

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 SEPTEMBER 30, 2021 AND 2020
AND FOR THE NINE-MONTH PERIODS THEN ENDED
(REVIEWED BUT UNAUDITED)**

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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

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

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 September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and cash flows for the nine-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 disclosed 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\$290,511 thousand and NT\$154,325 thousand as of September 30, 2021 and 2020, respectively. The related shares of profits from the associates and joint ventures under the equity method for the three-month periods then ended amounted to NT\$11,472 thousand and NT\$5,180 thousand, respectively, while for the nine-month periods then ended were NT\$35,016 thousand and NT\$10,968 thousand, respectively. The related shares of other comprehensive income from the associates and joint ventures under the equity method for the three-month periods then ended amounted to NT\$125 thousand and NT\$(611) thousand, respectively, while for the nine-month periods then ended were NT\$(4,072) thousand and NT\$(1,258) thousand, 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 September 30, 2021 and 2020, and their consolidated financial performance for the three-month and nine-month periods then ended, as well as the consolidated cash flows for the nine-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 issued into effect by Financial Supervisory Commission of the Republic of China.

Cheng, Ching-Piao

Chen, Kuo-Shuai

Ernst & Young, Taiwan

November 2nd, 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.

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

As of September 30, 2021, December 31, 2020 and September 30, 2020 (September 30, 2021 and 2020 are reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets		As of		
Accounts	Notes	September 30, 2021	December 31, 2020	September 30, 2020
Current assets				
Cash and cash equivalents	6(1)	\$1,014,568	\$1,043,712	\$913,055
Financial assets measured at amortized cost	6(2)	252,001	681,862	548,060
Trade receivables	6(3), 6(17), 8	625,274	653,147	594,226
Trade receivables-related parties	6(3), 6(17), 7	396,806	234,342	247,148
Other receivables		13,002	16,100	7,986
Other receivables-related parties	7	575	828	774
Current tax assets		2,413	725	725
Inventories	6(4), 8	1,117,007	586,977	541,326
Prepayments	7	101,133	61,166	54,463
Other current assets		150,192	60,718	49,145
Total current assets		3,672,971	3,339,577	2,956,908
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)	13,178	50,197	88,138
Investment accounted for under the equity method	6(6)	290,511	159,938	154,325
Property, plant and equipment	6(7), 7, 8	1,796,309	1,269,706	1,175,945
Right-of-use assets	6(20), 7	298,465	310,336	317,720
Investment property	6(8)	34,329	36,725	37,982
Intangible assets	6(9)	5,294	6,228	7,181
Deferred tax assets	4, 6(22)	3,906	3,018	2,203
Other non-current assets	6(10)	78,634	50,588	1,451
Total non-current assets		2,574,094	1,940,204	1,804,376
Total assets		\$6,247,065	\$5,279,781	\$4,761,284

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 September 30, 2021, December 31, 2020 and September 30, 2020 (September 30, 2021 and 2020 are reviewed but unaudited)

(Amounts Expressed In Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of		
		September 30, 2021	December 31, 2020	September 30, 2020
Current liabilities				
Short-term borrowings	6(11), 8	\$1,894,718	\$1,209,980	\$1,039,882
Contract liabilities	6(16), 7	88,566	86,330	100,710
Notes payables		-	4	9
Trade payables		406,671	333,756	283,018
Trade payables-related parties	7	16,740	4,174	4,275
Other payables	6(12)	335,136	354,862	220,685
Current tax liabilities	4, 6(22)	187,771	145,854	134,505
Lease liabilities	6(20)	3,122	3,034	3,065
Lease liabilities-related parties	6(20), 7	479	1,910	1,905
Other current liabilities		2,520	1,536	1,975
Refund liabilities		28,450	29,135	24,213
Total current liabilities		2,964,173	2,170,575	1,814,242
Non-current liabilities				
Deferred tax liabilities	4, 6(22)	16,410	16,410	16,411
Lease liabilities	6(20)	6,160	8,608	9,552
Lease liabilities-related parties	6(20), 7	-	-	479
Other non-current liabilities	6(13)	31,176	13,297	13,228
Total non-current liabilities		53,746	38,315	39,670
Total liabilities		3,017,919	2,208,890	1,853,912
Equity attributable to shareholders of the parent				
Capital	6(15)			
Common stock		658,262	658,262	658,262
Capital surplus	6(15)	836,782	836,782	836,782
Retained earnings	6(15)			
Legal reserve		155,069	-	-
Special reserve		620,146	332,900	332,900
Unappropriated retained earnings		1,551,447	1,766,531	1,533,528
Other components of equity		(616,733)	(523,584)	(454,100)
Non-controlling interests	6(15), 6(24)	24,173	-	-
Total equity		3,229,146	3,070,891	2,907,372
Total liabilities and equity		\$6,247,065	\$5,279,781	\$4,761,284

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 and nine-month periods ended September 30, 2021 and 2020 (Reviewed but unaudited)
(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

Description	Notes	For the three-month period ended September 30,		For the nine-month period ended September 30,	
		2021	2020	2021	2020
Operating revenues	6(16), 7	\$1,374,856	\$1,304,762	\$4,155,343	\$3,351,054
Operating costs	6(18), 7	(1,157,581)	(1,034,573)	(3,356,677)	(2,768,505)
Gross profit		217,275	270,189	798,666	582,549
Realized (Unrealized) sales profit		(14)	(10)	(343)	(2)
Gross profit, net		217,261	270,179	798,323	582,547
Operating expenses					
Sales and marketing	6(18)	(24,216)	(15,811)	(66,456)	(43,872)
General and administrative	7	(44,321)	(47,592)	(139,663)	(124,055)
Research and development		(20,710)	(14,263)	(59,774)	(42,785)
Expected credit gains (losses)	6(17)	-	46	-	(2,904)
Operating expenses total		(89,247)	(77,620)	(265,893)	(213,616)
Operating income		128,014	192,559	532,430	368,931
Non-operating incomes and expenses					
Other incomes	6(19), 7	17,041	19,286	48,988	55,159
Other gains and losses	6(19), 7	(4,843)	4,300	7,433	(4,786)
Finance costs	6(19), 7	(4,944)	(3,828)	(12,684)	(13,232)
Share of the profit or loss of associates and joint ventures accounted for under the equity method	6(6)	11,472	5,180	35,016	10,968
Non-operating incomes and expenses total		18,726	24,938	78,753	48,109
Income before income tax		146,740	217,497	611,183	417,040
Income tax expense	4, 6(22)	(28,931)	(51,042)	(121,285)	(97,260)
Net income		117,809	166,455	489,898	319,780
Other comprehensive income (loss)	6(21)				
May be reclassified to profit or loss in subsequent periods:					
Exchange differences arising on translation of foreign operations		3,218	(60,517)	(89,147)	(119,942)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method		125	(611)	(4,072)	(1,258)
Total other comprehensive income (loss), net of tax		3,343	(61,128)	(93,219)	(121,200)
Total comprehensive income (loss)		\$121,152	\$105,327	\$396,679	\$198,580
Net income (loss) attributable to:					
Stockholders of the parent		\$118,447	\$166,455	\$490,536	\$319,780
Non-controlling interests		(638)	-	(638)	-
		\$117,809	\$166,455	\$489,898	\$319,780
Total comprehensive income (loss) attributable to:					
Stockholders of the parent		\$121,860	\$105,327	\$397,387	\$198,580
Non-controlling interests		(708)	-	(708)	-
		\$121,152	\$105,327	\$396,679	\$198,580
Earnings per share-basic (in NTD)	6(23)	\$1.80	\$2.53	\$7.45	\$4.86
Earnings per share-diluted (in NTD)	6(23)	\$1.80	\$2.52	\$7.43	\$4.84

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 nine-month periods ended September 30, 2021 and 2020 (Reviewed but unaudited)
 (Amounts Expressed in Thousands of New Taiwan Dollar)

Description	Equity Attributable to Shareholders of the Parent							Non-controlling Interests	Total Equity
	Share capital		Retained Earnings			Other Components of equity	Total		
	Common Stock	Capital surplus	Legal Reserve	Special Reserve	Unappropriated retained 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:									
Special reserve				112,668	(112,668)		-		-
Cash dividends-common shares					(362,043)		(362,043)		(362,043)
Net income for the nine-month period ended September 30, 2020					319,780		319,780		319,780
Other comprehensive income (loss), for the nine-month period ended September 30, 2020						(121,200)	(121,200)		(121,200)
Total comprehensive income (loss)	-	-	-	-	319,780	(121,200)	198,580	-	198,580
Balance as of September 30, 2020	<u>\$658,262</u>	<u>\$836,782</u>	<u>\$-</u>	<u>\$332,900</u>	<u>\$1,533,528</u>	<u>\$(454,100)</u>	<u>\$2,907,372</u>	<u>\$-</u>	<u>\$2,907,372</u>
Balance as of January 1, 2021	\$658,262	\$836,782	\$-	\$332,900	\$1,766,531	\$(523,584)	\$3,070,891	\$-	\$3,070,891
Appropriation and distribution of 2020 earnings:									
Legal reserve			155,069		(155,069)		-		-
Special reserve				287,246	(287,246)		-		-
Cash dividends-common shares					(263,305)		(263,305)		(263,305)
Net income (loss) for the nine-month period ended September 30, 2021					490,536		490,536	(638)	489,898
Other comprehensive income (loss), for the nine-month period ended September 30, 2021						(93,149)	(93,149)	(70)	(93,219)
Total comprehensive income (loss)	-	-	-	-	490,536	(93,149)	397,387	(708)	396,679
Changes in non-controlling interests								24,881	24,881
Balance as of September 30, 2021	<u>\$658,262</u>	<u>\$836,782</u>	<u>\$155,069</u>	<u>\$620,146</u>	<u>\$1,551,447</u>	<u>\$(616,733)</u>	<u>\$3,204,973</u>	<u>\$24,173</u>	<u>\$3,229,146</u>

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 nine-month periods ended September 30, 2021 and 2020 (Reviewed but unaudited)

(Amounts Expressed in Thousands of New Taiwan Dollars)

Items	For the nine-month period ended September 30,		Items	For the nine-month period ended September 30,	
	2021	2020		2021	2020
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$611,183	\$417,040	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	466,880	(280,381)
Depreciation (include investment property)	117,764	118,599	Acquisition of investment accounted for under the equity method	(119,504)	(24,412)
Amortization	3,269	4,003	Acquisition of property, plant and equipment	(780,655)	(110,960)
Expected credit losses	-	2,904	Proceeds from disposal of property, plant and equipment	103,039	2,327
Interest expense	12,684	13,232	Acquisition of intangible assets	(2,267)	(545)
Interest income	(24,577)	(30,900)	Disposal of right-of-use assets	-	7,622
Share of profit or loss of associates and joint ventures accounted for under the equity method	(35,016)	(10,968)	Net cash provided by (used in) investing activities	(366,544)	(406,349)
Loss on disposal of property, plant and equipment	612	1,876	Cash flows from financing activities:		
Unrealized (realized) sales profit	343	2	Increase in (repayment of) short-term borrowings	684,738	189,520
Changes in operating assets and liabilities:			Increase (decrease) in guarantee deposits	18,220	(12,904)
Notes receivables	-	69	Repayment of lease liabilities principal	(3,972)	(4,082)
Trade receivables	28,247	(61,707)	Cash dividends	(263,305)	(362,043)
Trade receivables-related parties	(162,464)	(112,240)	Increase (decrease) in non-controlling interests	24,881	-
Other receivables	(7,402)	(2,554)	Net cash provided by (used in) financing activities	460,562	(189,509)
Other receivables-related parties	253	(591)	Effect of exchange rate changes	(50,828)	(63,833)
Inventories	(530,030)	76,456	Net increase (decrease) in cash and cash equivalents	(29,144)	(213,829)
Prepayments	(39,967)	(1,296)	Cash and cash equivalents at beginning of period	1,043,712	1,126,884
Other current assets	(89,474)	40,578	Cash and cash equivalents at end of period	\$1,014,568	\$913,055
Contract liabilities	2,236	62,210			
Notes payables	(4)	8			
Trade payables	72,915	(33,599)			
Trade payables-related parties	12,566	(8,812)			
Other payables	(4,505)	(38,782)			
Other current liabilities	984	1,086			
Net defined benefit liabilities	(341)	(334)			
Refund liabilities	(685)	14,278			
Cash generated from (used in) operations	(31,409)	450,558			
Interest received	34,889	39,472			
Dividends received	17,053	19,355			
Interest paid	(12,762)	(13,118)			
Income tax paid	(80,105)	(50,405)			
Net cash provided by (used in) operating activities	(72,334)	445,862			

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 September 30, 2021 and 2020 and for the nine-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 Box 472, 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 nine-month periods ended September 30, 2021 and 2020 were authorized for issue by the board of directors on November 2, 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 recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. Apart from the nature and impact of the new standard and amendment is described below, the remaining 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 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	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

- (a) 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.

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.

English Translation of Consolidated Financial Statements and Footnotes Originally Issued in Chinese
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. 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.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022. The Group assesses that there will be no significant impact on the Group's financial statements then.

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) 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	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	January 1, 2023

- (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.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

(REVIEWED BUT UNAUDITED)

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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.

(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.

IFRS 17 was issued in May 2017 and 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); providing additional transition reliefs; simplifying 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 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.

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

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

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

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

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the nine-month periods ended September 30, 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.

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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 to the Group'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.

(3) Basis of consolidation

The same principles of consolidation have been applied in the Group's consolidated financial statements as those applied in the Group's consolidated financial statements for the year ended December 31, 2020. For the principles of consolidation, please refer to Note 4(3) to the Group'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		
			Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 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%

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Investor	Subsidiary	Main businesses	Percentage of ownership (%)		
			As of		
			Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
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., Limited	Trading activities	100%	100%	100%
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Eurocharm Ways Plastics Company Limited.	Plastic dipping and processing	55% (Note)	-%	-%

Note: On April 30, 2021, the Company's board of directors has determined to invest in Vietnam Eurocharm Ways Plastics Company Limited. The amounted to US\$1,100 thousand and acquired 55% of ownership.

(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.

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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 the assumption and estimate 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 Group's consolidated financial statements for the nine-month periods ended September 30, 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 to 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		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Cash on hand	\$730	\$792	\$868
Checking and saving	322,331	290,358	279,863
Time deposits matured within three months	691,507	752,562	632,324
Total	<u>\$1,014,568</u>	<u>\$1,043,712</u>	<u>\$913,055</u>

(2) Financial assets measured at amortized cost

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Time deposits	<u>\$265,179</u>	<u>\$732,059</u>	<u>\$636,198</u>
Current	\$252,001	\$681,862	\$548,060
Non-current	13,178	50,197	88,138
Total	<u>\$265,179</u>	<u>\$732,059</u>	<u>\$636,198</u>

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The Group classifies certain of its financial assets as financial assets measured at amortized cost, which 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 listed below:

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Trade receivables	\$641,026	\$669,273	\$610,648
Less: loss allowance	(15,752)	(16,126)	(16,422)
Subtotal	625,274	653,147	594,226
Trade receivables from related parties	396,806	234,342	247,148
Less: loss allowance	-	-	-
Subtotal	396,806	234,342	247,148
Total	\$1,022,080	\$887,489	\$841,374

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

(c) Trade receivables are generally on 15~90 days terms. The total carrying amounts were NT\$1,037,832 thousand, NT\$903,615 thousand and NT\$857,796 thousand as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively. Please refer to Note 6 (17) for more details on loss allowance of trade receivables for the nine-month periods ended September 30, 2021 and 2020, respectively. Please refer to Note 12 for more details on credit risk.

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(4) Inventories

(a) Details of inventories are listed below:

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Raw materials and Supplies	\$529,858	\$249,299	\$233,163
Work in progress	418,695	250,492	237,024
Finished goods	163,008	85,695	69,459
Merchandises	5,446	1,491	1,680
Total	<u>\$1,117,007</u>	<u>\$586,977</u>	<u>\$541,326</u>

(b) The cost of inventories recognized in expenses amounted to NT\$1,157,581 thousand, NT\$1,034,573 thousand, NT\$3,356,677 thousand and NT\$2,768,505 thousand for the three-month and nine-month periods ended September 30, 2021 and 2020, respectively.

The following losses (gains) were included in cost of sale:

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Loss from inventory market decline	\$4	\$26,562	\$3,019	\$33,952
Loss in inventory write-off obsolescence	2,988	4,312	15,265	19,038
Loss (gain) from the physical count	-	(12)	(30)	(14)
Total	<u>\$2,992</u>	<u>\$30,862</u>	<u>\$18,254</u>	<u>\$52,976</u>

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

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

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Equity instrument investments measured at fair value through other comprehensive income - Non-current			
Unlisted companies stocks	\$53,468	\$53,468	\$19,431

(a) The Group classifies certain of its financial assets as financial assets at fair value through other comprehensive income, which 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 19.9% 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 listed below:

Investee companies	As of					
	Sep. 30, 2021		Dec. 31, 2020		Sep. 30, 2020	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in associates:						
Exedy Vietnam Co., Ltd.	\$69,887	20.00%	\$78,414	20.00%	\$74,030	20.00%
Hsieh Yuan Technology Vietnam Co., Ltd.	40,401	45.00%	35,822	45.00%	34,563	45.00%
Shiang Yu Precision Co., Ltd.	27,742	40.00%	23,001	40.00%	22,457	40.00%
Lieh Kwan International Co., Ltd.	22,684	40.00%	22,701	40.00%	23,275	40.00%

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Investee companies	As of					
	Sep. 30, 2021		Dec. 31, 2020		Sep. 30, 2020	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Vietnam King Duan Industrial Co., Ltd.	123,718	40.00%	-	-%	-	-%
Vietnam Uni-Calsonic Co., Ltd.	6,079	40.00%	-	-%	-	-%
Total	<u>\$290,511</u>		<u>\$159,938</u>		<u>\$154,325</u>	

(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\$290,511 thousand, NT\$159,938 thousand and NT\$154,325 thousand as of September 30, 2021, December 31, 2020, and September 30, 2020, respectively. The aggregate financial information based on the Group's share is as follows:

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Profit or loss from continuing operations	\$11,472	\$5,180	\$35,016	\$10,968
Other comprehensive income (post-tax)	125	(611)	(4,072)	(1,258)
Total	<u>\$11,597</u>	<u>\$4,569</u>	<u>\$30,944</u>	<u>\$9,710</u>

The associates had no contingent liabilities or capital commitments and were not under pledge as of September 30, 2021, December 31, 2020, and September 30, 2020.

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As of September 30, 2021 and 2020, the balances of investments accounted for under the equity method amounted to NT\$290,511 thousand and NT\$154,325 thousand, respectively. For the three-month periods then ended, shares of investment income from these associates and joint ventures amounted to NT\$11,472 thousand and NT\$5,180 thousand, respectively, while for the nine-month periods then ended were NT\$35,016 thousand and NT\$10,968 thousand, respectively. For the three-month periods then ended, the share of other comprehensive income from these associates and joint ventures amounted to NT\$125 thousand and NT\$(611) thousand, respectively, while for the nine-month periods then ended were NT\$(4,072) thousand and NT\$(1,258) thousand, respectively. These amounts were recognized based on unreviewed financial statements of the investees.

- (c) Investments accounted for under the equity method were not pledged.
- (d) For the years ended December 31, 2021 and 2020, Vietnam Precision Industrial No.1 Co., Ltd. received a distribution from Exedy Vietnam Co., Ltd. in the amount of NT\$17,053 thousand and NT\$19,355 thousand, respectively, which was accounted for as a reduction to the carrying amount of the investment.
- (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% of ownership, amounted 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% of ownership, amounted to US\$4,000 thousand on Vietnam King Duan Industrial Co., Ltd. As of September 30, 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), has determined to acquire 40% of ownership, amounted to US\$220 thousand on Vietnam Uni-Calsonic Co., Ltd. As of September 30, 2021, the Group has remitted the investment funds.

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(7) Property, plant and equipment

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Owner occupied property, plant and equipment	\$1,796,309	\$1,269,706	\$1,175,816
Property, plant and equipment leased out under operating leases	-	-	129
Total	<u>\$1,796,309</u>	<u>\$1,269,706</u>	<u>\$1,175,945</u>

(a) Owner occupied property, plant and equipment

	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	-	569	11,167	4,413	1,689	17,198	736,748	771,784
Disposals	-	(106)	(129,848)	(1,058)	(949)	(16,960)	-	(148,921)
Transfers	-	-	124,179	577	-	96	(125,031)	(179)
Exchange differences	-	(7,613)	(48,658)	(2,457)	(324)	(3,383)	(3,216)	(65,651)
As of Sep. 30, 2021	<u>\$52,420</u>	<u>\$323,523</u>	<u>\$1,808,042</u>	<u>\$111,974</u>	<u>\$16,534</u>	<u>\$153,193</u>	<u>\$740,848</u>	<u>\$3,206,534</u>
As of Jan. 1, 2020	\$52,420	\$347,841	\$1,868,628	\$108,891	\$18,970	\$132,480	\$17,637	\$2,546,867
Additions	-	2,031	12,874	2,625	873	32,805	76,151	127,359
Disposals	-	-	(9,236)	(1,629)	(586)	(16,091)	-	(27,542)
Transfers	-	-	77,806	-	-	-	(78,136)	(330)
Exchange differences	-	(11,791)	(72,237)	(3,531)	(567)	(3,934)	(725)	(92,785)
As of Sep. 30, 2020	<u>\$52,420</u>	<u>\$338,081</u>	<u>\$1,877,835</u>	<u>\$106,356</u>	<u>\$18,690</u>	<u>\$145,260</u>	<u>\$14,927</u>	<u>\$2,553,569</u>

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	Land	Buildings	Machinery and equipment	Transportation	Office Equipment	Other Equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of Jan. 1, 2021	\$-	\$127,938	\$1,055,745	\$68,089	\$13,595	\$114,428	\$-	\$1,379,795
Depreciation	-	13,268	74,753	5,502	1,312	16,592	-	111,427
Disposals	-	(106)	(26,809)	(1,058)	(949)	(16,348)	-	(45,270)
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	(2,925)	(28,373)	(1,593)	(289)	(2,547)	-	(35,727)
As of Sep. 30, 2021	<u>\$-</u>	<u>\$138,175</u>	<u>\$1,075,316</u>	<u>\$70,940</u>	<u>\$13,669</u>	<u>\$112,125</u>	<u>\$-</u>	<u>\$1,410,225</u>
As of Jan. 1, 2020	\$-	\$116,580	\$1,024,759	\$66,458	\$13,962	\$124,749	\$-	\$1,346,508
Depreciation	-	14,485	80,297	5,150	2,713	7,476	-	110,121
Disposals	-	-	(8,881)	(1,629)	(586)	(16,091)	-	(27,187)
Transfers	-	-	-	-	-	-	-	-
Exchange differences	-	(4,125)	(40,937)	(2,340)	(484)	(3,803)	-	(51,689)
As of Sep. 30, 2020	<u>\$-</u>	<u>\$126,940</u>	<u>\$1,055,238</u>	<u>\$67,639</u>	<u>\$15,605</u>	<u>\$112,331</u>	<u>\$-</u>	<u>\$1,377,753</u>
Net carrying amount as of:								
Sep. 30, 2021	<u>\$52,420</u>	<u>\$185,348</u>	<u>\$732,726</u>	<u>\$41,034</u>	<u>\$2,865</u>	<u>\$41,068</u>	<u>\$740,848</u>	<u>\$1,796,309</u>
Dec. 31, 2020	<u>\$52,420</u>	<u>\$202,735</u>	<u>\$795,457</u>	<u>\$42,410</u>	<u>\$2,523</u>	<u>\$41,814</u>	<u>\$132,347</u>	<u>\$1,269,706</u>
Sep. 30, 2020	<u>\$52,420</u>	<u>\$211,141</u>	<u>\$822,597</u>	<u>\$38,717</u>	<u>\$3,085</u>	<u>\$32,929</u>	<u>\$14,927</u>	<u>\$1,175,816</u>

(b) Property, plant and equipment leased out under operating leases

	<u>Machinery and equipment</u>
Cost:	
As of Jan. 1, 2021	\$32,675
Exchange differences	<u>(769)</u>
As of Sep. 30, 2021	<u>\$31,906</u>

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	<u>Machinery and equipment</u>
As of Jan. 1, 2020	\$72,653
Disposals	(37,704)
Exchange differences	(1,664)
As of Sep. 30, 2020	<u>\$33,285</u>
Depreciation and impairment:	
As of Jan. 1, 2021	\$32,675
Exchange differences	(769)
As of Sep. 30, 2021	<u>\$31,906</u>
As of Jan. 1, 2020	\$66,834
Depreciation	1,767
Disposals	(33,856)
Exchange differences	(1,589)
As of Sep. 30, 2020	<u>\$33,156</u>
Net carrying amount as of:	
Sep. 30, 2021	<u>\$-</u>
Dec. 31, 2020	<u>\$-</u>
Sep. 30, 2020	<u>\$129</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 owned 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 an annual basis according to prevailing market conditions.

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	<u>Buildings</u>
Cost:	
As of Jan. 1, 2021	\$50,050
Exchange differences	(1,178)
As of Sep. 30, 2021	<u>\$48,872</u>
As of Jan. 1, 2020	\$52,813
Exchange differences	(1,829)
As of Sep. 30, 2020	<u>\$50,984</u>
Depreciation and impairment:	
As of Jan. 1, 2021	\$13,325
Depreciation	1,541
Exchange differences	(323)
As of Sep. 30, 2021	<u>\$14,543</u>
As of Jan. 1, 2020	\$11,694
Depreciation	1,753
Exchange differences	(445)
As of Sep. 30, 2020	<u>\$13,002</u>
Net carrying amount as of:	
Sep. 30, 2021	<u>\$34,329</u>
Dec. 31, 2020	<u>\$36,725</u>
Sep. 30, 2020	<u>\$37,982</u>

	<u>For the three-month period ended Sep. 30,</u>		<u>For the nine-month period ended Sep. 30,</u>	
	2021	2020	2021	2020
Rental income from investment property	\$6,924	\$6,736	\$20,358	\$20,918
Less : Direct operating expenses from investment property generating rental income	(1,229)	(1,066)	(3,524)	(3,734)
Total	<u>\$5,695</u>	<u>\$5,670</u>	<u>\$16,834</u>	<u>\$17,184</u>

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- (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) All of the fair values of investment properties held by the Group's subsidiary were NT\$167,629 thousand as of September 30, 2021, December 31, 2020 and September 30, 2020, respectively. The determination of fair value was performed by an independent appraiser based on a comparative approach and income approach.

(9) Intangible assets

	<u>Computer software</u>
Cost:	
As of Jan. 1, 2021	\$35,990
Additions-acquired separately	2,267
Transfers from property, plant and equipment	179
Deduction	(435)
Exchange differences	(809)
As of Sep. 30, 2021	<u>\$37,192</u>
As of Jan. 1, 2020	\$36,714
Additions-acquired separately	545
Transfers from property, plant and equipment	330
Deduction	(45)
Exchange differences	(1,246)
As of Sep. 30, 2020	<u>\$36,298</u>

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	Computer software
As of Jan. 1, 2021	\$29,762
Amortization	3,269
Deduction	(435)
Exchange differences	(698)
As of Sep. 30, 2021	\$31,898
As of Jan. 1, 2020	\$26,131
Amortization	4,003
Deduction	(45)
Exchange differences	(972)
As of Sep.30, 2020	\$29,117
Net carrying amount as of:	
Sep. 30, 2021	\$5,294
Dec. 31, 2020	\$6,228
Sep. 30, 2020	\$7,181

Amortization of intangible assets is as follows:

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Operating costs	\$8	\$8	\$24	\$23
Sales and marketing expenses	3	2	6	6
General and administrative expenses	1,030	1,241	3,160	3,849
Research and development expenses	26	42	79	125
Total	\$1,067	\$1,293	\$3,269	\$4,003

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(10) Other non-current assets

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Advance payments in equipment	\$78,298	\$50,252	\$1,115
Refundable deposits	336	336	336
Total	<u>\$78,634</u>	<u>\$50,588</u>	<u>\$1,451</u>

(11) Short-term borrowings

	Interest Rate (%)	As of		
		Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Secured bank loans	0.9%~4.5%	\$434,144	\$307,783	\$241,567
Unsecured bank loans	0.7%~3.4%	1,460,574	902,197	798,315
Total		<u>\$1,894,718</u>	<u>\$1,209,980</u>	<u>\$1,039,882</u>

The Group's unused short-term lines of credits amounted to NT\$310,070 thousand, NT\$375,420 thousand and NT\$489,040 thousand as of September 30, 2021, December 31, 2020 and September 30, 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.

(12) Other payables

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Accrued expense	\$248,419	\$252,924	\$209,715
Accrued interest	72	431	108
Payables on equipment	86,645	67,470	10,862
Payables for investments	-	34,037	-
Total	<u>\$335,136</u>	<u>\$354,862</u>	<u>\$220,685</u>

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(13) Other non-current liabilities

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Net defined benefit liability	\$2,523	\$2,864	\$2,541
Guarantee deposits received	23,653	5,433	5,687
Other non-current liabilities	5,000	5,000	5,000
Total	\$31,176	\$13,297	\$13,228

(14) Post-employment benefits

Defined contribution plan

Expenses under the defined contribution plan for the three-month periods ended September 30, 2021 and 2020 were NT\$415 thousand and NT\$403 thousand, respectively, while for the nine-month periods ended September 30, 2021 and 2020 were NT\$1,248 thousand and NT\$1,212 thousand, respectively.

Defined benefits plan

Expenses under the defined benefit plan for the three-month periods ended September 30, 2021 and 2020 were NT\$62 thousand and NT\$64 thousand, respectively, while for the nine-month periods ended September 30, 2021 and 2020 were NT\$184 thousand and NT\$190 thousand, respectively.

(15) Equities

(a) Common stock

The Company's authorized capitals were NT\$900,000 thousand as of September 30, 2021, December 31, 2020 and September 30, 2020, divided into 65,826 thousand shares, each at a par value of NT\$10, respectively. Total issued stock capital was NT\$658,262 thousand. Each share has one voting right and the right to receive dividends.

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(b) Capital surplus

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 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, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

(1) Retained earnings and dividend policies

According to the amended Articles of Incorporation approved at the Company's shareholders' meeting held on May 29, 2020, 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 proposal 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 special shareholders' meeting.

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Unless otherwise required by law 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.
- iii. If there is any profit, it shall 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. The board of directors shall determine 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 covers losses at the close of the first half fiscal year (if any).
- v. Any balance left over may be distributed as dividends in accordance with the law 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 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.

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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 consider the Company's capital expenditures, future expansion plans, and financial structure and funds requirement for sustainable development needs etc.

(2) Legal reserve

According to the Company Act, legal reserve shall be set aside until such amount equal total authorized capital. Legal reserve can be used to offset deficits. If the Company does not incur any loss, the portion of legal reserve exceeding 25% of the paid-in capital may be distributed to shareholders by issuing new shares or by cash in proportion to the number of shares held by each shareholder.

(3) Special reserve

When the Company distributes 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. Jin-Guan-Cheng-Fa-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.

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- (4) The 2020 and 2019 earnings appropriations were approved at the Shareholders' meeting held on August 25, 2021 and May 29, 2020, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT\$)	
	2020	2019	2020	2019
Legal reserve	\$117,860	\$-		
Special reserve	190,684	112,668		
Common stock – cash dividend	263,305	362,043	\$4.0	\$5.5
Total	<u>\$571,849</u>	<u>\$474,711</u>		

The earnings appropriation for the six-month periods ended June 30, 2021 was approved through the Board of Director's meeting held on August 19, 2021. The Company set aside the legal reserve and the special reserve was NT\$37,209 thousand and NT\$96,562 thousand, respectively.

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

(d) Non-controlling interests

	For the nine-month period ended Sep. 30,	
	2021	2020
Beginning balance	\$-	\$-
Acquisition of shares issued by subsidiary	24,881	-
Profit (loss) attributable to non-controlling interests	(638)	-
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(70)	-
Ending balance	<u>\$24,173</u>	<u>\$-</u>

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(16) Operating revenue

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Revenue from contracts with customer				
Sale of goods	\$1,374,107	\$1,303,357	\$4,153,602	\$3,348,312
Revenue arising from the rendering of services	749	1,405	1,741	2,742
Total	<u>\$1,374,856</u>	<u>\$1,304,762</u>	<u>\$4,155,343</u>	<u>\$3,351,054</u>

Analysis of revenue from contracts with customers during the three-month periods ended and the nine-month periods then ended September 30, 2021 and 2020, respectively, is as follows:

(a) Disaggregation of revenue

	Single Segment			
	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Revenue from contracts with customer				
Sale of goods	\$1,374,107	\$1,303,357	\$4,153,602	\$3,348,312
Revenue arising from the rendering of services	749	1,405	1,741	2,742
Total	<u>\$1,374,856</u>	<u>\$1,304,762</u>	<u>\$4,155,343</u>	<u>\$3,351,054</u>
Timing of revenue recognition:				
At a point in time	<u>\$1,374,856</u>	<u>\$1,304,762</u>	<u>\$4,155,343</u>	<u>\$3,351,054</u>

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(b) Contract balances

Contract liabilities - current

	As of			
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020	Jan.1, 2020
Sales of goods	\$88,566	\$86,330	\$100,710	\$38,500

For the nine-month periods ended September 30, 2021 and 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 September 30, 2021, December 31, 2020 and September 30, 2020 there was no information about unsatisfied performance obligations provided in the consolidated financial statements because the duration 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 Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Operating expenses – Expected credit losses (gains)				
Trade receivables	\$-	\$(46)	\$-	\$2,904

The Group does not expect any 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.

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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 September 30, 2021, December 31, 2020 and September 30, 2020, respectively, is as follows:

- (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 follows:

As of September 30, 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	\$668,165	\$56,308	\$42,341	\$11,219	\$153	\$778,186
Loss ratio	0.09%	4.65%	10.30%	31.89%	100.00%	
Lifetime expected credit losses	(593)	(2,621)	(4,361)	(3,578)	(153)	(11,306)
Carrying amount of trade receivables	<u>\$667,572</u>	<u>\$53,687</u>	<u>\$37,980</u>	<u>\$7,641</u>	<u>\$-</u>	<u>\$766,880</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	\$210,020	\$49,020	\$569	\$37	\$-	\$259,646
Loss ratio	0.01%	8.83%	10.88%	100.00%	100.00%	
Lifetime expected credit losses	(17)	(4,330)	(62)	(37)	-	(4,446)
Carrying amount of trade receivables	<u>\$210,003</u>	<u>\$44,690</u>	<u>\$507</u>	<u>\$-</u>	<u>\$-</u>	<u>\$255,200</u>

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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 (Note)	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>

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

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As of September 30, 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	\$459,079	\$41,150	\$24,524	\$791	\$371	\$525,915
Loss ratio	0.89%	4.08%	11.58%	34.72%	100%	
Lifetime expected credit losses	(4,093)	(1,679)	(2,840)	(274)	(371)	(9,257)
Carrying amount of trade receivables	<u>\$454,986</u>	<u>\$39,471</u>	<u>\$21,684</u>	<u>\$517</u>	<u>\$-</u>	<u>\$516,658</u>

Group 2

	Not yet due (Note)	Overdue				Total
		Less than 30 days	31-90 days	91-270 days	More than 271 days	
Gross carrying amount	\$289,465	\$42,410	\$6	\$-	\$-	\$331,881
Loss ratio	1.07%	9.62%	32.53%	100%	100%	
Lifetime expected credit losses	(3,085)	(4,078)	(2)	-	-	(7,165)
Carrying amount of trade receivables	<u>\$286,380</u>	<u>\$38,332</u>	<u>\$4</u>	<u>\$-</u>	<u>\$-</u>	<u>\$324,716</u>

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

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- (b) The movement in the provision for impairment of notes receivables and trade receivables during the nine-month periods ended September 30, 2021 and 2020, respectively, is as follows:

	Notes receivables	Trade receivables
As of Jan. 1, 2021	\$-	\$16,126
Exchange rate impact	-	(374)
As of Sep. 30, 2021	<u>\$-</u>	<u>\$15,752</u>
As of Jan. 1, 2020	\$-	\$14,026
Addition for the current period	-	2,904
Exchange rate impact	-	(508)
As of Sep. 30, 2020	<u>\$-</u>	<u>\$16,422</u>

- (18) Summary statement of employee benefits, depreciation and amortization by function during the three-month and nine-month periods ended September 30, 2021 and 2020:

Nature \ Function	For the three-month period ended Sep. 30,					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$259,841	\$42,635	\$302,476	\$223,772	\$44,591	\$268,363
Labor and health insurance	330	870	1,200	364	747	1,111
Pension	119	358	477	139	328	467
Other employee benefits expense	2,237	1,419	3,656	2,300	1,114	3,414
Depreciation	36,562	3,184	39,746	35,296	4,728	40,024
Amortization	8	1,059	1,067	8	1,285	1,293

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<div>Function</div> <div>Nature</div>	For the nine-month period ended Sep. 30,					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$744,527	\$134,552	\$879,079	\$614,100	\$110,606	\$724,706
Labor and health insurance	1,013	2,582	3,595	1,177	2,228	3,405
Pension	376	1,056	1,432	435	967	1,402
Other employee benefits expense	6,541	3,994	10,535	6,655	3,470	10,125
Depreciation	107,409	10,355	117,764	105,080	13,519	118,599
Amortization	24	3,245	3,269	23	3,980	4,003

According to the Company's Articles of Incorporation, no less than 2% of the 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 cash; in addition, 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.

For the three-month period ended September 30, 2021, the Company recorded the employees' compensation and directors' remuneration in the amount of NT\$2,603 thousand and NT\$1,602 thousand, respectively, and, for the nine-month period ended September 30, 2021, NT\$18,419 thousand and NT\$11,335 thousand, respectively; while employees' compensation and directors' remuneration for the three-month period ended September 30, 2020 amounted to NT\$8,935 thousand and NT\$4,621 thousand, respectively, and for the nine-month period ended September 30, 2020, NT\$15,322 thousand and NT\$8,824 thousand, respectively. The aforementioned employees' compensation and directors' remuneration were estimated based on the post-tax net income of the period and recognized as salary expenses.

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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 existed between the estimated amount and the actual distribution of the employees' compensation and directors' remuneration 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 existed between the estimated amount and the actual distribution of the employees' compensation and directors' remuneration for the year ended December 31, 2019.

(19) Non-operating income and expenses

(a) Other income

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Interest income				
Financial assets measured at amortized cost	\$9,025	\$13,378	\$24,577	\$30,900
Rental income	6,924	6,736	20,358	20,918
Others	1,092	(828)	4,053	3,341
Total	\$17,041	\$19,286	\$48,988	\$55,159

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(b) Other gains and losses

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Gains (losses) on disposal of property, plant and equipment	\$(394)	\$72	\$(612)	\$(1,876)
Foreign exchange gains (losses)	4,639	3,943	18,997	6,203
Others	(9,088)	285	(10,952)	(9,113)
Total	<u>\$(4,843)</u>	<u>\$4,300</u>	<u>\$7,433</u>	<u>\$(4,786)</u>

(c) Finance costs

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Interest on borrowings from bank	\$4,861	\$3,711	\$12,410	\$12,766
Interest on lease liabilities	83	117	274	466
Total	<u>\$4,944</u>	<u>\$3,828</u>	<u>\$12,684</u>	<u>\$13,232</u>

(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 all or parts of the leases without obtaining consent from the lessors.

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

A. Amounts recognized in the balance sheet

(i) Right-of-use asset

The carrying amount of right-of-use assets

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Land	\$289,018	\$297,045	\$302,951
Buildings	9,447	13,291	14,769
Total	\$298,465	\$310,336	\$317,720

(ii) Lease liabilities

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Lease liabilities	\$9,761	\$13,552	\$15,001
Current	\$3,601	\$4,944	\$4,970
Non-current	\$6,160	\$8,608	\$10,031

Please refer to Note 6(19)(c) for the interest on lease liability recognized during the three-month and nine-month periods ended September 30, 2021 and 2020, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of September 30, 2021 and 2020.

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B. Amounts recognized in the statement of profit or loss

The depreciation charge for right-of-use assets

	For the three-month period		For the nine-month period	
	ended Sep. 30,		ended Sep. 30,	
	2021	2020	2021	2020
Buildings (Includes the right to use land)	\$1,598	\$1,635	\$4,796	\$4,958

C. Income and costs relating to leasing activities

	For the three-month period		For the nine-month period	
	ended Sep. 30,		ended Sep. 30,	
	2021	2020	2021	2020
Short-term leased expense (rental expense)	\$470	\$14	\$493	\$43

As of September 30, 2021, December 31, 2020 and September 30, 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 both amounted to NT\$0.

D. Cash outflow relating to leasing activities

During the nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflow for leases amounted to NT\$4,465 thousand and NT\$4,125 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.

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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 transfer all the risks and rewards incidental to ownership of underlying assets substantially.

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Leased income recognized by operating leased				
Fixed leased payment-related income	\$6,924	\$6,736	\$20,358	\$20,918

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 September 30, 2021, December 31, 2020 and September 30, 2020, respectively, are as follows:

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Not later than one year	\$23,325	\$18,431	\$6,364
More than one year but less than two years	5,605	-	-
Total	\$28,930	\$18,431	\$6,364

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(21) Components of other comprehensive income

For the three-month period ended Sep. 30, 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	\$3,218	\$-	\$3,218	\$-	\$3,218
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	125	-	125	-	125
Total of other comprehensive income	\$3,343	\$-	\$3,343	\$-	\$3,343
For the three-month period ended Sep. 30, 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	\$(60,517)	\$-	\$(60,517)	\$-	\$(60,517)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(611)	-	(611)	-	(611)
Total of other comprehensive income	\$(61,128)	\$-	\$(61,128)	\$-	\$(61,128)

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For the nine-month period ended Sep. 30, 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	\$(89,147)	\$-	\$(89,147)	\$-	\$(89,147)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(4,072)	-	(4,072)	-	(4,072)
Total of other comprehensive income	<u>\$(93,219)</u>	<u>\$-</u>	<u>\$(93,219)</u>	<u>\$-</u>	<u>\$(93,219)</u>

For the nine-month period ended Sep. 30, 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	\$(119,942)	\$-	\$(119,942)	\$-	\$(119,942)
Share of other comprehensive income of associates and joint ventures accounted for under the equity method	(1,258)	-	(1,258)	-	(1,258)
Total of other comprehensive income	<u>\$(121,200)</u>	<u>\$-</u>	<u>\$(121,200)</u>	<u>\$-</u>	<u>\$(121,200)</u>

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(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 Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Current income tax expense (income):				
Current income tax charge	\$28,106	\$51,732	\$122,173	\$97,377
Adjustments in respect of current income tax of prior periods	-	(9)	-	1,096
Deferred tax expense (income):				
Deferred tax expense relating to origination and reversal of temporary differences	825	(681)	(888)	(1,213)
Total income tax expense	<u>\$28,931</u>	<u>\$51,042</u>	<u>\$121,285</u>	<u>\$97,260</u>

(b) The assessment of income tax returns

As of September 30, 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.

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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.

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
(a) Basic earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$118,447</u>	<u>\$166,455</u>	<u>\$490,536</u>	<u>\$319,780</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>65,826</u>	<u>65,826</u>	<u>65,826</u>	<u>65,826</u>
Basic earnings per share (NT\$)	<u>\$1.80</u>	<u>\$2.53</u>	<u>\$7.45</u>	<u>\$4.86</u>
(b) Diluted earnings per share				
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	<u>\$118,447</u>	<u>\$166,455</u>	<u>\$490,536</u>	<u>\$319,780</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,826	65,826	65,826	65,826

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	For the three-month period		For the nine-month period	
	ended Sep. 30,		ended Sep. 30,	
	2021	2020	2021	2020
Effect of dilution:				
Employee bonus—stock (in thousands)	138	159	176	196
Weighted average number of ordinary shares outstanding after dilution (in thousands)	65,964	65,985	66,002	66,022
Diluted earnings per share (NT\$)	\$1.80	\$2.52	\$7.43	\$4.84

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

(24) Subsidiary that has material non-controlling interests

As of December 31, 2020 and September 30, 2020, the Group had no non-controlling interests. As of September 30, 2021, the financial information of the subsidiary in which the Group has material non-controlling interests is provided as follows:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	As of		
		Sep. 30, 2021	Dec. 31, 2020	Sep.30, 2020
Vietnam Eurocharm Ways Plastics Company Limited.	Vietnam	45%	-%	-%

Accumulated balances of material non-controlling interest:

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Vietnam Eurocharm Ways Plastics Company Limited.	\$24,173	\$-	\$-

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Profit (loss) allocated to material non-controlling interest:

	For the three-month period ended Sep. 30, 2021	For the nine-month period ended Sep. 30, 2021
Vietnam Eurocharm Ways Plastics Company Limited.	\$(638)	\$(638)

The summarized financial information of this subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss is as follows:

	For the three-month period ended Sep. 30, 2021	For the nine-month period ended Sep. 30, 2021
Operating revenue	\$-	\$-
Profit/loss from continuing operation	(1,418)	(1,418)
Total comprehensive income for the period	(1,418)	(1,418)

Summarized information of financial position is as follows:

	As of Sep. 30, 2021
Current assets	\$55,526
Non-current assets	30,020
Current liabilities	31,829
Non-current liabilities	-

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Summarized information of cash flows is as follows:

	For the nine-month period ended Sep. 30, 2021
Operating activities	\$(13,572)
Investing activities	588
Financing activities	55,292
Net increase/(decrease) in cash and cash equivalents	41,132

7. RELATED PARTY TRANSACTIONS

(1) Deals 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 Uni-Calsonic Co., Ltd.	Associate
Vietnam Lieh Kwan 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

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(2) Significant transactions with related parties

(a) Sales

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Associates	\$19,741	\$27,313	\$76,185	\$75,784
Other related party	10	-	23	4
Other related party – Northstar Precision (Vietnam) Company	439,484	338,398	1,067,944	736,286
Total	<u>\$459,235</u>	<u>\$365,711</u>	<u>\$1,144,152</u>	<u>\$812,074</u>

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 Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Associates	\$49,942	\$9,487	\$99,474	\$27,956
Other related parties	829	321	2,020	1,687
Total	<u>\$50,771</u>	<u>\$9,808</u>	<u>\$101,494</u>	<u>\$29,643</u>

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.

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- (c) For the nine-month period ended September 30, 2021 and 2020, the Group was charged by associates for processing and therefore recognized processing expense in the amount of NT\$73,440 thousand and NT\$33,625 thousand, respectively.
- (d) For the nine-month period ended September 30, 2021 and 2020, the Group charged associates for processing and therefore recognized processing income in the amount of NT\$1,741 thousand and NT\$0 thousand, respectively, which were recorded under operating revenues.
- (e) For the nine-month period ended September 30, 2021 and 2020, the Group charged other related parties for processing and therefore recognized processing income in the amount of NT\$0 thousand and NT\$2,742 thousand, respectively, which were recorded under operating revenues.
- (f) For the nine-month period ended September 30, 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 nine-month period ended September 30, 2021, the Group was charged by other related parties due to product defect and therefore recognized compensation in the amount of NT\$7,859 thousand, which were recorded under non-operating income and expenses-other gain or loss.
- (h) For the nine-month period ended September 30, 2021, the Group recognized NT\$0 of disposal gain or loss from sale of machine to associates in the amount of NT\$103,039 thousand.
- (i) For the nine-month period ended September 30, 2021, the Group recognized service fee amounted to NT\$135 thousand, which were recorded under non-operating income.

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(j) Trade receivables from related parties

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Associates	\$4,017	\$13,749	\$8,165
Other related parties	11	-	-
Other related party-Northstar Precision (Vietnam) Company Limited	392,778	220,593	238,983
Total	<u>\$396,806</u>	<u>\$234,342</u>	<u>\$247,148</u>

(k) Other receivables - related parties

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Associates	\$152	\$828	\$774
Other related parties	423	-	-
Total	<u>\$575</u>	<u>\$828</u>	<u>\$774</u>

(l) Prepayments

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep.30, 2020
Associates	<u>\$8,648</u>	<u>\$4,312</u>	<u>\$-</u>

(m) Trade payables to related parties

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Associates	\$16,540	\$3,928	\$4,011
Other related parties	200	246	264
Total	<u>\$16,740</u>	<u>\$4,174</u>	<u>\$4,275</u>

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(n) Operating lease

A. Right-of-use asset

Relationship	Property	As of		
		Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Other related party	Buildings	\$475	\$1,900	\$2,375

B. Lease liabilities

Relationship	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Other related party	\$480	\$1,910	\$2,384

C. Interest on lease liabilities

Relationship	Property	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
		2021	2020	2021	2020
Other related party	Rent office	\$2	\$7	\$9	\$25

D. For the nine-month periods ended September 30, 2021 and 2020, the Group paid other related parties for rent expense every month by cash.

E. Lease transactions with related parties

Lessee	Lease	Duration	Rental income
<u>For the nine-month period ended Sep. 30, 2021</u>			
Associate	Property and plant	Jan. 1, 2021 ~ Dec. 31, 2021	\$7,401
Associate	Property and plant	Jan. 1, 2021 ~ Dec. 31, 2021	5,984
Associate	Property and plant	Jan. 1, 2021 ~ Dec. 31, 2021	1,496
Associate	Property and plant	Jan. 1, 2021 ~ Dec. 31, 2021	1,179
Other related party	Property and plant	Apr. 1, 2021 ~ Dec. 31, 2021	4,298
Total			<u>\$20,358</u>

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Lessee	Lease	Duration	Rental income
<u>For the nine-month period ended Sep. 30, 2020</u>			
Associate	Property and plant	Jan. 1, 2019~Dec. 31, 2021	\$7,794
Associate	Property and plant	Jan. 1, 2019~Dec. 31, 2021	6,340
Associate	Property and plant	May 1, 2019~Apr. 30, 2021	1,531
Other related party	Property and plant	Aug. 1, 2020~Dec. 31, 2020	5,253
Total			<u>\$20,918</u>

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

	For the three-month period ended Sep. 30,		For the nine-month period ended Sep. 30,	
	2021	2020	2021	2020
Short-term employee benefits	\$14,013	\$13,909	\$24,803	\$25,053
Post-employment benefits	81	82	245	246
Total	<u>\$14,094</u>	<u>\$13,991</u>	<u>\$25,048</u>	<u>\$25,299</u>

8. PLEDGED ASSETS

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

Item	Carrying Amount As of			Secured liabilities
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020	
Trade receivables	\$240,600	\$246,400	\$251,000	Short-term borrowings
Inventories	240,600	246,400	251,000	Short-term borrowings
Property, plant and equipment – land	52,420	52,420	52,420	Short-term borrowings
Property, plant and equipment – buildings	252	316	338	Short-term borrowings
Total	<u>\$533,872</u>	<u>\$545,536</u>	<u>\$554,758</u>	

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9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of September 30, 2021, the Group's outstanding contracts relating to purchased property, plant and equipment were as follows (foreign currencies: in thousands):

<u>The nature of the contract</u>	<u>Contract amount</u>	<u>Amount paid</u>	<u>Outstanding balance</u>
Construction contracts	<u>VND286,000,000</u>	<u>VND271,700,000</u>	<u>VND14,300,000</u>

Amounts paid were recorded under property, plant and equipment.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Financial instruments

Categories of financial instruments

Financial assets

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 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)	1,013,838	1,042,920	912,187
Financial assets measured at amortized cost	265,179	732,059	636,198
Trade receivables (includes related parties)	1,022,080	887,489	841,374

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	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Other receivables (includes related parties)	13,577	16,928	8,760
Refundable deposits	336	336	336
Total	\$2,368,478	\$2,733,200	\$2,418,286

Financial liabilities

	As of		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Financial liabilities at amortized cost:			
Short-term borrowings	\$1,894,718	\$1,209,980	\$1,039,882
Trade payables (includes related parties)	758,547	692,796	507,987
Lease liabilities (includes related parties)	9,761	13,552	15,001
Refund liabilities	23,653	5,433	5,687
Total	\$2,686,679	\$1,921,761	\$1,568,557

(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 activate. The Group identifies measures and manages the aforementioned 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, the 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).

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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 is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

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

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as 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 nine-month periods ended September 30, 2021 and 2020 is decreased/increased by NT\$5,619 thousand and decreased/increased NT\$7 thousand, respectively.

When VND is strengthened/weakened against foreign currency USD by 1%, the profit for the nine-month periods ended September 30, 2021 and 2020 is decreased/increased by VND\$1,148,171 thousand and VND\$1,520,586 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 loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

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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 nine-month periods ended September 30, 2021 and 2020 to decrease/increase by NT\$194 thousand and NT\$356 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.

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 enhancing credit procedures, such as requesting for prepayment or insurance.

As of September 30, 2021, December 31, 2020 and September 30, 2020, trade receivables from top ten customers represented 80.65%, 79.65% and 84.95% of the total trade receivables of the Group, respectively. The credit concentration risk of other trade receivable is relatively 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 and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

The Group adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss are purchased based on low credit risk, and the Group makes an assessment on each balance sheet date as to whether the credit risk rises significantly since original recognition and then further determines the method of measuring the loss allowance and the loss rate. As of September 30, 2021, December 31, 2020 and September 30, 2020, the Group did not hold any debt instrument investment measured at fair value through profit or loss.

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 at the end of the reporting period.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

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Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
<u>As of Sep. 30, 2021</u>			
Short-term borrowings	\$1,903,873	\$-	\$1,903,873
Trade and other payables	758,574	-	758,574
Lease liabilities	3,873	6,368	10,241
<u>As of Dec. 31, 2020</u>			
Short-term borrowings	\$1,213,466	\$-	\$1,213,466
Trade and other payables	692,796	-	692,796
Lease liabilities	5,300	9,013	14,313
<u>As of Sep. 30, 2020</u>			
Short-term borrowings	\$1,043,519	\$-	\$1,043,519
Trade and other payables	507,987	-	507,987
Lease liabilities	5,363	10,522	15,885

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended September 30, 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	684,738	18,220	(3,972)	698,986
Non-cash changes	-	-	181	181
As of Sep. 30, 2021	\$1,894,718	\$23,653	\$9,761	\$1,928,132

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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Reconciliation of liabilities for the nine-month period ended September 30, 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	189,520	(12,904)	(4,082)	172,534
Non-cash changes	-	-	3,786	3,786
As of Sep. 30, 2020	<u>\$1,039,882</u>	<u>\$5,687</u>	<u>\$15,001</u>	<u>\$1,060,570</u>

(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 payables and other current liabilities approximate their fair value due to their short maturities.
- 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).

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

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- iv. Fair value of debt instruments without market quotations, bank loans, bonds payables 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 methods (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 measured 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.

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(8) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 – Unobservable inputs for the asset or liability

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

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

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

As of September 30, 2021, December 31, 2020, and September 30, 2020, fair value measurement hierarchy of the Group's assets measured at fair value on a recurring basis is as follows:

As of Sep. 30, 2021

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

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As of Dec. 31, 2020

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

As of Sep. 30, 2020

	Level 1	Level 2	Level 3	Total
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 nine-month periods ended September 30, 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:

	Equity instrument measured at fair value through other comprehensive income
	Stock
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 other payables.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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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 September 30, 2021

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

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(REVIEWED BUT UNAUDITED)

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

As of December 31, 2020

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

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As of September 30, 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 extent of lacking marketability, the lower the fair value of the stocks.	Increase (decrease) in the extent 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 are in line with market conditions, based on independent and reliable inputs which are consistent with other information and represent exercisable prices. The department analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies at each reporting date.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

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(REVIEWED BUT UNAUDITED)

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- (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 Sep. 30, 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))	<u>\$-</u>	<u>\$-</u>	<u>\$167,629</u>	<u>\$167,629</u>

As of Dec. 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))	<u>\$-</u>	<u>\$-</u>	<u>\$167,629</u>	<u>\$167,629</u>

As of Sep. 30, 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))	<u>\$-</u>	<u>\$-</u>	<u>\$167,629</u>	<u>\$167,629</u>

- (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					
	Sep. 30, 2021			Dec.31, 2020		
	Foreign currencies	Exchange rate	NTD	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	<u>\$49,373</u>	27.49	<u>\$1,357,667</u>	<u>\$38,659</u>	28.38	<u>\$1,097,138</u>
VND	<u>\$902,862,315</u>	0.001203	<u>\$1,086,137</u>	<u>\$1,308,851,122</u>	0.001232	<u>\$1,612,505</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

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	As of					
	Sep. 30, 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>\$222,895,211</u>	0.001203	<u>\$268,143</u>	<u>\$109,854,398</u>	0.001232	<u>\$135,341</u>

Financial liabilities

Monetary items:

USD	<u>\$69,012</u>	27.71	<u>\$1,912,590</u>	<u>\$40,500</u>	28.54	<u>\$1,155,877</u>
VND	<u>\$525,650,058</u>	0.001203	<u>\$632,357</u>	<u>\$477,451,472</u>	0.001232	<u>\$588,220</u>

	As of		
	Sep. 30, 2020		
	Foreign currencies	Exchange rate	NTD
<u>Financial assets</u>			
Monetary items:			
USD	<u>\$34,460</u>	29.01	<u>\$999,598</u>
VND	<u>\$1,129,490,879</u>	0.001254	<u>\$1,416,570</u>

Investments accounted for under the equity method

VND	<u>\$104,413,561</u>	0.001277	<u>\$133,336</u>
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Financial liabilities

Monetary items:

USD	<u>\$34,249</u>	29.16	<u>\$998,834</u>
VND	<u>\$366,219,708</u>	0.001255	<u>\$459,606</u>

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (CONTINUED)

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

The Group's entities functional currencies 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 gain/(loss) were NT\$4,639 thousand and NT\$3,943 thousand for the three-month periods ended September 30, 2021 and 2020, respectively. The foreign exchange gains were NT\$18,997 thousand and NT\$6,203 thousand for the nine-month periods ended September 30, 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 in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

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

The Covid-19 outbreak took place in January 2020 and 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 September 30, 2021 (excluding investments in subsidiaries, associates and joint ventures): None.

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- (d) Individual securities acquired or disposed of with accumulated amount of at least NT\$ 100 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 2021: None.
 - (e) Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital for the nine-month period ended September 30, 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 nine-month period ended September 30, 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 nine-month period ended September 30, 2021: None.
 - (h) Receivables from related parties of at least NT\$100 million or 20 percent of the paid-in capital as of September 30, 2021: None.
 - (i) Derivative instrument transactions: None.
 - (j) Intercompany relationships and significant intercompany transactions for the nine-month period ended September 30, 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 shall be disclosed of information under Note 13(1):
 - i. Financing provided to others: None.
 - ii. Endorsement/Guarantee provided to others: None.
 - iii. Marketable securities held as of September 30, 2021 (excluding investments in subsidiaries, associates and joint ventures): Please refer to Attachment 4.

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- iv. Individual securities acquired or disposed of with accumulated amount of at least NT\$100 million or 20 percent of the paid-in capital or for the nine-month period ended September 30, 2021: None.
- v. Acquisition of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital or for the nine-month period ended September 30, 2021: None.
- vi. Disposal of individual real estate with amount of at least NT\$300 million or 20 percent of the paid-in capital or for the nine-month period ended September 30, 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 or for the nine-month period ended September 30, 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 September 30, 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	Percentage of ownership
	Number of shares	
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 and evaluated the overall performance. Therefore, the Group was aggregated into a segment.

ATTACHMENT 1 (Financing provided to others for the nine-month period ended September 30, 2021)

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

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	\$69,665	\$69,665	\$-	1.00%	Need for short term financing	\$-	Business turnover	\$-	-	\$-	\$640,995 (Note 2) (Note 3)	\$1,281,989 (Note 2)
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation (HK) Co., Limited	Other receivables -related parties	\$55,732	\$55,732	\$55,732 (Note 4)	1.00%	Need for short term financing	\$-	Business turnover	\$-	-	\$-	\$640,995 (Note 2) (Note 3)	\$1,281,989 (Note 2)

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

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.

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

No. (Note 1)	Endorser/Guarantor	Guaranteed party		Limit of guarantee/endorsement amount to each guaranteed party	Maximum balance for the period	Ending balance	Actual actually draw	Amount of collateral for guarantee/ endorsement	Ratio of accumulated guarantee amount to net assets value per latest financial statements	Maximum guarantee/endorsement amount allowed (Note3)	Guarantee provided by parent company	Guarantee provided by a subsidiary	Guarantee provided to subsidiaries in Mainland China
		Company name	Relationship (Note2)										
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd.	2	\$1,281,989	\$80,000	\$80,000	\$69,000	\$-	2.50%	\$1,602,487	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd. (B.V.I)	2	\$1,281,989	\$195,062 (USD 7,000) (Note4)	\$195,062 (USD 7,000) (Note4)	\$181,129 (USD 6,500) (Note4)	\$-	6.09%	\$1,602,487	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	2	\$1,281,989	\$668,784 (USD 24,000) (Note4)	\$668,784 (USD 24,000) (Note4)	\$471,477 (USD 16,919) (Note4)	\$-	20.87%	\$1,602,487	Y	N	N
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation(HK) Co., Limited	2	\$1,281,989	\$125,397 (USD 4,500) (Note4)	\$125,397 (USD 4,500) (Note4)	\$-	\$-	3.91%	\$1,602,487	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 nine-month period ended September 30, 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 Sep. 30, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				As of Sep. 30, 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%	\$4,018,105 (Note 5)	\$535,055	\$535,055 (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%	522 (Note 5)	(2,377)	(2,377) (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%	143,505 (Note 5)	(3,869)	(6,891) (Note 1) (Note 5)	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%	3,601,993 (Note 3) (Note 5)	498,459	515,713 (Note 2) (Note 5)	Subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Eurocharm Innovation (HK) Co., Limited	Hong Kong	Trading activities	USD 1,500	USD 1,500	1,500,000	100.00%	53,005 (Note 5)	108,859	7,405 (Note 4) (Note 5)	Subsidiary
Eurocharm Innovation Co., Ltd. (B.V.I.)	Vietnam Eurocharm Ways Plastics Company Limited.	Vietnam	Plastic dipping and processing	USD 1,100	-	-	55.00%	29,544 (Note 5)	(1,418)	(780)	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%	40,401	12,119	5,454	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%	22,684	(42)	(17)	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%	123,718	34,520	13,808	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%	6,079	-	-	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%	69,887	52,293	10,459	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%	27,742	13,283	5,313	Investment accounted for under the equity method

Note 1: Including investment loss recognized under equity method amounted to NT\$3,869 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$3,022 thousand.

Note 2: Including investment gain recognized under equity method amounted to NT\$498,459 thousand and realized profit on transaction between subsidiaries amounted to NT\$17,254 thousand.

Note 3: Holding net equity at the end of the period amount to NT\$3,683,586 thousand minus unrealized profit on transaction between subsidiaries amounted to NT\$81,593 thousand.

Note 4: Including investment gain recognized under equity method amounted to NT\$108,859 thousand and unrealized profit on transaction between subsidiaries amounted to NT\$101,454 thousand.

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

ATTACHMENT 4 (Securities held as of September 30, 2021) (Excluding investments in subsidiaries, associates and joint ventures)

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

Company	Investee company	Relationship	Financial statement account	Investments as of September 30, 2021					
				Number of shares	Book value	Percentage of ownership (%)	Fair value	Note	Shares as collateral
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 nine-month period ended September 30, 2021)

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

EUROCHARM HOLDINGS CO., LTD. AND SUBSIDIARIES

			Transactions				Details of non-arm's length transaction		Notes and trade receivables (payables)		
			Purchases (Sales)	Percentage of total purchases			Unit price	Term	Percentage of total balances (%)		
Purchase (sales) company	Related party	Relationship		Amount	(sales) (%)	Term			Balance	balances (%)	Note
Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	Also a subsidiary under the Company's control	Sales	\$386,249	87.56%	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	Trade receivables \$44,399	73.87%	1
Eurocharm Innovation (HK) Co., Limited	Vietnam Precision Industrial No.1 Co., Ltd.	Also a subsidiary under the Company's control	Sales	\$552,710	95.14%	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	Trade receivables \$152,143	84.44%	1
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	Sales	\$1,065,002	25.82%	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 \$392,025	37.44%	

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 September 30, 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 ratio	Overdue		Amount received in subsequent periods	Loss allowance	Note
					Amount	Action taken			
Vietnam Precision Industrial No.1 Co., Ltd.	Northstar Precision (Vietnam) Company Limited	Other related party	<u>\$392,025</u>	<u>4.64</u>	<u>\$-</u>	-	<u>\$60,679</u>	<u>\$-</u>	
Eurocharm Innovation (HK) Co., Limited	Vietnam Precision Industrial No.1 Co., Ltd.	A subsidiary under the Company's control	<u>\$152,143</u>	<u>9.27</u>	<u>\$-</u>	-	<u>\$-</u>	<u>\$-</u>	1

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

(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>2021.01.01~2021.09.30</u>						
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation (HK) Co., Limited	1	Other receivables	\$55,872	-	0.89%
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation (HK) Co., Limited	1	Interest incomes	325	-	0.01%
0	Eurocharm Holdings Co., Ltd.	Eurocharm Innovation Co., Ltd. (B.V.I)	1	Interest incomes	115	-	-%
1	Eurocharm Innovation Co., Ltd. (B.V.I)	Vietnam Precision Industrial No.1 Co., Ltd.	2	Dividend Receivables	110,908	-	1.78%
2	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	386,249	60~90 days after monthly closing	9.30%
2	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade Receivables	44,399	60~90 days after monthly closing	0.71%
2	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other receivables	328	60~90 days after monthly closing	0.01%
2	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other incomes	217	-	0.01%
2	Eurocharm Innovation Co., Ltd.	Vietnam Precision Industrial No.1 Co., Ltd.	3	Other expenses	6	-	-%
2	Eurocharm Innovation Co., Ltd.	Vietnam Eurocharm Ways Plastics Company Limited.	3	Sales	1,926	60~90 days after monthly closing	0.05%
2	Eurocharm Innovation Co., Ltd.	Vietnam Eurocharm Ways Plastics Company Limited.	3	Trade Receivables	1,926	60~90 days after monthly closing	0.03%
2	Eurocharm Innovation Co., Ltd.	Vietnam Eurocharm Ways Plastics Company Limited.	3	Other receivables	13	60~90 days after monthly closing	-%
3	Eurocharm Innovation (HK) Co., Limited	Vietnam Precision Industrial No.1 Co., Ltd.	3	Sales	552,710	60~90 days after monthly closing	13.30%
3	Eurocharm Innovation (HK) Co., Limited	Vietnam Precision Industrial No.1 Co., Ltd.	3	Trade Receivables	152,143	60~90 days after monthly closing	2.44%
3	Eurocharm Innovation (HK) Co., Limited	Vietnam Eurocharm Ways Plastics Company Limited.	3	Sales	28,213	60~90 days after monthly closing	0.68%
3	Eurocharm Innovation (HK) Co., Limited	Vietnam Eurocharm Ways Plastics Company Limited.	3	Trade Receivables	28,041	60~90 days after monthly closing	0.45%
4	Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	3	Sales	23,669	60~90 days after monthly closing	0.57%
4	Vietnam Precision Industrial No.1 Co., Ltd.	Eurocharm America LLC.	3	Trade Receivables	23,013	60~90 days after monthly closing	0.37%
4	Vietnam Precision Industrial No.1 Co., Ltd.	Vietnam Eurocharm Ways Plastics Company Limited.	3	Other receivables	601	15 days after monthly closing	0.01%

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.