development of automatic driving technologies, and plans to successively equip its vehicles with "Level 3" self-driving functions in 2022 in response to future development of automobile markets.

(II) Usage and Manufacturing Processes for Main Products

1. Main products and uses

Motorcycles:

(1) Scooter series

Domestic sales:

100~115c.c: WOO 100, FIDDLE 115 and WOO 115.

125~160c.c: VIVO 125/150, FNX 125, VEGA 125, Z1 125, Z1 attila 125, DUKE 125, JET S 125, JET SR 125, FIDDLE 125/150, Jin Fa Cai 125/150 and DRGBT 158.

180~250c.c: RV 180 EURO.

270~300c.c: CRUiSYM 300 and JOY MAX Z 300.

400~600c.c: M AXSYM TL 465.

Foreign sales:

50~115c.c: Wind 50 and Mio 115.

125~160c.c: WIDE EVO 125, JOYRIDE S 125, GTS 125, Joymax Z125/Z+125, CRUiSYM 125, DRGBT 158 and VS 125.

180~300c.c: HD2 180, JOYRIDE S 200I, CRUiSYM 250/300, GALAXY JX 250, GTS 250I/300I, CITYCOM/S 300I, Joymax

250/300i, HD 300 and CITY COM 300.

400~600c.c: MAXSYM TL and MAXSYM ABS 400i/600i.

(2) Gear series

Domestic sales: Wolf 125, Wolf T2 250 ABS and Wolf SB 300/300CA ABS.

Foreign sales: T2 250 and Wolf 300 CR.

(3) ATV series

Foreign sales: DS 250.

(4) Electric scooters

Domestic sales: E-WOO.

Vehicles:

(1) TUCSON series: 1,600c.c. and 2,000c.c. GasolineVehicles.

(2) ELANTRA series: 1,600c.c. GasolineVehicles.

(3) VENUE series: 1,600c.c. GasolineVehicles.

(4) Commercial vehicles: PORTER 3.25t Diesel Vans.

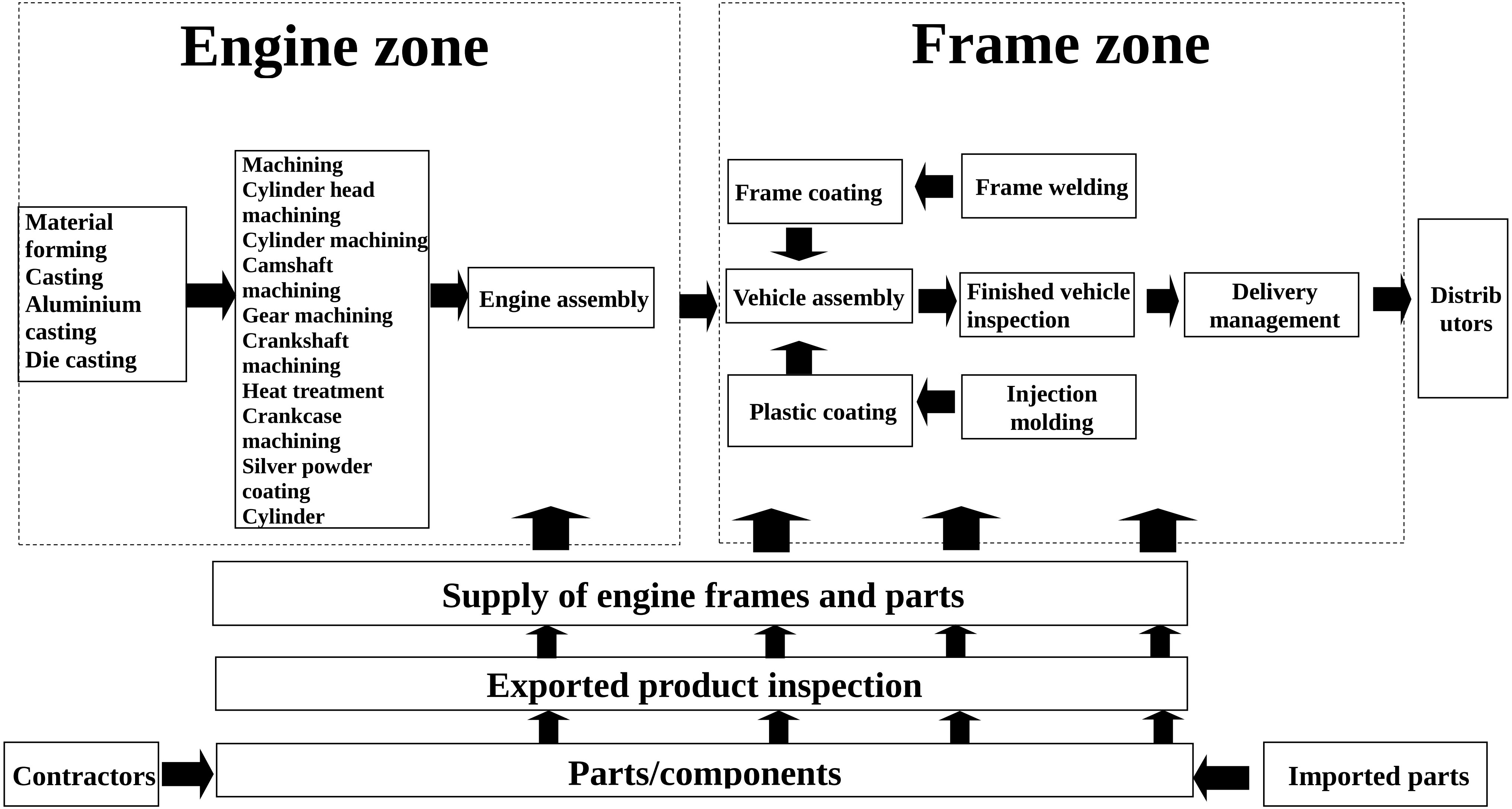
HD35 3.5t Diesel Vans.

MIGHTY 6.5t and 7.5t Diesel Vans.

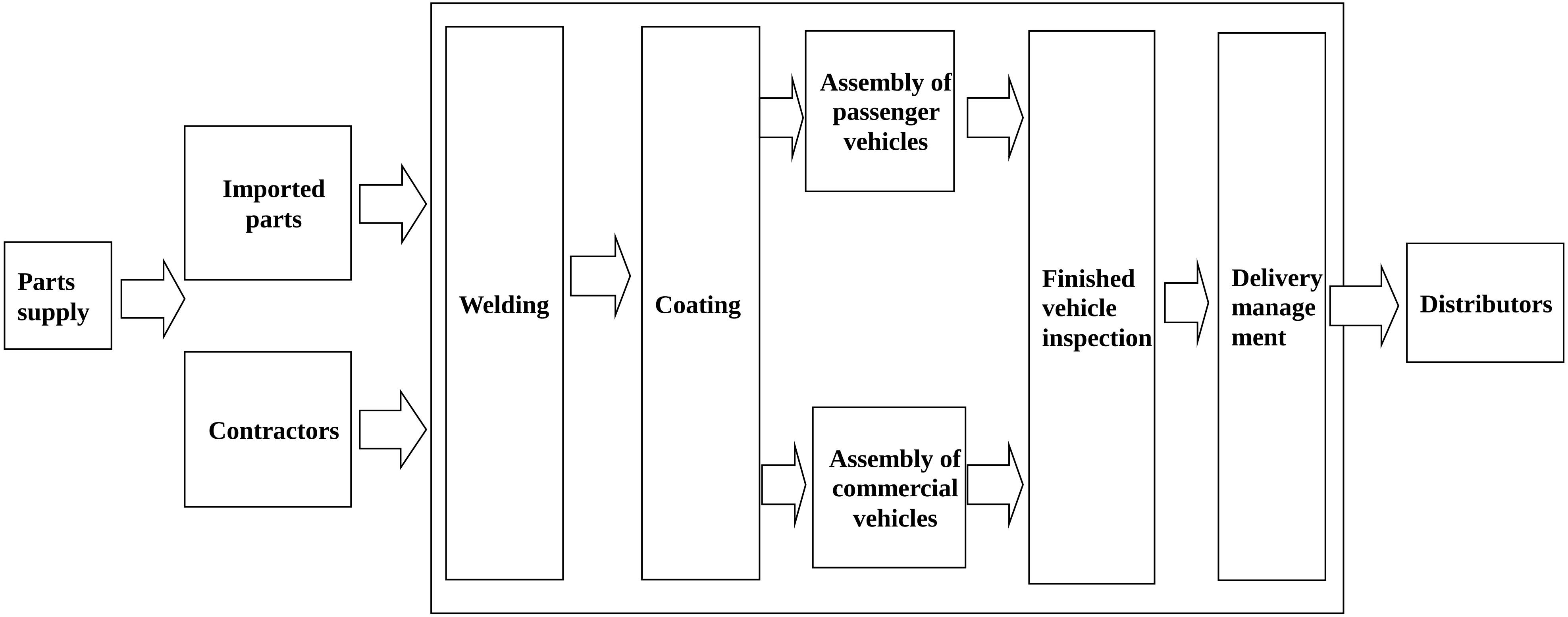
(5) Imported series: VELOSTER, GRAND STAREX, IONIQ, KONA and SANTA FE.

(II) Production process of primary products

Motorcycles:



Vehicles:



Parts supply
Imported parts
Contractors
Welding
Coating
Assembly of passenger vehicles
Assembly of commercial vehicles
Finished vehicle inspection
Delivery management
Distributors

(III) Supply Situation of Main Raw Materials, Vehicle and Motorcycle Parts

Motorcycles:

1. Main raw materials used by the Company:
   (1) All aluminium ingots, plastic particles and coatings are purchased from domestic manufacturers at domestic market prices.
   (2) For supply of all raw materials, the standard usage is calculated according to the monthly production schedule, and the raw materials are purchased as per stock status.
2. Of the motorcycle parts purchased by the Company in 2020, 7% were imported from abroad, while 93% were purchased from domestic contractors or processed by such contractors as entrusted by the Company.
   (1) Supply situation of import:

   Monthly place orders with foreign manufacturers according to production/marketing schedules, stock status and lead time for scheduling orders, in order to satisfy factories' production requirements.
   (2) Supply situation of domestic contractors: Orders are issued on a weekly basis, and manufacturers deliver products according to orders.
3. All above supplies shall be in line with actual production requirements.

Vehicles:

1. Of the auto parts purchased by the Company, only some of them are imported from foreign countries, while all the rest parts are purchased from domestic manufacturers or processed by the contractors as entrusted by the Company.
   (1) Ratios of purchased parts: 80% KD parts and 20% domestic parts.
   (2) Origins of purchased parts: KD parts are from Hyundai Motor Company and its subsidiaries; domestic parts are from domestic manufacturers of parts.
2. Main parts of the Company are purchased from Hyundai Motor Company and its subsidiaries as well as domestic manufacturers of parts. Benefiting from its long-term cooperation and long-term supply contracts, the Company maintains fairly normal and stable supply of parts.
3. All above supplies shall be in line with actual production requirements.
4. Businesses on commercial vehicles: In consideration that the markets of commercial vehicles have been kept stable in Taiwan, only light-duty commercial vehicles are produced in present production lines. For deployment of product lines, the Company has formally introduced medium-sized commercial vehicles, and developed complete product lines for vehicles with a tonnage below 10t.

(IV) List of Major Customers in the Past Two Years

1. Major vendors

Unit: NT$ thousand

Items	Q1 of 2021				2020				2019			
	Manufacturers	Amount	%	Relationship with the Issuer	Manufacturers	Amount	%	Relationship with the Issuer	Manufacturers	Amount	%	Relationship with the Issuer
1	Hyundai Motor Company	1, 325, 016	23	Companies having business dealings with the Company	Hyundai Motor Company	4,731,040	22	Companies having business dealings with the Company	Hyundai Motor Company	4,848,699	29	Companies having business dealings with the Company
2	Xiamen Xiaxing Motorcycle Co., Ltd.	598, 164	10	The Company's sub-subsidiary	Xiamen Xiashing Motorcycle Co., Ltd.	1,836,641	9	The Company's sub-subsidiary	Xiamen Xiashing Motorcycle Co., Ltd.	2,164,439	13	The Company's sub-subsidiary
3	Others	3, 782, 047	67	-	Others	14,494,923	69	-	Others	9,910,142	58	-
	Net purchase	5, 705, 227	100	-	Net purchase	21,062,604	100	-	Net purchase	16,923,327	100	-

2. Major buyers

Unit: NT$ thousand

Items	Q1 of 2021				2020				2019			
	Customers	Amount	Ratio to net sales as of Q1 of current year (%)	Relationship with the Issuer	Customers	Amount	Ratio to total net sales of the year (%)	Relationship with the Issuer	Customers	Amount	Ratio to total net sales of the year (%)	Relationship with the Issuer
1	Nanyang Industries Co., Ltd.	1, 778, 031	23	The Company's sub-subsidiary	Nanyang Industries Co., Ltd.	6,145,001	20	The Company's sub-subsidiary	Nanyang Industries Co., Ltd.	6,403,964	27	The Company's sub-subsidiary
2	Dingtai Vehicles Co., Ltd.	955, 027	13	-	Dingtai Vehicles Co., Ltd.	4,054,949	13	-	Dingtai Vehicles Co., Ltd.	2,459,689	10	-
3	Others	4, 848, 524	64	-	Others	20,596,884	67	-	Others	14,795,619	63	-
	Net sales	7, 581, 582	100	-	Net sales	30,796,834	100	-	Net sales	23,659,272	100	-

(V) Production and Sales Volume in the Past Two Years

1. Production Volume and Output

Unit: production volume ; output: NT$ thousand

Year / Production Volume and Output / Main Products	2020		2019	
	Production Volume	Output	Production Volume	Output
Motorcycles	316,384	13,357,017	212,790	8,510,499
Vehicles	10,539	5,338,681	9,828	5,488,923
Others	-	1,442,884	-	1,465,016
Total	326,923	20,138,582	222,618	15,464,438

2. Sales Volume/Amount

Unit: volume; amount: NT$ thousand

Year / Sales Volume/ Amount / Main Products	2020				2019			
	Domestic Sales		Foreign Sales		Domestic Sales		Foreign Sales	
	Volume	Amount	Volume	Amount	Volume	Amount	Volume	Amount
Motorcycles	287,281	15,963,448	96,215	4,241,054	185,875	9,214,383	103,801	4,262,161
Vehicles	12,480	8,416,879	-	-	11,437	8,054,752	-	-
Others	-	1,446,517	-	728,936	-	1,283,105	-	844,871
Total	299,761	25,826,844	96,215	4,969,990	197,312	18,552,240	103,801	5,107,032

Note 1. In 2020, the Company sold 67,158 motorcycles (including triangular trade), which amounted to NT$1,939,413 thousand, and sold 1,591 automobiles (including imported ones), which amounted to NT$1,572,956 thousand.

Note 2. In 2019, the Company sold 75,200 motorcycles (including triangular trade), which amounted to NT$2,180,370 thousand, and sold 1,681 automobiles (including imported ones), which amounted to NT$1,528,938 thousand.

III. Employee Information

Number of employees, average years of service, average age and education level in the past two years:

Year		2019	2020	2021 (as of May 13, 2021)
Number of Employees	Male	2,026	2,083	2, 026
	Female	281	289	287
	Total	2,307	2,372	2, 313
Average Age		43.3	43.5	43. 2
Average Years of Service		18.2	17.5	17. 3
Education Level	PhD	3	4	4
	Master's Degree	257	268	271
	Bachelor's Degree	665	718	710
	High School Diploma	1,262	1,267	1, 230
	Lower Degrees	120	115	98

IV. Environmental Protection Expenditures

1. Total amount of losses and penalties in the most recent year: none in 2020.
2. Details of the Company's environmental protection expenditures in 2020 are as follows:

Unit: NT$ thousand

Category	Amount
Corporate Operating Costs	6,772
Management Costs	241,199
Research and Development Costs	50,585
Social Costs	10
Losses and Compensations	13,256
Total	311,822

V. Labor Relations

(I) Losses from Labor Disputes in the Most Recent Year:

The labor relations in the Company are harmonious, and the Company has not suffered any loss from labor disputes. It is predicted that the Company wouldn't be involved in any major labor disputes, because it has complete channels for communicating about labor relations, salary and benefit systems.

(II) Information on Employee Benefits, Contuing Education, Training, and Retirement Systems and the Status of Their Implementation, Labor Agreements and Measures for Safeguarding Employees' Rights and Interests:

Items	Systems and measures
Benefits	The Company has established the Employee Welfare Committee to appropriately plan employee benefits and improve related welfare systems.
	Related benefits:
	1. Wedding and funeral subsidies
	2. Bereavement subsidies
	3. Mid-Autumn and year-end bonuses

Items	Systems and measures
	4. Birthday presents
	5. Cash gifts for festivals
	6. Domestic and foreign travel subsidies
	7. Subsidies for vehicle purchases
	8. Scholarships and grants
	9. Club subsidies
	10. Subsidies for big annual events
	11. Traffic allowances
	12. Internal and external employee education and training
	13. Old commemorative gold coins
	14. Hospitalization subsidies for employees and their families
	15. Emergency aids and loans
	16. Group insurances
	17. Regular physical examinations
	18. Special store offers
Retirement (resignation) Systems	(1) Retirement: The Company has paid pensions to employees covered by the old retirement system according to the Labor Standards Act, set up the Regulatory Committee on Reserve for Employee Retirement, and monthly withdraws pensions from the reserve. As of the end of December 2020, the balance had amounted to NT$2,295,827,601 in the special retirement account. For the new system on employee pensions, the Company will withdraw 6% of wages of its employees monthly and contribute it to the new system to their individual special accounts according to regulations on employee pensions. It may also withdraw and contribute certain amount of the volunteers' wages to their individual special accounts at a proportion designated by the volunteers. (2) Resignation According to rules of the Company, the employees whose pension has been paid under the old system for more than five years (inclusive) and no more than 25 years may apply for resignation allowance at the time of resignation. The retirement allowance shall be determined by multiplying the years of service, base salary and certain ratio (20%~110%). In 2020, the Company paid no resignation allowance to its employees.
Continuing Education and Training	The Company plans and improves its education and training systems. It annually executes its education and training plans for different fields at varying levels in combination with its business strategies and plans for its future core competencies. It encourages its employees to receive continuing education/training and improve their professional competencies, in order to maintain and enhance their competitive advantages.
	In 2020, the Company organized 56 classes for education and training. 1,568 employees were trained, and total training hours were 23,382.
Labor Agreements	The Company enters into collective agreements with its employees based on the Labor Standard Act, and file such agreements with the Labor Affairs Bureau. It implements related systems according to laws, regulations and collective agreements. (1) The Company and its employees formally entered into the collective agreements on March 28, 1989. Such agreements were renewed on May 1992, May 1995, May 1998, July 2001, June 2004, June 2007, June 2010, June 2013, June 2016 and June 2019. (2) The Company quarterly holds a symposium on management of labor

Items	Systems and measures
	management. (3) Apart from internal administrative channels, suggestion boxes, improved proposals and other channels are also available for filing complaints in the Company, to ensure smooth communications between the employees and management.
Measures for Safeguarding Employees' Rights and Interests	The Company has lawfully founded a trade union, and quarterly holds a labor-management meeting, so the labor relations are harmonious. The Company provides suggestion boxes, complaint channels, employee communication zones and employee assistance mechanisms to assist employees in solving related problems.
Losses of the Company from Labor Disputes in the Most Recent Year	The labor relations in the Company are harmonious, and the Company has not suffered any loss from labor disputes. The Company has sufficient channels for communicating with its employees, complete salary and welfare systems, so it is predicted that it would not be involved in any major labor dispute.

(III) Protective Measures for Work Environment and Employees' Personal Safety

Upholding being people-oriented as its core value, the Company is devoted to providing safe, sanitary and healthy workplaces. It carries out occupational safety and health management according to labor laws and regulations. In 1999, it introduced and passed the certification by the occupational safety and health management system OHSAS 18001, enforced related rules and performed PDCA cycle to guarantee all of its employees' personal safety and health. To strengthen its procurement management, perform and transform its management, it introduced the Taiwan occupational safety and health management system (CNS 15506) in 2015 and ISO 45001 in 2019 for the purpose of assisting other organizations in providing safe sanitary workplaces, preventing harms or health impacts from work, and actively improving organizational health and safety performances.

To identify hazards and risks of workplaces, the Company drafts plans for management, audit assistance, independent management, education, training and emergency response drills. It takes preventive measures against possible injuries and disasters. It regularly organizes emergency response drills, in hope of making systematic responses in a well-organized manner when any accident happens, in order to minimize damages and losses. The Company also guarantees its employees' life safety to guarantee "no disaster, harm or occupational disease" as it upholds in its safety and health declaration.

(IV) Information on Code of Conduct or Ethics for Employees

Related procedures and rules are specially drafted to be followed by employees in their conducts, rights, obligations and ethical concepts. They are summarized as follows:

1. Hierarchical responsibilities:

(1) Hierarchical responsibilities for business auditing

Clarify business procedures and hierarchical responsibilities; regulate authorities for each post.

(2) Application form for position agent

Implement agent system to ensure normal business operations of the Company.

(3) Positions and titles

Define positions and titles to provide employees with appropriate blueprints for career development.

2. Work rules

Clarify rights and obligations of employees and the employer, to urge all staff of the Company to jointly promote business operations of the Company.

3. Code of professional ethics

To become internationalized, the Company has to learn from international enterprises. That is, the headquarters shall define the code of professional ethics. Ask all employees to carefully read, personally sign and obey related rules. In addition, the Company shall build a professional ethics committee to smooth the consultation and reporting channels.

4. Responsibilities of departments

Clarify responsibilities and organizational functions of departments, to professionally divide labor among departments and strengthen core competencies of the Company.

5. Punishment and reward measures

To promptly reward employees with contributions and protect the Company from damages arising out of employees' behaviors, related rewards and punishments are specified in the work rules.

6. Evaluation measures

The supervisors offer appropriate assistance and feedback according to employees' performances, which are used as basis for individual rewards, transfer, promotion, appointment, dismissal, cultivation, growth, work review and improvement.

7. Management measures for attendance and leave

To maintain good disciplines to improve work quality, the Company has formulated complete attendance and leave rules on employees' attendance and leave.

8. Measures on non-competition and confidentiality undertakings

To guarantee commercial interests and enhance competitiveness of the Company, employees are obliged to keep businesses of the Company confidential. In order not to prejudice interests or goodwill of the Company, employees ought to sign Non-competition and Confidentiality Undertakings.

9. Detailed rules on prevention and control of Sexual harassment

To prevent and control sexual harassment in workplaces, maintain work equality between men and women, and safeguard human dignity, the Company expressly formulates related rule, and announces related laws and complaint channels on the internal website of the Company, so as to regulate employees' conducts in their workplaces.

(V) Corporate Responsibilities

Sanyang Motor has been adhering to the concept on quality first and customer satisfaction. It is wholly dedicated to development of core automobile and motorcycle businesses. In addition to creating value for itself and improving shareholder equity, it also obeys all laws/regulations, strictly maintains operation of its governance mechanism, creates safe work environment for its employees, provides its employees with reasonable compensation and benefits, devotes to innovations and R&D more actively, develops intellectual property and energy-saving products with lower carbon emissions, improves its performance in environmental protection, delivers education on environmental protection/energy conservation, and actively participates in social public welfare, in order to make contributions to social/economic development, advancement of product sciences and technologies, and environmental sustainability. Outcomes of the Company are briefly introduced as follows:

1. Responses to climate changes

   To reduce impacts of products on environment, the Company operates according to the ISO 14064 standards, identifies and develops an inventory of greenhouse gases, and applies for verification by a third party certification body, in order to exactly understand current greenhouse gas emissions, which will be considered as basis for planning how to reduce the emissions in the future.

   Besides, the Company has specially built an energy management group, which is composed of supervisors and energy managers of EHS management organizations, to completely promote execution of related energy efficiency policies.

2. EHS polices and management

   Following EHS policies are formulated as guidelines for future environmental management:

   (1) EHS policies: Obey laws and regulations; create safe workplaces; prevent occupational hazards and environmental pollution; promote workers' health and continuously improve environment.

   (2) Environmental declarations: Prevent pollution, save energy, recycle resources and green environment.

   (3) Safety and health declaration: no disaster, harm or occupational disease.

   (4) Health declaration: Maintain a healthy diet and do moderate exercises; quit smoking and control alcohol intake; keep mental balance.

   Based on ISO 14001, ISO 45001 and CNS15506 management systems, the top management defines related policies and orientations. Using ISO 9001 management system, they ensure execution and attainment of environmental policies and objectives. They also regularly hold meetings of the EHS Committee, report matters, practices and performances on occupational safety/health, review deficiencies and offer suggestions for improvement.

3. Pollution control

   To reduce possible derivative environmental hazards of wastes, the Company is dedicated to reducing the production of wastes, actively recycling and reusing resources. It strengthens management of wastes from sources to production processes. It manages and appropriately classifies wastes as well, in hope of reducing production of wastes, gaining more benefits from reuse, decreasing the use of resources, or alleviating environmental impacts of product activities and services.

4. Green design

   Greenhouse effects have caused increasingly more serious warming of the earth. With the formulation of environmental protection regulations and awakening of consumers' environmental awareness, more stringent pollution control regulations or license plate restriction policies have been adopted to control total pollution, so as to reduce urban pollution. For instance, waste emissions of motorcycles are rigorously restricted by the latest European V Regulations and the Taiwan VII Regulations. Other areas, including China and ASEAN countries will also tighten their regulations after Europe. Furthermore, motorcycles with "low pollution and low energy consumption" have been developed using advanced technologies, including "injection system, lean combustion and hybrid system. In spite of significant progress in technologies, developing alternative energy products is still a long-term concern of motorcycle manufacturers.

5. Customers first

   To understand what customers are really thinking, customer satisfaction surveys are regularly performed among consumers and distributors. Believe that the surveys will not only make the Company more informative of market changes, but also can be used as basis for subsequent improvements.

   In addition, the Company enables its customers to understand its product specifications, performances, operation and maintenance instructions as well as notes on safe driving, defensive motorcycle driving, personal rights and interests, and assistance systems through clear product identifications, including product labels, user manuals and maintenance manuals for motorcycle owners. The Company has also established the most rigorous and complete product assurance system. Whenever any product accident occurs, it will definitely give priority to consider customers' rights and interests. Hence, it formulates related operating procedures not only to assist its customers in solving problems and safeguarding their rights and interests, but also hopes that all accidents can be rapidly handled in the most suitable ways.

   Besides, the Company configures 24h special free service hotline, and the phones to this hotline will be answered by human. It protects its customers' materials to the highest degree and provides its customers with the safest and most complete service network.

6. Friendly and safe workplace

   Safe workplace is fundamental for sustainable operations of enterprises and the core value that Sanyang Motor is the most concerned about. The Company undertakes to ensure all of its employees' and stakeholders' safety and health. Besides, it places more emphasis upon employees' own safety awareness, healthy diet, moderate exercises, smoking quitting, limited alcohol intake and mental balance as living standards, in hope of keeping employees physically and mentally healthy and safe without exposure to any hazard or occupational disease.

   The preventive measures against occupational hazards by the Company in 2020 particularly included management of chemical hazards, preventive control over illegal violations in workplaces, monitoring of operating environment, maternal health protection, preventive control over excess workload and human hazards.

7. Employee care

   Sanyang Motor respects human rights, obeys laws and regulations and bans inappropriate discrimination. Its employees are equally and properly treated in the Company. They are never treated differently for gender, religion, political affiliation, race or nationality. When humiliated, threatened, harassed or insulted, they can file complaints through advisory services on workplace violence or complaint channels.

   Apart from competitive salary, reward and compensation, the Company also has complete retirement, resignation and welfare systems so that its employees can take pleasure at work, in hope of jointly achieving brilliant business performances and sharing their growth outcomes, for the final purpose of attracting and retaining employees.

8. Social contributions

   Because of COVID-19, the Company made following social contributions in accordance with government policies on epidemic prevention in 2020:

   (1) Donated consumer goods to Private Shihguang Catholic Church and Bethany Tzu En Care Center, Hsinchu County.

   (2) Donated wheelchairs to Ho Hsin Nursing Home, Huai Chin Care Center and Nan Men Hospital.

   (3) Collaboratively took part in environmental activities for coastal cleanup with environmental organizations.

   (4) Provided scholarships and grants for excellent and poor students of middle and primary schools in Hukou Township and Xinfeng Township, Hsinchu County.

   Invited Hsinchu Blood Donation Center twice a year to dispatch its blood donation vehicles to the Company to organize blood donation and different warmth activities.

9. Issuing corporate social responsibility report

   To perform corporate social responsibilities, Sanyang Motor regularly and publicly publishes its corporate social responsibility report to explain to all stakeholders of the society about its outcomes in fulfillment of such responsibilities and determination to achieve sustainable development.

VI. Important Contracts

December 31, 2020

Contract Type	Parties	Contract Term	Main Content	Restrictions
Vehicles:				
Distribution Contract	Nancheng Industrial	January 1, 1994 – Proposed Expiry Date	Authorize distributors to sell the Company's automobiles and parts within the territory of R.O.C.	None
Distribution Contract	Nanyang Industries	January 1, 1994 – Proposed Expiry Date	Authorize distributors to sell the Company's automobiles and parts within the territory of R.O.C.	None
Distribution Contract	Nanyang Industries	July 1, 2006 – Proposed Expiry Date	Authorize distributors to sell the Company's automobiles and parts within the territory of R.O.C.	None
Distribution Contract	Hyundai Motor Company	January 1, 2020 – December 31, 2021	Sell automobiles and parts of Hyundai Motor Company within the territory of R.O.C.	None
Technology licensing contract (SANTA FE)	Hyundai Motor Company	August 28, 2013 – December 31, 2020	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (PORTER)	Hyundai Motor Company	November 20, 2013 – November 19, 2022	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (TUCSON)	Hyundai Motor Company	November 10, 2015 – December 31, 2021	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (ELANTRA)	Hyundai Motor Company	June 15, 2016 – February 16, 2022	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Technology licensing contract (VENUE)	Hyundai Motor Company	April 27, 2020 – April 26, 2025	The Company shall manufacture automobiles within the territory of R.O.C. according to specifications and technical materials provided by Hyundai Motor Company.	None
Motorcycles:				
No.TLA07 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	May 1, 2017 – April 30, 2020	License new technologies for 25 types of motorcycles, including EAB, SE2 and VE3	Exclusive licensing
Extension of No.VIPO 5 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	March 15, 2017 – March 14, 2020	Technology transfer for 2 new types of motorcycles, namely SAM and SAN	Exclusive licensing

Contract Type	Parties	Contract Term	Main Content	Restrictions
Extension of No.VIPO 9 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	March 15, 2017 | March 14, 2020	Technology transfer for 5 new types of motorcycles, including VC1 and SE1	Exclusive licensing
2nd extension of No. VIPO 6 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	December 1, 2017 | November 30, 2020	Technology transfer for new SAB, KAT and A05	Exclusive licensing
No. VIPO 14 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	January 1, 2018 | December 31, 2020	Technology transfer of new motorcycles 16 types of motorcycles, including SDG,SDH,VBU and VBX	Exclusive licensing
No. TLA08 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	January 1, 2018 | December 31, 2020	Technology transfer for 19 new types of motorcycles, including VCM, VF5 and VF7	Exclusive licensing
R&D Technology Service Contract	Vietnam Manufacturing and Export Processing (Holdings) Co., Ltd.	January 2, 2019 | December 31, 2021	Provide technology services related to R&D	Exclusive licensing
General Technology Service Contract	Vietnam Manufacturing and Export Processing (Holdings) Co., Ltd.	January 2, 2019 | December 31, 2021	Provide general technology services unrelated to products	Exclusive licensing
No. VIPO 15 Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	February 20, 2020 | February 19, 2023	Technology transfer for 11 new types of motorcycles, including VF4, VEA and SDJ	Exclusive licensing
Supplementary Provisions of the Technology Transfer Contract	Vietnam Manufacturing and Export Processing Co., Ltd.	February 15, 2020 | February 14, 2023	Modify the content related to technology transfer for 31 types of motorcycles, including SAN, VC1 and VUR.	Exclusive licensing

Chapter 6. Financial Overview

I. Condensed Consolidated Balance Sheets and Consolidated Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Consolidated Condensed Balance Sheet -IFRSs

Unit: NT$ Thousand

Item \ Year		Financial Information for the Past 5 Years (Note 1)					2021 (as of Q1) (Note 3)
		2016	2017	2018	2019	2020	
Current assets		20,980,911	19,036,142	18,112,487	18,804,301	19,910,726	20,582,828
Property, plant and equipment, net		11,367,416	11,194,135	10,883,846	12,050,453	12,711,071	12,739,929
Intangible assets, net		-	-	-	-	-	-
Other Assets		7,933,899	6,398,941	8,400,595	10,267,463	11,396,280	11,177,815
Total Assets		40,282,226	36,629,218	37,396,928	41,122,217	44,018,077	44,500,572
Current liabilities	Before distribution	13,267,331	13,493,177	13,825,874	17,515,944	18,528,804	18,350,508
	After distribution	14,147,376	14,334,357	14,652,054	18,327,124	Note 2	-
Non-current liabilities		10,398,101	8,499,448	9,469,897	8,365,548	9,422,484	9,458,548
Total Liabilities	Before distribution	23,665,432	21,992,625	23,295,771	25,881,492	27,951,288	27,809,056
	After distribution	24,545,477	22,833,805	24,121,951	26,692,672	Note 2	-
Equity attributable to owners of parent		14,800,048	12,937,294	12,833,401	14,034,804	14,770,919	15,369,862
Share capital		8,800,446	8,685,956	8,535,956	8,535,956	8,030,776	8,030,776
Capital reserves		1,739,013	1,743,366	1,732,462	1,736,657	1,730,173	1,731,312
Retained earnings	Before distribution	5,359,269	4,680,229	4,612,588	6,072,937	6,583,938	7,184,101
	After distribution	4,479,224	3,839,049	3,786,408	5,261,757	Note 2	-
Other equity		(965,864)	(1,455,952)	(1,331,300)	(1,594,441)	(1,441,152)	(1,443,511)
Treasury stock		(132,816)	(716,305)	(716,305)	(716,305)	(716,305)	(132,816)
Non-controlling interest		1,816,746	1,699,299	1,267,756	1,205,921	1,205,921	1,321,654
Total equity	Before distribution	16,616,794	14,636,593	14,101,157	15,240,725	16,066,789	16,691,516
	After distribution	15,736,749	13,795,413	13,274,977	14,429,545	Note 2	-

Note 1: The consolidated financial statements for each year have been audited by independent auditors.
Note 2: No resolution has been passed to distribute the earnings for 2020.
Note 3: The consolidated financial information for the first quarter of 2021 has been reviewed by independent auditors.

(II) Consolidated Condensed Income Statement - IFRSs

Unit: NT$ Thousand

Item \ Year	Financial Information for the Past 5 Years (Note 1)					2021 (as of Q1) (Note 2)
	2016	2017	2018	2019	2020	
Operating revenue	35,450,536	31,678,500	31,350,738	33,383,428	40, 774, 917	9, 978, 399
Gross profit	5,522,251	5,540,620	5,298,288	5,822,977	7, 806, 855	2, 062, 857
Net profit (loss)	422,771	384,781	(99,572)	450,920	1, 959, 359	719, 248
Non-operating income and expenses	(437,574)	159,186	1,267,588	1,959,174	534, 636	42, 151
Pre-tax profit (loss)	(14,803)	543,967	1,168,016	2,410,094	2, 493, 995	761, 399
Net income (loss) from continuing operations	(292,689)	501,871	725,006	2,192,460	2, 051, 856	619, 947
Loss from discontinued operations	-	-	-	-	-	-
Net income (loss) for the year	(292,689)	501,871	725,006	2,192,460	2, 051, 856	619, 947
Other comprehensive income (loss) for the year (Net amount after tax)	(713,089)	(771,564)	50,874	(228,276)	50, 356	11, 599
Total comprehensive income for the year	(1,005,778)	(269,693)	775,880	1,964,184	2, 102, 212	631, 546
Net profit (loss) attributable to the owner of the parent company	(321,861)	509,136	1,038,389	2,226,225	1, 938, 344	592, 147
Net profit (loss) attributable to non-controlling equity	29,172	(7,265)	(313,383)	(33,765)	113, 512	27, 800
Comprehensive income attributable to the owner of the parent company	(983,452)	(160,808)	1,093,009	2,023,388	2, 009, 242	597, 804
Comprehensive income (loss) attributable to non-controlling equity	(22,326)	(108,885)	(317,129)	(59,204)	92, 970	33, 742
Earnings (loss) per share	(0.37)	0.60	1.26	2.71	2. 41	0. 74

Note 1: The consolidated financial statements for each year have been audited by independent auditors.
Note 2: The consolidated financial information for the first quarter of 2021 has been reviewed by independent auditors.

II. Separate Condensed Balance Sheets and Separate Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Separate Condensed Balance Sheet - IFRSs

Unit: NT$ Thousand

Item \ Year		Financial Information for the Past 5 Years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		7,180,636	5,083,912	4,688,521	4,317,788	4,659,870
Property, plant and equipment, net		5,114,670	4,858,449	4,790,940	4,994,550	5,044,289
Intangible assets, net		-	-	-	-	Note 2
Other Assets		18,977,807	18,375,744	19,432,298	22,258,211	24,181,200
Total Assets		31,273,113	28,318,105	28,911,759	31,570,549	33,885,359
Current liabilities	Before distribution	7,514,181	8,200,688	8,060,706	11,200,395	11,270,740
	After distribution	8,394,226	9,041,868	8,886,886	12,011,575	Note 2
Non-current liabilities		8,958,884	7,180,123	8,017,652	6,335,350	7,843,700
Total Liabilities	Before distribution	16,473,065	15,380,811	16,078,358	17,535,745	19,114,440
	After distribution	17,353,110	16,221,991	16,904,538	18,346,925	Note 2
Share capital		8,800,446	8,685,956	8,535,956	8,535,956	8,030,776
Capital reserves		1,739,013	1,743,366	1,732,462	1,736,657	1,730,173
Retained earnings	Before distribution	5,359,269	4,680,229	4,612,588	6,072,937	6,583,938
	After distribution	4,479,224	3,839,049	3,786,408	5,261,757	Note 2
Other equity		(965,864)	(1,455,952)	(1,331,300)	(1,594,441)	(1,441,152)
Treasury stock		(132,816)	(716,305)	(716,305)	(716,305)	(132,816)
Total equity	Before distribution	14,800,048	12,937,294	12,833,401	14,034,804	14,770,919
	After distribution	13,920,003	12,096,114	12,007,221	13,223,624	Note 2

Note1: The separate financial report for each year has been audited by CPAs.

Note2: No resolution has been passed to distribute the earnings for 2020.

(II) Separate Condensed Income Statement - IFRSs

Unit: NT$ Thousand

Item \ Year	Financial Information for the Past 5 Years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	25,945,580	23,220,089	22,621,007	23,659,272	30,796,834
Gross profit	2,344,673	2,578,918	2,503,056	2,455,146	3,924,645
Net operating income	290,416	492,289	263,002	287,858	1,379,482
Non-operating income and expenses	(386,922)	(143,139)	934,236	2,052,131	883,996
Pre-tax profit (loss)	(96,506)	349,150	1,197,238	2,339,989	2,263,478
Income (loss) from continuing operations for the year	(321,861)	509,136	1,038,389	2,226,225	1,938,344
Loss from discontinued operations	-	-	-	-	-
Net income (loss) for the year	(321,861)	509,136	1,038,389	2,226,225	1,938,344
Other comprehensive income (loss) for the year (net amount after tax)	(661,591)	(669,944)	54,620	(202,837)	70,898
Total comprehensive income for the year	(983,452)	(160,808)	1,093,009	2,023,388	2,009,242
Earnings (loss) per share	(0.37)	0.6	1.26	2.71	2.41

Note 1: The separate financial report for each year has been audited by CPAs.

III. CPAs and Audit Opinions of the Past Five Fiscal Years

Year	Name of CPA Firm	CPA	Opinion
2016	KPMG	Kuo-Yang Tseng, Shih-Chin Chih	Unmodified opinion
2017	KPMG	Kuo-Yang Tseng, Ti-Nuan Chien	Unmodified opinion
2018	KPMG	Kuo-Yang Tseng, Ti-Nuan Chien	Unmodified opinion
2019	KPMG	Kuo-Yang Tseng, Ti-Nuan Chien	Unmodified opinion
2020	KPMG	Chung-Che Chen, Ti-Nuan Chien	Unmodified opinion

IV. Financial Analysis

(I) Financial Analysis for the Past 5 Years - IFRSs

1. Consolidated Financial Analysis

Unit: NT$ Thousand

Item	Year	Financial Analysis for the Past 5 Years					
		2016	2017	2018	2019	2020	2021 (as of Q1)
Financial structure (%)	Debt to asset ratio (%)	58.75	60.04	62.29	62.94	63.50	62.49
	Ratio of long-term assets to property, plant and equipment (%)	237.65	206.68	216.57	195.90	200.53	205.26
Solvency	Current ratio (%)	158.14	141.08	131.00	107.36	107.46	112.16
	Quick ratio (%)	112.85	105.89	97.18	76.69	73.02	70.33
	Times interest earned (times)	0.91	3.38	6.00	11.13	11.73	17.72
Operating performance	Average collection turnover (times)	9.69	8.63	11.71	12.43	15.68	14.23
	Days sales outstanding	38	42	31	29	23	25
	Average Inventory Turnover (Times)	4.07	5.58	6.32	6.32	6.41	5.05
	Average Payment Turnover (Times)	12.70	10.76	10.68	10.44	9.52	8.03
	Average Inventory Turnover Days	90	65	57	57	56	72
	Property, plant and equipment, net Turnover (times)	3.13	2.81	2.84	2.91	3.29	3.14
	Total assets turnover (times)	0.85	0.82	0.85	0.85	0.96	0.90
Profitability	Return on total assets (%)	(0.08)	1.81	2.45	6.06	5.24	1.48
	Return on equity (%)	(1.67)	3.21	5.05	14.94	13.11	3.78
	Ratio of net income before tax to paid-in capital (%)	(0.17)	6.26	13.68	28.23	31.06	9.48
	Net profit margin (%)	(0.83)	1.58	2.31	6.57	5.03	6.21
	Earnings per share (NT$)	(0.37)	0.60	1.26	2.71	2.41	0.74
Cash flow	Cash flow ratio (%)	35.80	17.46	2.80	7.71	26.40	註2
	Cash flow adequacy ratio (%)	69.22	87.07	76.09	71.34	90.49	61.85
	Cash reinvestment ratio (%)	8.22	3.44	Note 2	1.18	8.73	註2
Leverage	Operating leverage	10.77	11.74	(46.54)	10.37	3.30	2.44
	Financial leverage	3.88	2.55	0.30	2.09	1.13	1.07

Note 1: The Company has adopted the IFRSs since 2013, so enough data is available for comparative analysis.

Note 2: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note 3: 1. Financial structure

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

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net value of property, plant and equipment

2. Solvency

   (1) Current ratio = Current assets/Current liabilities

   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities

   (3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses for the year

3. Operating performance:

   (1) Average collection turnover - Net sales/Average trade receivables

   (2) Days sales outstanding = 365 / Average collection turnover

   (3) Average inventory turnover = Cost of sales / Average inventory

   (4) Average inventory turnover days = 365 / Average inventory turnover

   (5) Property, plant and equipment turnover = Net sales / average net property, plant and equipment

   (6) Total assets turnover = Net sales / Average total assets

4. Profitability:

   (1) Return on total assets = (Net income (loss) after tax+ Interest expenses * (1 - Tax rate)) / Average total assets

   (2) Return on equity = income (loss) after tax/Average total equity

   (3) Net margin = Net income (loss) after tax/ Net sales

   (4) Earnings per share = (Net income (loss) attributable to the owner of the parent company - Preferred stock dividend) / Weighted average number of shares outstanding

5. Cash flow:

   (1) Cash flow ratio = Net cash provided by operating activities / Current liabilities

   (2) Cash flow adequacy ratio = Five-year sum of net cash flow from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends)

   (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investments + Other noncurrent assets + Working capital)

6. Leverage:

   (1) Operating leverage = (Net sales - Variable cost) / Income from operations

   (2) Financial leverage = Income from operations / (Income from operations - Interest expenses)

2. Financial analysis (unconsolidated)

Unit: NT$ Thousand

Item	Year	Financial Analysis for the Past 5 Years				
		2016	2017	2018	2019	2020
Financial structure (%)	Debt to asset ratio (%)	52.67	54.31	55.61	55.54	56.41
	Ratio of long-term capital to property, plant, and equipment (%)	464.53	414.07	435.22	407.85	448.32
Solvency	Current ratio (%)	95.56	61.99	58.17	38.55	41.34
	Quick ratio (%)	59.25	30.34	29.99	18.03	22.88
	Times interest earned (times)	0.44	3.47	9.31	17.13	17.30
Operating performance	Average collection turnover (times)	11.63	9.59	14.67	17.38	29.10
	Days sales outstanding	31	38	25	21	13
	Average inventory turnover (times)	5.16	8.51	8.90	10.34	13.54
	Average payment turnover (times)	19.76	14.49	13.51	13.21	11.53
	Average Inventory Turnover Days	71	43	41	35	27
	Property, plant and equipment turnover (times)	5.09	4.66	4.69	4.84	6.14
	Total assets turnover (times)	0.78	0.78	0.79	0.78	0.94
Profitability	Return on total assets (%)	(0.51)	2.12	4.03	7.75	6.26
	Return on equity (%)	(2.04)	3.67	8.06	16.57	13.46
	Ratio of net income before tax to paid-in capital (%)	(1.10)	4.02	14.03	27.41	28.19
	Net margin (%)	(1.24)	2.19	4.59	9.41	6.29
	Earnings per share (NT$)	(0.37)	0.60	1.26	2.71	2.41
Cash flow	Cash flow ratio (%)	55.17	20.53	3.44	12.73	37.15
	Cash flow adequacy ratio (%)	85.55	111.63	93.66	116.57	174.40
	Cash reinvestment ratio (%)	8.93	2.46	Note 1	1.77	9.29
Leverage	Operating leverage	11.47	7.12	12.71	11.18	3.55
	Financial leverage	2.67	1.43	2.21	2.02	1.11

Note1: If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note2: 1. Financial structure

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

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities)/net value of property, plant and equipment

2. Solvency

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current assets - Inventories - Prepaid expenses)/Current liabilities

(3) Interest coverage ratio = Income before tax and interest expenses/Interest expenses for the year

3. Operating performance:

   (1) Average collection turnover - Net sales/Average trade receivables

   (2) Days sales outstanding = 365 / Average collection turnover

   (3) Average inventory turnover = Cost of sales / Average inventory

   (4) Average inventory turnover days = 365 / Average inventory turnover

   (5) Property, plant and equipment turnover = Net sales / average net property, plant and equipment

   (6) Total assets turnover = Net sales / Average total assets

4. Profitability:

   (1) Return on total assets = (Net income (loss) after tax+ Interest expenses * (1 - Tax rate)) / Average total assets

   (2) Return on equity = income (loss) after tax/Average total equity

   (3) Net margin = Net income (loss) after tax/ Net sales

   (4) Earnings per share = (Net income (loss) attributable to the owner of the parent company - Preferred stock dividend) / Weighted average number of shares outstanding

5. Cash flow:

   (1) Cash flow ratio = Net cash provided by operating activities / Current liabilities

   (2) Cash flow adequacy ratio = Five-year sum of net cash flow from operations / Five-year sum of capital expenditures, inventory additions, and cash dividends)

   (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross value of property, plant and equipment + Long-term investments + Other noncurrent assets + Working capital)

6. Leverage:

   (1) Operating leverage = (Net sales - Variable cost) / Income from operations

   (2) Financial leverage = Income from operations / (Income from operations - Interest expenses)

(II) Notes on Variances in Financial Ratios in the Past 2 Years - IFRSs

1. Variances in consolidated financial ratios

Unit: %

Item	Year	2020	2019	Increase (decrease) (%)
Financial structure	Debt to asset ratio (%)	63.50	62.94	0.89%
	Ratio of long-term capital to property, plant, and equipment (%)	200.53	195.90	2.36%
Solvency	Current ratio (%)	107.46	107.36	0.09%
	Quick ratio (%)	73.02	76.69	(4.79)%
	Times interest earned (times)	11.73	11.13	5.39%
Operating performance	Average collection turnover (times)	15.68	12.43	26.15%
	Days sales outstanding	23	29	(20.69)%
	Average inventory turnover (times)	6.41	6.32	1.42%
	Average payment turnover (times)	9.52	10.44	(8.81)%
	Average Inventory Turnover Days	56	57	(1.75)%
	Property, plant and equipment turnover (times)	3.29	2.91	13.06%
	Total assets turnover (times)	0.96	0.85	12.94%
Profitability	Return on total assets (%)	5.24	6.06	(13.53)%
	Return on equity (%)	13.11	14.94	(12.25)%
	Ratio of net income before tax to paid-in capital (%)	31.06	28.23	10.02%
	Net margin (%)	5.03	6.57	(23.44)%
	Earnings per share (NT$)	2.41	2.71	(11.07)%
Cash flow	Cash flow ratio (%)	26.40	7.71	242.41%
	Cash flow adequacy ratio (%)	90.49	71.34	26.84%
	Cash reinvestment ratio (%)	8.73	1.18	639.83%
Leverage	Operating leverage	3.30	10.37	(68.18)%
	Financial leverage	1.13	2.09	(45.93)%

Note 1. If the difference between the net cash flow from operating activities and the cash dividend is negative, the net cash flow won't be measured.

Note 2. Analysis of changes in the above financial ratios by over 20%:

1. Operating performance: The sales of motorcycles in 2020 increased significantly compared with that in 2019. Thus, in 2020, the average collection turnover increased, but the days sales outstanding declined.
2. Profitability: Despite significant sales growth in 2020, the net margin declined in 2019 due to income from land disposal for 2019.
3. Cash flow: The cash inflow from operating activities of 2020 increased. As a result, the ratios related to cash flow rose in 2019.
4. Leverage: The net income from operations in 2020 was higher than that in 2019. Thus, the leverage risk declined in 2019.

2. Changes in unconsolidated financial ratios

Unit: %

Item	Year	2020	2019	Increase (decrease) (%)
Financial structure	Debt to asset ratio (%)	56.41	55.54	1.57%
	Ratio of long-term capital to property, plant, and equipment (%)	448.32	407.85	9.92%
Solvency	Current ratio (%)	41.34	38.55	7.24%
	Quick ratio (%)	22.88	18.03	26.90%
	Times interest earned (times)	17.30	17.13	0.99%
Operating performance	Average collection turnover (times)	29.10	17.38	67.43%
	Days sales outstanding	13	21	(38.10%)
	Average inventory turnover (times)	13.54	10.34	30.95%
	Average payment turnover (times)	11.53	13.21	(12.72%)
	Average Inventory Turnover Days	27	35	(22.86%)
	Property, plant and equipment turnover (times)	6.14	4.84	26.86%
	Total assets turnover (times)	0.94	0.78	20.51%
Profitability	Return on total assets (%)	6.26	7.75	(19.23%)
	Return on equity (%)	13.46	16.57	(18.77%)
	Ratio of net income before tax to paid-in capital (%)	28.19	27.41	2.85%
	Net margin (%)	6.29	9.41	(33.16%)
	Earnings per share (NT$)	2.41	2.71	(11.07%)
Cash flow	Cash flow ratio (%)	37.15	12.73	191.83%
	Cash flow adequacy ratio (%)	174.40	116.57	49.61%
	Cash reinvestment ratio (%)	9.29	1.77	424.86%
Leverage	Operating leverage	3.55	11.18	(68.25%)
	Financial leverage	1.11	2.02	(45.05%)

Note 1. Analysis of changes in the above financial ratios by over 20%:

1. Solvency:

   Quick ratio: The quick assets, including cash, increased in 2020, so the quick ratio in 2020 was higher than that in 2019.

2. Operating performance:

   (1) Average collection turnover and days sales outstanding: The sales revenue of motorcycles increased in 2020. The collection term for domestic sales was shorter, so the average collection turnover rose, but the days sales outstanding declined.

   (2) Average inventory turnover and average inventory turnover days: The increased revenue in 2020 led to an increase in the cost of sales and a decline in the average turnover. Thus, the average inventory turnover rose, but the average inventory turnover days declined.

   (3) Property, plant and equipment turnover, and total assets turnover: The increased revenue in 2020 contributed to higher asset utilization, thereby leading to an increase in the property, plant and equipment turnover as well as the total assets turnover.

3. Profitability:

   Net margin: Although the revenue increased significantly in 2020, the net margin declined owing to the revenue from land disposal in 2019.

4. Cash flow: The net cash inflow from operating activities in 2020 were higher than that in 2019, so the cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio rose.

5. Leverage: The net profit in 2020 was higher than that in 2019. As a result, the leverage risk declined in 2019.

V. 2020 Audit Committee's Report

Sanyang Motor Co., Ltd.
Audit Committee's Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements and Proposal for Earnings Distribution, among which the Financial Statements have been audited by KPMG, Taiwan, by whom an audit report has been issued accordingly. The above business report, financial statements and proposal for earnings distribution have been examined and reviewed by the Audit Committee, and no irregularities were found. According to the Securities and Exchange Act and the Company Act, we hereby submit this report.

Sincerely,

Sanyang Motor Co., Ltd.2021 Annual General Shareholders' Meeting

Convener of the Audit Committee:

Chung-Chuan Shih

March 30, 2021

VI. Financial Statements of the Most Recent Fiscal Year

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)

	Assets	December 31, 2020 Amount	%	December 31, 2019 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**

(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**

(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

(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)

			Retained earnings				Other equity				
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	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**

(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

(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**

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

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.

(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.

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.

(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.

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;

- 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

- 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;

- 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.

(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.

(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.

(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.

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.

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.

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.

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

(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.

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	

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**

(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

	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**

	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.

(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

(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

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

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.

(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

(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.

(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.

(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.

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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Notes to the Financial Statements

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

Company	December 31, 2020			December 31, 2019	
	Shares held (in thousand shares)		Acquired Costs	Shares held (in thousand shares)	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)

(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

(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.

(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

(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.

(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.

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	**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**

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).

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.

(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.

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.

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)	〃

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 Xia Shing 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

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%.

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

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”.

(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

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

(12) Other:

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

	For the year ended December 31					
	2020			2019		
By function / By item	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.

(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.

(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 Item	Collateral Value	Limit on total loans granted to a single party	Ceiling on total loans granted
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.

(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.

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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

(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		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	5	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)%	

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of purchaser/seller	Counter-party	Relationship	Purchases /Sales	Amount	Percentage of total purchases/sales	Credit terms	Unit price	Credit terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
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 ap	-		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).

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

(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 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
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	〃	〃

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)	-

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		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
					Outflow	Inflow						
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".

(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.

VII. Consolidated Financial Statements of the Parent Company and Subsidiaries of the Most Recent Fiscal Year Audited and Attested byCPAs

Representation Letter

The entities that are required to be included in the combined financial statements of Sanyang Motor Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sanyang Motor Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sanyang Motor Co., Ltd.
Chairman: Ching-Yuan, Wu
Date: March 30, 2021

Independent Auditors' Report

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

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

   Description of key audit matter:

   The Group's main business activities are manufacturing and sale of automobiles, scooters and their parts. The revenues of the Group 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 Group 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 consolidated financial report.

Corresponding audit procedures:

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

(b) Examine significant sales agreements.

(c) Test internal controls of the Group over shipment and revenue 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(g) “Financial instruments policies” 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(d) for details of accounts receivable.

Description of key audit matter:

The balance of accounts receivable of the Group is relatively significant, and 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 consolidated 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.

Other Matter

Sanyang Motor Co., Ltd. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group 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 Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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 consolidated financial statements are intended only to present the consolidated 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated 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))	$ 4,861,112	11	3,982,898	10
1110	Current financial assets at fair value through profit or loss (Note 6(b))	19,606	-	-	-
1170	Notes and accounts receivable, net (Notes 6(d), (x) and 8)	2,135,827	5	2,283,216	6
1180	Notes and accounts receivable from related parties, net (Notes 6(d), (x) and 7)	351	-	500	-
1200	Other receivables (Notes 6(d), (f), (aa) and 7)	315,890	1	261,609	1
1310	Inventories (for manufacturing business) (Note 6(e))	4,311,020	10	4,086,792	10
1320	Inventories (for construction business) (Notes 6(e) and 7)	1,346,440	3	548,105	1
1410	Prepayments	676,824	1	676,398	2
1461	Non-current assets held for sale (Notes 6(f), 7 and 8)	-	-	108,320	-
1476	Other current financial assets (Notes 6(a) and 8)	6,197,310	14	6,796,822	16
1479	Other current assets, others	46,346	-	59,641	-
		19,910,726	45	18,804,301	46
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	15,459	-	15,459	-
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	3,793,120	9	3,036,318	7
1550	Investments accounted for using the equity method (Notes 6(f) and (g))	705,126	2	710,229	2
1600	Property, plant and equipment (Notes 6(j), 7 and 8)	12,711,071	29	12,050,453	29
1755	Right-of-use assets (Notes 6(k) and 8)	809,316	2	908,601	2
1760	Investment property, net (Notes 6(l) and 8)	3,919,336	9	3,969,980	10
1840	Deferred income tax assets (Note 6(u))	534,144	1	552,603	1
1935	Long-term lease receivables (Notes 6(d), (x) and 8)	433,417	1	348,215	1
1975	Net defined benefit asset, non-current (Note 6(t))	931	-	-	-
1980	Other non-current financial assets (Notes 6(a) and 8)	1,015,128	2	551,175	1
1995	Other non-current assets, others	170,303	-	174,883	1
		24,107,351	55	22,317,916	54
	Total assets	**$ 44,018,077**	**100**	**41,122,217**	**100**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated 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(n))	$ 8,739,168	20	10,823,654	26
2111	Short-term notes and bills payable (Note 6(m))	718,127	2	686,807	2
2130	Current contract liabilities (Note 6(x))	292,179	1	188,350	1
2170	Accounts payable (Note 6(o))	3,886,555	9	2,691,496	7
2180	Accounts payable to related parties (Notes 6(o) and 7)	227,009	1	117,523	-
2200	Other payables (Note 7)	2,793,015	6	1,390,066	4
2230	Current tax liabilities (Note 6(u))	351,081	1	60,308	-
2251	Current provisions for employee benefits (Note 6(t))	119,461	-	128,142	-
2252	Short-term provisions for warranties (Note 6(r))	421,730	1	391,893	1
2280	Current lease liabilities (Note 6(q))	124,239	-	123,899	-
2322	Long-term borrowings, current portion (Note 6(p))	597,365	1	778,481	2
2365	Current refund liabilities	211,458	-	129,394	-
2399	Other current liabilities, others	47,417	-	5,931	-
		18,528,804	42	17,515,944	43
	Non-current liabilities:				
2540	Long-term borrowings (Note 6(p))	5,607,732	13	4,366,616	11
2550	Non-current provisions (Note 6(r))	193,810	-	177,443	-
2570	Deferred income tax liabilities (Note 6(u))	1,506,240	3	1,597,094	4
2580	Non-current lease liabilities (Note 6(q))	562,953	1	620,707	2
2640	Net defined benefit liability, non-current (Note 6(t))	841,298	2	972,469	2
2645	Guarantee deposits received (Note 7)	663,982	2	609,492	1
2670	Other non-current liabilities, others	46,469	-	21,727	-
		9,422,484	21	8,365,548	20
	Total liabilities	27,951,288	63	25,881,492	63
	Equity attributable to owners of parent (Note 6(v):				
3100	Share capital	8,030,776	18	8,535,956	21
3200	Capital surplus	1,730,173	4	1,736,657	4
3300	Retained earnings	6,583,938	15	6,072,937	15
3400	Other equity	(1,441,152)	(3)	(1,594,441)	(4)
3500	Treasury shares	(132,816)	-	(716,305)	(2)
	Total equity attributable to owners of parent:	14,770,919	34	14,034,804	34
36XX	Non-controlling interests	1,295,870	3	1,205,921	3
	Total equity	16,066,789	37	15,240,725	37
	Total liabilities and equity	**$ 44,018,077**	**100**	**41,122,217**	**100**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated 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(x) and 7)	$ 40,774,917	100	33,383,428	100
5000	Operating costs (Notes 6(e), (t) and 7))	32,968,062	81	27,560,451	83
	Gross profit from operations	7,806,855	19	5,822,977	17
	Operating expenses (Notes 6(d), (t), (y) and 7):				
6100	Selling expenses	3,121,110	8	2,863,725	9
6200	Administrative expenses	1,646,575	4	1,383,889	4
6300	Research and development expenses	1,083,501	2	1,067,022	3
6450	Expected credit (gain) loss	(3,690)	-	57,421	-
		5,847,496	14	5,372,057	16
	Net operating income	1,959,359	5	450,920	1
	Non-operating income and expenses:				
7100	Interest income (Notes 6(z) and 7)	234,794	1	243,374	1
7010	Other income (Notes 6(z) and 7)	91,354	-	118,798	-
7020	Other gains and losses (Notes 6(z) and 7)	66,855	-	(33,319)	-
7050	Finance costs (Note 6(z))	(225,525)	(1)	(235,313)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using the equity method (Note 6(g))	2,453	-	(7,488)	-
7229	Gain on disposal of non-current assets held for sale (Notes 6(f) and (z))	364,705	1	1,873,122	6
		534,636	1	1,959,174	6
7900	**Profit before income tax**	2,493,995	6	2,410,094	7
7950	**Less: Income tax expenses (Note 6(u))**	442,139	1	217,634	-
	Profit for the period	2,051,856	5	2,192,460	7
8300	**Other comprehensive income (loss) (Notes 6(g) and (v)):**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans	(151,083)	-	41,791	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	365,047	1	22,902	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	24,579	-	19,931	-
		238,543	1	84,624	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(189,842)	(1)	(311,319)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using the equity method	1,471	-	(2,061)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	184	-	480	-
		(188,187)	(1)	(312,900)	(1)
8300	**Other comprehensive income (after tax)**	50,356	-	(228,276)	(1)
8500	**Comprehensive income**	$ 2,102,212	5	1,964,184	6
	Profit attributable to:				
8610	Owners of parent	$ 1,938,344	5	2,226,225	7
8620	Non-controlling interests	113,512	-	(33,765)	-
		$ 2,051,856	5	2,192,460	7
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 2,009,242	5	2,023,388	6
8720	Non-controlling interests	92,970	-	(59,204)	-
		$ 2,102,212	5	1,964,184	6
	Earnings per share (Note 6(w))				
9750	**Basic earnings per share (NT dollars)**	$	2.41		2.71
9850	**Diluted earnings per share (NT dollars)**	$	2.41		2.71

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	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	1,267,756	14,101,157
Profit for the year	-	-	-	-	2,226,225	2,226,225	-	-	-	-	2,226,225	(33,765)	2,192,460
Other comprehensive income for the year	-	-	-	-	60,304	60,304	(283,387)	20,246	(263,141)	-	(202,837)	(25,439)	(228,276)
Comprehensive income for the year	-	-	-	-	2,286,529	2,286,529	(283,387)	20,246	(263,141)	-	2,023,388	(59,204)	1,964,184
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)	-	(826,180)
Reversal of special reserve due to disposal of land	-	-	-	(17,281)	17,281	-	-	-	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using the equity method	-	4,195	-	-	-	-	-	-	-	-	4,195	-	4,195
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,631)	(2,631)
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	1,205,921	15,240,725
Profit for the year	-	-	-	-	1,938,344	1,938,344	-	-	-	-	1,938,344	113,512	2,051,856
Other comprehensive income for the year	-	-	-	-	(122,579)	(122,579)	(151,362)	344,839	193,477	-	70,898	(20,542)	50,356
Comprehensive income for the year	-	-	-	-	1,815,765	1,815,765	(151,362)	344,839	193,477	-	2,009,242	92,970	2,102,212
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)	-	(811,180)
Reversal of special reserve due to disposal of land	-	-	-	(39,666)	39,666	-	-	-	-	-	-	-	-
Increase in treasury shares	-	-	-	-	-	-	-	-	-	(462,150)	(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	(504)	(301)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(2,517)	(2,517)
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	1,295,870	16,066,789

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated 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	$ 2,493,995	2,410,094
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,310,808	1,151,041
Amortization expense	69,549	64,978
Expected credit (gain) loss	(3,690)	57,421
Net gain on financial assets or liabilities at fair value through profit or loss	(33,054)	(14,293)
Interest expense	225,525	235,313
Interest revenue	(234,794)	(243,374)
Dividend revenue	(55,998)	(82,147)
Share of (profit) loss of associates and joint ventures accounted for using the equity method	(2,453)	7,488
Loss (gain) on disposal of property, plant and equipment	(6,686)	7,815
Gain on disposal of investment properties	(62,448)	(120,108)
Gain on disposal of non-current assets held for sale	(364,705)	(1,873,122)
Impairment loss on non-financial assets	69,223	310,561
Others	(1,149)	2,430
Total adjustments to reconcile profit (loss)	910,128	(495,997)
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	13,448	14,293
Notes and accounts receivable, net	169,247	116,674
Accounts receivable from related parties	149	(19)
Other receivables	1,758	(49,008)
Inventories	(1,245,175)	(723,190)
Prepayments	(426)	(22,478)
Other current assets	7,316	45,917
Net defined benefit assets	(931)	-
Contract liabilities	103,829	40,222
Accounts payable	1,228,119	282,348
Accounts payable to related parties	111,417	34,079
Other payables	1,432,968	47,554
Provisions	45,869	(64,517)
Receipts in advance	-	(4,924)
Other current liabilities	124,077	19,514
Net defined benefit liabilities	(257,675)	(96,174)
Provisions for employee benefits	(7,665)	11,328
Other operating liabilities	18,707	(23,730)
Total adjustments	2,655,160	(868,108)
Cash inflow generated from operations	5,149,155	1,541,986
Interest received	192,854	269,990
Interest paid	(231,786)	(237,590)
Income taxes paid	(217,829)	(223,690)
Net cash flows from operating activities	4,892,394	1,350,696

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SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Consolidated 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 financial assets at fair value through other comprehensive income	(560,753)	(912,669)
Proceeds from disposal of financial assets at fair value through other comprehensive income	156,844	-
Acquisition of investments accounted for using the equity method	-	(210,000)
Proceeds from disposal of subsidiaries	-	33,403
Proceeds from disposal of non-current assets held for sale	473,025	2,511,101
Acquisition of property, plant and equipment	(1,985,756)	(2,486,963)
Proceeds from disposal of property, plant and equipment	304,748	247,115
Increase in other receivables	(127,502)	-
Decrease in other receivables	127,502	-
Acquisition of investment properties	-	(131,309)
Proceeds from disposal of investment properties	75,949	182,723
Increase in long-term lease receivables	(85,202)	(86,219)
Decrease (increase) in other current financial assets	585,767	(4,620,929)
Increase in other non-current financial assets	(638,945)	(149,715)
Increase in other non-current assets	(27,498)	(118,754)
Dividends received	57,920	91,167
Net cash flows used in investing activities	(1,643,901)	(5,651,049)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	72,219,523	52,279,353
Decrease in short-term borrowings	(74,240,441)	(48,567,192)
Increase in short-term notes and bills payable	31,320	-
Decrease in short-term notes and bills payable	-	(351,101)
Proceeds from long-term borrowings	6,496,431	2,969,862
Repayments of long-term borrowings	(5,436,431)	(4,485,788)
Increase in guarantee deposits received	60,138	26,971
Payments of lease liabilities	(138,426)	(116,435)
Cash dividends paid	(811,180)	(826,180)
Cost of increase in treasury shares	(462,150)	-
Acquisition of subsidiaries	(419)	-
Changes in non-controlling interests	(2,517)	(2,628)
Net cash flows from (used in) financing activities	(2,284,152)	926,862
Effect of exchange rate changes on cash and cash equivalents	(86,127)	(63,605)
Net increase (decrease) in cash and cash equivalents	878,214	(3,437,096)
Cash and cash equivalents at beginning of period	3,982,898	7,419,994
Cash and cash equivalents at end of period	$ **4,861,112**	**3,982,898**

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated 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 Hwa Road, Hukou, Hsinchu, Taiwan (R.O.C.).

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

The consolidated financial statements are comprised of the Company and its subsidiaries (the "Group") and the Group's interest in associates.

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

(2) Approval date and procedures of the consolidated financial statements

The consolidated 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group 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 consolidated 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 Group 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 consolidated 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 consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as " the Regulations") and the IFRSs, IASs, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, ROC.

(b) Basis of preparation

(i) Basis of measurement

The consolidated 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;

3) Hedging financial instruments are measured at fair value; and

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

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated 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) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ; and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio December 31, 2020	Shareholding Ratio December 31, 2019	Description
The Company	Shan Young Assets Management Co., Ltd. (Shan Young)	Real estate development and management	100.00%	100.00%	Note 3
The Company	Youth Taisun Co., Ltd (Youth Taisun)	Manufacturing of automobiles, scooters and their parts	100.00%	100.00%	
The Company	Chu-Yang Motor Co., Ltd. (Chu-Yang)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Nanyang Industries Co., Ltd. (Nanyang)	Distribution, repair, and maintenance of automobiles and its parts	89.60%	89.59%	Notes 10 and11
The Company	Nanchen Industries Co., Ltd. (Nanchen)	Sale of automobiles	- %	19.85%	Notes 9 and 11
The Company	NOVA Design Co., Ltd. (NOVA Design)	Product design	100.00%	100.00%	
The Company	SUNSHINE AUTO-LEASE Co., Ltd.(SUNSHINE AUTO-LEASE)	Passenger car rental and leasing	16.27%	16.27%	
The Company	Ching Ta Investment Co., Ltd. (Ching Ta)	Investment activities	99.66%	99.66%	
The Company	Profit Source Investment Ltd. (Profit Source)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Deutschland GmbH (SYDE)	Sale of scooters and its parts	100.00%	100.00%	
The Company	SY International Ltd. (SYI)	Investment shareholding company	100.00%	100.00%	
The Company	Sanyang Italia S.R.L. (SYIT)	Sale of scooters and its parts	100.00%	100.00%	
The Company	Sanyang Motor Colombia S.A.S (SCB)	Sale of scooters and its parts	100.00%	100.00%	Note 2
NOVA Design	NOVA Design Ltd (NOVA Samoa)	Investment shareholding company	42.30%	42.30%	
Nanyang	Li Yang Industry Co., Ltd. (Li Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Nanyang	Nanchen Industries Co., Ltd. (Nanchen)	Sale of automobiles	90.07%	70.05%	Notes 8, 9 and 11
Nanyang	SUNSHINE AUTO-LEASE Co., Ltd.(SUNSHINE AUTO-LEASE)	Passenger car rental and leasing	61.46%	61.46%	
Nanyang	Jau Ryh Business Co.,Ltd(Jau Ryh)	Truck rental and leasing	100.00%	100.00%	
Nanyang	Nanyang Holding Co., Ltd. (NY Samoa)	Investment shareholding company	100.00%	100.00%	
Nanyang	Nanyang Insurance Agent Co., Ltd. (Nanyang Insurance Agent)	Property insurance agency business	92.86%	92.86%	
Nanyang	Shian Yang Industries Co., Ltd. (Shian Yang)	Repair of automobiles and sale of automobile parts	100.00%	100.00%	
Ching Ta	Three Brothers Machinery Industrial Co., Ltd. (TBM)	Manufacturing,processing and sale of scooter parts	55.00%	55.00%	
Ching Ta	Fact Co., Ltd	Manufacturing, processing and sale of hardware and iron	100.00%	100.00%	
Ching Ta	SUNSHINE AUTO-LEASE Co., Ltd.(SUNSHINE AUTO-LEASE)	Passenger car rental and leasing	21.12%	21.12%	
Ching Ta	NOVA Design Ltd. (NOVA Samoa)	Investment shareholding company	57.70%	57.70%	
Profit Source	Chong Hing International Limited (Chong Hing)	Investment shareholding company	100.00%	100.00%	

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding Ratio December 31, 2020	Shareholding Ratio December 31, 2019	Description
Chong Hing	NOVA Design (Shanghai) Ltd.(NOVA Shanghai)	Product design	61.55%	61.55%	Note 1
Sun Goal	Zhangjiagang Qingzhou Engineering Industry Co., Ltd. (SCK)	Manufacturing and sale of scooter parts	30.27%	30.27%	
SYI	Cosmos System Inc. (Cosmos)	Investment shareholding company	100.00%	100.00%	
SYI	New Path Trading Limited (New Path)	Investment shareholding company	100.00%	100.00%	
SYI	Plassen International Limited (PIL)	Investment shareholding company	100.00%	100.00%	
SYI	Vietnam Manufacturing and Export Processing (Holdings) Ltd. (VMEPH)	Investment shareholding company	67.07%	67.07%	
SYI	Sun Goal Li mited (Sun Goal)	Investment shareholding company	100.00%	100.00%	
NY Samoa	Su Zhou Hui Ying Motor Sales and Service Co., Ltd (Su Zhou Hui Ying)	Retail of automobiles and its parts	100.00%	100.00%	
NY Samoa	Chang Zhou Nan Yang Motor Sales and Service Co., Ltd (Chang Zhou Nan Yang)	Retail of automobiles and its parts	100.00%	100.00%	
NOVA Samoa	NOVA Design (Shanghai) Ltd. (Nova Shanghai)	Product design	38.45%	38.45%	Note 1
TBM	Vietnam Three Brothers Machinery Industrial Co., Ltd. (VTBM)	Manufacturing, processing, and sale of scooter parts	69.00%	69.00%	
TBM	Three Brothers Machinery Industrial (BVI) Co., Ltd. (TBM BVI)	Investment shareholding company	100.00%	100.00%	
TBM	Full Ta Co., Ltd. (Full Ta)	Investment shareholding company	51.00%	51.00%	
Cosmos	Zhangjiagang Qingzhou Engineering Industry Co., Ltd. (SCK)	Manufacturing and sale of scooter parts	69.73%	69.73%	
New Path	Sanyang Global (Xiamen) Co., Ltd. (Sanyang Global)	Scooter parts and molds development and wholesale	100.00%	100.00%	
VMEPH	Chin Zong Trading Co., Ltd. (Chin Zong)	Wholesale and retail of scooters and its parts	100.00%	100.00%	
VMEPH	Vietnam Manufacturing and Export Processing Co., Ltd. (VMEP)	Manufacturing and sale of scooters and its part	100.00%	100.00%	
PIL	Xiamen Xiashing Motorcycle Co., Ltd. (Xia Shing Motor)	Manufacturing and sale of scooters and its parts	76.67%	76.67%	
TBM BVI	Xiamen Three Brothers Machinery Industrial Co., Ltd. (XTBM)	Manufacturing, processing and sale of scooter parts	100.00%	100.00%	
TBM BVI	Guangzhou Three Brothers Machinery Industrial Co.,Ltd. (GTBM)	Manufacturing, processing and sale of scooter parts	- %	- %	Note 7
VMEP	Duc Phat Molds Co., Ltd. (Duc Phat)	Manufacturing of molds, etc.	- %	- %	Note 5
VMEP	Vietnam Casting Forge Precision Co., Ltd. (VCFP)	Manufacturing of scooter parts, etc	100.00%	100.00%	
VMEP	Vietnam Three Brothers Machinery Industries Co., Ltd. (VTBM)	Manufacturing, processing and sale of scooter parts	31.00%	31.00%	
VMEP	Dinh Duong Joint Stock Company (Dinh Duong)	Sale of scooters and real estate development, etc.	99.94%	99.90%	Note 6
Su Zhou Hui Ying	Chang Zhou Hui Ying Motor Sales and Service Co., Ltd (Chang Zhou Hui Ying)	Retail of automobiles and its parts	- %	- %	Note 4

Note 1: Chong Hing increased its invested capital in NOVA Shanghai by $24,852 thousand (equivalent to US$800 thousand) in the second quarter of 2019, obtaining 2.53% of the investee company's equity.

Note 2: The Company increased its invested capital in SCB by $61,208 thousand (equivalent to US$2,000 thousand) in the first quarter of 2019, obtaining 100% of the investee company's equity. Later in the fourth quarter of 2019, the Company increased its invested capital in SCB by $30,258 thousand (equivalent to US$1,000 thousand).

Note 3: The Company increased its invested capital in Shan Young by $2.2 billion in the second quarter of 2019. Later in the third quarter of 2020, the Company increased its invested capital in Shan Young by $1 billion.

Note 4: Chang Zhou Hui Ying had been liquidated in the second quarter of 2019.

Note 5: Duc Phat had been merged in VMEP in the second quarter of 2019. VMEP was the surviving company and Duc Phat was the dissolved company.

Note 6: Dinh Duong was acquired in the second quarter of 2019 the from non-related parties with $19,333 thousand and prepayment of $19,783 thousand in exchange for 99.90% of its equity. Another 0.04% of Dinh Duong's equity was acquired using debt-to-equity swap in the first quarter of 2020.

Note 7: TBM BVI sold its investee company, GTBM, to non-related parties at the price of $36,645 thousand (equivalent to CNY8,060 thousand) in the third quarter of 2019.

Note 8: Nanyang acquired 0.13% of Nanchen's equity (comprised of 13 thousand shares) from non related parties with $86 thousand in the third quarter of 2020. Later in the fourth quarter of 2020, another 0.04% of Nanchen's equity (comprised of 4 thousand shares) from non-related parties with $28 thousand was acquired.

Note 9: Nanyang acquired 19.85% of Nanchen's equity (comprised of 1,986 thousand shares) from the Company with $15,190 thousand in the fourth quarter of 2020.

Note 10: The Company acquired 0.01% of Nanyang's equity (comprised of 22 held thousand shares) from non-related parties with $305 thousand in the fourth quarter of 2020.

Note 11: The Board of Directors, held in the fourth quarter of 2020, resolved that there was a short-form merger between Nanyang and Nanchen in the fourth quarter of 2020, and Nanyang was the surviving company.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities 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 the 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 Group 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 Group disposes of only part of its investment in an associate or joint venture 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.

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.

(e) 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 Group 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.

(f) 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 Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) 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 Group 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 Group 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.

On initial recognition of an equity investment that is not held for trading, the Group 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 Group’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 Group 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 Group 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 Group'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;

- 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 Group'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 Group 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 Group 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 Group’s claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

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

The Group 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
- 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 Group 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 Group’s historical experience and informed credit assessment as well as forward-looking information.

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

The Group 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 Group 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 Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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;
- 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of writeoff based on whether there is a reasonable expectation of recovery. The Group 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 Group’ s procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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 Group 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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group 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.

(h) Inventories

(i) Manufacturing industry

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.

(ii) Construction industry

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes costs incurred in bringing them to their existing location and condition. The cost of real estate development includes the construction costs incurred in developing, the land costs, the borrowing costs and the project costs. If the cost of inventories is higher than net realizable value, inventories shall be written down below cost to net realizable value, and the amount of the write-down shall be recognized as cost of sales in the period the write-down occurs.

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

1) Land held for development

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value (development analytical method or comparison method).

2) Construction in progress

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value.

3) Properties and land held for sale

Net realizable value is the estimated selling price (current market condition) in the ordinary course of business, less the estimated costs of completion and selling expenses, or estimated by recent market value

(i) 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 Group’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 Group’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, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group 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 Group'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 Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group 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 Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group'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 Group 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 Group 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 Group reclassifies the gain or loss from equity to profit or loss (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group 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 Group continues to apply the equity method without remeasuring the retained interest.

When the Group 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 Group's proportionate interest in the net assets of the associate. The Group 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 Group'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.

(k) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard. Please refer to note 4(j) for the application of the equity method.

A joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group accounts for the assets, liabilities, revenues and expenses in relation to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses. When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances.

(l) 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.

(m) 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 Group.

(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	2～16 years
(3)Utilities and vehicles	3～10 years
(4)Office equipment and others	3～10 years
(5)Leased assets	5 years

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

(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.

(n) Leases

(i) Identifying a lease

At inception of a contract, the Group 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 Group 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 lessee

The Group 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.

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 Group’s incremental borrowing rate. Generally, the Group 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 Group'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 Group 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 Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheet.

If an arrangement contains lease and non-lease components, the Group 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 Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group 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 Group 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 Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(o) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

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 Group 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 Group 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.

The estimated useful life of computer software is 2-5 years for current and comparative periods.

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

(p) Impairment of non-financial assets

At each reporting date, the Group 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.

(q) Provisions

A provision is recognized if, as a result of a past event, the Group 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.

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.

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group’s main types of revenue are explained below.

1) Sale of goods-automobiles, scooters and their parts

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

The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

The Group 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 Group’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(r).

A receivable is recognized when the goods are delivered as this is the point in time that the Group 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 Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of the transaction, the Group 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) Land development and sale of real estate

The Group develops and sells residential properties and usually sales properties in advance during construction or before construction begins. Revenue is recognized when control over the properties has been transferred to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title of a property has passed to the customer. Therefore, revenue is recognized at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred, while deferred payment terms may be agreed in rare circumstances. If the contract includes a significant financing component, the transaction price will be adjusted for the effects of the time value of money during the period, using the specific borrowing rate of the construction project. Receipt of a prepayment from a customer is recognized as contract liability. Interest expense and contract liability are recognized when adjusting the effects of the time value of money. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

5) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

(s) 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 Group' 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 Group, 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 Group 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 Group 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 Group 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.

(t) 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 Group 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 Group 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 Group has a legally enforceable right to set off currenttax assets against current tax liabilities; and

(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.

(u) Business combination

The Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group’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.

The Group 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 Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group 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 Group 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.

(v) Earnings per share

The Group 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.

(w) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated 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 Group 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 Group 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(d).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group 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(e) for further description of the valuation of inventories.

Assessment

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

The group 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 Group 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 Group 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(aa).

Please refer to note 6(aa) 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	$ 2,021	3,337
Checking accounts and demand deposits	2,978,047	2,518,123
Time deposits	1,881,044	1,433,951
Cash equivalents	-	27,487
Cash and cash equivalents	$ 4,861,112	3,982,898

(i) Unrestricted time deposits with original maturities after 3 months are classified as other (non)current financial assets. As of December 31, 2020 and 2019, the time deposits aforementioned were $3,160,040 thousand and $5,027,309 thousand, respectively.

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

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2020	December 31, 2019
Current financial assets measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contract	$ 19,606	-
No-current financial assets measured at fair value through profit or loss:		
Foreign convertible financial instruments	$ -	15,459
Preferred shares of overseas unlisted companies	15,459	-
	$ 15,459	15,459

The Group uses derivative financial instruments to hedge the certain foreign exchange the Group is exposed to, arising from its operating activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss:

	December 31, 2020			
	Amount (in thousands)		Currency	Maturity dates
Forward exchange sold	USD	8,000	USD to CNY	2021.01.27-2021.04.28

(c) 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 listed companies	$ 2,114,215	1,545,447
Private shares of domestic listed companies	1,049,318	1,000,615
Common shares of domestic unlisted companies	454,042	268,768
Common shares of overseas unlisted companies	175,545	221,488
Total	$ 3,793,120	3,036,318

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

(ii) For the years ended December 31, 2020 and 2019, dividend revenues of $55,989 thousand and $82,138 thousand respectively, related to equity investments at fair value through other comprehensive income, were recognized.

(iii) The information on sale of equity instruments at fair value through other comprehensive income in consideration of investing strategy was as follow:

	2020	2019
Fair value of disposal	$ 161,158	-
Cumulative gain or loss transferred to retained earnings	$ 40,188	-

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

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

(d) Notes and accounts receivable and other receivables

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 269,493	255,288
Installment notes receivable from operating activities	1,108	1,115
Less: Unrealized interest revenue from installment sales	(68)	(69)
Subtotal	270,533	256,334
Accounts receivable－measured at amortized cost	1,817,203	2,024,695
Installment accounts receivable－measured at amortized cost	7,576	7,602
Less: Unrealized interest revenue from installment sales	(907)	(908)
Subtotal	1,823,872	2,031,389
Lease receivables－measured at amortized cost	723,603	592,727
Less: Unrealized interest revenue	(24,964)	(20,130)
Subtotal	698,639	572,597
Other receivables	315,890	261,609
Total	3,108,934	3,121,929
Less: loss allowance	(223,449)	(228,389)
	$ 2,885,485	2,893,540
Current	$ 2,452,068	2,545,325
Non-current	433,417	348,215
Total	$ 2,885,485	2,893,540

The Group 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	$	2,495,333	0%~5%	16,634	Yes
Medium risk		297,711	20%~100%	206,815	Yes
Total	$	2,793,044		223,449	

	December 31, 2019				
Credit rating	**Gross carrying amount**		**Weighted average expected credit loss rate**	**Loss allowance provision**	**Credit impaired**
Low risk	$	2,648,123	0%~5%	16,192	Yes
Medium risk		212,197	40%~100%	212,197	Yes
Total	$	2,860,320		228,389	

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

	December 31, 2020		**December 31, 2019**
Current	$	2,386,566	2,544,480
Overdue 0 to 90 days		195,061	142,571
Overdue 91 to 180 days		4,780	16,212
Over 180 days past due		206,637	157,057
	$	2,793,044	2,860,320

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

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

	2020		**2019**
Balance at January 1	$	228,389	241,540
Impairment losses recognized		9,786	58,038
Impairment losses reversed		(11,212)	(2,308)
Recovery of accounts receivable impaired		(2,264)	(617)
Amounts written off		(801)	(61,183)
Reclassified to non-current assets held for sale		-	(2,592)
Foreign exchange gains (losses)		(449)	(4,489)
Balance at December 31	$	223,449	228,389

As of December 31, 2020 and 2019, notes and accounts receivable of the Group were pledged as collaterals; please refer to Note 8.

(e) Inventories

	December 31, 2020	December 31, 2019
Manufacturing Industry:		
Raw materials and consumables	$ 1,935,205	2,039,475
Work in process	264,886	186,826
Finished goods	1,722,043	1,548,438
Inventories in transit	388,886	312,053
Subtotal	4,311,020	4,086,792
Construction industry:		
Land held for construction site	1,228,724	458,617
Prepaid for land purchase	117,716	89,488
Subtotal	1,346,440	548,105
Total	**$ 5,657,460**	**4,634,897**
Expected to be recovered in more than 12 months	**$ 1,262,891**	**458,617**

(i) Shan Young, a subsidiary of the Group, acquired the land located on Fuxing Rd., Hsinchu City in the year of 2019 in succession and was involved in the Phase II Land Readjustment Project in Guaung-Pu, East District, Hsinchu City. According to the Plan of Readjustment prepared by preparatory committee in April, 2014, the land owners should bear the allocation of public facilities area in proportion to 39.26% and allocation of expenditures in propor13.57 actual aforementioned ratio would depend on the calculation approved by the Hsinchu City Government. In addition, according to the Readjustment Rules made by the preparatory committee in July, 2014, all matters related to the readjustment area would be contracted to Zhen Ding Development Co., Ltd..

(ii) Shan Young, a subsidiary of the Group, temporarily transfers the registration of its agricultural land to the third party due to consideration of regulations, but the original ownership certificates are retained and promissory notes from the nominal landowners are obtained as guarantees. As of December 31, 2020 and 2019, the cost of land, in land registration progress, amounted to $125,548 thousand and $0, respectively, and was accounted for as “Inventories (for construction industry)”.

(iii) Dinh Duong, the subsidiary of VMEPH, a subsidiary of the Group, signed the Memorandum of Understanding with Mr. Nguyen Danh Hoang Viet, a non-related party, in the year of 2019. Both parties agreed to collaboratively invest the property located in Ciputra Hanoi International City, Hanoi, Vietnam. According to the terms of the Memorandum, the property cannot be sold at a profit unless both parties agree with it. Also, due to the counter-party is Mr. Nguyen Danh Hoang Viet, the Group has acquired related documents as guarantees. The balance of related prepaidments for land purchase at December 31, 2020 and 2019 was $83,549 thousand and $89,488 thousand, respectively.

(iv) 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	$	31,808,189	26,435,700
Revenue from sale of scraps		(41,181)	(48,985)
Loss on disposal of inventory		11,739	9,939
Loss on (gain on recovery of) inventory market price decline and obsolescence		13,051	(26,347)
Loss (gain) on physical inventory		649	(38)
Cost of technical service		215,518	185,715
Cost of lease		835,583	762,268
Cost of design service		43,723	63,715
Others		80,791	178,484
	$	**32,968,062**	**27,560,451**

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

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

(f) Non-current assets held for sale

(i) The Board of Directors of the Group 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 Group 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 Group resolved to sell 19% of the equity of Vietnam Hong Zheng Technology Co., Ltd., an associate accounted for using the equity method, in July, 2018; it has started to conduct the relevant procedures. The contract was signed in November 2018 for a contract price of $11,000 thousand, and the investment using the equity methold was reported under the non-current assets held for sale in the amount of $10,117 thousand. The relevant amount of accumulated exchange differences recognized in other comprehensive income amounted to $9,156 thousand. The equity transfer procedure was completed in October 9, 2019, and the Group recognized loss on disposal of investments in the amount of $8,712 thousand. The remaining equity of Vietnam Hong Zheng Technology Co., Ltd. was measured at fair value and reported as financial assets at fair value through other comprehensive income; please refer to note 6(c).

(iii) The Board of Directors of the Group resolved to sell GTBM, a subsidiary of the Group, on June 27, 2019 and signed a contract in the same month for a contract price of CNY8,060 thousand. The equity transfer procedure was completed in July 31, 2019 and the Group lost control over the entity. Gain on disposal of investments and tax expense in the amount of $83,007 thousand and $533 thousand were both included in the consolidated statement of comprehensive income.

(iv) 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 Group 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.

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

(g) Investments accounted for using the equity method

(i) A summary of the group's financial information on investments accounted for using the equity method is as follows:

	December 31, 2020	December 31, 2019
Associates	$ 705,126	710,229

(ii) The Group’ 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	$ 705,126	710,229

	For the years ended December 31	
	2020	2019
Attributable to the Group:		
Net income (loss) from continuing operations	2,453	(7,488)
Other comprehensive income (loss)	1,471	(2,061)
Comprehensive income	3,924	(9,549)

(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) The equity transfer procedure of 19% of the equity of Vietnam Hong Zheng Technology Co., Ltd. was completed on October 9, 2019; please refer to note 6(f).

(v) Collateral

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

(vi) Though the Group is the first majority shareholder of some of its associates, the Group is not entitled to multiple voting rights. The Group could be deterred from dominating the relevant activities of investee companies once other shareholders with minority voting rights collaborate. In conclusion, there is only the existence of significant influence over rather than control over the associates stated above.

(h) Loss control of subsidiaries

TBM resolved to sell the equity of GTBM in June, 2019; please refer to note 6(f). The equity transfer procedure was completed on July 31, 2019 and the Group lost control over it.

(i) The carrying amount of assets and liabilities, on July 31, 2019, the date of losing control, was as follows:

Cash and cash equivalents	$	3,242
Receivables		156
Prepayments		23
Property, plant and equipment, net		17,754
Right-of-use assets		4,352
Short-term borrowings		(35,009)
Accounts payable		(273)
Other payables		(25,708)
Carrying amount of net assets of former subsidiary	**$**	**(35,463)**

(ii) Gain on disposal of the subsidiary

Net consideration	$	36,645
Net assets disposed		35,463
Gain on disposal		72,108
Exchange differences on translation of foreign financial statements reclassified to profit or loss		10,899
Gain on disposal considering items of other equity reclassification	**$**	**83,007**

(iii) Cash generated from disposal of the subsidiary

Net consideration	$	36,645
Less: Balance of cash and cash equivalents disposed		(3,242)
	$	33,403

(i) Material non-controlling interests of subsidiaries

		Percentage of non-controlling interests	
Subsidiaries	**Main operation place**	**December 31, 2020**	**December 31, 2019**
VMEPH and its subsidiaries	Vietnam/Hong Kong	32.93%	32.93%

The following information of the aforementioned subsidiaries had been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisiton and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

VMEPH and its subsidiaries' s collective financial information:

		December 31, 2020	**December 31, 2019**
Current assets	$	2,791,998	3,035,442
Non-current assets		221,282	239,550
Current liabilities		(1,378,065)	(1,359,370)
Non- current liabilities		(19,677)	(27,766)
Net assets	$	1,615,538	1,887,856
Non-controlling interests	$	532,094	621,769

		For the years ended December 31	
		2020	**2019**
Sales revenue	$	2,480,431	3,076,081
Net loss	$	(167,627)	(593,456)
Other comprehensive income		(104,691)	(41,937)
Comprehensive income	$	(272,318)	(635,393)
Net loss, attributable to non controlling interests	$	(55,200)	(195,425)
Comprehensive income, attributable to non-controlling interests	$	(89,675)	(209,235)
Net cash flows from operating activities	$	(106,325)	(331,044)
Net cash flows from investing activities		(44,511)	(210,553)
Net cash flows from financing activities		53,688	245,897
Net decrease in cash and cash equivalents	$	(97,148)	(295,700)

(j) Property, plant and equipment

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

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Leased Assets	Construction in progress	Accumulated impairment	Total
Cost or deemed cost:									
Balance on January 1, 2020	$ 5,893,251	6,169,850	15,345,061	1,567,236	1,610,031	1,226,178	920,175	-	32,731,782
Additions	352,455	59,759	422,498	92,071	51,275	428,863	578,835	-	1,985,756
Disposals	-	(26,512)	(612,962)	(123,200)	(115,605)	(310,654)	(14,510)	-	(1,203,443)
Transfer from inventories	-	-	-	148,531	33,082	-	(71)	-	181,542
Transfer from (to) construction in progress	2,982	672,221	382,823	13,164	72,900	-	(1,144,090)	-	-
Transfer from prepayments for equipment	-	10,035	28,173	935	757	-	44,893	-	84,793
Transfer to investment property	(6,723)	(20,453)	-	-	-	-	-	-	(27,176)
Reclassifications	-	8,668	127	(429)	(45,800)	-	(870)	-	(38,304)
Effect of changes in foreign exchange rates	-	(43,070)	(153,030)	(248,650)	225,176	-	(7,297)	-	(226,871)
Balance on December 31, 2020	$ 6,241,965	6,830,498	15,412,690	1,449,658	1,831,816	1,344,387	377,065	-	33,488,079
Balance on January 1, 2019	$ 5,350,385	6,161,627	15,283,374	1,446,799	1,665,927	1,297,846	320,563	-	31,526,521
Additions	542,866	31,731	412,947	31,438	27,030	308,228	1,132,723	-	2,486,963
Disposals	-	(26,570)	(591,392)	(67,925)	(110,962)	(378,478)	(4,278)	-	(1,179,605)
Transfer from inventories	-	-	-	100,677	18,871	-	-	-	119,548
Transfer from investment property	100,577	22,812	-	-	-	-	-	-	123,389
Transfer from (to) construction in progress	-	81,122	348,540	10,065	80,601	-	(520,328)	-	-
Transfer from prepayments for equipment	-	168	3,976	1,127	780	-	-	-	6,051
Reclassifications	-	(2,355)	(809)	54,645	(51,480)	(1,418)	(1,138)	-	(2,555)
Reclassification to non-current assets held for sale	(100,577)	(56,231)	-	-	-	-	-	-	(156,808)
Effect of changes in foreign exchange rates	-	(42,454)	(111,575)	(9,590)	(20,736)	-	(7,367)	-	(191,722)
Balance on December 31, 2019	$ 5,893,251	6,169,850	15,345,061	1,567,236	1,610,031	1,226,178	920,175	-	32,731,782
Accumulated depreciation and impairment loss：									
Balance on January 1, 2020	$ -	3,620,536	13,434,516	1,292,470	1,151,379	410,781	-	771,647	20,681,329
Depreciation for the year	-	170,367	545,919	52,193	87,350	222,549	-	-	1,078,378
Impairment loss	-	-	-	-	-	-	-	67,301	67,301
Disposals	-	(19,183)	(463,542)	(43,803)	(111,864)	(130,134)	-	(136,855)	(905,381)
Transfer to investment property	-	(13,327)	-	-	-	-	-	-	(13,327)
Transfer from prepayments for equipment	-	-	-	-	-	-	-	84,793	84,793
Reclassifications	-	3,501	(41)	(343)	(3,108)	-	-	-	9
Effect of changes in foreign exchange rates	-	(22,974)	(133,254)	(13,875)	(4,044)	-	-	(41,947)	(216,094)
Balance on December 31, 2020	$ -	3,738,920	13,383,598	1,286,642	1,119,713	503,196	-	744,939	20,777,008

	Land	Buildings	Machinery equipment	Utility and vehicles	Office equipment and others	Leased Assets	Construction in progress	Accumulated impairment	Total
Balance on January 1, 2019	$ -	3,527,638	13,393,791	1,287,861	1,195,809	380,736	-	856,840	20,642,675
Depreciation for the year	-	154,064	459,788	34,976	86,812	205,087	-	-	940,727
Impairment loss	-	-	-	-	-	-	-	200,233	200,233
Disposals	-	(17,872)	(326,102)	(41,647)	(99,065)	(175,042)	-	(264,947)	(924,675)
Transfer from investment property	-	17,105	-	-	-	-	-	-	17,105
Reclassifications	-	(2,355)	(647)	18,845	(15,843)	-	-	-	-
Reclassification to non-current assets held for sale	-	(30,734)	-	-	-	-	-	-	(30,734)
Effect of changes in foreign exchange rates	-	(27,310)	(92,314)	(7,565)	(16,334)	-	-	(20,479)	(164,002)
Balance on December 31, 2019	**$ -**	**3,620,536**	**13,434,516**	**1,292,470**	**1,151,379**	**410,781**	**-**	**771,647**	**20,681,329**
Carrying amount:									
Balance on December 31, 2020	**$ 6,241,965**	**3,091,578**	**2,029,092**	**163,016**	**712,103**	**841,191**	**377,065**	**(744,939)**	**12,711,071**
Balance on January 1, 2019	**$ 5,350,385**	**2,633,989**	**1,889,583**	**158,938**	**470,118**	**917,110**	**320,563**	**(856,840)**	**10,883,846**
Balance on December 31, 2019	**$ 5,893,251**	**2,549,314**	**1,910,545**	**274,766**	**458,652**	**815,397**	**920,175**	**(771,647)**	**12,050,453**

(i) VMEP, a subsidiary of the Group, conducted impairment assessment for property, plant and equipment, right-of-use assets and prepayments for equipment on the reporting date. The assessment was based on the recoverable amount of the assets, which was the greater of the value in use and the fair value less the costs to sell. The value in use was calculated based on the estimated cash flows affected by comprehensive conditions such as industrial change, market competition, and variation of future revenues, gross profit and operating costs, etc., then being discounted to its present value. The Group used discount rate of 15% and 14% for the years ended 2020 and 2019, respectively, which reflected the risks specific to the assets or CGUs, and impairment losses were accordingly recognized in the amount of $56,923 thousand ($55,001 thousand for property plant and equipment, and $1,922 thousand for right-of-use assets) and $293,141 thousand ($182,813 thousand for property, plant and equipment, $30,762 thousand for right-of-use assets and $79,566 thousand for prepayments for equipment); please refer to note 6(k) and (z).

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

(k) Right-of-use assets

The movements in the cost and depreciation of the leased land and buildings were as follows:

	Land	Buildings	Total
Cost:			
Balance on January 1, 2020	$ 507,040	831,568	1,338,608
Additions	48,631	60,535	109,166
Reductions	(6,511)	(25,849)	(32,360)
Transfer to investment property	(37,432)	-	(37,432)
Effect of changes in foreign exchange rates	(21,500)	(1,394)	(22,894)
Balance on December 31, 2020	**$ 490,228**	**864,860**	**1,355,088**

		Land	Buildings	Total
Balance on January 1, 2019	$	528,184	499,125	1,027,309
Additions		-	345,973	345,973
Reductions		-	(12,929)	(12,929)
Reclassification to non-current assets held for sale		(4,438)	-	(4,438)
Effect of changes in foreign exchange rates		(16,706)	(601)	(17,307)
Balance on December 31, 2019	$	507,040	831,568	1,338,608
Accumulated depreciation and impairment loss:				
Balance on January 1, 2020	$	306,629	123,378	430,007
Depreciation for the year		11,797	142,757	154,554
Impairment loss		-	1,922	1,922
Reductions		(6,511)	(12,677)	(19,188)
Transfer to investment property		(2,327)	-	(2,327)
Effect of changes in foreign exchange rates		(17,464)	(1,732)	(19,196)
Balance on December 31, 2020	$	292,124	253,648	545,772
Balance on January 1, 2019	$	279,284	-	279,284
Depreciation for the year		8,446	121,776	130,222
Reductions		-	(2,105)	(2,105)
Impairment loss		26,860	3,902	30,762
Reclassified to non-current assets held for sale		(86)	-	(86)
Effect of changes in foreign exchange rates		(7,875)	(195)	(8,070)
Balance on December 31, 2019	$	306,629	123,378	430,007
Carrying amount:				
Balance on December 31, 2020	$	198,104	611,212	809,316
Balance on January 1, 2019	$	248,900	499,125	748,025
Balance on December 31, 2019	$	200,411	708,190	908,601

As of December 31, 2020 and 2019, right-of-use assets of the Group were pledged as collaterals; please refer to Note 8.

(l) Investment property

	Owned property		Right-of-use assets	
	Land and improvements	**Buildings**	**Land and improvements**	**Total**
Cost or deemed cost:				
Balance on January 1, 2020	$ 1,417,757	2,840,689	121,694	4,380,140
Transfer from property, plant and equipment	6,723	20,453	-	27,176
Transfer from right-of-use assets	-	-	37,432	37,432
Disposals/Write offs	(6,723)	(20,358)	-	(27,081)
Effect of changes in foreign exchange rates	-	(695)	(7,662)	(8,357)
Balance on December 31, 2020	$ 1,417,757	2,840,089	151,464	4,409,310
Balance on January 1, 2019	$ 1,578,898	2,868,565	-	4,447,463
Acquisitions through business combination	-	5,869	33,247	39,116
Additions/Purchases	-	-	92,193	92,193
Disposal/Write-off	(60,564)	(7,596)	-	(68,160)
Move out to property, plant and equipment	(100,577)	(22,812)	-	(123,389)
Effect of changes in foreign exchange rates	-	(3,337)	(3,746)	(7,083)
Balance on December 31, 2019	$ 1,417,757	2,840,689	121,694	4,380,140
Accumulated depreciation and impairment loss:				
Balance on January 1, 2020	$ -	409,434	726	410,160
Depreciation for the year	-	77,247	629	77,876
Transferfrom property, plant and equipment	-	13,327	-	13,327
Disposals/Writeoffs	-	(13,580)	-	(13,580)
Transfer from right-of-use assets	-	-	2,327	2,327
Effect of changes in foreign exchange rates	-	(88)	(48)	(136)
Balance on December 31, 2020	$ -	486,340	3,634	489,974
Balance on January 1, 2019	$ -	353,773	-	353,773
Depreciation for the year	-	79,345	747	80,092
Transfer to inventories and property, plant and equipment	-	(17,105)	-	(17,105)
Disposals/Writeoffs	-	(5,545)	-	(5,545)
Effect of changes in foreign exchange rates	-	(1,034)	(21)	(1,055)
Balance on December 31, 2019	$ -	409,434	726	410,160
Carrying amount:				
Balance on December 31, 2020	$ 1,417,757	2,353,749	147,830	3,919,336
Balance on January 1, 2019	$ 1,417,757	2,431,255	120,968	3,969,980
Balance on December 31, 2019	$ 1,578,898	2,514,792	-	4,093,690
Fair value:				
Balance on December 31, 2020				$ 13,496,426
Balance on December 31, 2019				$ 13,765,660

(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 Group were pledged as collateral; please refer to Note 8.

(m) 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, IBCF	0.88%~0.89%	$	300,000
Acceptance payable				418,127
Total			$	718,127

	December 31, 2019			
	Guarantee or acceptance institution	Range of interest rates (%)		Amount
Commercial paper payable	CBF, ETFC, IBCF	1.135%~1.140%	$	400,000
Acceptance payable		-		286,807
Total			$	686,807

For the collaterals for short-term notes and bills payable, please refer to Note 8.

(n) Short-term borrowings

		December 31, 2020	December 31, 2019
Letters of credit	$	116,753	396,190
Unsecured bank loans		885,000	1,780,000
Secured bank loans		7,737,415	8,647,464
Total	$	8,739,168	10,823,654
Unused short-term credit lines	$	11,327,755	6,682,238
Range of interest rates		0.80%~4.95%	0.97%~6.53%

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

(o) Accounts payable (including related parties)

Accounts payable (including related purties) were summarized as follows:

	December 31, 2020	December 31, 2019
Accounts payables to suppliers	$ 4,113,564	2,809,019

(p) Long-term borrowings

The long-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 719,000	228,797
Secured bank loans	5,486,097	1,496,300
Syndicated loans	-	3,420,000
Less: current portion	(597,365)	(778,481)
Total	$ 5,607,732	4,366,616
Unused long-term credit lines	$ 523,973	3,567,579
Range of interest rates	0.84%~1.90%	1.09%~2.14%

(i) For the collateral for long-term borrowings, please refer to Note 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 Group 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.

(q) Lease liabilities

Lease liabilities of the Group were as follows:

	December 31, 2020	December 31, 2019
Current	$ 124,239	123,899
Non-current	$ 562,953	620,707

(i) For the maturity analysis, please refer to Note 6(aa).

(ii) The amount recognized in profit or loss was as follows:

	For the year ended December 31	
	2020	**2019**
Interest on lease liabilities	$ 11,914	10,781
Variable lease payments not included in the measurement of lease liabilities	$ 3,607	2,269
Expenses relating to short-term leases	$ 26,804	42,497
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 4,591	6,658

The amounts recognized in the statement of cash flows for the Group were as follows：

	For the year ended December 31	
	2020	**2019**
Total cash outflow for leases	$ 185,342	195,649

(iii) Real estate leases

The Group leases land and buildings for its office of space and stores. The leases of office space typically run for a period of 2 to 5 years, and stores for 5 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional payments that are based on changes in sales that the Group makes at the leased store in the period. Some also require the Group to make payments that relate to the property taxes levied on the lessor and insurance payments made by the lessor; these amounts are generally determined annually.

Some leases of equipment contain extension and cancellation options exercisable by the Group. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which the lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(iv) Other leases

The Group leases IT equipment and machinery with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(r) Provisions

	For the years ended December 31	
	2020	**2019**
Balance on January 1, 2020	$ 569,336	635,476
Provisions made during the year	267,402	159,489
Provisions used during the year	(207,059)	(218,451)
Provisions reversed during the year	(14,474)	(5,259)
Effect of changes in foreign exchange rates	335	(1,919)
Balance on December 31, 2020	**$ 615,540**	**569,336**
Current	$ 421,730	391,893
Non-current	193,810	177,443
Total	**$ 615,540**	**569,336**

The provision for warranties of 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.

(s) Operating lease

The Group leases out investment property, etc.. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6(l) for information on the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date were as follows:

	December 31, 2020	**December 31, 2019**
Less than one year	$ 102,181	95,332
One to two years	58,301	78,462
Two to three years	31,440	35,317
Three to four years	26,404	9,176
Four to five years	10,904	7,036
More than five years	10,584	-
Total undiscounted lease payments	**$ 239,814**	**225,323**

Rental income from investment properties for the years ended December 31, 2020 and 2019, were $101,705 thousand and $98,194 thousand, respectively.

(t) Employee benefits

(i) Defined benefit plans

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 3,211,232	3,641,974
Fair value of plan assets	(2,370,865)	(2,669,505)
	$ 840,367	**972,469**
Net defined benefit (assets)	$ (931)	-
Net defined benefit liabilities	841,298	972,469
	$ 840,367	**972,469**

The employee benefit liabilities for the Group were as follows:

	December 31, 2020	December 31, 2019
Compensated absence liabilities	**$ 119,461**	**128,142**

The Group 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 Group 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 Group’s Bank of Taiwan labor pension reserve account balance amounted to $2,476,232 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.

Nanyang, a subsidiary of the Group, is planning to settle the defined benefits obligations, and the expected payments, which is to be paid to employees in year 2021, in the amount of $115,207 thousand are accounted for as “Other Payables” on December 31, 2020.

2) Movements in present value of the defined benefit obligations

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

	For the years ended December 31	
	2020	**2019**
Defined benefit obligations at January 1	$ 3,641,974	3,728,625
Current service costs and interest cost	53,277	63,278
Remeasurements loss (gain):		
－Actuarial loss (gain)－experience adjustments	87,824	31,902
－Actuarial loss (gain)－financial assumptions	143,230	12,434
Settlements	(401,340)	-
Contributions paid by the employer	-	1,552
The effects of employee transfer	-	3,328
Benefits paid	(313,733)	(199,145)
Defined benefit obligations at December 31	$ 3,211,232	3,641,974

3) Movements in the fair value of plan assets

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

	For the years ended December 31	
	2020	**2019**
Fair value of plan assets at January 1	$ 2,669,505	2,598,260
Interest income	27,101	29,664
Remeasurements loss (gain):		
－Return on plan assets excluding interest income	79,971	86,127
Contributions paid by the employer	262,060	140,274
Effect of curtailments or settlements	(360,736)	-
Contributions paid by the employer	-	1,552
Benefits paid	(307,036)	(186,372)
Fair value of plan assets at December 31	$ 2,370,865	2,669,505

4) Expenses recognized in profit or loss

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

	For the years ended December 31		
		2020	**2019**
Current service costs	$	17,285	21,726
Net interest of net liabilities for defined benefit obligations		8,891	11,888
Past service cost and loss(gain) on settlements		10,998	-
	$	**37,174**	**33,614**
Operating costs	$	13,365	16,294
Selling expenses		22,758	8,173
Administration expenses		3,032	4,004
Research and development expenses		4,004	5,143
Other gains and losses		(5,985)	-
	$	**37,174**	**33,614**

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 Group were as follows:

	For the years ended December 31		
		2020	**2019**
Cumulative amount, January 1	$	869,306	911,097
Recognized during the year		151,083	(41,791)
Cumulative amount, December 31	**$**	**1,020,389**	**869,306**

6) Actuarial assumptions

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

	December 31, 2020	**December 31, 2019**
Discount rate	0.500%~0.625%	1.000%
Future salary increase rate	1.000%~2.500%	1.000%~3.000%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $104,313 thousand.

The weighted-average lifetime of the defined benefit plans is 9.44~14.77 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	(65,405)	67,416
Future salary increase rate	64,715	(63,113)
December 31, 2019		
Discount rate	(81,702)	84,354
Future salary increase rate	81,577	(79,424)

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 Group 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 Group 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 $93,591 thousand and $90,022 thousand for the years ended December 31, 2020 and 2019, respectively.

(u) Income taxes

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

	For the years ended December 31	
	2020	**2019**
Current tax expense		
Current period	$ 399,767	106,239
Land value increment tax	45,581	74,968
Additional tax on undistributed earnings	22,220	-
Adjustment for prior periods	24,695	2,473
	492,263	183,680
Deferred tax expense		
Origination and reversal of temporary differences	(49,578)	33,954
Change in unrecognized deductible temporary differences	(546)	-
	(50,124)	33,954
Income tax expense from continuing operations	**$ 442,139**	**217,634**

(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)**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign financial statements	**$ (184)**	**(480)**

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

	For the years ended December 31	
	2020	**2019**
Profit before income tax	$ 2,493,995	2,410,094
Income tax using the Company's domestic tax rate	498,799	482,019
Effect of tax rates in foreign jurisdiction	(24,257)	(28,362)
Non-deductible expenses	13,996	65,973
Tax-exempt income from disposal of land	(86,412)	(382,595)
Share of profit (loss) accounted for using the equity method	(491)	(78,873)
Effect of tax on land value increment tax	45,581	74,968
Adjustments for prior years tax	24,695	2,473
Change in unrecognized temporary differences	15,321	79,502
Additional tax on undistributed earnings	22,220	-
Effect of tax on repatriated offshore funds	(39,530)	-
Others	(27,783)	2,529
Total	**$ 442,139**	**217,634**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group was able to control the timing of the reversal of the temporary differences associated with investments in foreign subsidiaries as of December 31, 2020 and 2019. Also, the Group 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 foreign subsidiaries	**$ 509,183**	**322,410**
Unrecognized deferred tax liabilities	**$ 101,837**	**64,482**

2) Unrecognized deferred tax assets

Deferred tax assets had not been recognized in respect of the following items:

	December 31, 2020	**December 31, 2019**
Tax effect of deductible temporary differences	$ 29,899	33,000
The carryforward of unused tax losses	409,394	499,102
	$ 439,293	**532,102**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for domestic entities and five years for Vietnam ones for tax reporting purposes.

Deferred tax assets had not been recognized in respect of these items because it was not probable that future taxable income would be available against which the Group can utilize the benefits therefrom.

As of December 31, 2020, the information on the Group's unused tax losses for which no deferred tax assets were recognized and the expiry dates were as follows:

Unused tax losses		
Domestic entities	**Vietnam and China entities**	**Expiry date**
$ -	5,252	2021
-	65,910	2022
48,178	299,026	2023
-	345,755	2024
30,951	217,937	2025
197,323	-	2026
235,858	-	2027
199,221	-	2028
219,811	-	2029
178,761	-	2030
$ 1,110,103	933,880	

3) 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	Others	Total
Deferred tax assets:				
Balance at January 1, 2020	$ 135,133	189,399	228,071	552,603
Recognized in profit or loss	(135,133)	(292)	94,851	(40,574)
Recognized in other comprehensive income	-	24,579	-	24,579
Exchange differences on translation of foreign financial statements	-	-	(2,464)	(2,464)
Balance at December 31, 2020	$ -	213,686	320,458	534,144
Balance at January 1, 2019	$ 162,897	170,281	235,485	568,663
Recognized in profit or loss	(27,764)	(813)	(6,378)	(34,955)
Recognized in other comprehensive income	-	19,931	-	19,931
Exchange differences on translation of foreign financial statements	-	-	(1,036)	(1,036)
Balance at December 31, 2019	$ 135,133	189,399	228,071	552,603

		Income from foreign investments	Land value increment tax	Others	Total
Deferred tax liabilities:					
Balance at January 1, 2020	$	385,436	1,185,217	26,441	1,597,094
Recognized in profit or loss		(65,883)	(33,097)	8,282	(90,698)
Recognized in other comprehensive income		-	-	(184)	(184)
Exchange differences on translation of foreign financial statements		-	-	28	28
Balance at December 31, 2020	**$**	**319,553**	**1,152,120**	**34,567**	**1,506,240**
Balance at January 1, 2019	$	385,436	1,200,479	13,325	1,599,240
Recognized in profit or loss		-	(15,262)	14,261	(1,001)
Recognized in other comprehensive income		-	-	(480)	(480)
Exchange differences on translation of foreign financial statements		-	-	(665)	(665)
Balance at December 31, 2019	**$**	**385,436**	**1,185,217**	**26,441**	**1,597,094**

(v) Assessment of income tax

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

2) The status of assessment of the domestic subsidiaries' income tax returns by the tax authorties was as follows:

Approval year	Company
2019	Nanyang Insurance Agent
2018	Chin Zong, Jau Ryh, Shian Yang, Chu Yang, Nanchen, Youth Taisun, Fact Co., Ltd. , Li Yang, Shan Young, Ching Ta, TBM, NOVA Design, Nanyang and SUNSHINE AUTO-LEASE

(v) 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.

(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.

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 treasury shares. As of December 31, 2020 and 2019, the market price per share of the Company was $35.70 and $21.30, respectively.

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

	December 31, 2020		December 31, 2019	
Company	**Shares held (in thousand shares)**	**Acquired Costs**	**Shares held (in thousand shares)**	**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 transferring 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 registration was completed in year 2020.

(v) Other comprehensive income accumulated in reservesm, 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		(279,583)	-	(279,583)
Exchange differences on associates accounted for using the equity method		(2,061)	-	(2,061)
Cumulative gains (losses) reclassified to profit or loss on disposal of foreign operations		(10,899)	-	(10,899)
Unrealized gains from financial assets measured at fair value through other comprehensive income		-	20,246	20,246
Equity related to non-current assets held for sale		9,156	-	9,156
Balance on December 31, 2019	$	(1,549,637)	(44,804)	(1,594,441)

(vi) Non-controlling interests

		Attributed to Non-controlling Interests
Balance on January 1, 2020	$	1,205,921
Net income/(loss) gain attributable to non-controlling interests		113,512
Exchange differences on translation of foreign financial statements, net of tax		(36,825)
Unrealized gains/(losses) on financial assets measured at fair value through other comprehensive income		20,208
Actuarial gains/(losses) from defined benefits plans		(3,925)
Cash dividends from subsidiaries		(2,517)
Changes in non-controlling interests		(504)
Balance on December 31, 2020	$	1,295,870
Balance on January 1, 2019	$	1,267,756
Net income/(losses) gain attributable to non-controlling interests		(33,765)
Exchange differences on translation of foreign financial statements, net of tax		(29,513)
Unrealized gains/(loss) on financial assets measured at fair value through other comprehensive income		2,656
Actuarial gain/(loss) from defined benefits plans		1,418
Cash dividends from subsidiaries		(2,748)
Changes in non-controlling interests		117
Balance on December 31, 2019	$	1,205,921

(w) Earnings per share

		For the years ended December 31	
		2020	2019
Basic earnings per share			
Net income/(loss) 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

	For the years ended December 31	
	2020	2019
Diluted earnings per share		
Net income/(loss) 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 sthare 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

(x) Revenue from contracts with customers

(i) Detals of revenue

	For the year ended December 31, 2020			
	Domestic segment	Foreign segment	Other segments	Total
Primary geographical markets:				
Taiwan	$ 29,278,158	-	99,360	29,377,518
China	-	2,784,380	25,950	2,810,330
Asia	1,145,324	2,863,191	-	4,008,515
Europe	2,132,595	1,224,080	-	3,356,675
Others	390,268	831,611	-	1,221,879
	$ 32,946,345	7,703,262	125,310	40,774,917
Major products/services lines				
Merchandise sales	$ 31,550,677	7,699,884	-	39,250,561
Technical services	358,370	1,943	-	360,313
Leasing services	301,532	758	76,894	379,184
Design services	-	-	48,416	48,416
Others	735,766	677	-	736,443
	$ 32,946,345	7,703,262	125,310	40,774,917

	For the year ended December 31, 2019			
	Domestic segment	**Foreign segment**	**Other segments**	**Total**
Primary geographical markets:				
Taiwan	$ 21,466,694	-	147,219	21,613,913
China	-	2,220,470	70,161	2,290,631
Asia	1,182,294	3,095,460	-	4,277,754
Europe	2,209,722	1,160,764	-	3,370,486
Others	558,378	1,272,266	-	1,830,644
	$ 25,417,088	7,748,960	217,380	33,383,428
Major products/services lines				
Merchandise sales	$ 24,110,635	7,733,586	-	31,844,221
Technical services	365,778	592	-	366,370
Leasing services	282,982	-	64,835	347,817
Design services	-	-	89,902	89,902
Others	657,693	14,782	62,643	735,118
	$ 25,417,088	7,748,960	217,380	33,383,428

(ii) Contract balances

	December 31, 2020	**December 31, 2019**	**January 1, 2019**
Notes receivable	$ 270,533	256,334	224,825
Accounts receivable	1,817,203	2,024,695	2,280,776
Installment accounts receivables	6,669	6,694	7,300
Lease receivables	698,639	572,597	467,835
Less: Loss allowance	(223,449)	(228,389)	(241,540)
Total	$ 2,569,595	2,631,931	2,739,196
Contract liabilities	$ 292,179	188,350	148,128

Please refer to Note 6(d) 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 of 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.

(y) 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 share dividends 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 consolidated financial statements, were identical to those of the actual distributions for 2020 and 2019.

(z) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	For the years ended December 31	
	2020	**2019**
Interest income from bank deposits	$ 229,915	239,542
Others	4,879	3,832
	$ 234,794	**243,374**

(ii) Other income

The details of other income were as follows:

	For the years ended December 31	
	2020	**2019**
Rental income	$ 35,356	36,651
Dividend revenue	55,998	82,147
	$ 91,354	**118,798**

(iii) 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)	$ (118,514)	(45,188)
Gains (Losses) on disposals of property, plant and equipment	6,686	(7,815)
Gains on disposals of investment property	62,448	120,108
Gains on financial assets at fair value through profit or loss	33,054	14,293
Impairment losses on property, plant and equipment	(67,301)	(200,233)
Impairment losses on right-of use assets	(1,922)	(30,762)
Impairment losses on other non-current assets	-	(79,566)
Subsidy income	61,736	62,560
Gain on curtailment of defined benefits plans	5,985	-
Others	84,683	133,284
	$ 66,855	**(33,319)**

(iv) Finance costs

The details of finance costs were as follows:

	For the years ended December 31	
	2020	**2019**
Interest expense	**$ 225,525**	**235,313**

(v) Gains on disposal of non-current assets held for sale

	For the years ended December 31	
	2020	**2019**
Gains on disposal of subsidiaries	$ -	83,007
Losses on disposal of investments accounted for using the equity method	-	(8,712)
Gains on disposal of land and buildings	364,705	1,798,827
	$ 364,705	**1,873,122**

(aa) Financial instruments

(i) Credit risk

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

(ii) Credit risk of receivables

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

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

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

(iii) 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	$ 15,662,392	15,934,011	9,719,494	469,068	1,584,994	4,155,321	5,134
Lease liabilities	687,192	769,120	71,349	62,924	124,205	236,825	273,817
	$ 16,349,584	**16,703,131**	**9,790,843**	**531,992**	**1,709,199**	**4,392,146**	**278,951**
December 31, 2019							
Non-derivative financial liabilities							
Bank loans and short-term notes and bills payable	$ 16,655,558	16,898,655	12,461,667	477,569	704,998	3,248,642	5,779
Lease liabilities	744,606	829,325	68,281	65,670	141,984	285,085	268,305
	$ 17,400,164	**17,727,980**	**12,529,948**	**543,239**	**846,982**	**3,533,727**	**274,084**

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

(iv) Currency risk

1) Exposure to foreign currency risk

The Group'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:NTD	$	31,140	28.1100	875,336	30,292	29.9850	908,310
CNY:USD		-	-	-	750,315	0.1446	3,254,041
EUR:NTD		6,748	34.5500	233,139	5,867	33.6100	197,204
JPY:NTD		334	0.2726	91	42,204	0.2759	11,644
USD:CNY		19,748	6.5069	555,116	18,442	6.9139	552,983
Financial liabilities							
Monetary items							
USD:NTD		14,402	28.1100	404,828	10,116	29.9850	303,335
USD:CNY		1,656	6.5069	46,547	3,673	6.9139	110,135

2) Sensitivity analysis

The Group'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 and other receivables, borrowings, accounts payable and other payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against USD, EUR, CNY 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 $9,698 thousand and $36,086 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis was performed on the same basis for the year ended December 31, 2019.

3) Foreign exchange gains (losses) on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange gain (loss) (including the realized and the unrealized portions) is amounted to $(118,514) thousand and $(45,188) thousand, respectively.

(v) 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 Group management's assessment of the reasonably possible interest rate changes.

If the interest rate increased/decreased by 1%, the Group's net income would have increase/decrease by $22,982 thousand and $40,371 thousand for the years ended December 31, 2020 and 2019, respectively, with all other variable factors remainting constant. This is mainly due to the Group's variable-rate borrowings and time deposits.

(vi) Other market price risk

If the price of the securities which the Group 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%	$ 151,725	1,403	121,453	618
Decrease 5%	$ (151,725)	(1,403)	(121,453)	(618)

(vii) 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 financial assets, short-term borrowings, short-term bills and notes payable, accounts payable, other payables (including related parties), long-term borrowings (including the current portion) and guarantee deposits received, and for the investments of equity instrument that the quoted prices in active markets are unavailable and the fair value can not be measured reliably, disclosure of fair value information is not required.

The Group 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 Group's financial assets and liabilities, including the information on fair value hierarchy were as follows:

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Forward exchange contract	$ 19,606	-	19,606	-	19,606
Preferred shares of overseas unlisted companies	15,459	-	-	15,459	15,459
Subtotal	35,065	-	19,606	15,459	35,065
Financial assets at fair value through other comprehensive income					
Common shares of domestic listed companies	$ 2,114,215	2,114,215	-	-	2,114,215
Private shares of domestic listed companies	1,049,318	-	1,049,318	-	1,049,318
Common shares of domestic unlisted companies	454,042	-	-	454,042	454,042
Common shares of overseas unlisted companies	175,545	-	-	175,545	175,545
Subtotal	3,793,120	2,114,215	1,049,318	629,587	3,793,120
Total	$ 3,828,185	2,114,215	1,068,924	645,046	3,828,185

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Foreign convertible financial instruments	$ 15,459	-	-	15,459	15,459
Financial assets at fair value through other comprehensive income					
Common shares of domestic listed companies	$ 1,545,447	1,545,447	-	-	1,545,447
Private shares of domestic listed companies	1,000,615	-	1,000,615	-	1,000,615
Common shares of domestic unlisted companies	268,768	-	-	268,768	268,768
Common shares of overseas unlisted companies	221,488	-	-	221,488	221,488
Subtotal	3,036,318	1,545,447	1,000,615	490,256	3,036,318
Total	$ 3,051,777	1,545,447	1,000,615	505,715	3,051,777

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.

If the financial instruments held by the Group have an active market, the measurements of fair value are categorized as follows:

- The listed stocks are recognized as financial assets and liabilities traded in active markets by the standards and nature. The fair value is measured at the market quoted price.
- The listed private stocks are traded in active markets, whether they are public depends on the standards and nature. The fair value is measured at the market quoted price, and the control premium and restrictions on transfer by regulations and market illiquidity discount should be considered simultaneously.

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 Group 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 Group 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) Derivative financial instruments

Measurement of the fair value is based on the valuation model accepted by the most market participants.

c) Fair value hierarchy

The Group 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 Group' 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

	At fair value through profit or loss		Fair value through other comprehensive income	
	Dervative financial assets	**Non-derivative mandatorily measured at fair value through profit or loss**	**Unquoted equity instruments**	**Total**
Opening balance, January 1, 2020	$ 15,459	-	490,256	505,715
Total gains and losses recognized in other comprehensive income	-	-	71,260	71,260
Reclassifications	(15,459)	15,459	-	-
Purchases	-	-	69,350	69,350
Effect of changes in foreign exchange rate	-	-	(1,279)	(1,279)
Ending Balance, December 31, 2020	$ -	15,459	629,587	645,046

	At fair value through profit or loss		Fair value through other comprehensive income	
	Dervative financial assets	Non-derivative mandatorily measured at fair value through profit or loss	Unquoted equity instruments	Total
Opening balance, January 1, 2019	$ 15,459	-	552,154	567,613
Total gains and losses recognized				
in other comprehensive income	-	-	(114,634)	(114,634)
Purchases	-	-	50,000	50,000
Transfer from investments accounted for using the equity method	-	-	10,591	10,591
Effect of changes in foreign exchange rate	-	-	(7,855)	(7,855)
Ending Balance, December 31, 2019	$ 15,459	-	490,256	505,715

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

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

The Group'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).

Item	Valuation Technique	Significant Unobservable Inputs	Interrelationship between Significant Unobservable Inputs and Fair Value Measurement
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).
Financial assets at fair value through other comprehensive income-equity investments without an active market	Discounted Cash Flow Method	• Year-on-year ratio (4.52% and 4.98%~26.35% as of December 31, 2020 and 2019, respectively) • Weighted average capital cost (13.78% and 9.78% as of December 31, 2020 and 2019, respectively) • Market illiquidity discount rate (32.50% and 32.45% as of December 31, 2020 and 2019, respectively)	• The estimated fair value would increase if the year-on-year percentage increased. • The estimated fair value would increase if the weighted average capital cost decreased.

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

The Group’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:

	Inputs	Fluctuation in inputs	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2020						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	5%	-	-	-	-
Equity investments without an active market	Market illiquidity discount rate	5%	-	-	-	-

	Inputs	Fluctuation in inputs	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
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)
Equity investments without an active market	Weighted average capital cost	5%	-	-	1,123	(1,123)
December 31, 2019						
Financial assets at fair value through profit or loss						
Equity investments without an active market	The multiplier of price-to-book ratio	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	5%	-	-	10,307	(10,307)
Equity investments without an active market	Weighted average capital cost	5%	-	-	1,059	(1,059)

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.

(ab) Financial risk management

(i) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

The following discusses the Group’ 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 consolidated 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 Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group's Internal Audit Department oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group'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 Board of Directors.

(iii) Credit risk

Credit risk means the potential loss for the Group 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 Group has a dispersed pattern of its list of sales customers, and 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 follow-up monitoring. Also, the Group continues to evaluating the financial ability of its customers, obtain the necessary collateral and carrying out aggregate or individual evaluation for the accounts receivable based on different properties of credit risk and impairment indication.

2) Investments

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

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2020 and 2019, there were no guarantees provided.

(iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’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 Group’s reputation.

The Group’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. As of December 31, 2020 and 2019, the Group’s short-term and long-term unused credit line amounted to $11,851,728 thousand and $10,249,817 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 Group’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 optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities. All such transactions are carried out within the guidelines set and approved by the Board of Directors and/or shareholders’ meeting and being monitored by internal auditing department.

1) Currency risk

The Group is exposed to currency risk on operating, investing, and financing activities that are denominated in a currency other than the respective functional currencies of the Group’s entities. Therefore, the Group uses derivatives to avoid currency risk. The exchange gains and losses of the assets and liabilities in foreign currencies will approximately be offset by the valuation gains and losses on derivative instruments. However, using derivatives can help the Group to reduce but not to remove the impact on the fluctuation in exchange rates.

The Group regularly evaluates the individual position of exposure to currency risk and carries out necessary hedging strategy. The main hedging instrument used is forward exchange contracts.

2) Interest rate risk

The Group’s interest rate risk arises from simultaneously borrowing at fixed rates and floating rates. The Group adopts a appropriate interest rate portfolio to manage its interest rate risk

3) Other market price risk

The Group is exposed to the market price fluctuation risk since it enter into commodity contracts only when there are expected future demands.

(ac) Capital management

The Group'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 Group 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 Group 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.

As of December 31, 2020, the Group'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 Group's debt-to-equity ratio on reporting date is as follows:

		December 31, 2020	December 31, 2019
Total liabilities	$	27,951,288	25,881,492
Less: cash and cash equivalents		(4,861,112)	(3,982,898)
Net debt		23,090,176	21,898,594
Total equity		16,066,789	15,240,725
Total capital	**$**	**39,156,965**	**37,139,319**
Debt-to-equity ratio		**59%**	**59%**

(7) Related-party transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Zoeng Chang Industry Co., Ltd.	Investment accounted for using the equity method.
King Zone Corporation	The Group is the juristic director of the entity
Taiwan Keihin Carburetor Co., Ltd	The Group is the juristic director of the entity
Yangzhou Tairun Hotel, Ltd.	An associate
Shang Pengda Co., Ltd.	The entity's responsible person is the director of the subsidiary
Zhen Ding Development Co., Ltd.	The entity's chairman is the second immediate family of the chairman of the Company
Taiwan Tea Corporation	Same chairman with the Company
Sanyang Academy Foundation	Same chairman with the Company

(b) Significant transactions with related parties

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

		Sales		Receivables from related parties	
		For the years ended December 31			
		2020	2019	December 31, 2020	December 31, 2019
Associates	$	4,784	4,922	203	385
Other related parties		2,530	2,216	148	115
	$	7,314	7,138	351	500

There was no significant difference between the selling prices and transaction terms for related parties and those for the ordinary courses. The credit terms ordinarily ranged from 15 to 45 days. While the pricing standards of technical service provided for related parties were not comparable, since there were no similar transactions with non-related parties. Receivables from related parties were uncollateralized, and no expected credit losses were required after the assessment by the management.

(ii) Purchases

The amounts of purchases by the Group from related parties and accounts payable were as follows:

		Purchases		Payables to Related Parties	
		For the years ended December 31			
		2020	2019	December 31, 2020	December 31, 2019
Associates	$	336,316	213,247	62,700	33,418
Other related parties		789,491	513,359	164,309	84,105
	$	1,125,807	726,606	227,009	117,523

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms ranged from one to two months, which were not different from the payment terms given by other vendors.

(iii) Property transactions

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

			For the years ended December 31	
	Objects		2020	2019
Associates	Machinery and molds	$	3,819	4,141
Other related parties	〃		865	1,374
		$	4,684	5,515

2) Machinery equipment sold and sundry sales to related parties were as follows:

		For the years ended December 31			
		2020		2019	
	Objects	**Disposal price**	**Gains on disposal**	**Disposal price**	**Gains on disposal**
Associates	Machinery and molds	$ 300	101	-	-

(iv) Other

1) Service received

	For the years ended December 31	
	2020	**2019**
Consulting and other expenses		
Associates	$ 5,326	498
Other related parties	4,738	7,034
	$ 10,064	7,532
Consulting, commission and other revenues		
Associates	$ 316	2
Other related parties	12	12
	$ 328	14

2) Disposal of assets

The Group had resolved to sell 19% of the equity of Vietnam Hong Zheng Technology Co., Ltd., an investment accounted for using the equity method, in July, 2018, to Shang Pengda Co., Ltd., and thus the asset was classified as non-current asset held for sale, in the amount of $10,117 thousand. The selling price of $11,000 thousand had been fully collected, and was accounted for as "Receipts in Advance". The equity transfer procedure was completed in October, 2019. Please refer to note 6(f).

3) Other receivables

	December 31, 2020	**December 31, 2019**
Associates	$ 907	478
Other related parties	179	122
	$ 1,086	600

4) Accrued expenses

	December 31, 2020	December 31, 2019
Associates	$ 2,686	39
Other related parties-Sanyang Academy Foundation (Note)	250,000	-
Other related parties	45	-
	$ 252,731	39

Note: In accordance with the Board resolution, the Group 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".

5) Loans to related parties

	December 31, 2020	December 31, 2019
Associates	$ 43,200	43,369

The interest charged by the Group to related parties was not lower than the average interest rate of the Group's deposits in bank. The loans to related parties are unsecured. There is no expected credit losses required after the assessment of the management.

6) Other

The Group was involved in the Phase II Land Readjustment Project, in Guang-Pu, East District, Hsinchu City. Please refer to note 6(e) for transactions with related parties in accordance with the Readjusting Rules. The area of public facilities allocated and the burden ratio of relevant expenditures were determined according to the calculation approved by the Hsinchu City Government, which was sames as other landowners.

(c) Key management personnel compensation

	For the years ended December 31	
	2020	2019
Short-term employee benefits	$ 83,478	86,636

(8) Pledged assets

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

Assets	Items being guaranteed	December 31, 2020	December 31, 2019
Outstanding notes receivable	Long-term and short-term borrowings	$ 335,211	300,021
Current other financial assets	Short-term borrowing, the deposits for armament purchases and warranties of the Ministry of National Defense, and the deposits for acceptance payable, etc.	3,582,561	1,939,540
Non-current other financial assets	Deposits for armanent purchases and warranties of the Ministry of National Defense	159,565	320,859
Property, plant and equipment	Customs duty guarantee, long-term and short-term borrowings	8,285,444	7,272,108
Investment property	Short-term borrowings	2,840,943	1,187,318
Right-of-use assets	〃	110,810	115,991
Non-current assets held for sale	〃	-	108,320
Total		$ 15,314,534	11,244,157

(9) Significant 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 43,470	21,882
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	$ 245,653	428,229

(iii) The projects contracted by Nova Design Co., Ltd.:

	December 31, 2020	December 31, 2019
Total contract price of projects	$ 27,050	18,847
Amount of cost certificate	$ 1,446	-

(iv) The unrecognized contractual commitments for land purchases were as follows:

	December 31, 2020	December 31, 2019
Acquisition of inventory (for construction industry)	$ 104,500	-

(v) On May 14, 2018, the Board of Directors of VMEP, a subsidiary of VMEPH and the Company, decided to establish a joint venture with DWTD Housig Development Co., Ltd. to develop the land located in La Khe Ward, He Dong urban district, Vietnam. The total amount of investment to the joint venture by VMEP will be about USD$11,730 thousand, which is 51% of the investee company's registered capital.

(vi) Due to the acceleration of urbanization and social transformation in Vietnam, VMEP, a subsidiary of VMEPH and the Company, was required by the Vietnam Government to move facilities away from Tong Nai province before July, 2019, and later in July, 2019, the Government agreed to postpone the due date to December, 2019.

VMEP had already completed the acquisition of SMV in December, 2018, so it planned to move the facilities to SMV and start the integration of the production equipment. The relocation was completed in November, 2019.

(vii) 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 on 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 Vehicle 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 million.

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

(12) Other:

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

	For the year ended December 31					
	2020			2019		
By function / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	1,893,281	2,376,149	4,269,430	1,727,836	2,186,117	3,913,953
Labor and health insurance	135,951	185,261	321,212	153,358	207,374	360,732
Pension	37,241	99,509	136,750	39,005	84,631	123,636
Others	121,002	135,839	256,841	117,077	148,196	265,273
Depreciation	844,840	465,968	1,310,808	745,246	405,795	1,151,041
Amortization	19,315	50,234	69,549	21,269	43,709	64,978

(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 Group:

(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.

(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.

(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 Shares (in thousands)	Carrying value	Percentage of ownership	Fair value	Maximum Percentage of ownership	Note
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	19.94%	
〃	Equity-Lico Technology Corporation	-	Financial assets at fair value through profit or loss - non-current	8,861	-	7.13%	-	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	25.00%	
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	10.11%	
〃	Private equity-Taiwan Tea Co., Ltd.	〃	〃	63,250	1,049,318	8.01%	1,049,318	8.01%	
Youth Taisun	Equity-Sheng Mao Investment Co., Ltd.	〃	〃	360	8,960	6.00%	8,960	6.00%	
〃	Equity-Xu Mao Investment Co., Ltd.	〃	〃	75	1,643	0.50%	1,643	0.50%	
Nanyang	Equity-The Company	Parent company	〃	4,351	155,329	0.54%	155,329	0.54%	
〃	Equity-Chaur Chin Industries Co., Ltd.	-	〃	1	280	0.28%	280	0.28%	
NOVA Design	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	〃	300	7,467	5.00%	7,467	5.00%	
Ching Ta	Equity-The Company	Parent company	〃	981	35,040	0.12%	35,040	0.12%	
〃	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	〃	60	1,493	1.00%	1,493	1.00%	
〃	Equity-Xu Mao Investment Co., Ltd.	〃	〃	2,600	56,940	17.33%	56,940	17.33%	
〃	Equity-King Zone Co., Ltd.	〃	〃	800	5,200	10.00%	5,200	10.00%	
〃	Equity-Tac / Taiwan Aerospace Corp.	-	Financial assets at fair value through profit or loss - non-current	17	-	0.01%	-	0.01%	
〃	Preferred equity-Nano Griptech, Inc.	-	〃	78	15,459	3.14%	15,459	3.14%	
〃	Equity-Spirox Corporation	-	Financial assets at fair value through other comprehensive income - non-current	680	21,998	0.66%	21,998	4.89%	
〃	Equity-National Petroleum Co., Ltd.	-	〃	13,098	662,759	4.24%	662,759	4.26%	
〃	Equity-LSC Ecosystem Corporation	-	〃	9,167	100,000	8.22%	100,000	8.25%	
〃	Equity-Gold Yu Co., Ltd.	-	〃	3,000	49,470	5.56%	49,470	5.56%	
〃	Equity-Full Speed Express Corp.	-	〃	1,290	19,350	10.94%	19,350	10.94%	
Chu-Yang	Equity-Ding Tai Motor Co., Ltd.	-	〃	100	1,000	2.55%	1,000	2.55%	
〃	Equity-Ding Sheng Motor Co., Ltd.	-	〃	130	1,300	4.28%	1,300	4.28%	
〃	Equity-Hong Yu Motor Co., Ltd.	-	〃	100	1,000	3.08%	1,000	3.08%	
〃	Equity-Sang Shun Wang Motor Co., Ltd.	-	〃	100	1,086	3.45%	1,086	3.45%	
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	1.00%	
〃	Equity-Xu Mao Investment Co., Ltd.	〃	〃	1,500	32,850	10.00%	32,850	10.00%	
TBM	Equity-Vietnam Hong Zheng Science & Technology Co., Ltd.	-	〃	-	9,616	19.00%	9,616	19.00%	
〃	Equity-Vietnam Hung Li Science & Technology Co., Ltd.	-	〃	-	1,123	6.08%	1,123	6.08%	
〃	Equity-Sheng Mao Investment Co., Ltd.	The Group is the juristic director of the entity	〃	600	14,934	10.00%	14,934	10.00%	
〃	Equity-Xu Mao Investment Co., Ltd.	〃	〃	750	16,425	5.00%	16,425	5.00%	
Sanyang Global	Equity-Shang Guang (Shanghai) Investment Ltd.	-	〃	1,519	164,806	6.76%	164,806	6.76%	

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

(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/ foreign currency)

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 assets at 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	Investments 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	Investments 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 Buildins 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).

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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)%	

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).

(x) Business relationships and significant intercompany transactions:

(In thousands of NTD)

No.	Name of company	Counter-party	Relationship	Intercompany transaction: Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Xia Shing Motor	1	Accounts payable to related parties	151,867	Note 3	0.35%
0	The Company	TBM	1	Accounts payable to related parties	130,329	〃	0.30%
0	The Company	SYIT	1	Accounts receivable from related parties	105,811	〃	0.24%
0	The Company	Xia Shing Motor	1	Sales revenue	621,457	〃	1.52%
0	The Company	Nanyang	1	Sales revenue	6,145,001	〃	15.07%
0	The Company	Nanchen	1	Sales revenue	947,016	〃	2.32%
0	The Company	SYIT	1	Sales revenue	414,350	〃	1.02%
0	The Company	VMEP	1	Sales revenue	125,951	〃	0.31%
0	The Company	Chu-Yang	1	Sales revenue	759,076	〃	1.86%
0	The Company	Xia Shing Motor	1	Cost of goods sold	1,836,641	〃	4.50%
0	The Company	Youth Taisun	1	Cost of goods sold	297,527	〃	0.73%
0	The Company	TBM	1	Cost of goods sold	570,465	〃	1.40%
0	The Company	NOVA Design	1	Cost of goods sold	146,113	〃	0.36%
1	Nanyang	Nanchen	1	Sales revenue	499,268	〃	1.22%
1	Nanyang	SUNSHINE AUTO-LEASE	1	Sales revenue	279,170	〃	0.68%
2	Xia Shing Motor	VMEP	3	Sales revenue	182,573	〃	0.45%
2	Xia Shing Motor	SCK	3	Cost of goods sold	219,379	〃	0.54%
2	Xia Shing Motor	XTBM	3	Cost of goods sold	153,414	〃	0.38%
3	VMEP	VTBM	3	Cost of goods sold	107,995	〃	0.26%
4	VMEPH	VMEP	1	Other receivable from related parties	196,770	〃	0.45%

Note 1: The numbering method is as follows:

1. “0” represents the parent company.

2. Subsidiaries are sequently numbered from 1 by company.

Note 2: The Relationship is classified into the following three types:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

Note 3: Except for terms for transactions uncomparable to ordinary transactions are in accordance with the agreement between both parties, the others are similar to ordinary terms.

Note 4: Intra-group transactions have been eliminated in the consolidated financial statements.

Note 5: Contra-transactions are not disclosed.

(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: December 31, 2020	Original investment amount: December 31, 2019	Ending balance: Shares (in thousands)	Ending balance: Percentage of ownership	Ending balance: Carrying value	Maximum Percentage of ownership	Net income (losses) of investee	Investment income (losses) recognized for the period	Note
The Company	Shan Young	Taiwan	Real estate development and management	3,843,889	2,843,889	656,300	100.00%	7,488,641	100.00%	(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	100.00%	19,053	19,053	〃
〃	Chu-Yang	Taiwan	Sale of scooters and its parts	29,000	29,000	2,900	100.00%	37,000	100.00%	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	89.60%	153,134	137,193	〃
〃	Nanchen	Taiwan	Sale of automobiles	-	6,501	-	- %	-	19.85%	10,983	(2,611)	Note 3
〃	NOVA Design	Taiwan	Product design	195,495	195,495	19,080	100.00%	211,525	100.00%	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	16.27%	33,151	5,394	〃
〃	Ching Ta	Taiwan	Investment activities	785,609	785,609	95,807	99.66%	1,532,388	99.66%	134,957	134,498	〃
〃	Profit Source	Samoa	Investment shareholding company	867,759	867,759	-	100.00%	3,512,031	100.00%	11,643	11,643	〃
〃	SYDE	Germany	Sale of scooters and its parts	122,713	122,713	-	100.00%	102,714	100.00%	1,471	1,471	〃
〃	SYI	Samoa	Investment shareholding company	3,662,860	3,662,860	-	100.00%	5,385,427	100.00%	334,067	334,067	〃
〃	SYIT	Italy	Sale of scooters and its parts	179,915	179,915	-	100.00%	184,524	100.00%	22,800	22,800	〃

SANYANG MOTOR CO., LTD. AND SUBSIDIARIES
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Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Maximum Percentage of ownership	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	APh ePower Co., Ltd.	Taiwan	Power source development industry	260,000	260,000	26,000	23.21%	235,951	23.21%	(61,148)	(14,195)	Note 2
〃	SCB	Columbia	Sale of scooters and its parts	91,466	91,466	100	100.00%	25,446	100.00%	(35,007)	(35,007)	Note 1
Nanyang	Nanchen	Taiwan	Sale of automobiles	39,533	24,228	9,011	90.07%	69,247	90.07%	10,983	Disclosure not required	〃
〃	SUNSHINE AUTO-LEASE	Taiwan	Passenger car rental and leasing	91,926	91,926	25,557	61.46%	295,229	61.46%	33,151	〃	〃
〃	Li Yang	Taiwan	Repair of automobiles and sale of automobile parts	13,317	13,317	1,200	100.00%	15,092	100.00%	1,482	〃	〃
〃	Nanyang Insurance Agent	Taiwan	Property insurance agency business	34,879	34,879	1,316	92.86%	36,450	92.86%	7,345	〃	〃
〃	NY Samoa	Samoa	Investment shareholding company	423,487	423,487	-	100.00%	193,502	100.00%	891	〃	〃
〃	Jau Ryh	Taiwan	Truck rental and leasing	21,328	21,328	1,693	100.00%	34,822	100.00%	14,369	〃	〃
〃	Shian Yang	Taiwan	Repair of automobiles and sale of automobile parts	54,375	54,375	4,740	100.00%	62,871	100.00%	14,281	〃	〃
NOVA Design	NOVA Samoa	Samoa	Investment shareholding company	86,500	86,500	-	42.30%	64,629	42.30%	(7,051)	〃	〃
Ching Ta	TBM	Taiwan	Manufacturing,processing and sale of scooter parts	87,449	87,449	5,225	55.00%	54,651	55.00%	57,248	〃	〃
〃	SUNSHINE AUTO-LEASE	Taiwan	Passenger car rental and leasing	19,680	19,680	8,782	21.12%	107,608	21.12%	33,151	〃	〃
〃	Fact Co., Ltd.	Taiwan	Manufacturing processing and sale of hardware and iron	43,840	43,840	1,000	100.00%	20,819	100.00%	1,813	〃	〃
〃	NOVA Samoa	Samoa	Investment shareholding company	113,002	113,002	-	57.70%	88,158	57.70%	(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	40.00%	55,289	〃	Note 2
〃	Qing Zhao Investment Co., Ltd.	Taiwan	Investment activities	96,000	96,000	9,600	29.29%	62,627	29.29%	(18,137)	〃	〃
〃	Winner RV Ltd.	Taiwan	Sale, manufacturing and design of recreational vehicle	100,000	100,000	5,000	26.32%	97,919	26.32%	(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)	100.00%	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)	100.00%	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)	67.07%	(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)	100.00%	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)	100.00%	409,395 (USD13,882)	〃	〃
〃	Sun Goal	Samoa	Investment shareholding company	245,428 (USD8,731)	245,428 (USD8,731)	-	100.00%	159,384 (USD5,670)	100.00%	7,078 (USD240)	〃	〃
TBM	TBM BVI	British Virgin Islands	Investment shareholding company	147,035	147,035	-	100.00%	63,379	100.00%	484	〃	〃
〃	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	23,926	23,926	-	69.00%	36,722	69.00%	3,065	〃	〃
〃	Fu Ta	Samoa	Investment shareholding company	47,628	47,628	-	51.00%	-	51.00%	-	〃	〃
VMEPH	Chin Zong	Taiwan	Wholesale and retail of scooters and its parts	150,000	150,000	15,000	100.00%	147,686	100.00%	(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)	100.00%	(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)	100.00%	(708) (USD(24))	〃	〃
〃	VTBM	Vietnam	Manufacturing, processing and sale of scooter parts	13,071 (USD465)	13,071 (USD465)	-	31.00%	16,304 (USD580)	31.00%	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)	99.94%	(206) (USD(7))	〃	〃

Name of investor	Name of investee	Location	Main business and products	Original investment amount		Ending balance			Maximum	Net income	Investment income	Note
				December 31, 2020	December 31, 2019	Shares (in thousands)	Percentage of ownership	Carrying value	Percentage of ownership	(losses) of investee	(losses) recognized for the period	
Qing Zhao Investment Co., Ltd.	Sunny Mind	Samoa	Investment shareholding company	330,951	330,951	-	100.00%	164,471	100.00%	(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		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Maximum percentage of ownership	Investment income (losses) recognized	Carrying value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
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%	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%	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	Note1	(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%	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%	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%	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%	54.81%	88 (USD3)	18,581 (USD661)	-
GTBM	Manufacturing, processing and sale of scooter parts	Note2	(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%	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%	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%	29.19%	(29) (USD(1))	47,534 (USD1,691)	-
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%	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%	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 Group 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".

(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:

(a) General information

The Group has two main reportable segments: domestic segment oversea segment, whose major businesses are manufacturing and selling automobile, scooter and their parts, and providing related technical service and consulting service.

All operating results are submitted for review to the operational decision maker of the Group, and therefore the resources could be distributed properly among segments based on respective performance.

The segment revenues are from external customers, excluding non-operating revenues and investment income or losses.

The segment profits or losses are the remaining amount after segment revenues minus costs and expenses, which are related to revenues generation. If the costs and expenses are not directly attributable, they should be allocated among segments proportionately to respective operating revenues.

(b) Information on reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follows:

For the year ended December 31, 2020		**Domestic segment**	**Oversea segment**	**Other segment**	**Reconciliation and elimination**	**Total**
Revenues:						
Revenues from external customers	$	32,946,345	7,703,262	125,310	-	40,774,917
Intersegment revenues		11,118,287	2,742,549	163,162	(14,023,998)	-
Total revenues	$	44,064,632	10,445,811	288,472	(14,023,998)	40,774,917
Interest expenses	$	183,445	36,508	10,847	(5,275)	**225,525**
Depreciation and amortization		1,111,331	152,016	117,010	-	**1,380,357**
Reportable segment profit or loss	$	2,388,931	465,824	24,911	(385,671)	2,493,995
Assets:						
Investments accounted for using the equity method	$	-	-	705,126	-	705,126
Capital expenditure		1,726,478	225,813	33,465	-	1,985,756
Reportable segment assets	$	40,690,005	10,644,168	14,414,996	(21,731,092)	44,018,077
Reportable segment liabilities	$	23,697,364	3,639,019	1,371,674	(756,769)	27,951,288

For the year ended December 31, 2019	Domestic segment	Oversea segment	Other segment	Reconciliation and elimination	Total
Revenues:					
Revenues from external customers	$ 25,417,088	7,748,960	217,380	-	33,383,428
Intersegment revenues	10,336,901	3,000,488	175,781	(13,513,170)	-
Total revenues	$ 35,753,989	10,749,448	393,161	(13,513,170)	33,383,428
Interest expenses	$ 190,058	33,072	12,485	(302)	**235,313**
Depreciation and amortization	955,492	145,144	115,383	-	**1,216,019**
Reportable segment profit or loss	$ 2,446,054	113,513	96,768	(246,241)	2,410,094
Assets:					
Investments accounted for using the equity method	$ -	-	710,229	-	710,229
Capital expenditure	2,075,208	374,020	37,735	-	2,486,963
Reportable segment assets	$ 36,049,639	10,215,695	12,599,452	(17,742,569)	41,122,217
Reportable segment liabilities	$ 22,032,854	3,110,282	1,145,295	(406,839)	25,881,592

(c) Geographic information

In presenting information on the basis of geography, segment revenues are based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

Geographical information	**For the years ended December 31 2020**	**2019**
Revenues from external customers:		
Taiwan	$ 29,377,518	21,613,913
Mainland China	2,810,330	2,290,631
Asia	4,008,515	4,277,754
Europe	3,356,675	3,370,486
Others	1,221,879	1,830,644
Total	$ 40,774,917	33,383,428
Non-current assets:		
Taiwan	$ 16,229,153	15,880,379
Mainland China	1,051,866	962,001
Vietnam	253,601	241,604
Others	3,904	19,933
Total	$ 17,538,524	17,103,917

Non-current assets include property, plant and equipment, investment property, right-of-use assets, and other non-current assets, excluding financial instruments and deferred tax assets.

(d) Major customers

The revenues contributed by major customers amounted to 10% of the Group’s consolidated revenues in the year of 2020 and 2019: None.

VIII. Effects of Any Insolvency of the Company and Its Affiliates upon the Company's Financial Position during the Most Recent Fiscal Year and as of the Date of the Annual Report: None.

Chapter 7. Review and Analysis of Financial Position and Financial Performance and Risk Management

I. Financial Position:

Comparative Analysis on Unconsolidated Financial Position

Unit: NTD Thousand; %

Year / Item	2020	2019	Difference	
			Amount	%
Current assets	4,659,870	4,317,788	342,082	7.92%
Property, plant and equipment, net	5,044,289	4,994,550	49,739	1.00%
Other Assets	24,181,200	22,258,211	1,922,989	8.64%
Total Assets	33,885,359	31,570,549	2,314,810	7.33%
Current liabilities	11,270,740	11,200,395	70,345	0.63%
Non-current liabilities	7,843,700	6,335,350	1,508,350	23.81%
Total Liabilities	19,114,440	17,535,745	1,578,695	9.00%
Share capital	8,030,776	8,535,956	(505,180)	(5.92%)
Capital reserves	1,730,173	1,736,657	(6,484)	(0.37%)
Retained earnings	6,583,938	6,072,937	511,001	8.41%
Other equity	(1,441,152)	(1,594,441)	153,289	(9.61%)
Treasury stock	(132,816)	(716,305)	583,489	(81.46%)
Total equity	14,770,919	14,034,804	736,115	5.24%

Notes on material changes:

1. Non-current liabilities: Compared with 2019, the long-term debts increased.
2. Treasury stocks: Arising from buyback and cancellation of treasury stocks.

II. Financial Performance:

Comparative Analysis of Operating Results

Unit: NT$ Thousand

Item \ Year	2020	2019	Difference	
			Amount	%
Operating revenue	30,796,834	23,659,272	7,137,562	30.17%
Operating costs	26,872,189	21,204,126	5,668,063	26.73%
Gross profit	3,924,645	2,455,146	1,469,499	59.85%
Operating expenses	2,545,163	2,167,288	377,875	17.44%
Net operating income	1,379,482	287,858	1,091,624	379.22%
Non-operating income and expenses	883,996	2,052,131	(1,168,135)	(56.92%)
Profit before income tax	2,263,478	2,339,989	(76,511)	(3.27%)
Income tax expense	325,134	113,764	211,370	185.80%
Profit for the year	1,938,344	2,226,225	(287,881)	(12.93%)
Other comprehensive income (Net amount after tax)	70,898	(202,837)	273,735	(134.95%)
Total comprehensive income for the year	2,009,242	2,023,388	(14,146)	(0.70%)

Notes on material changes:

1. Operating revenue, operating costs, gross profit, and operating profit: mainly attributable to increased motorcycle and automobile sales in 2020.
2. Non-operating income and expenses: mainly ascribed to NT$1.799 billion earned from the land disposal recognized in 2019.
3. Income tax expenses: mainly incurred by the declined income taxes arising out of tax exemption for the land sales in 2019.
4. Other comprehensive income (income after tax): mainly from the increase in unrealized gain by NT$0.265 billion measured at fair value through other comprehensive income for the subsidiaries.

III. Cash flow:

(I) Liquidity analysis for the past 2 years

Unit: %

Item \ Year	2020	2019	Increase (decrease) (%)
Cash flow ratio (%)	37.15%	12.73%	191.83%
Cash flow adequacy ratio (%)	174.40%	116.57%	49.61%
Cash reinvestment ratio (%)	9.29%	1.77%	424.86%

Notes: Notes on material changes: The cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio rose due to increased cash flow resulting from the 2020 operating activities.

(II) Cash Liquidity Analysis for the Upcoming Year

Unit: NT$ Thousand

Cash at Beginning of Year	Net Cash Flows from Operating Activities	Net Cash Inflow from Investments and Financing Activities of the Whole Year	Cash balance (Deficit)	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
1,375,884	1,415,527	(1,619,939)	1,171,472	–	–

In the coming year, the estimated cash inflow from operating activities is NT$1,415,527 thousand, the estimated cash outflow from investing activities is NT$575,938 thousand, and the estimated cash outflow from financing activities is NT$1,044,001 thousand.

IV. Impacts of Material Capital Expenditure in the Most Recent Fiscal Year upon Financial Business:

(I) Major Capital Expenditures

Unit: NT$ Thousand

Plan	Actual or expected source of funds	Actual or expected completion date	Funds Required	Actual or estimated capital expenditure				
				2021	2020	2019	2018	2017
Projects for production rationalization	Private capital	2021	1,293,602	321,725	267,406	287,620	187,025	229,826
Development of new types of motorcycles	Private capital	2021	1,219,679	263,887	298,046	359,978	168,422	129,346
Others	Private capital	2021	708,599	307,628	313,600	23,702	40,338	23,331

(II) Expected Benefits

1. Invest in equipment for expansion and integration; improve efficiency and quality of present product lines to make products competitive and make sure of promptly satisfying domestic and foreign market needs.
2. Invest in developing new types of motorcycles and creating more complete product lines, so as to develop new market segments and new international markets while increasing market shares, corporate revenues and sales.

V. Reinvestment Policies for the Most Recent Fiscal Year, Main Causes of Profits or Losses Resulting Therefrom, Improvement Plans and Investment Plan for the Upcoming Fiscal Year:

The Company's reinvestment strategies focus on its core businesses. In 2020, the return on reinvestment recognized by equity method in 2020 amounted to NT$532,651 thousand. In the future, the Company will continue steadily executing the reinvestment plans.

VI. Risk Management and Assessment:

(I) Effect on the Profit (Loss) of Interest and Exchange Rate Fluctuations and Changes in the Inflation Rate, and Future Responses

1. Changes in interest rates

   The interest rate risks of the Company are mainly from the liabilities from operating activities of the Company. The short and mid-term liabilities measured at banks' benchmark interest rate and the fixed interest rate are reckoned as main financing instruments. To reduce interest rate risks, the Company annually strives to be granted loans by financial institutions at a lower interest rate from time to time according to market interest rate.

   The short-term loan interest rate of the Company in 2020 ranged from 0.80% to 0.98%, and the long-term loan interest rate ranged from 0.84% to 1.20%. While other conditions were kept unchanged, the net profit in 2020 declined or increased by NT$35,695 thousand whenever the loan interest rate increased or declined by 1%.

2. Exchange rate fluctuations

   In 2020, the foreign sales revenue of the Company approximately declined by NT$137,042 thousand compared with those in 2019, and the ratio of foreign sales revenue to the total revenue of the Company dropped from 21.59% in 2019 to 19.24% in 2020. In addition, most parts used by the Company for automobile production were imported from foreign countries. Ii order that its net profit won't be impacted by exchange rate fluctuations, the Company has concluded transactions necessary for avoiding the risks, including spot sales of net inflow of US dollars and conclusion of outright forward foreign exchange contracts, in hope of educing impacts of exchange rate fluctuations upon gains (losses) of the Company.

   To strengthen risk control over exchange rate fluctuations, the Company has taken following countermeasures:

   (1) Regularly collect information on exchange rate markets to understand fluctuation trends of exchange rate;

   (2) Regularly review and timely perform foreign exchange operations to adjust foreign currency positions;

   (3) Appoint financial institutions having cooperated with the Company to provide professional advisory services, ask financial personnel to collect information about exchange rate and timely provide related departments with such information for reference;

   (4) In making quotations to foreign customers, exchange rate fluctuations are also taken into account to ensure that the Company will make reasonable profits.

3. Inflation

   Global price of raw materials has increased, while the Company's costs have increased due to growing needs for precious metals necessary for key parts, tightened supply and continuous price increase of the noble metals necessary for key parts. The Company develops some parts subject to price increase in raw materials are jointly developed by several manufacturers, or designs or studies them in collaboration with manufacturers. On the premise of keeping quality changed or improving quality, it reduces the use of raw materials supplied at growing prices by different development or production methods, to reduce impacts of the price increase. In the future, it will continue developing new technical manufacturers or cooperate with the manufacturers to develop new technologies, to relieve the impacts of advertise factors by technologically lowering costs.

(II) Policy regarding High-risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements/Guarantees, and Derivatives Transactions, Main Reasons for the Profit (Loss) Generated Thereby, and Future Response Measures

To effectively control financial risks, the Company hasn't engaged in high risk or high leverage investments or transactions. Capital loans, endorsements or guarantees and derivatives transactions also comply with related laws. In addition, the Company has developed operating procedures for capital loans, endorsements/guarantees and derivatives transactions as well as measures related to internal control and management on the basis of improving financial and business management.

Besides, the Company concludes transactions on derivative financial products for the purpose of evading market risks instead of trading or speculative product trading. In the future, it will continue regularly evaluating and flexibly adjusting related strategies for avoiding risks in accordance with its business conditions and changes in market trends.

(III) Future R&D Plans and Expected R&D Spending

1. Motorcycles:
   (1) Continuously develop it’s own leading motorcycle brands and occupy more market shares.
   (2) Master core product technologies, accumulate creative product technologies, and possess more leading technologies.
   (3) Improve abilities to integrate and develop platforms; quickly launch products worth more than what they are paid for.
   (4) Continuously develop heavy-duty motorcycles and green creative products with high added value.
   (5) Integrate R&D technologies and production resources of overseas bases; launch economical and pragmatic motorcycles.
2. Vehicles:

   Plan to introduce environmental regulations and standards for hybrid automobiles and those with efficient combustion engines.
3. In 2021, the Company plans to invest NT$263,887 thousand in R&D of new automobiles.

(IV) Impacts of Changes in Domestic and Foreign Material Policies and Legal Changes upon Financial Operations of the Company and Responses: None.

(V) Effects of Developments in Science and Technology and Industrial Changes on the Financial Operations , and Measures to Be Taken in Response

1. Actively launch electric scooters home and abroad, to seize market opportunities.
2. Pay attention to future technology and market development trends of electric scooters.
3. Understand and study key technologies and charging service patterns of motorcycles

(VI) Effects of Changes in Company Image upon Crisis Management and Measures to Be

Taken in Response:

1. Regularly hold weekly and monthly meetings to improve efficiency of business operations, understand crisis on a real-time basis, and manage crisis.
2. In drafting strategic plans and annual business plans, all related departments analyze external risk factors (SWOT) and countermeasures.

(VII) Expected Benefits and Possible Risks Associated with Any M&A and Measures to Be Taken in Response: None.

(VIII) Expected Benefits and Possible Risks Associated with Any Plant Expansion, and Measures to Be Taken in Response

The Company's plant expansions have all gone through complete of prudent evaluation by responsible units. The return on investment and possible risks has all been carefully considered.

(IX) Risks Associated with Any Consolidation of Sales or Purchasing Operations, and Measures to Be Taken in Response

1. Motorcycles

(1) Purchase:

A. Risks:

1. Of the motorcycle parts purchased by the Company, except that some technologically advanced parts (including ABS) are purchased from professional (exclusive) manufacturers and cooperation is maintained with 2 manufacturers of these parts, all other parts are supplied by more than 3 manufacturers competent for production, so the Company doesn't face any risk of centralized purchase.
2. For the motorcycle parts imported from foreign countries, the delivery of some parts has been delayed because of COVID-19 and its impacts upon overseas transport. As a result, the production capacity of certain motorcycles has been affected.

B. Countermeasures:

1. For the above parts purchased from exclusive manufacturers, the Company maintains good interactions with the manufacturers it cooperates with. Meanwhile, it actively develops new manufacturers and looks for alternative resources satisfying their needs, in order to reduce risks.
2. Provide half-year predictive quantity for the manufacturers as reference for them to prepare goods. Increase safe inventory level and prolong the lead time; reduce risks of late delivery of parts.

(2) Sales:

A. Domestic sales:

The Company's general agents for selling motorcycles include general distributors in Taiwan and Outer Islands (Kinmen and Penghu) and some distributors in charge of shipping motorcycles. The Company has maintained cooperation and good interactions with these distributors for many years. For shipping, the Company collects shipping security deposit from the general distributors and those shipping the motorcycles. After the motorcycles guaranteed by the security deposit are shipped first according to corresponding order, the payment for the entire order will be collected one week thereafter. After the Finance Department confirms the payment has been received and accounted, the motorcycles will not be further shipped until the shipping guarantee is resumed. The general distributors and certain distributors in charge of shipping shall independently manage their sales and inventories in combination with the Company's marketing progress. It is concluded that the Company faces no centralized or immediate risks.

B. Foreign sales:

a. The Company has its motorcycles sold to different parts of the world. It has set up an international business unit to coordinate production capacity of the factories in three areas and global shipping. It will focus on promoting its global sales in four major markets (Europe, Central/South America, Africa/Middle East and ASEAN). At present, SYM approximately has 85 agents and divides it sales outlets by countries to effectively reduce regional "market risks".

b. The Company exports its motorcycles to foreign countries "with a bank's letter of credit as guarantee or shipped after receiving the payment". If a customer has any special payment requirement, the order won't be shipped before the requirement is reviewed and approved, so as to lower "financial risks".

2. Vehicles

(1) Purchase:

The automobiles of the Company are mainly supplied by Hyundai, where strike happens every 7 to 8 months. As a result, the purchase risk is relatively high. However, the Company maintains long-term close cooperation with its suppliers, to ensure that it will not be short of sources of different parts. In addition, Nanyang Motor Company is the main customer and an affiliate of the Company. Both companies regularly hold production and sales meetings to review their sales ratio and jointly decentralize purchase risks, to make sure that the Company will not incur unnecessary costs.

(2) Sales:

Consumers are end users of the Company's products, so neither of its passenger vehicles nor commercial vehicles is sold in a centralized manner. Nanyang Motor Company and other distributors place all orders with the Company according to consumers' orders. In addition, other distributors are not excluded from selling the Company's vehicles. Hence, the sales risks are decentralized. The Company has the right to dominate the sales markets.

For passenger vehicles, Nanyang Motor Company strives to develop diverse sales channels apart from selling through its outlets. It primarily sells commercial vehicles in designated areas to commercial groups by different distribution methods.

The Company strives to gradually gain consumer support dependent upon its manufacturing capability and extraordinary products in the vehicle market. It plans to increase its sales and profitability with good word-of-mouth.

(X) Impacts of Substantial Share Transfer by Directors, Supervisors or Shareholders Holding over 10% Shares on the Company, Risks and Countermeasures: None.

(XI) Impacts of Changes in Management Rights upon the Company, Risks and Countermeasures: None.

(XII) Disclosure of issues in dispute, monetary amount of claims, filing date, parties involved, and status of any litigation or other legal proceedings within the latest fiscal year and as of the date of the annual report where the Company and/or any of its directors, supervisors, president, person in charge, shareholders with 10% or more share ownership, or affiliates are involved in a settled or pending material litigation, non-contentious case or an administrative proceedings which may have a material adverse effect on the Company's shareholder equity or price of securities: None.

(XIII) Other Important Risks and Countermeasures:

Information security management:

With the constant increase of electronic data, data protection and continuous operation of information systems have become more and more important. The Company takes appropriate measures to protect information security to prevent cuber attacks, natural disasters and machine failures from causing information security incidents.

(1) In terms of information security: Local high-availability and remote online backup mechanism is established according to how important the information is. Regular drills are performed regarding data recovery to reduce the risk of damaging the data. Meanwhile, functionally improve the storage systems. Actively prevent failures of data storage systems by regular upgrade, more advanced technologies and predictive analysis.

(2) As to cuber security: To maintain its normal operations, the Company has established systems for protecting network and computer security. It also updates related information security equipment, maintains internal and external network security, and provides endpoint protection for important hosts.

(3) In respect of institutional management: The Company has constructed related information security management systems. It verifies the systems according to ISO 27001, complies with international standards, guarantees information confidentiality, and effectively controls information security risks.

VII. Other Important Matters: None.

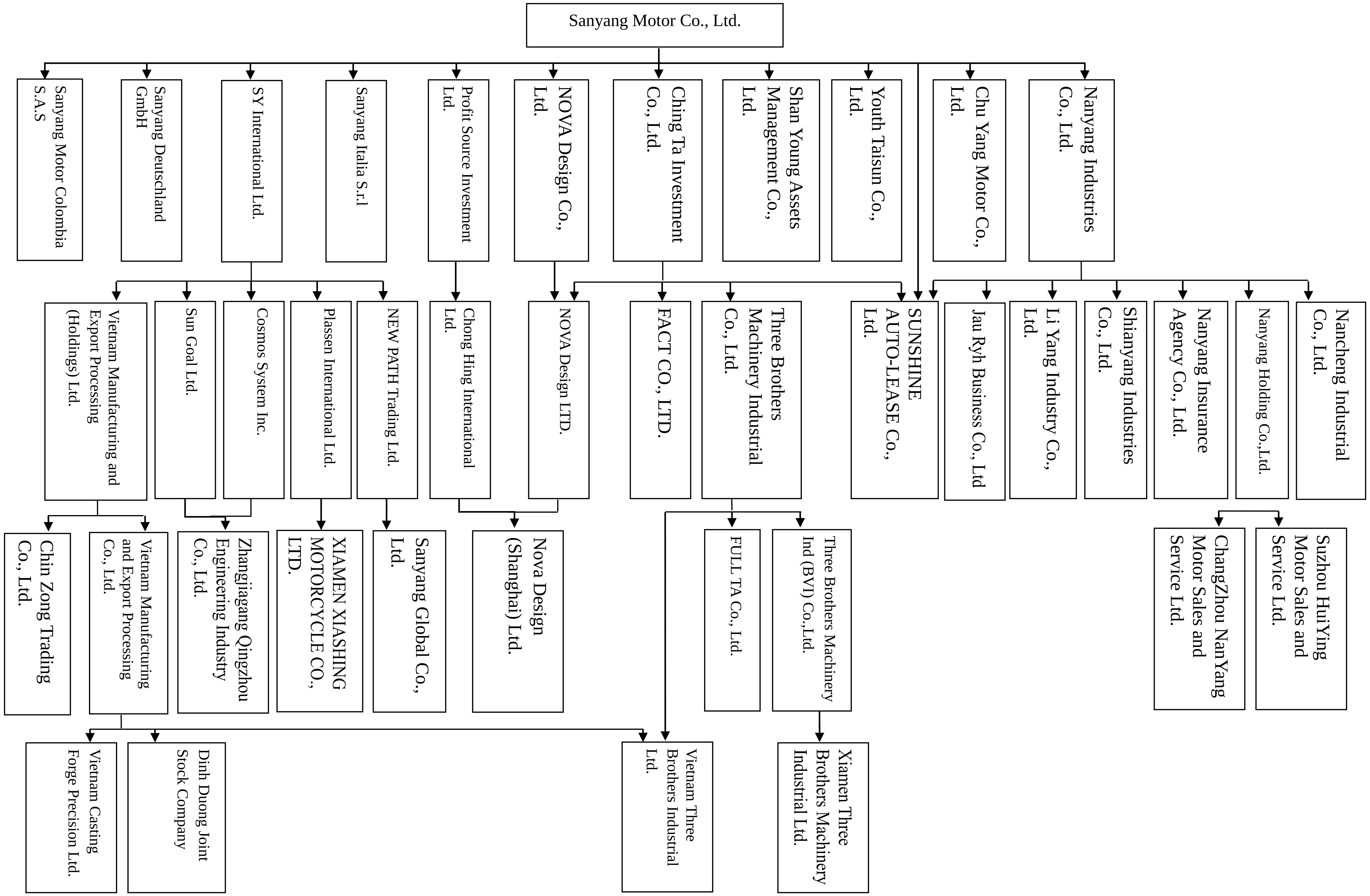
Chapter 8. Special Notes

I. Information on Affiliates

(I) The Consolidated Business Report of the Affiliates

1. Summary of the affiliates

(1) Organizational chart of the affiliates



(2) The affiliates' name, date of incorporation, address, paid-in capital and principal businesses:

Name of Affiliates	Date of Incorporation	Address	Paid-in Capital		Principal Businesses or Products
Nanyang Industries Co., Ltd.	1965.05.11	3F., No.386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City 114, Taiwan	NTD	1,411,862,760	Trading, distribution, (consignment) sales, export, import, repair and maintenance of automobiles, motorcycles and their parts.
Nanyang Insurance Agency Co., Ltd.	1984.11.28	F2, No.62, Sec. 1, Chongyang Rd., Sanchong Dist., New Taipei City	NTD	14,175,000	Property insurance agent
Ching Ta Investment Co., Ltd.	1987.01.23	Rm. 3, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu City	NTD	961,300,350	Investments
NOVA Design Co., Ltd.	1988.08.16	No. 285, Tanmei St., Neihu Dist., Taipei City	NTD	190,800,000	Product design
Nanchen Industries Co., Ltd.(Note)	1990.04.19	No.725, Bo'ai 3rd Rd., Zuoying Dist., Kaosiung City	NTD	100,052,600	Trading, distribution, (consignment) sales, export, import, repair and maintenance of automobiles, motorcycles and their parts.
Vietnam Manufacturing and Export Processing Co.,Ltd.	1992.03.25	Lot5,Tam Hiep Ward,Bien Hoa City,Dong Nai Province,Vietnam	USD	140,060,000	Production of motorcycles and their parts
Plassen International Ltd.	1992.09.29	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola,VG1110,B.V.I	USD	23,000,000	Holding company
Xiamen Xiashing Motorcycle Co., Ltd.	1992.11.14	No.99, Xibin Rd., Xinglin Town, Jimei District, Xiamen, China	RMB	196,778,501	Assembly, production, sales, after-sales and repair of motorcycles and their parts
SUNSHINE AUTO-LEASE Co., Ltd.	1993.12.29	3F., No.386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City	NTD	415,811,280	Lease of Type A cars, other industrial services (employment of drivers as agents) and lease
Cosmos System Inc.	1995.12.12	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola,VG1110,B.V.I	USD	23,040,000	Holding company
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	1995.12.25	NO.3 HAIFENG ROAD ,ZHANGJIAGANG CITY JIANGSU PROV.,P.R.CHINA	RMB	258,085,993	Production and sales of automobile and motorcycle engines, parts and utility engines
Youth Taisun Co., Ltd.	1996.02.09	No.18, Wenhua Road, Hukou Township, Hsinchu County	NTD	167,528,000	Production of automobile and motorcycle parts
Chong Hing International Ltd.	1997.09.04	Craigmuir Chambers, Road Town, Tortoal, VG 1110, B.V.I	RMB	89,252,064	Holding company
CHU-YANG MOTOR CO., LTD.	2002.01.07	Rm. 3, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu Cit	NTD	29,000,000	Wholesale and retail of motorcycle and automobile parts and equipment
Sun Goal Ltd.	2004.04.28	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	10,000,000	Holding company
Profit Source Investment Ltd.	2004.05.18	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	22,792,500	Holding company
Shan Young Assets Management Co., Ltd.	2004.07.08	Rm. 1, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu Cit	NTD	6,563,000,000	Development, lease and sales of residential houses, buildings and industrial factory buildings as well as development of special zones
New Path Trading Ltd.	2004.09.21	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	9,200,000	Holding company
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	2005.06.20	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands	USD	1,162,872	Holding company
Sanyang Italia S.r.l	2005.11.01	Galleria del Corso, 2 20122 Milano – MI - ITALY	EUR	4,000,000	Import and sales of motorcycles and their parts
SY International Ltd.	2005.11.01	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD	53,341,956	Holding company
Sanyang Deutschland GmbH	2006.08.02	Opelstraße 13, D-64546 Mörfelden-Walldorf, Germany (DE)	EUR	3,000,000	Import and sales of motorcycles and their parts
Sanyang Motor Colombia S.A.S	2018.11.21	COLOMBIA, ANTIOQUIA, 05631 - SABANETA, CL 84 SUR, NO 37-10 ,BG 101.	COP	100,002,000	Import and sales of motorcycles and their parts
Chin Zong Trading Co., Ltd.	2007.07.06	Rm. 1, 6F., No. 56, Sec. 2, Jingguo Rd., North Dist., Hsinchu City	NTD	150,000,000	International trade, wholesale and retail of motorcycle and automobile parts and equipment
Sanyang Global Co., Ltd.	2007.12.11	Floor 1st,office building,NO.99 Xibin Road,Xinglin,Jimei Area,Xiamen,CHINA	RMB	63,429,900	R&D, design and sales of motorcycles and their parts
Shianyang Industries Co., Ltd.	2014.11.24	No.593, Sec. 4, Zhonghua Rd., Xiangshan Dist., Hsinchu City	NTD	47,400,000	Wholesale, retail and repair of automobiles, motorcycles and their parts
Three Brothers Machinery Industrial Co., Ltd.	1969.05.17	No.450, Wangjian Rd., Xinwu Dist., Taoyuan City	NTD	95,000,000	Manufacturing of automobiles, motorcycles and their parts
Fact Co., LTD.	1995.01.27	No.18, Wenhua Road, Hukou Township, Hsinchu County	NTD	10,000,000	Manufacturing of automobiles, motorcycles and their parts
Jau Ryh Business Co.,Ltd	2004.08.17	3F., No.386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City	NTD	16,931,230	Manufacturing and lease of automobiles, motorcycles and their parts

Name of Affiliates	Date of Incorporation	Address	Paid-in Capital		Principal Businesses or Products
Liyang Industrial Co., Ltd.	2005.09.21	3F., No.386, Sec. 6, Nanjing E. Rd., Neihu Dist., Taipei City	NTD	12,000,000	Manufacturing of automobiles, motorcycles and their parts as well as third-party payment
NOVA Design LTD.	2003.04.09	INTETRUST LIMITED, at Level2,Lotemau Centre Building, Vaea Street, Apia, Samoa	USD	5,910,428	Industrial design
NanYang Holding CO., Ltd.	2009.09.11	Equity Trust Chambers, P. O. Box 3269, Apia, Samoa	USD	13,650,000	Holding company
Nova Design (Shanghai) Ltd.	2003.06.09	NO.46，YUANDA ROAD,SHANGHAI INTERNATIONAL AUTOMOBILE CITY	USD	13,002,332	Industrial design
Vietnam Three Brothers Industrial Ltd.	2002.09.05	C-7-2, No.8, Long Binh Industrial Zone, Bien Hoa, Dong Nai Province, Vietnam	USD	1,500,000	Manufacturing of automobiles, motorcycles and their parts
Three Brothers Machinery Ind(BVI) Co.,Ltd.	1995.06.30	Vistra Corporate Services Centre,Wickhams Cay II,Road Town,Tortola,VG1110,British Virgin Islands.	USD	5,118,949	Holding company
FULL TA Co.,Ltd.	2010.04.12	Offshore Chambers,P.O.Box 217,Apia,Samoa	USD	2,917,322	Holding company
ChangZhou NanYang Motor Sales and Service Ltd.	2011.01.30	No. 23, Zonglv Road, Zhonglou District, Changzhou City, China	USD	4,050,000	Domestic wholesale and retail of automobile parts
Suzhou HuiYing Motor Sales and Service Ltd.	2009.12.11	Room 921, Building 1, No. 368, Zhujiang South Road, Mudu Town, Wuzhong District, Suzhou City, China	USD	9,600,000	Retail of Beijing-Hyundai cars
Vietnam Casting Forge Precision Ltd.	2002.04.12	Ho Nai Industrial Zone,Trang Bom District,Dong Nai Province, Vietnam	VND	113,659,000,000	Manufacturing of motorcycles and their parts
Dinh Duong Joint Stock Company	2018.09.28	19 Cach Mang Thang Tam Street, Thoi Binh Ward, Ninh Kieu District, Can Tho City, Vietnam	VND	168,350,000,000	Sales of motorcycles and management of immovable property and land use rights
Xiamen Three Brothers Machinery Industrial Co., Ltd.	1995.07.06	No.60-72, Tiangyang Road, North Industrial Zone, Jimei, Xiamen, Fujian Province, China	USD	4,401,376	Manufacturing of automobiles, motorcycles and their parts as well as machine hardware and molds

Note: The simplified merger was completed on March 31, 2021, making Nanyang Industry Co., Ltd. the surviving company.

(3) Reason for judging if a company is under the control or an affiliate of the Company and personnel-related information: None.

(4) Businesses of the affiliates: refer to Item (2).

(5) Information on directors, supervisors and managers of the affiliates:

December 31, 2020

Name of Affiliates	Position	Name or Representative	Shareholding Ratio	
			Number of Shares	Percentage of Ownership
Plassen International Ltd.	 Director Director	SY International Ltd. Representative: Ching-Yuan Wu Kuei-Chin Huang	-	100%
Cosmos System Inc.	 Director Director	SY International Ltd. Representative: Ching-Yuan Wu Kuei-Chin Huang	-	100%
Vietnam Manufacturing and Export Processing Co.,Ltd.	 Chairperson Director Director	VietnamManufacturing and Export Processing (Holdings) Ltd. Representative: Chin-Yung Chiang Chih-Ming Lin Chun-Yu Lin	-	100%
Xiamen Xiashing Motorcycle Co., Ltd.	 Chairperson Director Director Director Director	Plassen International Ltd. Representative: Ching-Yuan Wu Li-Chu Wu Shih-Liang Hsu CCRE Representative: Kung-Yu Wang Chien-Hua Chang	-	76.67%
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	 Chairperson Director Director Supervisor	Cosmos System Inc. Representative: Shih-Liang Hsu Chao-Sheng Lin Chien-Sheng Chen Hsiu-Hua Yang	-	100%
Profit Source Investment Ltd.	 Director Director	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Hui-Ting Wu	-	100%
Chong Hing International Ltd.	 Director Director	Profit Source Investment Ltd. Representative: Ching-Yuan Wu Hui-Ting Wu	-	100%
SY International Ltd.	 Director Director	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Kuei-Chin Huang	-	100%
Sun Goal Ltd.	 Director Director	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Hui-Ting Wu	-	100%
New Path Trading Ltd.	 Director Director	SY International Ltd. Representative: Ching-Yuan Wu Kuei-Chin Huang	-	100%
San Yang Italia S.r.l	 Chairperson Director Director	Sanyang Motor Co., Ltd. Representative: Ju-Cheng Liu Hsu-Pin Chen Yuan-Tse Li	-	100%
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	Chairperson Executive Director Executive	Natual Person: Wu-Hsiung Liu Chin-Yung Chiang Chun-Yu Lin	-	-

Name of Affiliates	Position	Name or Representative	Shareholding Ratio	
			Number of Shares	Percentage of Ownership
	Director Executive Director Non-executive Director Non-executive Director Independent Non-executive Director Independent Non-executive Director Independent Non-executive Director Independent Non-executive Director	Chih-Ming Lin Li-Chu Wu Ying-Feng Chiu Ching-Ching Lin Hua-Jung Shen Kuei-Mei Wu An-Chieh Chang		
Sanyang Deutschland GmbH	Chairperson Director Director	Sanyang Motor Co., Ltd. Representative: Ju-Cheng Liu Hsu-Pin Chen Chien-Ling Chen	-	100%
Sanyang Global Co., Ltd.	Chairperson Director Director Supervisor	New Path Trading Ltd. Representative: Ching-Yuan Wu Chien-Sheng Chen Shih-Liang Hsu Hui-Ting Wu	-	100%
NOVA Design Co., Ltd.	Chairperson	Sanyang Motor Co., Ltd. Representative: Ying-Feng Chiu	18,000,000 shares	100%
Nanyang Industries Co., Ltd.	Chairperson Vice Chairperson Managing Director Director Director Director Director Director Director Supervisor	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Li-Chu Wu Po-Ta Hsu Ren-Hao Tien Hung-Hua Li Li-Hsi Chiang Hui-Hsin Wu Ming-Piao Lai Yi-Cheng Wu Natual Person: Hui-Ting Wu Natual Person: Hui-Fen Yeh	126,484,430 shares	89.59%
Ching Ta Investment Co., Ltd.	Chairperson Supervisor	Sanyang Motor Co., Ltd. Representative: Ching-Yuan Wu Natual Person: Kuei-Chin Huang	85,186,223 shares	99.66%
CHU-YANG MOTOR CO., LTD.	Chairperson	Sanyang Motor Co., Ltd. Representative: Hsu-Pin Chen	2,900,000 shares	100%
Shan Young Assets Management Co., Ltd.	Chairperson	Sanyang Motor Co., Ltd. Representative: Li-Chu Wu	556,300,000 shares	100%
Youth Taisun Co., Ltd.	Chairperson	Sanyang Motor Co., Ltd. Representative: Hsi-Cheng Chang	16,752,800 shares	100%
SUNSHINE AUTO-LEASE Co.,	Chairperson	Nanyang Industries Co., Ltd. Representative: Nai-Shih Lin	24,459,737 shares	61.46%

Name of Affiliates	Position	Name or Representative	Shareholding Ratio	
			Number of Shares	Percentage of Ownership
Ltd.	Supervisor	Sanyang Motor Co., Ltd. Representative: Kuei-Chin Huang	6,473,398 shares	16.27%
Chin Zong Trading Co., Ltd.	Chairperson Director Director Supervisor	Vietnam Manufacturing and Export Processing (Holdings) Ltd. Representative: Lu-Wei Huang Chih-Ming Lin Jui-Chiao Wu Chun-Yu Lin	15,000,000 shares	100%
Shianyang Industries Co., Ltd.	Chairperson	Nanyang Industries Co., Ltd. Representative: Po-Ta Hsu	2,100,000 shares	100%
Vietnam Three Brothers Industrial Ltd.	Chairperson Director Director Director Director Director Director	Natual Person: Shih-Liang Hsu Yao-Chung Cheng Chih-Ming Lin Wen-Jen Hsu Hui-Yen Cheng Chung-Chi Liu Chun-Yu Lin	-	-
Three Brothers Machinery Ind(BVI) Co Ltd.	Director	Natual Person: Hui-Ting Wu	-	-
ChangZhou NanYang Motor Sales and Service Ltd.	Chairperson Director Director Supervisor	Nanyang Industries Co., Ltd. Representative: Ren-Hao Tien Chin-Yung Chiang Hui-Ting Wu Chung-Hao Chiu	-	100%
Suzhou HuiYing Motor Sales and Service Ltd.	Chairperson Director Director Supervisor	Nanyang Industries Co., Ltd. Representative: Ren-Hao Tien Chin-Yung Chiang Hui-Ting Wu Chung-Hao Chiu	-	100%
Vietnam Casting Forge Precision Ltd.	Chairperson Director Director	Vietnam Manufacturing and Export Processing Co., Ltd. Representative: Chin-Yung Chiang Jui-Chiao Wu Chih-Kun Tseng	-	100%
Xiamen Three Brothers Machinery Industrial Co., Ltd.	Chairperson Director Director Director Director Supervisor	Natual Person: Shih-Liang Hsu Yao-Chung Cheng Hui-Yen Cheng Yi-Fang Chang Hsu-Pin Chen Hsiu-Hua Yang	-	-
Nanyang Insurance Agency Co., Ltd.	Chairperson Director Director Supervisor	Nanyang Industries Co., Ltd. Representative: Li-Chu Wu Tung-Sung Wu Po-Ta Hsu Natual Person: Hui-Fen Yeh	1,316,250 shares	92.86%
Three Brothers Machinery Industrial Co., Ltd.	Chairperson Director Director Director Director	Ching Ta Investment Co., Ltd. Representative: Ching-Yuan Wu Chin-Yung Chiang Hsu-Pin Chen Yuan-Ping Huang Shangjie Investment Co., Ltd. Representative: Chien-Cheng	5,225,000 shares 1,577,000 shares	55.00% 16.60%

Name of Affiliates	Position	Name or Representative	Shareholding Ratio	
			Number of Shares	Percentage of Ownership
	Director Vice Chairperson Supervisor Supervisor	Cheng Natual Person: Hui-Yen Cheng Natual Person: Yao-Chung Cheng Natual Person: Hui-Ting Wu Canadian Shanggao Royal Investment Co., Ltd. Representative: Chia-Kuan Liang	8,359 shares 1,121,000 shares	1.26% 11.8%
Fact Co., LTD.	Chairperson	Ching Ta Investment Co., Ltd. Representative: Hsi-Cheng Chang	1,000,000 shares	100%
Jau Ryh Business Co.,Ltd	Chairperson	Nanyang Industries Co., Ltd. Representative: Nai-Shih Lin	1,693,123 shares	100%
Li Yang Industry Co., Ltd.	Chairperson	Nanyang Industries Co., Ltd. Representative: Li-Chu Wu	1,200,000 shares	100%
NOVA Design Ltd.	Director	Natual Person: Ying-Feng Chiu	-	-
NanYang Holding CO., Ltd.	Director	Nanyang Industries Co., Ltd. Representative: Li-Chu Wu	-	100%
Nova Design (Shanghai) Ltd.	Chairperson Director Director Supervisor	Chong Hing International Limited Representative: Ying-Feng Chiu Ching-Yuan Wu NOVA Design Ltd Representative: Yi-Cheng Wu Li-Hsi Chiang	-	59.02% 40.98%
Sanyang Motor Colombia S.A.S	Legal Representative	YEPES CANO JUAN CAMILO	-	-
Dinh Duong Joint Stock Company	Chairperson	Vietnam Manufacturing and Export Processing Co., Ltd. Representative: Jui-Chiao Wu	-	99.99%
Nanchen Industries Co., Ltd.	Chairperson Supervisor	Nanyang Industries Co., Ltd. Representative: Tung-Sheng Ho Sanyang Motor Co., Ltd. Representative: Li-Hsi Chiang	7,008,641 shares 1,985,706 shares	70.05% 19.85%

2. Summary of business operations

December 31, 2020；Unit: NT$

Name of Affiliates	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating profit	Profit or loss for the year	Earnings per share
Plassen International Ltd.	USD 23,000,000	USD 54,402,208	USD 0	USD 54,402,208	USD 0	USD (709)	USD 13,882,072	
Cosmos System Inc.	USD 23,040,000	USD 13,062,692	USD 0	USD 13,062,692	USD 0	USD (16)	USD 552,620	
Vietnam Manufacturing and Export Processing Co.,Ltd.	USD 140,060,000	USD 99,532,274	USD 57,748,204	USD 41,784,070	USD 81,481,693	USD (4,119,693)	USD (3,853,005)	
Xiamen Xiashing Motorcycle Co., Ltd.	RMB 196,778,501 (USD23,000,000)	RMB 876,192,711	RMB 415,007,959	RMB 461,184,752	RMB 1,441,572,472	RMB 126,537,203	RMB 124,978,769	
Zhangjiagang Qingzhou Engineering Industry Co., Ltd.	RMB 258,085,993 (USD33,040,000)	RMB 149,406,429	RMB 27,517,898	RMB 121,888,531	RMB 112,159,780	RMB 3,220,858	RMB 5,470,239	
Ching Ta Investment Co., Ltd.	NTD 961,300,350	NTD 1,721,975,092	NTD 236,543,458	NTD 1,485,431,634	NTD 149,861,846	NTD 144,186,175	NTD 134,956,572	NTD 1.48
NOVA Design Co., Ltd.	NTD 190,800,000	NTD 432,983,278	NTD 221,457,883	NTD 211,525,395	NTD 171,826,321	NTD 1,733,451	NTD 2,440,412	NTD 0.13
Youth Taisun Co., Ltd.	NTD 167,528,000	NTD 305,097,911	NTD 96,254,163	NTD 208,843,748	NTD 328,117,803	NTD 22,872,573	NTD 19,052,540	NTD 1.14
Nanyang Industries Co., Ltd.	NTD 1,411,862,760	NTD 4,948,569,314	NTD 2,890,077,822	NTD 2,058,491,492	NTD 8,406,685,056	NTD (22,451,791)	NTD 153,135,810	NTD 1.08
Nanchen Industries Co., Ltd.	NTD 100,052,600	NTD 344,016,724	NTD 259,875,459	NTD 84,141,265	NTD 1,568,021,361	NTD (17,224,078)	NTD 10,982,921	NTD 1.10
CHU-YANG MOTOR CO., LTD.	NTD 29,000,000	NTD 161,078,450	NTD 124,078,485	NTD 36,999,965	NTD 922,172,632	NTD 10,887,640	NTD 9,091,843	NTD 3.14
Shan Young Assets Management Co., Ltd.	NTD 6,563,000,000	NTD 8,375,025,700	NTD 886,385,294	NTD 7,488,640,406	NTD 87,549,472	NTD (86,126,994)	NTD (93,187,834)	NTD (0.16)
SUNSHINE AUTO-LEASE Co., Ltd.	NTD 415,811,280	NTD 1,662,355,515	NTD 1,152,848,316	NTD 509,507,199	NTD 836,475,449	NTD 51,835,265	NTD 33,150,961	NTD 0.82
Profit Source Investment Ltd.	USD 22,792,500	USD 124,938,846	USD 0	USD 124,938,846	USD 0	USD (225)	USD 394,800	
Chong Hing International Ltd.	RMB 89,252,064	RMB 818,052,877	RMB 5,089,403	RMB 812,963,474	RMB 0	RMB (16,143)	RMB 2,726,544	
Sanyang Italia S.r.l	EUR 4,000,000	EUR 11,092,498	EUR 5,751,712	EUR 5,340,786	EUR 19,359,993	EUR 757,178	EUR 677,773	
SY International Ltd.	USD 53,341,956	USD 191,584,035	USD 0	USD 191,584,035	USD 0	USD (480,498)	USD 11,327,734	
Vietnam Manufacturing and Export Processing (Holdings) Ltd.	USD 1,162,872	USD 99,324,007	USD 49,724,016	USD 57,471,670	USD 84,107,777	USD (4,908,737)	USD (7,285,848)	
Sun Goal Ltd.	USD 10,000,000	USD 5,670,318	USD 0	USD 5,670,318	USD 0	USD (15)	USD 239,886	
New Path Trading Ltd.	USD 9,200,000	USD 10,422,411	USD 0	USD 10,422,411	USD 0	USD (694)	USD 142,907	
Sanyang Deutschland GmbH	EUR 3,000,000	EUR 3,773,390	EUR 800,477	EUR 2,972,913	EUR 6,112,248	EUR 48,854	EUR 43,737	
Chin Zong Trading Co., Ltd.	NTD 150,000,000	NTD 155,875,025	NTD 8,188,755	NTD 147,686,270	NTD 77,446,101	NTD 1,330,000	NTD (5,383,477)	NTD (0.36)
Sanyang Global Co., Ltd.	RMB 63,429,900 (USD 9,000,000)	RMB 70,002,972	RMB 3,594,090	RMB 66,408,882	RMB 18,952,773	RMB 1,263,377	RMB 974,667	
Nova Design (Shanghai) Ltd.	RMB 91,411,169 (USD 13,002,332)	RMB 75,244,911	RMB 1,133,303	RMB 74,111,608	RMB 6,765,759	RMB (5,688,279)	RMB (4,288,197)	
NOVA Design Ltd.	USD 5,910,428	USD 5,469,606	USD 34,274	USD 5,435,332	USD 0	USD (11,465)	USD (239,106)	
Nanyang Holding Co.,Ltd.	USD 13,650,000	USD 6,883,733	USD 0	USD 6,883,733	USD 0	USD 0	USD 30,219	
Suzhou HuiYing Motor Sales and Service Ltd.	RMB 64,454,752 (USD 9,600,000)	RMB 21,942,164	RMB 8,959	RMB 21,933,205	RMB 0	RMB (295,939)	RMB 238,623	

Name of Affiliates	Capital	Total Assets	Total Liabilities	Net worth	Operating revenue	Operating profit	Profit or loss for the year	Earnings per share
ChangZhou NanYang Motor Sales and Service Ltd.	RMB 26,278,037 (USD 4,050,000)	RMB 23,115,904	RMB 257,345	RMB 22,858,559	RMB 0	RMB (1,493,488)	RMB (30,048)	
Nanyang Insurance Agency Co., Ltd.	NTD 14,175,000	NTD 61,406,727	NTD 22,154,190	NTD 39,252,537	NTD 125,614,040	NTD 4,426,217	NTD 7,344,521	NTD 5.18
Shianyang Industries Co., Ltd.	NTD 47,400,000	NTD 119,768,041	NTD 56,896,606	NTD 62,871,435	NTD 218,361,974	NTD 17,593,498	NTD 14,280,527	NTD 4.18
Li Yang Industry Co., Ltd.	NTD 12,000,000	NTD 34,736,083	NTD 19,643,740	NTD 15,092,343	NTD 98,277,243	NTD 139,899	NTD 1,482,317	NTD 1.24
Jau Ryh Business Co.,Ltd	NTD 16,931,230	NTD 46,333,990	NTD 11,512,173	NTD 34,821,817	NTD 67,180,533	NTD 17,631,292	NTD 14,369,274	NTD 8.49
Fact Co., LTD.	NTD 10,000,000	NTD 39,408,973	NTD 453,363	NTD 38,955,610	NTD 0	NTD (79,152)	NTD 1,813,452	NTD 1.81
Three Brothers Machinery Industrial Co., Ltd.	NTD 95,000,000	NTD 451,418,093	NTD 352,053,351	NTD 99,364,742	NTD 696,891,882	NTD 55,325,196	NTD 57,247,648	NTD 6.03
VIETNAM Three Brothers Industrial Ltd.	VND 23,279,526,592 (USD1,500,000)	VND 102,141,223,690	VND 57,791,343,300	VND 44,349,880,390	VND 111,301,003,803	VND 3,756,991,236	VND 2,357,706,239	
FULL TA Co., Ltd.	USD 2,917,322	USD 0	USD 0	USD 0	USD 0	USD 0	USD 0	
Three Brothers Machinery Ind (BVI) Co.,Ltd.	USD 5,118,949	USD 2,258,873	USD 4,179	USD 2,254,694	USD 0	USD (1,520)	USD 16,423	
Xiamen Three Brothers Machinery Industrial Co., Ltd.	RMB 36,603,600 (USD4,401,376)	RMB 28,286,407	RMB 20,436,080	RMB 7,850,327	RMB 44,369,993	RMB 517,897	RMB 36,658	
Dinh Duong Joint Stock Company	VND 168,350,000,000	VND 167,862,689,738	VND 60,100,000	VND 167,802,589,738	VND 600,000,000	VND (168,302,574)	VND (168,382,574)	
Vietnam Casting Forge Precision Ltd.	VND 113,659,000,000	VND 148,290,217,037	VND 30,606,634,011	VND 117,683,583,026	VND 177,863,033,092	VND 1,758,994,464	VND 2,105,254,658	
Sanyang Motor Colombia S.A.S	COP 100,002,000	COP 8,604,501,449	COP 5,538,785,607	COP 3,065,715,842	COP 6,738,708,248	COP (4,143,091,971)	COP (4,321,895,158)	

(II) Consolidated Financial Statements of Affiliated Enterprises

Representation Letter

The entities that are required to be included in the combined financial statements of Sanyang Motor Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Sanyang Motor Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Sanyang Motor Co., Ltd.
Chairperson: Ching-Yuan, Wu
Date: March 30, 2021

II. Issuance of Private Placement Securities of the Most Recent Fiscal Year and as of the Date of the Annual Report: None.

III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Fiscal Year and as of the Date of the Annual Report:

1. Ching Ta Investment Co., Ltd., a subsidiary of the Company, holds 981 thousand shares of the Company.
2. Nanyang Industries Co., Ltd., a subsidiary of the Company, holds 4,351 thousand shares of the Company.

IV. Other Necessary Supplementary Information: None.

V. AnyEvents in the Most Recent Fiscal Year and as of the Date of the Annual Report that Had Material Impacts on Shareholders' Interests or Securities Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.

SANYANG MOTOR CO., LTD.

Chairperson: Ching-Yuan Wu