

English Translation of Financial Statements and a Report Originally Issued in Chinese

Ticker: 5288

**EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REVIEW REPORT OF INDEPENDENT AUDITORS
AS OF MARCH 31, 2021 AND 2020
AND FOR THE THREE-MONTH PERIODS THEN ENDED
(REVIEWED BUT UNAUDITED)**

Address: PO Box472, 2nd Floor, Harbour Place, 103 South Church Street,
George Town KY1-1106, Grand Cayman, Cayman Islands
Telephone: (02)2208-0151

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

English Translation of Financial Statements and a Report Originally Issued in Chinese

Consolidated financial statements

Index

Item	Page numbering
1. Cover page	1
2. Index	2
3. Review report of Independent Accountants	3-4
4. Consolidated Balance Sheets	5-6
5. Consolidated Statements of Comprehensive Income	7
6. Consolidated Statements of Changes in Equity	8
7. Consolidated Statements of Cash Flows	9
8. Notes to the Consolidated Financial Statements	
(1) History and organization	10
(2) Date and procedures of authorization of financial statements for issue	10
(3) Newly issued or revised standards and interpretations	10-15
(4) Summary of significant accounting policies	15-17
(5) Significant accounting judgments, estimates and assumptions	17
(6) Contents of significant accounts	17-47
(7) Related party transactions	47-52
(8) Pledged assets	52
(9) Significant contingencies and unrecognized contract commitments	52
(10) Significant disaster loss	52
(11) Significant subsequent events	53
(12) Others	53-67
(13) Other disclosures	
1. Information at significant transactions	67-68、70-71、76
2. Information on investees	68-69、72-75
3. Information on investments in Mainland China	69
4. Information of major shareholders	69
(14) Operating Segment	69

English Translation of a Report Originally Issued in Chinese
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders
of Eurocharm Holdings Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Eurocharm Holdings Co., Ltd. (the "Company") and its subsidiaries as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended and the notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Note 6(6), the financial statements of certain associates and joint ventures accounted for under the equity method were not reviewed by independent accountants. Those associates and joint ventures under equity method amounted to NT\$285,059 thousand and NT\$174,099 thousand as of March 31, 2021 and 2020, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$7,298 thousand and NT\$5,941 thousand, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(940) thousand and NT\$55 thousand for the three-month periods then ended, respectively. The information related to above-mentioned associates and joint ventures accounted for under the equity method disclosed in Note 13 was not reviewed by independent accountants either.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain associates and joint ventures accounted for using equity method and the information disclosed in Note 13 been reviewed by independent accountants described in the preceding paragraph, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of March 31, 2021 and 2020, and their consolidated financial performance and cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao
Lo, Hsiao Chin
Ernst & Young, Taiwan
April 30th, 2021

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS

As of March 31, 2021, December 31, 2020 and March 31, 2020 (March 31, 2021 and 2020 are reviewed but unaudited)
 (Amounts Expressed In Thousands of New Taiwan Dollars)

Assets Accounts	Notes	As of		
		March 31, 2021	December 31, 2020	March 31, 2020
Current assets				
Cash and cash equivalents	6(1)	\$965,310	\$1,043,712	\$1,069,760
Financial assets measured at amortized cost	6(2)	669,992	681,862	190,375
Trade receivables	6(3), 6(17), 8	682,765	653,147	608,303
Trade receivables-related parties	6(3), 6(17), 7	189,830	234,342	172,408
Other receivables		9,506	16,100	14,171
Other receivables-related parties	7	116,620	828	-
Current tax assets		751	725	839
Inventories	6(4), 8	730,998	586,977	583,167
Prepayments	7	66,606	61,166	56,831
Other current assets		71,534	60,718	98,065
Total current assets		3,503,912	3,339,577	2,793,919
Non-current assets				
Financial assets measured at fair value through other comprehensive income	6(5)	53,468	53,468	19,431
Financial assets measured at amortized cost	6(2)	13,183	50,197	199,206
Investment accounted for under the equity method	6(6)	285,059	159,938	174,099
Property, plant and equipment	6(7), 8	1,239,704	1,269,706	1,243,732
Right-of-use assets	6(20), 7	307,650	310,336	340,775
Investment property	6(8)	36,046	36,725	40,590
Intangible assets	6(9)	5,915	6,228	9,926
Deferred tax assets	6(22)	3,363	3,018	1,540
Other non-current assets	6(10)	81,148	50,588	6,344
Total non-current assets		2,025,536	1,940,204	2,035,643
Total assets		\$5,529,448	\$5,279,781	\$4,829,562

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS - (CONTINUED)

As of March 31, 2021, December 31, 2020 and March 31, 2020 (March 31, 2021 and 2020 are reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity Accounts	Notes	As of		
		March 31, 2021	December 31, 2020	March 31, 2020
Current liabilities				
Short-term borrowings	6(11), 8	\$1,366,258	\$1,209,980	\$866,680
Contract liabilities	6(16), 7	82,331	86,330	53,203
Notes payables		-	4	-
Trade payables		400,116	333,756	300,228
Trade payables-related parties	7	4,115	4,174	3,687
Other payables	6(12)	470,962	354,862	572,128
Current tax liabilities	6(22)	164,232	145,854	116,259
Lease liabilities	6(20), 7	3,130	4,944	3,127
Lease liabilities-related parties	6(20), 7	1,435	-	1,895
Other current liabilities		1,495	1,536	901
Refund liabilities		29,017	29,135	9,950
Total current liabilities		2,523,091	2,170,575	1,928,058
Non-current liabilities				
Deferred tax liabilities	6(22)	16,410	16,410	17,224
Lease liabilities	6(20)	7,886	8,608	11,513
Lease liabilities-related parties	6(20), 7	-	-	1,435
Other non-current liabilities	6(13), 6(14)	12,649	13,297	15,835
Total non-current liabilities		36,945	38,315	46,007
Total liabilities		2,560,036	2,208,890	1,974,065
Equity attributable to shareholders of the parent	6(15)			
Capital				
Common stock		658,262	658,262	658,262
Capital surplus	6(15)	836,782	836,782	836,782
Retained earnings	6(15)			
Special reserve		332,900	332,900	220,232
Unappropriated Earnings		1,680,134	1,766,531	1,468,092
Other components of equity		(538,666)	(523,584)	(327,871)
Total equity		2,969,412	3,070,891	2,855,497
Total liabilities and equity		\$5,529,448	\$5,279,781	\$4,829,562

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month periods ended March 31, 2021 and 2020 (Reviewed but unaudited)

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

Description	Notes	For the 3-month periods ended March 31,	
		2021	2020
Operating revenues	6(16), 7	\$1,317,593	\$1,262,947
Operating costs	6(18), 7	(1,022,566)	(1,022,729)
Gross profit		295,027	240,218
Realized (Unrealized) sales profit		(334)	(9)
Gross profit, net		294,693	240,209
Operating expenses	7		
Sales and marketing	6(18)	(21,336)	(15,817)
General and administrative	7	(46,581)	(43,463)
Research and development		(18,938)	(14,688)
Expected credit losses	6(17)	-	(2,995)
Operating expenses total		(86,855)	(76,963)
Operating income		207,838	163,246
Non-operating incomes and expenses			
Other incomes	6(19), 7	13,225	14,383
Other gains and losses	6(19)	(541)	3,271
Finance costs	6(19), 7	(3,454)	(5,038)
Share of profit or loss of associates and joint ventures accounted for under the equity method	6(6)	7,298	5,941
Non-operating incomes and expenses total		16,528	18,557
Income before income tax		224,366	181,803
Income tax expense	6(22)	(47,458)	(40,126)
Net income		176,908	141,677
Other comprehensive income (loss)	6(21)		
May be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		(14,142)	4,974
Share of other comprehensive income of associates and joint ventures accounted for under the equity method		(940)	55
Total other comprehensive income, net of tax		(15,082)	5,029
Total comprehensive income		\$161,826	\$146,706
Earnings per share-basic (in NTD)	6(23)	\$2.69	\$2.15
Earnings per share-diluted (in NTD)	6(23)	\$2.68	\$2.15

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three-month periods ended March 31, 2021 and 2020 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollar)

Description	Equity Attributable to Shareholders of the Parent						Total Equity
	Share capital		Retained Earnings		Other Components of equity	Total	
	Common Stock	Capital Surplus	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations		
Balance as of January 1, 2020	\$658,262	\$836,782	\$220,232	\$1,688,459	\$(332,900)	\$3,070,835	\$3,070,835
Appropriation and distribution of 2019 earnings:							
Cash dividends-common shares				(362,044)		(362,044)	(362,044)
Net income for the first quarter of 2020				141,677		141,677	141,677
Other comprehensive income (loss) for the first quarter of 2020					5,029	5,029	5,029
Total comprehensive income (loss)	-	-	-	141,677	5,029	146,706	146,706
Balance as of March 31, 2020	\$658,262	\$836,782	\$220,232	\$1,468,092	\$(327,871)	\$2,855,497	\$2,855,497
Balance as of December 31, 2020	\$658,262	\$836,782	\$332,900	\$1,766,531	\$(523,584)	\$3,070,891	\$3,070,891
Appropriation and distribution of 2020 earnings:							
Cash dividends-common shares				(263,305)		(263,305)	(263,305)
Net income for the first quarter of 2021				176,908		176,908	176,908
Other comprehensive income (loss) for the first quarter of 2021					(15,082)	(15,082)	(15,082)
Total comprehensive income (loss)	-	-	-	176,908	(15,082)	161,826	161,826
Balance as of March 31, 2021	\$658,262	\$836,782	\$332,900	\$1,680,134	\$(538,666)	\$2,969,412	\$2,969,412

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
 EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 For the three-month periods ended March 31, 2021 and 2020 (Reviewed but unaudited)
 (Amounts Expressed in Thousands of New Taiwan Dollars)

Items	For the 3-month periods ended March 31,		Items	For the 3-month periods ended March 31,	
	2021	2020		2021	2020
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$224,366	\$181,803	Acquisition of financial assets measured at fair value through other comprehensive income	(34,037)	-
Adjustments to reconcile net income before tax to net cash provided by (used in) operating activities:			Decrease (Increase) in financial assets measured at amortized cost	48,884	(33,764)
Depreciation (include investment property)	40,240	38,583	Acquisition of investment accounted for under the equity method	(119,504)	(24,412)
Amortization	1,108	1,391	Acquisition of property, plant and equipment	(201,290)	(47,855)
Expected credit losses	-	2,995	Acquisition of intangible assets	(636)	(387)
Interest expense	3,454	5,038	Net cash provided by (used in) investing activities	(306,583)	(106,418)
Interest income	(5,082)	(6,235)	Cash flows from financing activities:		
Share of profit or loss of associates and joint ventures accounted for under the equity method	(7,298)	(5,941)	Increase in (Repayment of) short-term borrowings	156,278	16,318
Loss (Gain) on disposal of property, plant and equipment	9	-	Increase (Decrease) in guarantee deposits	(534)	(10,520)
Unrealized (Realized) sales profit	334	9	Repayment of lease liability principal	(1,321)	(1,374)
Changes in operating assets and liabilities:			Net cash provided by (used in) financing activities	154,423	4,424
Notes receivables	-	69	Effect of exchange rate changes	(7,107)	2,169
Trade receivables	(29,553)	(76,391)	Net increase (decrease) in cash and cash equivalents	(78,402)	(57,124)
Trade receivables-related parties	44,512	(37,500)	Cash and cash equivalents at beginning of period	1,043,712	1,126,884
Other receivables	(2,673)	(3,395)	Cash and cash equivalents at end of period	\$965,310	\$1,069,760
Other receivables-related parties	(11,391)	183			
Inventories	(144,021)	34,615			
Prepayments	(5,440)	(3,664)			
Other current assets	(10,816)	(8,342)			
Contract liabilities	(3,999)	14,703			
Notes payables	(4)	(1)			
Trade payables	66,360	(16,389)			
Trade payables-related parties	(59)	(9,400)			
Other payables	(60,331)	(62,083)			
Other current liabilities	(41)	12			
Net defined benefit liabilities	(114)	(111)			
Refund liabilities	(118)	15			
Cash generated from (used in) operations	99,443	49,964			
Interest received	14,299	9,630			
Interest paid	(3,681)	(5,283)			
Income tax paid	(29,196)	(11,610)			
Net cash provided by (used in) operating activities	80,865	42,701			

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of March 31, 2021 and 2020 and for the three-month periods then ended

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

Eurocharm Holdings Co., Ltd. ("the Company") was incorporated on July 18, 2011. The Company's subsidiaries are engaged in manufacturing and selling motorcycle and auto equipment parts, medical equipment, machine parts, and providing assembling services.

The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) on September 23, 2014 and started trading on September 25, 2014. The Company's registered office is at PO Box472, 2nd Floor, Harbour Place, 103 South Church Street, George Town KY1-1106, Grand Cayman, Cayman Islands. The main business locations are Khai Quang Industrial Zone, Vinh Yen City, Vinh Phuc Province, Vietnam and No.15, Ln. 315 and Xinshu Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)

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

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the three-month periods ended March 31, 2021 and 2020 were authorized for issue by the Board of Directors on April 30, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2021. The adoption of these new standards and amendments had no material impact on the Group.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	After June 30, 2021, Covid-19-Related Rent Concessions (Amendment to IFRS 16)	April 1, 2021

(a) After June 30, 2021, Covid-19-Related Rent Concessions (Amendment to IFRS 16)

IFRS 16 Paragraph 46A was amended so that it extends one year. The abovementioned amendments that are applicable for annual periods beginning on or after April 1, 2021 have no material impact on the Group.

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

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfillment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

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

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

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

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

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

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

Amendment to IFRS 9 Financial Instruments

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

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

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

Amendment to IAS 41

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

(e) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(f) Definition of Accounting Estimates – Amendments to IAS 8

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the three-month periods ended March 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

Except for the following 4(3) ~ 4(4), the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2020. For more details, please refer to Note 4 of the Company's consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3)Basis of consolidation

The same principles of consolidation have been applied in the Company’s consolidated financial statements as those applied in the Company’s consolidated financial statements for the year ended December 31, 2020. For the principles of consolidation, please refer to Note 4(3) of the Company’s consolidated financial statements for the year ended December 31, 2020.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
The Company	Eurocharm Innovation Co., Ltd. (B.V.I.)	Investment activities	100%	100%	100%
The Company	Eurocharm America LLC.	Trading activities, warehouse and logistic service	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation Co., Ltd.	Manufacturing and sales of motor parts and medical equipment	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Precision Industrial No.1 Co., Ltd.	Manufacturing and sales of motor parts and medical equipment	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation (HK) Co., Ltd.	Trading activities	100%	100%	100%

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4)Income taxes

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. Only current income tax expense is using the estimated average annual effective income tax rate while deferred income tax is recognized and measured in consistent with annual financial reporting in accordance with IAS 12, "Income Tax." The impact of tax rate change in the interim period, if any, is recognized in earnings, other comprehensive income or directly equity.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The same significant accounting judgments, estimates and assumptions have been applied in the Company's consolidated financial statements for the three-month periods ended March 31, 2021 as those applied in the Group's consolidated financial statements for the year ended December 31, 2020. For significant accounting judgments, estimates and assumptions, please refer to Note 5 of the Group's consolidated financial statements for the year ended December 31, 2020.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Cash on hand	\$788	\$792	\$964
Checking and saving	403,581	290,358	255,338
Time deposits matured within three months	560,941	752,562	813,458
Total	\$965,310	\$1,043,712	\$1,069,760

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Financial assets measured at amortized cost

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Time deposits	\$683,175	\$732,059	\$389,581
Current	\$669,992	\$681,862	\$190,375
Non-current	13,183	50,197	199,206
Total	\$683,175	\$732,059	\$389,581

The Group classifies certain of its financial assets as financial assets measured at amortized cost were not pledged. Please refer to Note 12 for more details on credit risk.

(3) Trade receivables and Trade receivables-related parties

(a) Details of trade receivables and trade receivables-related are as below:

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Trade receivables	\$698,826	\$669,273	\$625,332
Less: loss allowance	(16,061)	(16,126)	(17,029)
Subtotal	682,765	653,147	608,303
Trade receivables from related parties	189,830	234,342	172,408
Less: loss allowance	-	-	-
Subtotal	189,830	234,342	172,408
Total	\$872,595	\$887,489	\$780,711

(b) Please refer to Note 8 for more details on trade receivables under pledged.

(c) Trade receivables are generally on 15-90 days terms. The total carrying amount were NT\$888,656 thousand, NT\$903,615 thousand and NT\$797,740 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively. Please refer to Note 6 (17) for more details on loss allowance of trade receivables for the three-month periods ended March 31, 2021 and 2020, respectively. Please refer to Note 12 for more details on credit risk.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4)Inventories

(a)Details of inventories are as below:

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Raw materials and Supplies	\$327,097	\$249,299	\$236,206
Work in progress	306,401	250,492	269,043
Finished goods	95,175	85,695	74,475
Merchandises	2,325	1,491	3,443
Total	<u>\$730,998</u>	<u>\$586,977</u>	<u>\$583,167</u>

(b)The cost of inventories recognized in expenses amounted to NT\$1,022,566 thousand and NT\$1,022,729 thousand for the three-month periods ended March 31, 2021 and 2020, respectively.

The following losses were included in cost of sale:

	For the three-month period ended March 31,	
	2021	2020
Loss from inventory market decline	\$1,500	\$2,981
Loss in inventory write-off obsolescence	3,324	5,198
Loss from physical	-	7
Total	<u>\$4,824</u>	<u>\$8,186</u>

(c)Please refer to Note 8 for more details on inventories under as pledged.

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

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Equity instruments investments measured at fair value through other comprehensive income - Non-current			
Unlisted company's stocks	<u>\$53,468</u>	<u>\$53,468</u>	<u>\$19,431</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a)The Group classified certain of its financial assets as financial assets at fair value through other comprehensive income and were not pledged.

(b)On September 11, 2017, the board of directors of the Company's subsidiary-Eurocharm Innovation Co., Ltd (B.V.I), resolved to acquire 19.90% share interest on Northstar Precision (Vietnam) Company Limited. In December 2020, Eurocharm Innovation Co., Ltd (B.V.I) participated in Northstar Precision (Vietnam) Company Limited's cash offering proportionately.

(6)Investments accounted for under the equity method

(a)Details of investments accounted for under the equity method are as below:

Investee companies	As of					
	Mar. 31, 2021		Dec. 31, 2020		Mar. 31, 2020	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in associates:						
Exedy Vietnam Co., Ltd.	\$82,484	20.00%	\$78,414	20.00%	\$89,159	20.00%
Hsieh Yuan Technology Vietnam Co., Ltd.	37,585	45.00%	35,822	45.00%	38,695	45.00%
Shiang Yu Precision Co., Ltd.	23,766	40.00%	23,001	40.00%	22,105	40.00%
Lieh Kwan International Co., Ltd.	22,701	40.00%	22,701	40.00%	24,140	40.00%
Vietnam King Duan Industrial Co., Ltd.	112,322	40.00%	-	-%	-	-%
Vietnam Uni-Calsonic Co., Ltd.	6,201	40.00%	-	-%	-	-%
Total	<u>\$285,059</u>		<u>\$159,938</u>		<u>\$174,099</u>	

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Investments in associates

The Group's investments in Exedy Vietnam Co., Ltd., Hsieh Yuan Technology Vietnam Co., Ltd., Shiang Yu Precision Co., Ltd., Lieh Kwan International Co., Ltd., Vietnam King Duan Industrial Co., Ltd. and Vietnam Uni-Calsonic Co., Ltd. are not individually material. The aggregate carrying amounts of the Group's interests in Exedy Vietnam Co., Ltd., Hsieh Yuan Technology Vietnam Co., Ltd., Shiang Yu Precision Co., Ltd., Lieh Kwan International Co., Ltd., Vietnam King Duan Industrial Co., Ltd. and Vietnam Uni-Calsonic Co., Ltd. were NT\$285,059 thousand, NT\$159,938 thousand and NT\$174,099 thousand as of March 31, 2021, December 31, 2020, and March 31, 2020, respectively. The aggregate financial information based on the Group's share are as follows:

	For the three-month period ended March 31,	
	2021	2020
Profit from continuing operations	\$7,298	\$5,941
Other comprehensive income (loss) (post-tax)	(940)	55
Total comprehensive income	<u>\$6,358</u>	<u>\$5,996</u>

The associates had no contingent liabilities or capital commitments and were not under pledge as of March 31, 2021, December 31, 2020, and March 31, 2020.

As of March 31, 2021 and 2020, the balances of investments accounted for under the equity method were NT\$285,059 thousand and NT\$174,099 thousand, respectively. For the three-month periods then ended, shares of investment income from these associates and joint ventures amounted to NT\$7,298 thousand and NT\$5,941 thousand, respectively. For the three-month periods then ended, share of other comprehensive income from these associates and joint ventures amounted to NT\$(940) thousand and NT\$55 thousand. These amounts were recognized based on un-reviewed financial statements of the investees.

(c) Investments accounted for under the equity method were not pledged.

(d) For the years ended December 31, 2020, Vietnam Precision Industrial No.1 Co., Ltd. received a distribution from Exedy Vietnam Co., Ltd. in amount of NT\$19,000 thousand, which was accounted for as a reduction to the carrying amount of the investment.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(e) On November 5, 2019, the board of directors of the Company's subsidiary - Eurocharm Innovation Co., Ltd (B.V.I), resolved to acquire 40% share, amount to US\$800 thousand interest on Lieh Kwan International Co., Ltd.

(f) On November 3, 2020, the board of directors of the Company's subsidiary - Eurocharm Innovation Co., Ltd (B.V.I), resolved to acquire 40% share, amount to US\$4,000 thousand interest on Vietnam King Duan Industrial Co., Ltd. As of March 31, 2021, The Group has remitted the investment funds.

(g) On February 26, 2021, the board of directors of the Company's subsidiary - Eurocharm Innovation Co., Ltd (B.V.I), resolved to acquire 40% share, amount to US\$220 thousand interest on Vietnam Uni-Calsonic Co., Ltd. As of March 31, 2021, The Group has remitted the investment funds.

(7) Property, plant and equipment

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Owner occupied property, plant and equipment	\$1,239,704	\$1,269,706	\$1,238,895
Property, plant and equipment leased out under operating leases	-	-	4,837
Total	<u>\$1,239,704</u>	<u>\$1,269,706</u>	<u>\$1,243,732</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a)Property, plant and equipment for own-use

	Land	Buildings	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of Jan. 1, 2021	\$52,420	\$330,673	\$1,851,202	\$110,499	\$16,118	\$156,242	\$132,347	\$2,649,501
Additions	-	-	18,349	855	52	1,419	97,546	118,221
Disposals	-	-	(128,900)	(1,021)	(704)	(14,324)	-	(144,949)
Transfers	-	-	35,111	-	-	-	(35,293)	(182)
Exchange differences	-	(1,313)	(8,636)	(425)	(57)	(603)	(555)	(11,589)
As of Mar. 31, 2021	\$52,420	\$329,360	\$1,767,126	\$109,908	\$15,409	\$142,734	\$194,045	\$2,611,002
As of Jan. 1, 2020	\$52,420	\$347,841	\$1,868,628	\$108,891	\$18,970	\$132,480	\$17,637	\$2,546,867
Additions	-	2,107	13,011	80	581	15,162	41,228	72,169
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	40,292	-	-	-	(40,622)	(330)
Exchange differences	-	524	3,216	159	26	175	31	4,131
As of Mar. 31, 2020	\$52,420	\$350,472	\$1,925,147	\$109,130	\$19,577	\$147,817	\$18,274	\$2,622,837
Depreciation and impairment:								
As of Jan. 1, 2021	\$-	\$127,938	\$1,055,745	\$68,089	\$13,595	\$114,428	\$-	\$1,379,795
Depreciation	-	4,498	25,909	1,846	457	5,401	-	38,111
Disposals	-	-	(24,499)	(1,021)	(704)	(14,315)	-	(40,539)
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	(488)	(4,821)	(270)	(49)	(441)	-	(6,069)
As of Mar. 31, 2021	\$-	\$131,948	\$1,052,334	\$68,644	\$13,299	\$105,073	\$-	\$1,371,298

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
As of Jan. 1, 2020	\$-	\$116,580	\$1,024,759	\$66,458	\$13,962	\$124,749	\$-	\$1,346,508
Depreciation	-	4,928	25,810	1,664	930	1,994	-	35,326
Disposals	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	161	1,665	99	18	165	-	2,108
As of Mar. 31, 2020	\$-	\$121,669	\$1,052,234	\$68,221	\$14,910	\$126,908	\$-	\$1,383,942
Net carrying amount as of:								
Mar. 31, 2021	\$52,420	\$197,412	\$714,792	\$41,264	\$2,110	\$37,661	\$194,045	\$1,239,704
Dec. 31, 2020	\$52,420	\$202,735	\$795,457	\$42,410	\$2,523	\$41,814	\$132,347	\$1,269,706
Mar. 31, 2020	\$52,420	\$228,803	\$872,913	\$40,909	\$4,667	\$20,909	\$18,274	\$1,238,895

(b)Property, plant and equipment for operating leases

	Machinery and equipment
Cost:	
As of Jan. 1, 2021	\$32,675
Exchange differences	(133)
As of Mar. 31, 2021	\$32,542
As of Jan. 1, 2020	\$72,653
Exchange differences	112
As of Mar. 31, 2020	\$72,765
Depreciation and impairment:	
As of Jan. 1, 2021	\$32,675
Exchange differences	(133)
As of Mar. 31, 2021	\$32,542

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Machinery and equipment</u>
As of Jan. 1, 2020	\$66,834
Depreciation	992
Exchange differences	102
As of Mar. 31, 2020	<u>\$67,928</u>
Net carrying amount as of:	
Mar. 31, 2021	<u>\$-</u>
Dec. 31, 2020	<u>\$-</u>
Mar. 31, 2020	<u>\$4,837</u>

(c) Significant components of buildings primarily comprised the main buildings and the facilities, which are depreciated based on their respective useful economic lives of 50 years and 5 to 20 years.

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

(8) Investment property

The Group's investment properties include owned investment properties. The Group has entered into commercial property leases on its own investment properties with terms of between one and two years. These leases include a clause to enable the upward revision of the rental charge on basis according to prevailing market conditions.

	<u>Buildings</u>
Cost:	
As of Jan. 1, 2021	\$50,050
Exchange differences	(203)
As of Mar. 31, 2021	<u>\$49,847</u>
As of Jan. 1, 2020	\$52,813
Exchange differences	82
As of Mar. 31, 2020	<u>\$52,895</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Buildings</u>	
Depreciation and impairment:		
As of Jan. 1, 2021	\$13,325	
Depreciation	530	
Exchange differences	(54)	
As of Mar. 31, 2021	<u>\$13,801</u>	
As of Jan. 1, 2020	\$11,694	
Depreciation	594	
Exchange differences	17	
As of Mar. 31, 2020	<u>\$12,305</u>	
Net carrying amount as of:		
Mar. 31, 2021	<u>\$36,046</u>	
Dec. 31, 2020	<u>\$36,725</u>	
Mar. 31, 2020	<u>\$40,590</u>	
		<u>For the three-month period ended Mar. 31,</u>
	<u>2021</u>	<u>2020</u>
Rental income from investment property	\$6,481	\$7,171
Less : Direct operating expenses from investment property generating rental income	(1,005)	(2,180)
Total	<u>\$5,476</u>	<u>\$4,991</u>

(a) No investment property was pledged.

(b) Investment properties held by the Group were not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3.

(c) The fair value of investment properties held by the Group's subsidiary were both NT\$167,629 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively. The determination of fair value was performed by an independent appraiser based on a comparative approach and income approach.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9)Intangible assets

	<u>Computer software</u>
Cost:	
As of Jan. 1, 2021	\$35,990
Additions-acquired separately	636
Transfers from property, plant and equipment	182
Deduction	(435)
Exchange differences	(139)
As of Mar. 31, 2021	<u>\$36,234</u>
As of Jan. 1, 2020	\$36,714
Additions-acquired separately	387
Transfers from property, plant and equipment	330
Exchange differences	55
As of Mar. 31, 2020	<u>\$37,486</u>
Amortization:	
As of Jan. 1, 2021	\$29,762
Amortization	1,108
Deduction	(435)
Exchange differences	(116)
As of Mar. 31, 2021	<u>\$30,319</u>
As of Jan. 1, 2020	\$26,131
Amortization	1,391
Exchange differences	38
As of Mar. 31, 2020	<u>\$27,560</u>
Net carrying amount as of:	
Mar. 31, 2021	<u>\$5,915</u>
Dec. 31, 2020	<u>\$6,228</u>
Mar. 31, 2020	<u>\$9,926</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Amortization of intangible assets is as follows:

	For the three-month period ended Mar. 31,	
	2021	2020
Operating costs	\$8	\$7
Sales and marketing expense	2	2
General and administrative expenses	1,072	1,341
Research and development expenses	26	41
Total	\$1,108	\$1,391

(10) Other non-current assets

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Advance payments in equipment	\$80,812	\$50,252	\$6,008
Refundable deposits	336	336	336
Total	\$81,148	\$50,588	\$6,344

(11) Short-term borrowings

	Interest Rate (%)	As of		
		Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Secured bank loans	0.9% ~ 4.5%	\$305,707	\$307,783	\$259,366
Unsecured bank loans	0.7773% ~ 3.3%	1,060,551	902,197	607,314
Total		\$1,366,258	\$1,209,980	\$866,680

The Group's unused short-term lines of credits amount to NT\$477,071 thousand, NT\$375,420 thousand and NT\$625,520 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

Please refer to Note 8 for more details on trade receivables, inventories, property, plant and equipment pledged as security for short-term borrowings.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Other payables

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Accrued expense	\$192,593	\$252,924	\$186,414
Accrued interest	103	431	-
Dividends payable	263,305	-	362,044
Payables on equipment	14,961	67,470	23,670
Payables for investments	-	34,037	-
Total	<u>\$470,962</u>	<u>\$354,862</u>	<u>\$572,128</u>

(13) Other non-current liabilities

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Net defined benefit liability	\$2,750	\$2,864	\$2,764
Guarantee deposits received	4,899	5,433	8,071
Other non-current liabilities	5,000	5,000	5,000
Total	<u>\$12,649</u>	<u>\$13,297</u>	<u>\$15,835</u>

(14) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended March 31, 2021 and 2020 were both NT\$407 thousand.

Defined benefits plan

Expenses under the defined benefits plan for the three-month periods ended March 31, 2021 and 2020 were NT\$61 thousand and NT\$63 thousand, respectively.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(15)Equities

(a)Common stock

The Company's authorized capital was NT\$900,000 thousand as of March 31, 2021, December 31, 2020 and March 31, 2020. Total issued stock capital was NT\$658,262 thousand, divided into 65,826 thousand shares, each at a par value of NT\$10. Each share has one voting right and a right to receive dividends.

(b)Capital surplus

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Additional paid-in capital	\$836,062	\$836,062	\$836,062
Other	720	720	720
Total	\$836,782	\$836,782	\$836,782

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Retained earnings and dividend policies

(1) Retained earnings and dividend policies

According to the Company's shareholders' meeting held on May 29, 2020 approved the resolution of amending the Articles of Incorporation. The distribution of profits or covering of losses proposal may be proposed at the close of each half fiscal year. Such distribution of profits or covering of losses proposal shall be made based on the financial statements audited or reviewed by a certified public accountant and such proposal, together with the business reports and financial statements of the Company, shall be submitted to the Audit Committee for their auditing, and then submitted to the Board of Directors for approval by resolutions. Prior to distribution of its profits, the Company shall estimate and reserve an amount to be paid for or cover taxes, employee compensations, and losses and set aside a legal reserve (unless the amount of such legal reserve is equal to the total paid-in capital of the Company.) If the Company is to distribute profits in the form of cash, such shall be approved by the Board of Directors; and if such distribution of profits is to be made in the form of new shares to be issued by the Company, it shall be approved by a Supermajority Resolution of the shareholders' meeting.

Unless otherwise required by the Statute and the Applicable Public Company Rules, at the close of each fiscal year, the Company shall distribute profits in accordance with a proposal for distribution of profits prepared by the Directors and approved by the Members by an Ordinary Resolution at any general meeting. The Directors shall prepare such a proposal as follows:

- i. If there is any profit (after tax) of the current fiscal year after final account, it shall first be used to offset its losses in previous years which have not been previously offset (include the adjusted amount of undistributed earnings);
- ii. Set aside a special capital reserve or reversal, if one is required, in accordance with the applicable public company rules or as requested by the authorities in charge;

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- iii. If there is any profit, it shall be set aside no more than 2% of the balance as compensation to directors and no less than 2% of the balance as compensation to employees of the Company, which may be distributed under an incentive program approved pursuant to Article 11.1 above. The board of directors shall adopt the exact percentages to be distributed as compensation to directors and the compensation to employees, and such resolution shall be reported in the shareholders meeting. A director who also serves as an executive officer of the Company may receive a compensation in his capacity as a director and the compensation in his capacity as an employee;
- iv. The Company distributes profits or covering losses at the close of the first half fiscal year (if any); and
- v. Any balance left over may be distributed as dividends in accordance with the Statute and the Applicable Public Company Rules and after taking into consideration profits of the current year and capital structure of the Company, the amount of profits distributed to shareholders shall not be lower than 20% of profits (after tax) of the then current year and the amount of cash dividends distributed thereupon shall not be less than 50% of the profits proposed to be distributed of the current year; in the event that the dividends per share distributed in the current year is less than NT\$1, the Company may determine the dividends to be distributed partially or entirely by stock dividends or cash dividends.

As the Company is in the growing stage, the dividend distribution may take the form of a cash dividend and/or stock dividends and shall take into consideration the Company's capital expenditures, future expansion plans, and financial structure and funds requirement for sustainable development needs etc.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Special reserve

When the Company distributing distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022 on March 31, 2021, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

(3) The appropriations of earnings for the Year 2020 was approved through the Board of Directors' meeting held on February 26, 2021 and April 13, 2021, respectively. The appropriations of earnings for the Year 2019 was approved through the Shareholders' meeting held on May 29, 2020. The details of the distributions are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (in NT\$)</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Legal reserve	\$117,860	\$-		
Special reserve	190,684	112,668		
Common stock – cash dividend	263,305	362,044	\$4.0	\$5.5
Total	<u>\$571,849</u>	<u>\$474,712</u>		

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 6(18) for details on employees' compensation and remuneration to directors and supervisors.

(16) Operating revenue

	For the three-month period ended March 31,	
	2021	2020
Revenue from contracts with customer		
Sale of goods	\$1,317,348	\$1,261,636
Revenue arising from rendering of services	245	1,311
Total	<u>\$1,317,593</u>	<u>\$1,262,947</u>

Analysis of revenue from contracts with customers during the three-month periods ended March 31, 2021 and 2020, respectively, is as follows:

(a) Disaggregation of revenue

	Single Segment	
	For the three-month period ended March 31,	
	2021	2020
Revenue from contracts with customer		
Sale of goods	\$1,317,348	\$1,261,636
Revenue arising from rendering of services	245	1,311
Total	<u>\$1,317,593</u>	<u>\$1,262,947</u>
Timing of revenue recognition:		
At a point in time	<u>\$1,317,593</u>	<u>\$1,262,947</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b)Contract balances

Contract liabilities - current

	As of			
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020	Jan.1, 2020
Sales of goods	\$82,331	\$86,330	\$53,203	\$38,500

As of March 31, 2021, contract liabilities decreased because certain performance obligations embedded in the beginning contract liability were fulfilled and recognized as revenues.

As of March 31, 2020, contract liabilities increased because part of the consideration was received from customers and the underlying obligations/services should be provided afterwards.

(c)Transaction price allocated to unsatisfied performance obligations

As of March 31, 2021, December 31, 2020 and March 31, 2020, there was no information of unsatisfied performance obligations provided in the consolidated financial statements because the durations of the Group's revenue contracts were all less than one year.

(d)Assets recognized from costs to fulfill a contract

None.

(17)Expected credit losses (gains)

	For the three-month period ended Mar. 31,	
	2021	2020
Operating expenses – Expected credit losses		
Trade receivables	\$-	\$2,995

The Group expects no significant loss against other receivables due to a counterparty being unable to fulfill its obligations. Please refer to Note 12 for more details on credit risk.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group measures the loss allowance of its trade receivables (including notes receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively, is as follow:

(a)The Group considers the grouping of trade receivables by counterparties' credit rating and by geographical region and its loss allowance is measured by using a provision matrix, details are as follow:

As of March 31, 2021

Group 1

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$468,268	\$-	\$30,102	\$7,242	\$745	\$506,357
Loss ratio	0.87%	7.31%	14.33%	39.81%	100%	
Lifetime expected credit losses	(3,922)	-	(4,314)	(2,883)	(745)	(11,864)
Carrying amount of trade receivables	<u>\$464,346</u>	<u>\$-</u>	<u>\$25,788</u>	<u>\$4,359</u>	<u>\$-</u>	<u>\$494,493</u>

Group 2

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$376,970	\$5,328	\$-	\$1	\$-	\$382,299
Loss ratio	0.88%	16.85%	29.81%	100%	100%	
Lifetime expected credit losses	(3,299)	(897)	-	(1)	-	(4,197)
Carrying amount of trade receivables	<u>\$373,671</u>	<u>\$4,431</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$378,102</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2020

Group 1

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$444,416	\$52,123	\$41,323	\$1,798	\$521	\$540,181
Loss ratio	0.50%	2.41%	8.41%	32.44%	100%	
Lifetime expected credit losses	(2,209)	(1,256)	(3,476)	(583)	(521)	(8,045)
Carrying amount of trade receivables	<u>\$442,207</u>	<u>\$50,867</u>	<u>\$37,847</u>	<u>\$1,215</u>	<u>\$-</u>	<u>\$532,136</u>

Group 2

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$323,738	\$38,480	\$1,216	\$-	\$-	\$363,434
Loss ratio	0.97%	11.69%	35.86%	100%	100%	
Lifetime expected credit losses	(3,148)	(4,497)	(436)	-	-	(8,081)
Carrying amount of trade receivables	<u>\$320,590</u>	<u>\$33,983</u>	<u>\$780</u>	<u>\$-</u>	<u>\$-</u>	<u>\$355,353</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2020

Group 1

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$269,903	\$967	\$10,792	\$2,786	\$1,393	\$285,841
Loss ratio	3.52%	25.91%	39.46%	52.18%	100%	
Lifetime expected credit losses	(9,510)	(250)	(4,259)	(1,454)	(1,393)	(16,866)
Carrying amount of trade receivables	<u>\$260,393</u>	<u>\$717</u>	<u>\$6,533</u>	<u>\$1,332</u>	<u>\$-</u>	<u>\$268,975</u>

Group 2

	Not yet due	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$493,822	\$4,268	\$13,809	\$-	\$-	\$511,899
Loss ratio	-%	-%	1.18%	-%	-%	
Lifetime expected credit losses	-	-	(163)	-	-	(163)
Carrying amount of trade receivables	<u>\$493,822</u>	<u>\$4,268</u>	<u>\$13,646</u>	<u>\$-</u>	<u>\$-</u>	<u>\$511,736</u>

(b)The movement in the provision for impairment of notes receivables and trade receivables during the three-month periods ended March 31, 2021 and 2020 is as follows:

	Notes receivables	Trade receivables
As of Jan. 1, 2021	\$-	\$16,126
Addition for the current period	-	-
Exchange rate impact	-	(65)
As of Mar. 31, 2021	<u>\$-</u>	<u>\$16,061</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Notes receivables	Trade receivables
As of Jan. 1, 2020	\$-	\$14,026
Addition for the current period	-	2,995
Exchange rate impact	-	8
As of Mar. 31, 2020	\$-	\$17,029

(18) Summary statement of employee benefits, depreciation and amortization by function during the three-month periods ended March 31, 2021 and 2020:

	For three-month periods ended March 31,					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$237,900	\$44,806	\$282,706	\$221,740	\$37,905	\$259,645
Labor and health insurance	347	850	1,197	429	750	1,179
Pension	129	339	468	152	318	470
Other employee benefits expense	2,079	1,278	3,357	2,352	1,252	3,604
Depreciation	36,415	3,825	40,240	34,383	4,200	38,583
Amortization	8	1,100	1,108	7	1,384	1,391

According to the Articles of Incorporation, no less than 2% of profit of the current year is distributable as employees' compensation and no more than 2% of profit of the current year is distributable as remuneration to directors. The Company may, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the three-month periods ended March 31, 2021, the Company recorded the compensations to employees and remuneration to directors in amount of NT\$7,554 thousand and NT\$4,604 thousand, respectively. While employees' compensation and remuneration to directors for the three-month periods ended March 31, 2020 amounted to NT\$5,791 thousand and NT\$3,828 thousand, respectively. The employees' compensation and remuneration to directors were estimated based on post-tax net income of the period and recognized as salary expenses.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$23,937 thousand and NT\$10,300 thousand, respectively, in a meeting held on February 26, 2021. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2020.

The Company's Board of Directors' meeting has determined the employees' compensation and directors' remuneration, all in cash, to be NT\$22,000 thousand and NT\$10,300 thousand, respectively, in a meeting held on February 26, 2020. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended December 31, 2019.

(19) Non-operating income and expenses

(a) Other income

	For the three-month periods ended	
	March 31,	
	2021	2020
Interest income		
Financial assets measured at amortized cost	\$5,082	\$6,235
Rental income	6,481	7,171
Others	1,662	977
Total	\$13,225	\$14,383

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Other gains and losses

	For the three-month periods ended	
	March 31,	
	2021	2020
Losses on disposal of property, plant and equipment	\$(9)	\$-
Foreign exchange gains	196	5,813
Others	(728)	(2,542)
Total	\$(541)	\$3,271

(c) Finance costs

	For the three-month periods ended	
	March 31,	
	2021	2020
Interest on borrowings from bank	\$3,354	\$4,817
Interest on lease liabilities	100	221
Total	\$3,454	\$5,038

(20) Leases

(a) The group as a lessee

The Group leases various properties, including real estate such as land and buildings. The lease terms range from two to fifty years. The Group is not allowed to lend to others, sub-lease out, sell, authorize others to use in any other way, or transfer to others all or parts of the leases without obtaining consent from the lessors.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

A. Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use asset

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Land	\$295,487	\$297,045	\$322,950
Buildings	12,163	13,291	17,825
Total	\$307,650	\$310,336	\$340,775

(ii) Lease liabilities

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Lease liabilities	\$12,451	\$13,552	\$17,970
Current	\$4,565	\$4,944	\$5,022
Non-current	\$7,886	\$8,608	\$12,948

Please refer to Note 6 (19)(c) for the interest on lease liability recognized during the three-month period ended March 31, 2021 and 2020, respectively, refer to Note 12 (5) for the maturity analysis for lease liabilities.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts recognized in the statement of profit or loss

The depreciation charge for right-of-use assets

	For the three-month periods ended March 31,	
	2021	2020
Buildings (Includes land use right)	\$1,599	\$1,671

C. Income and costs relating to leasing activities

	For the three-month periods ended March 31,	
	2021	2020
Short-term lease expenses (rental expenses)	\$12	\$15

As of March 31, 2021, December 31, 2020 and March 31, 2020, the portfolio of short-term leases of the Group to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above. The number of its lease commitments are both amounts to NT\$0.

D. Cash outflow relating to leasing activities

During the three-month period ended March 31, 2021 and 2020, the Group's total cash outflow for leases amounting to NT\$492 thousand and NT\$495 thousand, respectively.

(b)The Group as lessor

Please refer to Note 6 (8) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer all the risks and rewards incidental to ownership of underlying assets substantially.

The Group has entered into leases on certain plants. The leases have average lives between one and two years. These leases are classified as operating leases as they do not transfer all the risks and rewards incidental to ownership of underlying assets substantially.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended March 31,	
	2021	2020
Lease income recognized by operating leased		
Fixed lease payment related income	\$6,481	\$7,171

For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively, are as follow:

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Not later than one year	\$22,866	\$18,431	\$16,571
More than one year but less than two years	17,149	-	157
Total	\$40,015	\$18,431	\$16,728

(21)Components of other comprehensive income

	For the three-month period ended March 31, 2021				
	Arising during the period	Reclassification adjustments during the period	Subtotal	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$(14,142)	\$-	\$(14,142)	\$-	\$(14,142)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(940)	-	(940)	-	(940)
Total of other comprehensive income	\$(15,082)	\$-	\$(15,082)	\$-	\$(15,082)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended March 31, 2020				
	Arising during the period	Reclassification adjustments during the period	Subtotal	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations	\$4,974	\$-	\$4,974	\$-	\$4,974
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	55	-	55	-	55
Total of other comprehensive income	\$5,029	\$-	\$5,029	\$-	\$5,029

(22)Income tax

(a)The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the three-month period ended March 31,	
	2021	2020
Current income tax expense (income):		
Current income tax charge	\$47,803	\$38,776
Adjustments in respect of current income tax of prior periods	-	1,087
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	(345)	263
Total income tax expense	\$47,458	\$40,126

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) The assessment of income tax returns

As of March 31, 2021, the assessment status of income tax returns of the Company and subsidiaries were as follows:

	<u>The assessment of income tax returns</u>
Subsidiary- Eurocharm Innovation Co., Ltd.	Assessed and approved up to 2018
Subsidiary- Vietnam Precision Industrial No.1 Co., Ltd.	Assessed and approved up to 2016

(23) Earnings per share

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

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

	<u>For the three-month period ended March 31,</u>	
	<u>2021</u>	<u>2020</u>
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$176,908</u>	<u>\$141,677</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>65,826</u>	<u>65,826</u>
Basic earnings per share (NT\$)	<u>\$2.69</u>	<u>\$2.15</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the three-month period ended March 31,	
	2021	2020
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$176,908	\$141,677
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,826	65,826
Effect of dilution:		
Employee bonus – stock (in thousands)	166	181
Weighted average number of ordinary shares outstanding after dilution (in thousands)	65,992	66,007
Diluted earnings per share (NT\$)	\$2.68	\$2.15

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completing the financial statements.

7. RELATED PARTY TRANSACTIONS

(1) Deal with related parties as of the end of the reporting period

Related parties and relation

Related parties	Relationship
Exedy Vietnam Co., Ltd.	Associate
Hsieh Yuan Technology Vietnam Co., Ltd.	Associate
Shiang Yu Precision Co., Ltd.	Associate
Vietnam King Duan Industrial Co., Ltd.	Associate
Vietnam Precision Industrial Joint Stock Company	Other related party
Northstar Precision (Vietnam) Company Limited	Other related party
Shen Yuan Metal Co., Ltd.	Other related party
Taiwan Techno State Co., Ltd.	Other related party

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Significant transactions with related parties

(a) Sales

	For the three-month period ended March 31,	
	2021	2020
Associates	\$32,533	\$30,605
Other related party	13	-
Other related party-Northstar Precision (Vietnam) Company Limited	277,294	257,016
Total	\$309,840	\$287,621

The sales prices with related parties were decided based on product type, inventory cost, market conditions and other trading terms. Receivables shall be finalized monthly and shall be collected within 15 to 90 days after accounts have been finalized for the general clients. The terms of collection for related parties are within the range of trading terms for general clients.

(b) Purchases

	For the three-month period ended March 31,	
	2021	2020
Associates	\$6,779	\$13,857
Other related party	713	819
Total	\$7,492	\$14,676

The purchases prices with related parties were decided based on product type, market conditions and other trading terms. Payables shall be finalized monthly and shall be paid within 30 to 90 days after accounts have been finalized for the general suppliers. The terms of payment for related parties are within the range of trading terms for general suppliers.

(c) For the three-month periods ended March 31, 2021 and 2020, the Group was charged by associates for processing and therefore recognized processing expense in amount of NT\$16,103 thousand and NT\$12,496 thousand, respectively.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (d) For the three-month periods ended March 31, 2021 and 2020, the Group charged associates for processing and therefore recognized processing income in amount of NT\$245 thousand and NT\$0, respectively, which were recorded under the caption of operating revenues.
- (e) For the three-month periods ended March 31, 2021 and 2020, the Group charged other related parties for processing and therefore recognized processing income in amount of NT\$0 and NT\$1,311 thousand, respectively, which were recorded under the caption of operating revenues.
- (f) For the three-month periods ended March 31, 2021 and 2020, the Group was charged by associates due to product defect and therefore recognized compensation in the amount of NT\$1 thousand and NT\$0, respectively, which were recorded under non-operating income and expenses-other gain or loss.
- (g) For the three-month periods ended March 31, 2021, the Group recognized NT\$0 of disposal gain or loss from sale of machine to associates in amount of NT\$104,401 thousand. As of March 31, 2021, the related receivables has not been collected, which was recorded under other receivables - related parties' caption.
- (h) Trade receivables from related parties

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Associates	\$17,039	\$13,749	\$10,858
Other related party	13	-	-
Other related party-Northstar Precision (Vietnam) Company Limited	172,778	220,593	161,550
Total	\$189,830	\$234,342	\$172,408

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(i) Other receivables - related parties

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Associates	\$1,625	\$828	\$-
Associates-Vietnam King Duan Industrial Co., Ltd.	114,935	-	-
Other related party	60	-	-
Total	\$116,620	\$828	\$-

(j) Prepayments

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Associates	\$5,058	\$4,312	\$-

(k) Trade payables to related parties

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Associates	\$3,882	\$3,928	\$3,171
Other related party	233	246	516
Total	\$4,115	\$4,174	\$3,687

(l) Operating lease

A. Right-of-use asset

Relationship	Property	As of		
		Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Other related party	Buildings	\$1,425	\$1,900	\$3,325

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Lease liabilities

Relationship	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Other related party	\$1,435	\$1,910	\$3,330

C. Interest on lease liabilities

Relationship	Property	For the three month period ended March 31,	
		2021	2020
Other related party	Rent office	\$4	\$9

D. For the three-month periods ended March 31, 2021 and 2020, the Group received other related parties for rental income every month by cash.

E. Lease transactions with related parties

Lessee	Lease	Duration	Rental income
<u>For the three-month period ended March 31, 2021</u>			
Associate	Property and plant	Jan. 1, 2021 ~ Dec. 31, 2022	\$2,525
Associate	Property and plant	Jan. 1, 2021 ~ Dec. 31, 2022	2,022
Associate	Property and plant	Jan. 1, 2021 ~ Dec. 31, 2022	499
Other related party	Property and plant	Jan. 1, 2021 ~ Dec. 31, 2022	1,435
Total			\$6,481
<u>For the three-month period ended March 31, 2020</u>			
Associate	Property and plant	Jan. 1, 2019 ~ Dec. 31, 2021	\$2,697
Associate	Property and plant	Jan. 1, 2019 ~ Dec. 31, 2021	2,167
Associate	Property and plant	May. 1, 2019 ~ Apr. 30, 2021	512
Other related party	Property and plant	Aug. 1, 2018 ~ Jul. 31, 2020	1,795
Total			\$7,171

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(m)Salaries and rewards to key management of the Group

	For the three-month period ended March 31,	
	2021	2020
Short-term employee benefits	\$4,818	\$5,137
Post-employment benefits	82	82
Share-based payment	1,100	815
Total	\$6,000	\$6,034

8. PLEDGED ASSETS

The following table lists assets of the Group pledged as collaterals:

Item	Carrying Amount As of			Secured liabilities
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020	
Trade receivables	\$245,400	\$246,400	\$260,400	Short-term borrowings
Inventories	245,400	246,400	260,400	Short-term borrowings
Property, plant and equipment - land	52,420	52,420	52,420	Short-term borrowings
Property, plant and equipment - buildings	294	316	382	Short-term borrowings
Total	\$543,514	\$545,536	\$573,602	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of March 31, 2021, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows (foreign currencies: in thousands):

The nature of the contract	Contract amount	Amount paid	Outstanding balance
Construction contracts	VND286,000,000	VND140,140,000	VND145,860,000

Amount paid were recorded under property, plant and equipment.

10. SIGNIFICANT DISASTER LOSS

None.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

Categories of financial instruments

Financial assets

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Financial assets at fair value through other comprehensive income	\$53,468	\$53,468	\$19,431
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	964,522	1,042,920	1,068,796
Financial assets measured at amortized cost	683,175	732,059	389,581
Trade receivables (includes related parties)	872,595	887,489	780,711
Other receivables (includes related parties)	126,126	16,928	14,171
Refundable deposits	336	336	336
Total	<u>\$2,700,222</u>	<u>\$2,733,200</u>	<u>\$2,273,026</u>

Financial liabilities

	As of		
	Mar. 31, 2021	Dec. 31, 2020	Mar. 31, 2020
Financial liabilities at amortized cost:			
Short-term borrowings	\$1,366,258	\$1,209,980	\$866,680
Trade payables (includes related parties)	875,193	692,796	876,043
Leased liabilities (includes related parties)	12,451	13,552	17,970
Guarantee deposits received	4,899	5,433	8,071
Total	<u>\$2,258,801</u>	<u>\$1,921,761</u>	<u>\$1,768,764</u>

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Foreign currency risk

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables; therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for foreign currency USD. The information of the sensitivity analyses is as follows:

When NTD is strengthened/weakened against foreign currency USD by 1%, the profit for the three-month periods ended March 31, 2021 and 2020 increased/decreased by NT\$2,023 thousand and decreased/increased by NT\$2,394 thousand, respectively.

When VND is strengthened/weakened against foreign currency USD by 1%, the profit for the three-month periods ended March 31, 2021 and 2020 decreased/increased by VND\$715,220 thousand and VND\$239,910 thousand, respectively.

Interest rate risk

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the three-month periods ended March 31, 2021 and 2020 to decrease /increase by NT\$53 thousand and increase/decrease by NT\$266 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities to market price risk arising from uncertainties about future values of the investment securities. The Group's unlisted equity securities measured at financial assets measured at fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

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

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

As of March 31, 2021, December 31, 2020 and March 31, 2020, trade receivables from top ten customers represent 81.01%, 79.65% and 84.42% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivable is insignificant.

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

The Group adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories as of March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group makes an assessment each reporting date as to whether the credit risk is still meets the conditions of low credit risk and then further determines the method of measuring the loss allowance and the loss ratio.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
<u>As of March 31, 2021</u>			
Short-term borrowings	\$1,370,520	\$-	\$1,370,520
Trade and other payables	875,193	-	875,193
Leased Liabilities	4,891	8,219	13,110
<u>As of December 31, 2020</u>			
Short-term borrowings	\$1,213,466	\$-	\$1,213,466
Trade and other payables	692,796	-	692,796
Leased Liabilities	5,300	9,013	14,313
<u>As of March 31, 2020</u>			
Short-term borrowings	\$872,035	\$-	\$872,035
Trade and other payables	876,043	-	876,043
Leased Liabilities	5,493	13,645	19,138

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the three-month period ended March 31, 2021:

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
As of Jan. 1, 2021	\$1,209,980	\$5,433	\$13,552	\$1,228,965
Cash flows	156,278	(534)	(1,321)	154,423
Non-cash changes	-	-	220	220
As of Mar. 31, 2021	\$1,366,258	\$4,899	\$12,451	\$1,383,608

Reconciliation of liabilities for the three-month period ended March 31, 2020:

	Short-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
As of Jan. 1, 2020	\$850,362	\$18,591	\$15,297	\$884,250
Cash flows	16,318	(10,520)	(1,374)	4,424
Non-cash changes	-	-	4,047	4,047
As of Mar. 31, 2020	\$866,680	\$8,071	\$17,970	\$892,721

(7) Fair values of financial instruments

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

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

- i. The carrying amount of cash and cash equivalents, trade receivables, trade payable and other current liabilities approximate their fair value due to their short maturities.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).
- v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measure at amortized cost approximates their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(8) for fair value measurement hierarchy for financial instruments of the Group.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

The Group does not have assets that are measured at fair value on a non-recurring basis.

As of March 31, 2021, December 31, 2020, and March 31, 2020, fair value measurement hierarchy of the Group's assets measured at fair value on a recurring basis is as follows:

As of March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$53,468	\$53,468

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$53,468	\$53,468

As of March 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Equity instrument measured at fair value through other comprehensive income	\$-	\$-	\$19,431	\$19,431

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy

For the three-month periods ended March 31, 2021 and 2020, there was no movement of fair value measurements, and for the years ended December 31, 2020, there was a movement of fair value measurements is as follows:

	<u>Equity instrument measured at fair value through other comprehensive income</u>
	<u>Stock</u>
As of Jan. 1, 2020	\$19,431
Acquisition for the year ended Dec. 31, 2020(Note)	34,037
As of Dec. 31, 2020	\$53,468

Note: As of December 31, 2020, the Group has not remitted the investment amount but recorded it under the caption of other payables.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on significant unobservable inputs to valuation

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

As of March 31, 2021

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	Increase (decrease) in the discount for lack of marketability by 10% would result in increase (decrease) in the Group's other comprehensive income by NT\$5,347 thousand.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of December 31, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	Increase (decrease) in the discount for lack of marketability by 10% would result in increase (decrease) in the Group's other comprehensive income by NT\$5,347 thousand.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As of March 31, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets measured at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	5%	The higher the discount for lack of marketability, the lower the fair value of the stocks.	Increase (decrease) in the discount for lack of marketability by 10% would result in increase (decrease) in the Group's other comprehensive income by NT\$1,943 thousand.

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

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed.

As of March 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Note 6(8))	\$-	\$-	\$167,629	\$167,629

As of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Note 6(8))	\$-	\$-	\$167,629	\$167,629

As of March 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (Note 6(8))	\$-	\$-	\$167,629	\$167,629

(9) Significant assets and liabilities denominated in foreign currencies (in thousand dollars)

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

	As of					
	Mar. 31, 2021			Dec. 31, 2020		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$38,914	28.28	\$1,100,433	\$38,659	28.38	\$1,097,138
VND	\$1,319,036,192	0.001227	\$1,618,457	\$1,308,851,122	0.001232	\$1,612,505

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As of					
	Mar. 31, 2021			Dec. 31, 2020		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Investments accounted for under the equity method</u>						
VND	<u>\$214,089,098</u>	0.001227	<u>\$262,687</u>	<u>\$109,854,398</u>	0.001232	<u>\$135,341</u>

Financial liabilities

Monetary items:

USD	<u>\$45,947</u>	28.52	<u>\$1,310,270</u>	<u>\$40,500</u>	28.54	<u>\$1,155,877</u>
VND	<u>\$441,503,553</u>	0.001227	<u>\$541,725</u>	<u>\$477,451,472</u>	0.001232	<u>\$588,220</u>

As of

	Mar. 31, 2020		
	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	<u>\$34,482</u>	29.91	<u>\$1,031,291</u>
VND	<u>\$963,918,455</u>	0.001302	<u>\$1,255,022</u>

Investments accounted for under the equity method

VND	<u>\$115,172,223</u>	0.001302	<u>\$149,954</u>
-----	----------------------	----------	------------------

Financial liabilities

Monetary items:

USD	<u>\$26,069</u>	30.28	<u>\$789,467</u>
VND	<u>\$306,698,608</u>	0.001302	<u>\$399,322</u>

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group's entities functional currency are various and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains were NT\$196 thousand and NT\$5,813 thousand for the three-month periods ended March 31, 2021 and 2020, respectively.

(10)Capital management

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

(11)Impact of the Covid-19 pandemic on the Group

Since the outbreak of the Covid-19 in January 2020, it had no significant impact on the Group.

13.OTHER DISCLOSURES

(1)Information at significant transactions:

(a)Financing provided to others: Please refer to Attachment 1.

(b)Endorsement/Guarantee provided to others: Please refer to Attachment 2.

(c)Marketable securities held as of March 31, 2021 (excluding investments in subsidiaries, associates and joint ventures): None.

(d)Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2021: None.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- (e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2021: None.
- (f) Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2021: None.
- (g) Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2021: None.
- (h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2021: None.
- (i) Derivative instrument transactions: None.
- (j) Intercompany relationships and significant intercompany transactions for the three-month period ended March 31, 2021: Please refer to Attachment 7.
- (2) Information on investees:
- (a) Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to attachment 3.
- (b) Investees over which the Company exercises control disclose information in Note 13(1):
- i. Financing provided to others: None.
 - ii. Endorsement/Guarantee provided to others: None.
 - iii. Marketable securities held as of March 31, 2021 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 4.
 - iv. Individual securities acquired or disposed of with accumulated amount of at least NT\$300 million or 20 percent of the paid-in capital or for the three-month period ended March 31, 2021: None.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

(Amounts Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- v. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2021: None.
- vi. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2021: None.
- vii. Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the three-month period ended March 31, 2021: Please refer to Attachment 5.
- viii. Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2021: Please refer to Attachment 6.
- ix. Derivative instrument transactions: None.

(3) Information on investments in Mainland China: None.

(4) Information of major shareholders:

Name	Shares Number of shares	Percentage of ownership
SEASHORE GROUP LIMITED	24,769,059	37.62%
New General Limited	13,833,217	21.01%
Fubon Life Insurance Company, Ltd.	5,217,000	7.92%

14. OPERATING SEGMENT

The major operating revenues of the Group come from manufacturing and sales of motorcycle and auto equipment parts, medical equipment and machine parts. The chief operating decision maker reviewed the overall operating results to make a decision about resources to be allocated to and evaluated the overall performance. Therefore, the Group was aggregated into a segment.

ATTACHMENT 1 (Financing provided to others for the three-month periods ended March 31, 2021)

(All the currencies are denominated in Thousands of New Taiwan Dollars, foreign currency)

NO. (Note1)	Lender	Counter-party	Financial accounting account	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss Allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
												Item	Value		
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd. (B.V.I)	Other receivables -related parties	\$71,328	\$71,328	\$-	1.00%	Need for short term financing	\$-	Business turnover	\$-	-	\$-	\$593,882 (Note 2) (Note 3)	\$1,187,765 (Note 2)
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation (HK) Co., Ltd.	Other receivables -related parties	\$57,062	\$57,062	\$57,062 (Note 4)	1.00%	Need for short term financing	\$-	Business turnover	\$-	-	\$-	\$593,882 (Note 2) (Note 3)	\$1,187,765 (Note 2)

Note 1 : Eurocharm Holdings Co., Ltd. is coded "0".

A subsidiary under the company's control is coded "1".

Note 2 : For the Company or subsidiaries lending to other companies, the lending amount shall not exceed 40% of its net equity.

The amount for lending to a single organization shall not exceed 20% of the lender's net equity.

Note 3 : According to the Company's "Procedure to provide financing to others", a public offering company that meets the requirements of Article 3, paragraph 4

in the event of providing financing to directly/indirectly 100%-owned foreign subsidiaries, the lending amount to a single subsidiary shall not exceed 40% of the current net assets of the Company.

Note 4 : Transactions between consolidated entities are eliminated in the consolidated financial statements.

(All the currencies are denominated in Thousands of New Taiwan Dollars, foreign currency)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

No. (Note 1)	Endorser/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period Ending balance	Actual amount provided	Amount of collateral for guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	
		Relationship (Note2)	Company name										
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd.	2	\$1,187,765	\$80,000	\$80,000	\$69,000	\$-	2.69%	\$1,484,706	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd. (B.V.I)	2	\$1,187,765	\$199,717 (USD 7,000) (Note4)	\$199,717 (USD 7,000) (Note4)	\$171,186 (USD 6,000) (Note4)	\$-	6.73%	\$1,484,706	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	2	\$1,187,765	\$542,089 (USD 19,000) (Note4)	\$542,089 (USD 19,000) (Note4)	\$221,767 (USD 7,773) (Note4)	\$-	18.26%	\$1,484,706	Y	N	N

Note 1: Eurocharm Holdings Co., Ltd. is coded "0".

Note 2: The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

- 1.The company with business contacts.
- 2.The company directly and indirectly holds more than 50% of the shares with voting rights.
- 3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.
- 4.The company directly and indirectly holds more than 90% of the shares with voting rights.
- 5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.
- 6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.
- 7.The performance guarantee of the preconstruction real estate contract between the same industry in accordance with the Consumer Protection Law is jointly guaranteed.

Note 3: According to the Company's "Endorsement Procedures", the limitation of endorsement or guarantee for other subsidiaries shall not exceed 50% of the current net value of the Company.

The limitation of endorsement or guarantee for one of the subsidiaries shall not exceed 10% of the current net value of Company.

The limitation of endorsement or guarantee for companies that directly and indirectly holds 100% of the shares with voting rights of a single subsidiary not exceed 40% of the current net value of Company.

Note 4: Foreign currency were exchanged by exchange rate as at balance sheet date.

ATTACHMENT 3 (If an investor has the ability to exercise significant influence on investee or has material controlling power on investee for the three-month periods ended March 31, 2021) (Excluding investment in Mainland China)

(All the currencies are denominated in Thousands of New Taiwan Dollars, foreign currency)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Investor Company	Investee Company	Address	Main businesses and products	Original Investment Amount		Investments as of Mar. 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				As of Mar. 31, 2021	As of Dec. 31, 2020	Number of shares	Percentage of ownership (%)	Book Value			
Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd. (B.V.I.)	British Virgin Islands	Investment holding	\$615,652	\$615,652	19,000,000	100.00%	\$3,914,795 (Note 5)	\$200,076	\$200,076 (Note 5)	Subsidiary
Eurocharm Holdings Co., Ltd.	Eurocharm America LLC.	America	Trading activities, warehouse and logistic service	USD 200	USD 200	200,000	100.00%	2,176 (Note 5)	(774)	(774) (Note 5)	Subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation Co., Ltd.	Taiwan	Manufacturing and sales of motor parts and medical equipment	61,425	61,425	5,850,000	100.00%	146,183 (Note 5)	(1,381)	(4,213) (Note 1) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Precision Industrial No.1 Co., Ltd.	Vietnam	Manufacturing and sales of motor parts and medical equipment	USD 8,700	USD 8,700	-	100.00%	3,638,365 (Note 3) (Note 5)	194,135	201,391 (Note 2) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation(HK) Co., Ltd.	Hong Kong	Trading activities	USD 1,500	USD 1,500	1,500,000	100.00%	50,269 (Note 5)	12,630	2,305 (Note 4) (Note 5)	Sub-subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Hsieh Yuan Technology Vietnam Co., Ltd.	Vietnam	Manufacturing and sales of motor parts and surface plating	USD 562	USD 562	-	45.00%	37,585	4,236	1,906	Investment accounted for under the equity method
Eurocharm Innovation Co., Ltd. (B.V.I.)	Lieh Kwan International Co., Ltd.	British Virgin Islands	Investment holding	USD 800	USD 800	8,000	40.00%	22,701	-	-	Investment accounted for under the equity method
Vietnam Precision Industrial No.1 Co., Ltd.	Exedy Vietnam Co., Ltd.	Vietnam	Manufacturing and sales of motor parts	VND 13,212,264	VND 13,212,264	-	20.00%	82,484	22,032	4,403	Investment accounted for under the equity method
Vietnam Precision Industrial No.1 Co., Ltd.	Shiang Yu Precision Co., Ltd.	Vietnam	Design, manufacturing and sales of molds	USD 800	USD 800	-	40.00%	23,766	2,145	857	Investment accounted for under the equity method
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam King Duan Industrial Co., Ltd.	Vietnam	Manufacturing and sales of motor parts	USD 4,000	-	-	40.00%	112,322	330	132	Investment accounted for under the equity method
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Uni-Calsonic Co., Ltd.	Vietnam	Manufacturing and sales of motor parts	USD 220	-	-	40.00%	6,201	-	-	Investment accounted for under the equity method

Note 1: Including investment loss recognized under equity method amounted to NT\$1,381 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$2,832 thousand.

Note 2: Including investment gain recognized under equity method amounted to NT\$194,135 thousand and realized profit on transaction between subsidiaries amounted to NT\$7,256 thousand.

Note 3: Holding net equity at the end of the period amount to NT\$3,729,955 thousand minus unrealized profit on transaction between subsidiaries amounted to NT\$91,590 thousand.

Note 4: Including investment gain recognized under equity method amounted to NT\$12,630 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$10,325 thousand.

Note 5: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 4 (Securities held as of March 31, 2021) (Excluding subsidiaries, associates and joint ventures)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

			Investments as of March 31, 2021						
Company	Investee Company	Relationship	Financial statement account	Number of shares	Percentage			Note	Shares as collateral
					Book Value	of ownership (%)	Fair Value		
Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial Joint Stock Company	-	Financial assets measured at fair value through other comprehensive income	-	\$11,007	6.91%	\$11,007	-	None
Eurocharm Innovation Co., Ltd. (B.V.I.)	Northstar Precision (Vietnam) Company Limited	Other related party	Financial assets measured at fair value through other comprehensive income	-	42,461	19.90%	42,461	-	None
	Total				<u>\$53,468</u>		<u>\$53,468</u>		

ATTACHMENT 5 (Related party transactions with purchase or sales amount of at least NT\$100 million or 20 percent of the paid-in capital for the three-month periods ended March 31, 2021)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Purchase (sales) company	Related party	Relationship	Purchases (Sales)	Transactions			Details of non-arm's length transaction		Notes and trade receivables (payable)		Note
				Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total balances (%)	
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	Sales	\$276,445	21.33%	30~90 days after monthly closing	By product type, cost, market price and other trading terms.	Non related parties are 15~90 days after monthly closing	Trade receivables \$172,204	20.08%	
Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	Also a subsidiary under the company's control	Sales	\$113,882	84.22%	60~90 days after monthly closing	By product type, cost, market price and other trading terms.	Non related parties are 60~90 days after monthly closing	\$43,971	58.46%	1

Note 1: Transactions between consolidated entities are eliminated in the consolidated financial statements.

ATTACHMENT 6 (Receivables from related of at least NT\$100 million or 20 percent of the paid-in capital as of March 31, 2021)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Company Name	Related Party	Relationships	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Periods	Loss Allowance
					Amount	Action Taken		
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	\$172,204 (Note 1)	5.64	\$-	-	\$-	\$-

Note 1: Trade Receivable.

ATTACHMENT 7(Intercompany relationships and significant intercompany transactions for the three-month periods ended March 31, 2021)

(All the currencies are denominated in Thousands of New Taiwan Dollars)

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

No (Note1)	Company name	Counter party	Nature of relationship (Note 2)	Intercompany transactions			
				Financial Statement Account	Amount	Terms	Percentage of consolidated total gross sales or total assets (Note3)
	<u>2021.01.01~2021.03.31</u>						
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation(HK) Co., Ltd.	1	Other receivables	\$57,109	-	1.03%
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation(HK) Co., Ltd.	1	Interest incomes	47	-	-%
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd. (B.V.I)	1	Interest incomes	24	-	-%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	113,882	60~90 days after monthly closing	8.64%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade Receivables	43,971	60~90 days after monthly closing	0.80%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other receivables	14	60~90 days after monthly closing	-%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other incomes	9	-	-%
1	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other expenses	6	-	-%
2	Eurocharm Innovation (HK) Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	66,798	60~90 days after monthly closing	5.07%
2	Eurocharm Innovation (HK) Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade Receivables	64,580	60~90 days after monthly closing	1.17%
3	Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	3	Trade Receivables	474	60~90 days after monthly closing	0.01%
3	Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	3	Sales	474	60~90 days after monthly closing	0.04%

Note 1: Eurocharm Holdings Co., Ltd. and subsidiaries are coded as follows:

1. Eurocharm Holdings Co., Ltd. is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows :

1. Investor to investee.
2. Investee to investor.
3. Investee to investee.

Note 3: The percentage base with respect to the total consolidated revenue-weighted average (about income statement accounts) or total assets (about balance sheet accounts).

Note 4: Foreign currencies were converted into New Taiwan dollars based on exchanged rate of balance sheet date.