China Motor Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2020 and 2019 and Independent Auditors’ Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
China Motor Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of China Motor Corporation and its subsidiaries (collectively, the "Group") as of June 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the 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". 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 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

The financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of June 30, 2020 and 2019, the combined total assets of these non-significant subsidiaries were NT$8,875,570 thousand and NT$12,489,517 thousand, respectively, representing 18% and 19% of the consolidated total assets, and the combined total liabilities of these non-significant subsidiaries were NT$2,792,156 thousand and NT$4,023,099 thousand, respectively, representing 39% and 37%, respectively, of the consolidated total liabilities; for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the amounts of combined comprehensive income (loss) of these non-significant subsidiaries were NT$42,605 thousand, NT$(704,648) thousand, NT$(91,165) thousand and NT$(766,958) thousand, respectively, representing 4%, 88%, 7% and 154%, respectively, of the consolidated total comprehensive income. As disclosed in Note 16 to the consolidated financial statements, as of June 30, 2020 and 2019, some investments accounted for using the equity method were NT$9,130,065 thousand and NT$11,525,403 thousand, respectively, and for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the comprehensive income (loss) of these equity-method investments were NT$370,480 thousand, NT$(1,018,815) thousand, NT$74,135 thousand and NT$(531,596) thousand, respectively, which were calculated on the basis of financial statements that have not been reviewed.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the aforementioned non-significant subsidiaries, the investments accounted for using the equity method and the relevant information disclosed been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020 and 2019, its consolidated financial performance for the three months ended June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Chih-Ming Shao and Ya-Ling Wong.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 10, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 practices to review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors’ review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors’ review report and consolidated financial statements shall prevail.

CHINA MOTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 7,676,382	15	$ 5,742,588	11	$ 15,298,026	24
Financial assets at fair value through profit or loss (Note 7)	794,828	2	339,731	1	579,644	1
Financial assets at amortized cost (Notes 9 and 10)	58,372	-	8,556	-	68,030	-
Financial assets for hedging (Note 11)	371,182	1	1,138,342	2	733,205	1
Notes and accounts receivable, net (Note 12)	556,780	1	1,190,463	2	991,469	2
Trade receivables from related parties (Note 30)	1,750,596	4	1,457,139	3	2,104,799	3
Other receivables	465,722	1	326,784	1	1,418,728	2
Inventories (Note 13)	3,622,170	7	4,617,661	9	3,500,966	6
Prepayments (Note 30)	1,184,909	2	1,543,144	3	1,410,527	2
Non-current assets held for sale (Note 15)	-	-	148,023	-	148,023	-
Other current assets (Note 31)	669,782	1	849,643	2	599,136	1
Total current assets	17,150,723	34	17,362,074	34	26,852,553	42
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss (Note 7)	666,751	1	686,413	1	711,829	1
Financial assets at fair value through other comprehensive income (Note 8)	201,307	-	207,342	-	213,687	-
Financial assets at amortized cost (Notes 9 and 10)	839,904	2	776,473	2	671,390	1
Investments accounted for using the equity method (Note 16)	22,507,417	45	23,348,925	45	26,984,132	42
Property, plant and equipment (Notes 17, 30 and 31)	6,524,801	13	6,419,254	12	6,566,292	10
Right-of-use assets (Note 18)	394,159	1	442,921	1	502,974	1
Investment properties (Notes 19 and 31)	1,360,532	3	1,366,049	3	1,372,594	2
Intangible assets under development	356,850	1	484,360	1	303,727	1
Deferred tax assets	211,108	-	253,394	1	286,115	-
Other non-current assets	266,006	-	119,263	-	144,981	-
Total non-current assets	33,328,835	66	34,104,394	66	37,757,721	58
TOTAL	$ 50,479,558	100	$ 51,466,468	100	$ 64,610,274	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 20 and 31)	$ 340,000	1	$ 615,000	1	$ 630,000	1
Short-term bills payable	149,997	-	183,939	-	59,994	-
Notes and accounts payable	1,853,995	4	2,702,267	5	2,298,755	4
Trade payables to related parties (Note 30)	676,401	1	983,750	2	712,121	1
Dividends payable	140,601	-	14,706	-	2,479,292	4
Other payables (Note 21)	1,907,701	4	2,426,690	5	2,406,573	4
Current tax liabilities (Note 4)	289,896	1	312,774	1	340,230	-
Lease liabilities (Notes 4 and 18)	88,810	-	88,697	-	93,706	-
Current portion of long-term borrowings (Note 20)	18,750	-	6,250	-	-	-
Other current liabilities (Notes 7, 11 and 30)	273,819	-	325,978	1	342,453	1
Total current liabilities	5,739,970	11	7,660,051	15	9,363,124	15
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 20)	81,250	-	43,750	-	-	-
Deferred tax liabilities	413,114	1	480,280	1	351,286	-
Lease liabilities (Notes 4 and 18)	311,623	1	359,836	1	411,752	1
Net defined benefit liabilities (Note 4)	613,823	1	735,400	1	727,229	1
Other non-current liabilities	34,174	-	22,212	-	17,700	-
Total non-current liabilities	1,453,984	3	1,641,478	3	1,507,967	2
Total liabilities	7,193,954	14	9,301,529	18	10,871,091	17
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)						
Ordinary shares	5,536,203	11	5,536,203	11	13,840,508	21
Capital surplus	6,413,737	13	6,414,118	12	6,392,892	10
Retained earnings						
Legal reserve	9,257,157	18	9,257,157	18	9,257,157	14
Special reserve	1,028,359	2	1,029,654	2	1,046,585	2
Unappropriated earnings	18,814,902	37	17,306,526	34	19,858,392	31
Total retained earnings	29,100,418	57	27,593,337	54	30,162,134	47
Other equity						
Exchange differences on translating the financial statements of foreign operations	(1,238,611)	(2)	(990,653)	(2)	(476,107)	(1)
Unrealized gain on investments in financial assets at fair value through other comprehensive income	158,927	-	216,562	-	193,014	-
Gain on the hedging instruments (Note 11)	226	-	(19,968)	-	23,867	-
Equity directly associated with non-current assets held for sale (Note 15)	-	-	(7,538)	-	(7,538)	-
Total other equity	(1,079,458)	(2)	(801,597)	(2)	(266,764)	(1)
Total equity attributable to owners of the Corporation	39,970,900	79	38,742,061	75	50,128,770	77
NON-CONTROLLING INTERESTS (Note 14)	3,314,704	7	3,422,878	7	3,610,413	6
Total equity	43,285,604	86	42,164,939	82	53,739,183	83
TOTAL	$ 50,479,558	100	$ 51,466,468	100	$ 64,610,274	100

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

(With Deloitte & Touche review report dated August 10, 2020)

CHINA MOTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 30)								
Net sales	$ 6,778,673	95	$ 7,844,904	95	$ 14,131,447	96	$ 16,132,756	95
Other operating revenue	337,161	5	437,311	5	646,606	4	875,918	5
Total operating revenue	7,115,834	100	8,282,215	100	14,778,053	100	17,008,674	100
OPERATING COSTS (Notes 13, 22, 25 and 30)								
Cost of goods sold	5,787,909	81	6,629,844	80	12,058,578	82	13,699,973	81
Other operating costs	35,650	1	44,285	1	66,681	-	78,182	-
Total operating costs	5,823,559	82	6,674,129	81	12,125,259	82	13,778,155	81
GROSS PROFIT	1,292,275	18	1,608,086	19	2,652,794	18	3,230,519	19
REALIZED (UNREALIZED) GAIN ON TRANSACTIONS WITH ASSOCIATES	4,505	-	(7,078)	-	(30,648)	-	(35,423)	-
REALIZED GROSS PROFIT	1,296,780	18	1,601,008	19	2,622,146	18	3,195,096	19
OPERATING EXPENSES (Notes 22, 25 and 30)								
Selling and marketing expenses	306,021	4	389,915	5	571,687	4	805,167	5
General and administrative expenses	187,240	3	278,627	3	403,798	3	526,798	3
Research and development expenses	424,328	6	406,414	5	753,123	5	775,027	5
Total operating expenses	917,589	13	1,074,956	13	1,728,608	12	2,106,992	13
PROFIT FROM OPERATIONS	379,191	5	526,052	6	893,538	6	1,088,104	6
NON-OPERATING INCOME								
Expected credit gain (loss) (Notes 10 and 15)	(92,441)	(1)	465	-	(61,622)	-	348	-
Share of profit (loss) of associates and joint ventures (Note 16)	577,506	8	(1,035,626)	(13)	719,555	5	(667,803)	(4)
Interest income	19,966	-	44,906	1	43,406	-	84,104	1
Other income	39,385	-	31,977	-	57,679	-	42,309	-
Gain (loss) on disposal of investments (Notes 15 and 16)	234,953	3	(1,100)	-	224,621	2	(1,640)	-
Net foreign exchange gain (loss)	(30,242)	-	(8,217)	-	(38,538)	-	25,331	-
Interest expense	(4,474)	-	(4,998)	-	(9,592)	-	(11,342)	-
Other expense	(6,210)	-	(4,361)	-	(6,523)	-	(8,318)	-
Net loss on financial instruments at fair value through profit or loss	(15,196)	-	(41,428)	(1)	(19,213)	-	(30,342)	-
Impairment loss (Note 17)	(94,529)	(1)	(36,637)	-	(94,529)	(1)	(36,637)	-
Total non-operating income and expenses	628,718	9	(1,055,019)	(13)	815,244	6	(603,990)	(3)

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CHINA MOTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT (LOSS) BEFORE INCOME TAX	$ 1,007,909	14	$ (528,967)	(7)	$ 1,708,782	12	$ 484,114	3
INCOME TAX EXPENSE (Notes 4 and 26)	23,053	-	196,384	2	110,102	1	386,089	2
NET PROFIT (LOSS) FOR THE PERIOD	984,856	14	(725,351)	(9)	1,598,680	11	98,025	1
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain (loss) on investment equity instruments designated as fair value through other comprehensive income (Note 23)	12,279	-	(20,169)	-	(5,241)	-	(14,178)	-
Gain on hedging instruments (Notes 11 and 23)	(9,550)	-	40,309	1	5,285	-	40,597	-
Share of other comprehensive income (loss) of associates accounted for using the equity method (Notes 16 and 23)	175,740	2	39,698	-	(55,672)	(1)	184,592	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 26)	1,055	-	(4,117)	-	24	-	(3,923)	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 23)	(12,682)	-	(15,186)	-	(13,271)	-	7,364	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method (Notes 16 and 23)	(201,805)	(3)	(117,841)	(2)	(284,086)	(2)	185,402	1
Other comprehensive income (loss) for the period, net of income tax	(34,963)	(1)	(77,306)	(1)	(352,961)	(3)	399,854	2
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 949,893	13	$ (802,657)	(10)	$ 1,245,719	8	$ 497,879	3
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	$ 913,207	13	$ (751,153)	(9)	$ 1,522,172	10	$ 9,366	-
Non-controlling interests	71,649	1	25,802	-	76,508	1	88,659	1
	$ 984,856	14	$ (725,351)	(9)	$ 1,598,680	11	$ 98,025	1

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CHINA MOTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Corporation	$ 909,478	13	$ (795,442)	(10)	$ 1,227,996	8	$ 388,883	2
Non-controlling interests	40,415	-	(7,215)	-	17,723	-	108,996	1
	$ 949,893	13	$ (802,657)	(10)	$ 1,245,719	8	$ 497,879	3
EARNINGS (LOSS) PER SHARE (Note 27)								
Basic	$ 1.67		$(0.55)		$ 2.79		$ 0.01	
Diluted	$ 1.67		$(0.55)		$ 2.79		$ 0.01	

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

(With Deloitte & Touche review report dated August 10, 2020) (Concluded)

CHINA MOTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation												
	Ordinary Shares			Retained Earnings			Other Equity						
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Gain on Hedging Instruments	Equity Directly Associated With Non-current Assets Held for Sale	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	1,384,051	$ 13,840,508	$ 6,403,633	$ 8,897,857	$ 1,046,967	$ 22,486,952	$ (646,278)	$ 117,177	$ 20,997	$ (7,538)	$ 52,160,275	$ 3,613,814	$ 55,774,089
Effect of retrospective application	-	-	-	-	-	(19,503)	-	-	-	-	(19,503)	-	(19,503)
BALANCE AT JANUARY 1, 2019 AS ADJUSTED	1,384,051	13,840,508	6,403,633	8,897,857	1,046,967	22,467,449	(646,278)	117,177	20,997	(7,538)	52,140,772	3,613,814	55,754,586
Appropriation of the 2018 earnings													
Legal reserve	-	-	-	359,300	-	(359,300)	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(2,352,886)	-	-	-	-	(2,352,886)	-	(2,352,886)
Reversal of special reserve	-	-	-	-	(382)	382	-	-	-	-	-	-	-
Change from investments in associates and joint ventures accounted for using the equity method	-	-	(10,741)	-	-	(2,763)	-	-	-	-	(13,504)	-	(13,504)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(112,397)	(112,397)
Net profit for the six months ended June 30, 2019	-	-	-	-	-	9,366	-	-	-	-	9,366	88,659	98,025
Other comprehensive income for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	11,010	170,171	160,971	37,365	-	379,517	20,337	399,854
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	20,376	170,171	160,971	37,365	-	388,883	108,996	497,879
Disposals of the investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	85,117	-	(85,117)	-	-	-	-	-
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	17	-	(17)	-	-	-	-	-
Basic adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	(34,495)	-	(34,495)	-	(34,495)
BALANCE AT JUNE 30, 2019	1,384,051	$ 13,840,508	$ 6,392,892	$ 9,257,157	$ 1,046,585	$ 19,858,392	$ (476,107)	$ 193,014	$ 23,867	$ (7,538)	$ 50,128,770	$ 3,610,413	$ 53,739,183
BALANCE AT JANUARY 1, 2020	553,620	$ 5,536,203	$ 6,414,118	$ 9,257,157	$ 1,029,654	$ 17,306,526	$ (990,653)	$ 216,562	$ (19,968)	$ (7,538)	$ 38,742,061	$ 3,422,878	$ 42,164,939
Reversal of special reserve	-	-	-	-	(1,295)	1,295	-	-	-	-	-	-	-
Change from investments in associates and joint ventures accounted for using the equity method	-	-	(381)	-	-	(7,532)	-	-	-	-	(7,913)	-	(7,913)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(125,897)	(125,897)
Net profit for the six months ended June 30, 2020	-	-	-	-	-	1,522,172	-	-	-	-	1,522,172	76,508	1,598,680
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	368	(247,958)	(65,562)	11,438	7,538	(294,176)	(58,785)	(352,961)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	1,522,540	(247,958)	(65,562)	11,438	7,538	1,227,996	17,723	1,245,719
Disposals of the investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	(7,927)	-	7,927	-	-	-	-	-
Basic adjustment for gain on hedging instruments	-	-	-	-	-	-	-	-	8,756	-	8,756	-	8,756
BALANCE AT JUNE 30, 2020	553,620	$ 5,536,203	$ 6,413,737	$ 9,257,157	$ 1,028,359	$ 18,814,902	$ (1,238,611)	$ 158,927	$ 226	$ -	$ 39,970,900	$ 3,314,704	$ 43,285,604

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

(With Deloitte & Touche review report dated August 10, 2020)

CHINA MOTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,708,782	$ 484,114
Adjustments for:		
Depreciation expenses	408,532	556,380
Amortization expenses	64,601	55,613
Expected credit losses recognized (reversed)	56,025	(5,157)
Net loss on fair value change of financial instruments at fair value through loss	19,213	30,342
Interest expenses	9,592	11,342
Interest income	(43,406)	(84,104)
Dividend income	(405)	-
Share of loss (profit) of associates and joint ventures	(719,555)	667,803
Loss on disposal of property, plant and equipment	2,229	1,566
(Gain) loss on disposal of investments	(224,621)	1,640
Impairment loss of non-financial assets	53,626	36,637
Unrealized gain on transactions with associates	30,648	35,423
Net unrealized gain on foreign currency exchange	(11,399)	(26,156)
Gain on lease modifications	(1,826)	(56)
Changes in operating assets and liabilities		
Financial instruments at fair value through profit or loss	(452,203)	(2,674)
Notes and accounts receivable	639,232	191,156
Trade receivables from related parties	(293,639)	(154,335)
Other receivables	222,134	(31,992)
Inventories	1,045,800	571,198
Prepayments	375,344	(205,181)
Other current assets	172,746	(542)
Notes and accounts payable	(847,903)	(406,588)
Trade payables to related parties	(308,363)	(235,157)
Other payables	(514,034)	(313,790)
Other current liabilities	52,177	41,491
Net defined benefit liabilities	(121,577)	(183,099)
Cash generated from operations	1,321,750	1,035,874
Income tax paid	(175,215)	(56,426)
Net cash generated from operating activities	1,146,535	979,448

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CHINA MOTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets at fair value through other comprehensive income	$ -	$ 17
Proceeds from refund of shares of financial assets at fair value through other comprehensive income	404	-
Acquisition of financial assets at amortized cost	(1,111,258)	(316,167)
Proceeds from repayment of principal of financial assets at amortized cost	1,045,065	528,905
Proceeds from disposal of investments accounted for using the equity method	-	227,159
Acquisition of property, plant and equipment	(485,482)	(726,907)
Proceeds from disposal of property, plant and equipment	20,034	17,768
Acquisition of intangible assets	(7,595)	(24,274)
Decrease (increase) in other non-current assets	(257,425)	4,820
Interest received	41,700	92,713
Dividends received	1,091,131	195,370
Net cash generated from (used in) investing activities	336,574	(596)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(275,000)	(15,000)
Decrease in short-term bills payable	(33,942)	(33,978)
Proceeds from long-term borrowings	50,000	-
Repayment of the principal portion of lease liabilities	(47,034)	(49,369)
Increase (decrease) in other non-current liabilities	12,034	(13,547)
Interest paid	(9,664)	(11,267)
Net cash used in financing activities	(303,606)	(123,161)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(12,429)	2,777
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,167,074	858,468
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6,880,490	15,172,763
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 8,047,564	$ 16,031,231

(Continued)

CHINA MOTOR CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2020 and 2019:

	June 30	
	2020	**2019**
Cash and cash equivalents in the consolidated balance sheets	$ 7,676,382	$ 15,298,026
Cash and cash equivalents included in financial assets for hedging	371,182	733,205
Cash and cash equivalents in the consolidated statements of cash flows	$ 8,047,564	$ 16,031,231

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

(With Deloitte & Touche review report dated August 10, 2020) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

China Motor Corporation (the "Corporation") is principally engaged in the manufacture and sale of automobiles and its related parts and components, and is listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation and its subsidiaries (collectively referred to as the "Group") were approved by the Corporation's board of directors on August 6, 2020.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC) did not have any material impact on the Group's accounting policies

b. New IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by the IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by the IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were issued, the Group is continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information those required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

1) Principles for preparing the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

2) Subsidiaries included in the consolidated financial statements

			Combined Shareholding Ratio (%)			
Investor	**Investee**	**Main Business**	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**	**Note**
China-Motor Corporation (parent)	Kian Shen Corporation ("Kian Shen")	Production of frame of heavy duty car and mold	43.87	43.87	43.87	a)
	Hwa Wei Holdings Corporation Ltd. ("Hwa Wei")	Overseas investment of production and service industries	100.00	100.00	100.00	
	China Engine Corporation ("China Engine")	Manufacture of automobile engine and parts	52.10	52.10	52.10	
	Sino Diamond Motors Corporation ("Sino Diamond Motors")	Sales and providing after sales service of vehicle	100.00	100.00	100.00	
	Alliance Investment & Management Co., Ltd. ("Alliance Investment & Management")	Investment	100.00	100.00	100.00	
	Gatetech Technology Inc. ("Gatetech Technology")	Aluminum-magnesium alloy casting industry	-	-	72.81	d)
	China Motor Investment Co., Ltd. (CMI)	Investment	100.00	100.00	100.00	
	Hwa Chung Motors Corporation ("Hwa Chung Motors")	Sales of vehicle and parts	100.00	100.00	100.00	
	COC Tooling & Stamping Co., Ltd. (COC)	Production of mold, fixture and gauge of vehicle	49.76	49.76	49.76	b)
Kian Shen	Kian Shen Investment Co., Ltd. ("Kian Shen Investment")	Overseas investment of production and service industries	43.87	43.87	43.87	a)
China Engine	Advance Power Machinery Co., Ltd. ("Advance Power Machinery")	Manufacture of automobile engine and parts	52.10	52.10	52.10	e)
	Advance Power Investment Co., Ltd. ("Advance Power Investment")	Investment and sales	52.10	52.10	52.10	

(Continued)

Investor	Investee	Main Business	Combined Shareholding Ratio (%) June 30, 2020	December 31, 2019	June 30, 2019	Note
Sino Diamond Motors	Hwa-Yu Corporation Ltd. (“Hwa-Yu”)	Overseas investment of production and service industries	100.00	100.00	100.00	
	Brilliant Insight International Consultancy Service Co., Ltd. (“Brilliant Insight International”)	Consulting and service	100.00	100.00	100.00	
Gatetech Technology	Gatetech Holding Co., Ltd. (GH)	Investment	-	-	72.81	d)
Alliance Investment & Management	Greentrans Investment Co., Ltd. (“Greentrans Investment”)	Investment	100.00	100.00	100.00	
Hwa Chung Motors	Greentrans Corporation (“Greentrans”)	Sales of motorcycle, bicycle and parts	100.00	100.00	100.00	
	Ling Wei Motor Co., Ltd. (“Ling Wei”)	Sales of second-hand vehicle	100.00	100.00	100.00	
COC	Y. M. Hi-Tech Industry Ltd. (“Y. M. Hi-Tech”)	Steel cutting	42.30	42.30	42.30	b)
	Shye Shinn Corporation (“Shye Shinn”)	Investment	49.76	49.76	49.76	b)
Kian Shen Investment	Kian Shen Investment Hong Kong Co., Limited (KSIHK)	Investment	43.87	43.87	43.87	a)
Hwa-Yu	Hwa-Lin Investments Ltd. (“Hwa-Lin”)	Overseas investment of production and service industries	100.00	100.00	100.00	
	Fujian Rui Hua Consulting Co., Ltd. (“Fujian Rui Hua”)	Consulting and services	100.00	100.00	100.00	
GH	Gatetech International Co., Ltd. (GI)	Investment	-	-	72.81	d)
Greentrans Investment	Jiangsu Greentrans Automotive Parts Co., Ltd. (“Jiangsu Greentrans”)	Production and sales of parts of electronic motorcycle	100.00	100.00	100.00	
GI	Gatetech (Suchou) Technology Co., Ltd (“Gatetech Suchou Technology”)	Aluminum-magnesium alloy casting industry	-	-	72.81	d)
Hwa-Lin	Dongguan Huayi Motor Maintenance Co., Ltd. (“Dongguan Huayi”)	Sales and maintenance of vehicle and parts	100.00	100.00	100.00	
	Tianjin Hwarui Maintenance Co., Ltd. (“Tianjin Hwarui”)	Sales and maintenance of vehicle and parts	100.00	100.00	100.00	
	Sichuan Huafeng Hanwei Cars Service and Maintenance Co., Ltd. (“Sichuan Huafeng Hanwei”)	Sales and maintenance of vehicle and parts	-	100.00	100.00	c)
	Guangzhou Huayou Motor Maintenance Co., Ltd. (“Guangzhou Huayou Motor Maintenance”)	Sales and maintenance of vehicle and parts	100.00	100.00	100.00	c)
Dongguan Huayi	Dongguan Huashun Motor Sales Co., Ltd. (“Dongguan Huashun”)	Sales and maintenance of vehicle and parts	100.00	100.00	100.00	
Tianjin Hwarui	Tianjin Hwahong Sales Co., Ltd. (“Tianjin Hwahong”)	Sales of vehicle and parts	100.00	100.00	100.00	
Sichuan Huafeng Hanwei	Sichuan Lingwei Cars Service and Maintenance Co., Ltd. (“Sichuan Lingwei”)	Sales of vehicle and parts	-	-	100.00	c)
Guangzhou Huayou Motor Maintenance	Guangzhou Huayou Motor Sales Co., Ltd. (“Guangzhou Huayou Motor Sales”)	Sales of vehicle and parts	-	100.00	100.00	c)

(Concluded)

a) The Group held 43.87% equity interest in Kian Shen. Kian Shen is a listed company and 56.13% of its shares were held by numerous shareholders unrelated to the Group. Owning to the Group’s substantial influence on Kian Shen, an absolute number of voting rights and the relative size of other shareholdings, Kian Shen was deemed a subsidiary.

b) The Group held 49.76% equity interest in COC. However, since the Corporation controls more than half of the board members and holds relative majority of shares, COC was considered a subsidiary.

c) In November 2018, Sichuan Huafeng Hanwei, Sichuan Lingwei, Guangzhou Huayou Motor Maintenance and Guangzhou Huayou Motor Sales resolved to dissolve their companies. As of June 30, 2020, except for the annulment of Guangzhou Huayou Motor Sales, Sichuan Huafeng Hanwei and Sichuan Lingwei which had been completed in June 2020, February 2020 and July 2019, respectively, Guangzhou Huayou Motor Maintenance has not completed their liquidation procedures.

d) In order to strengthen the Corporation’s capital structure and focus on the development of its business, the Group fully disposed of 72.81% of its interest held in its subsidiary, Gatetech Technology, to a non-related party. The disposal was completed on November 30, 2019, on which date the control of Gatetech Technology was passed to the acquirer.

e) The Group’s board of directors approved to fully disposed of its interest held in its subsidiary, Advance Power Machinery, to Yulon on July 16, 2020. The disposal was completed on July 17, 2020, on which date the control of Advance Power Machinery was passed to the acquirer.

For the relationships between the Corporation and its controlled entities as of June 30, 2020, refer to Table 11.

All the subsidiaries listed above are non-significant subsidiaries. Except for Kian Shen, their financial statements have not been reviewed.

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Leases

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payments in profit or loss (included in reduction of variable lease payments) in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

4) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash			
Cash on hand	$ 2,868	$ 2,093	$ 3,606
Checking accounts and demand deposits	2,560,217	1,979,620	2,225,287
	2,563,085	1,981,713	2,228,893
Cash equivalents			
Time deposits	5,058,326	3,760,875	10,343,999
Repurchase agreements collateralized by bonds	54,971	-	2,725,134
	5,113,297	3,760,875	13,069,133
	$ 7,676,382	$ 5,742,588	$ 15,298,026

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets - current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	$ 794,333	$ 339,427	$ 579,644
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	495	304	-
	$ 794,828	$ 339,731	$ 579,644
Financial assets - non-current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic unlisted shares	$ 666,751	$ 686,413	$ 711,829
Financial liabilities (included in other current liabilities)			
Financial liabilities held for trading			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts	$ 4,928	$ 2,483	$ 17,237

At the end of the reporting period, the Group's outstanding foreign exchange forward contracts not under hedge accounting were as follows:

June 30, 2020

Transaction	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	USD/NTD	2020.07.06-2020.08.14	USD9,500/$282,247
	JPY/NTD	2020.08.27-2020.09.25	JPY300,000/$82,570
Sale	RMB/USD	2020.07.06-2020.07.17	RMB17,804/USD2,500

December 31, 2019

Transaction	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	USD/NTD	2020.01.06-2020.03.16	USD11,000/$330,810
	JPY/NTD	2020.02.25-2020.09.25	JPY600,000/$165,910
Sale	RMB/USD	2020.01.13	RMB14,022/USD2,000

June 30, 2019

Transaction	Currency	Maturity Date	Notional Amount (In Thousands)
Buy	USD/NTD	2019.07.05-2019.08.23	USD10,000/$313,977
Buy	RMB/EUR	2019.07.02	RMB89,745/EUR11,842

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2020	December 31, 2019	June 30, 2019
Investments in equity instruments at FVTOCI			
Domestic investments			
Listed shares	$ 31,512	$ 29,083	$ 24,391
Unlisted shares	24,686	25,395	24,047
	56,198	54,478	48,438
Foreign investments			
Unlisted shares	145,109	152,864	165,249
	$ 201,307	$ 207,342	$ 213,687

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2020	December 31, 2019	June 30, 2019
Current			
Principal guaranteed notes	$ 50,292	$ 8,610	$ 68,456
Segregated foreign exchange deposit account for offshore funds	8,296	-	-
	58,588	8,610	68,456
Less: Allowance for impairment loss	(216)	(54)	(426)
	$ 58,372	$ 8,556	$ 68,030
Non-current			
Segregated foreign exchange deposit account for offshore funds	$ 514,807	$ -	$ -
Bonds	317,640	801,389	666,582
Preference shares	9,900	9,900	9,900
	842,347	811,289	676,482
Less: Allowance for impairment loss	(2,443)	(34,816)	(5,092)
	$ 839,904	$ 776,473	$ 671,390

a. The coupon rates of principal guaranteed notes ranged from 1.90%-2.30%, 3.00% and 2.98%-3.03% per annum as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

b. The National Taxation Bureau, Ministry of Finance had approved the repatriation of funds in accordance with “the Management, Utilization, and Taxation of Repatriated Offshore Funds Act” in February and June 2020. The funds after tax were deposited into the segregated foreign exchange deposit account. The deposit was restricted under the Act, except that part of the funds could be withdrawn and freely utilized or engaged in financial investments or substantive investments. The funds could be withdrawn over a period of three years, five years after the date of depositing them into the segregated foreign exchange deposit account. The rates of offshore funds ranged from 0.30% to 1.50% per annum as of June 30, 2020.

c. The coupon rates of bonds ranged from 0.86%-4.20%, 0.86%-4.34% and 0.86%-4.34% as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

d. The coupon rate of preference shares was 1.50% as of June 30, 2020, December 31, 2019 and June 30, 2019.

e. Refer to Note 10 for information relating to the credit risk management and impairment.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as financial assets at amortized cost.

	June 30, 2020	December 31, 2019	June 30, 2019
Gross carrying amount	$ 900,935	$ 819,899	$ 744,938
Less: Allowance for impairment loss	(2,659)	(34,870)	(5,518)
Amortized cost	$ 898,276	$ 785,029	$ 739,420

The Group invests only in debt instruments that have higher credit ratings and low credit risk after impairment assessment. The credit ratings are provided by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information of debtors to evaluate whether there has been a significant increase in the credit risk since initial recognition.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Group’s current credit risk grading mechanism is as follows:

Credit Rating	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
No rating	The preference shares and bonds do not have credit rating	Lifetime ECLs - not credit-impaired

The gross carrying amounts of debt instrument investments by credit category and the corresponding expected loss rates were as follows:

June 30, 2020

Credit Rating	Expected Credit Loss Rate	Gross Carrying Amount At Amortized Cost
Performing	0.0000%-0.4300%	$ 891,035
No rating	20.6080%	9,900

December 31, 2019

Credit Rating	Expected Credit Loss Rate	Gross Carrying Amount At Amortized Cost
Performing	0.0769%-0.6221%	$ 659,999
No rating	20.6080%	159,900

June 30, 2019

Credit Rating	Expected Credit Loss Rate	Gross Carrying Amount At Amortized Cost
Performing	0.0769%-0.6221%	$ 735,038
No rating	32.4908%	9,900

The movements of the allowance for impairment loss of investments in debt instruments at amortized cost were as follows:

	Credit Rating	
	Performing (12-month ECLs)	**No rating (Lifetime ECLs - Not Credit-impaired)**
Balance at January 1, 2020	$ 1,918	$ 32,952
Financial assets purchased (a)	2,529	-
Derecognition (b)	(3,725)	(30,912)
Change in exchange rates or others	(103)	-
Balance at June 30, 2020	$ 619	$ 2,040
Balance at January 1, 2019	$ 2,650	$ 3,216
Financial assets purchased (a)	1,967	-
Derecognition (b)	(2,334)	-
Change in exchange rates or others	19	-
Balance at June 30, 2019	$ 2,302	$ 3,216

a. During the six months ended June 30, 2020 and 2019, the Group purchased principal guaranteed notes of $588,155 thousand and $316,167 thousand, respectively, and correspondingly increased the loss allowance for investments rated as performing of $2,529 thousand and $1,967 thousand, respectively.

b. Investments in principal guaranteed notes of $546,395 thousand and bonds of $498,670 thousand expired and were redeemed during the six months ended June 30, 2020, with consequential reductions in the loss allowance for investments rated as performing of $3,725 thousand and lifetime ECLs of $30,912 thousand; and investments in principal guaranteed notes of $353,446 thousand and bonds of $175,459 thousand expired and were redeemed during the six months ended June 30, 2019, with a consequential reduction in the loss allowance for investments rated as performing of $2,334 thousand.

11. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets			
Cash flow hedges - spot rate	$ 371,182	$ 1,137,902	$ 733,205
Cash flow hedges - foreign exchange forward contracts	-	440	-
	$ 371,182	$ 1,138,342	$ 733,205
Financial liabilities (included in other current liabilities)			
Cash flow hedges - foreign exchange forward contracts	$ 4,105	$ 6,884	$ -

The Group's hedging strategy is to enter into foreign exchange forward contracts and to buy foreign currency banknote at the spot rate to avoid exchange rate exposure from its foreign currency receipts and payments and to manage exchange rate exposure of its forecasted foreign currency purchases. Those transactions are designated as cash flow hedges. The hedging effects are adjusted to the carrying amounts of non-financial hedging items when the forecasted purchases take place.

For the hedges of highly probable forecasted purchases, the critical terms (i.e. notional amount, duration and underlying) of the foreign exchange forward contracts are corresponded to their hedged items. The Group performs a qualitative assessment and expects that the value of the foreign exchange forward contracts and the corresponding hedged items will be systematically changed in the opposite direction when the underlying exchange rate changes.

The source of hedge ineffectiveness in these hedging relationships is the effect of the counterparty and the Group's own credit risk on the fair value of the foreign exchange forward contracts and foreign currency banknote, which is not reflected in the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness is expected to emerge from these hedging relationships.

Hedging instruments at fair value and transferred to initial carrying amount of hedged items during the six months ended June 30, 2020 and 2019, are detailed in Note 23(e).

The following tables summarize the information relating to the hedges of foreign currency risk.

June 30, 2020

Hedging Instrument	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (JPY1:NTD)	Line Item	Carrying Amount Assets	Carrying Amount Liabilities	Change in Value Used for Calculating Hedge Ineffectiveness
Cash flow hedges								
Forecast purchases - spot rate	JPY/NTD	JPY1,349,263/$375,243	2020.08.17-2020.12.15	0.2729-0.2800	Financial assets for hedging	$ 371,182	$ -	$ (1,857)
Forecast purchases - foreign exchange forward contracts	JPY/NTD	JPY740,000/$205,244	2020.07.16-2020.11.16	0.2752-0.2799	Other current liabilities	-	(4,105)	(3,284)
						$ 371,182	$ (4,105)	$ (5,141)

Hedged Item	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or Losses on Hedging Instruments in Other Equity Continuing Hedges
Cash flow hedges		
Forecast purchases	$ 5,141	$ (5,141)

December 31, 2019

Hedging Instrument	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (Note)	Line Item	Carrying Amount Assets	Carrying Amount Liabilities	Change in Value Used for Calculating Hedge Ineffectiveness
Cash flow hedges								
Forecast purchases - spot rate	JPY/NTD	JPY4,122,832/$1,155,466	2020.02.25-2020.12.15	0.2758-0.2828	Financial assets for hedging	$ 1,137,902	$ -	$ (14,051)
Forecast purchases - foreign exchange forward contracts	JPY/NTD	JPY1,664,000/$464,661	2020.01.15-2020.11.16	0.2752-0.2815	Other current liabilities	-	(6,333)	(5,066)
Forecast purchases - foreign exchange forward contracts	USD/NTD	USD4,000/$120,415	2020.01.13	30.1000-30.1050 (USD1:NTD)	Other current liabilities	-	(551)	(441)
Forecast purchases - foreign exchange forward contracts	RMB/USD	RMB28,005/USD4,000	2020.01.13	6.9980-7.0110 (USD1:RMB)	Financial assets for hedging	440	-	352
						$ 1,138,342	$ (6,884)	$ (19,206)

Note: JPY1:NTD, unless stated otherwise.

Hedged Item	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or Losses on Hedging Instruments in Other Equity Continuing Hedges
Cash flow hedges		
Forecast purchases	$ 19,206	$ (19,206)

June 30, 2019

Hedging Instrument	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (JPY1:NTD)	Line Item	Carrying Amount Assets	Change in Value Used for Calculating Hedge Ineffectiveness
Cash flow hedges							
Forecast purchases - spot rate	JPY/NTD	JPY2,540,559/ NTD703,088	2019.7.11-2020.1.14	0.2754-0.2780	Financial assets for hedging	$ 733,205	$ 23,176

Hedged Item	Change in Value Used for Calculating Hedge Ineffectiveness	Accumulated Gains or Losses on Hedging Instruments in Other Equity Continuing Hedges
Cash flow hedges		
Forecast purchases	$ (23,176)	$ 23,176

Comprehensive Income	Hedging Gains (Losses) Recognized in OCI			
	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Cash flow hedges				
Forecast purchases	$ (9,550)	$ 40,309	$ 5,285	$ 40,597

The Group had signed component purchasing contracts with the suppliers in Japan and mainland China, and also signed foreign exchange forward contracts with the banks and purchased foreign currency banknotes at the spot rate to avoid exchange rate risk associated with its forecasted purchases. When the forecasted purchases take place, the amount originally deferred and recognized in equity will be reclassified to the carrying amount of the materials purchased.

12. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2020	December 31, 2019	June 30, 2019
At amortized cost			
Notes and accounts receivable	$ 567,390	$ 1,206,811	$ 1,006,453
Less: Allowance for impairment loss	(10,610)	(16,348)	(14,984)
	$ 556,780	$ 1,190,463	$ 991,469

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor and an analysis of the debtor’s current financial position. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

The aging of receivables was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Not past due	$ 520,562	$1,154,739	$ 944,257
Up to 60 days	3,389	23,190	24,396
61-90 days	219	1,233	519
Over 90 days	43,220	27,649	37,281
Gross carrying amount	567,390	1,206,811	1,006,453
Loss allowance (Lifetime ECLs)	(10,610)	(16,348)	(14,984)
Amortized cost	$ 556,780	$1,190,463	$ 991,469

The movements of the loss allowance of notes and accounts receivable were as follows:

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ 16,348	$ 19,771
Less: Net reversal of loss allowance	(5,597)	(4,809)
Foreign exchange gains and losses	(141)	22
Balance at June 30	$ 10,610	$ 14,984

13. INVENTORIES

	June 30, 2020	December 31, 2019	June 30, 2019
Merchandise	$ 193,251	$ 121,436	$ 310,820
Finished goods	384,772	1,975,823	747,360
Work in progress	463,043	317,658	499,650
Raw materials	2,333,749	2,038,601	1,648,071
Materials in transit	247,355	164,143	295,065
	$ 3,622,170	$ 4,617,661	$ 3,500,966

The costs of inventories recognized as cost of goods sold for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019 were $5,787,909 thousand, $6,629,844 thousand, $12,058,578 thousand and $13,699,973 thousand, respectively.

14. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The Group had a 43.87% interest in Kian Shen as of June 30, 2020, December 31, 2019 and June 30, 2019. The remaining 56.13% interest in Kian Shen is dispersed and held by shareholders unrelated to the Group.

Refer to Table 7 for information on the places of incorporation and principal places of business of the subsidiaries.

The summarized financial information below represents amounts before intragroup eliminations.

Kian Shen and Kian Shen's subsidiaries

	June 30, 2020	December 31, 2019	June 30, 2019
Current assets	$ 935,733	$ 1,041,592	$ 1,192,814
Non-current assets	4,023,382	3,998,786	3,958,056
Current liabilities	(626,219)	(592,399)	(749,131)
Non-current liabilities	(368,472)	(339,243)	(263,948)
Equity	$ 3,964,424	$ 4,108,736	$ 4,137,791
Equity attributable to:			
Owners of Kian Shen	$ 1,739,193	$ 1,802,502	$ 1,815,249
Non-controlling interests of Kian Shen	2,225,231	2,306,234	2,322,542
	$ 3,964,424	$ 4,108,736	$ 4,137,791

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Revenue	$ 251,134	$ 331,612	$ 458,805	$ 683,939
Profit for the period	$ 92,070	$ 15,589	$ 107,218	$ 120,540
Other comprehensive income (loss) for the period	(55,646)	(58,821)	(104,730)	36,233
Total comprehensive income (loss) for the period	$ 36,424	$ (43,232)	$ 2,488	$ 156,773
Profit attributable to:				
Owners of Kian Shen	$ 40,392	$ 6,839	$ 47,037	$ 52,881
Non-controlling interests of Kian Shen	51,678	8,750	60,181	67,659
	$ 92,070	$ 15,589	$ 107,218	$ 120,540
Total comprehensive income (loss) attributable to:				
Owners of Kian Shen	$ 15,979	$ (18,966)	$ 1,091	$ 68,776
Non-controlling interests of Kian Shen	20,445	(24,266)	1,397	87,997
	$ 36,424	$ (43,232)	$ 2,488	$ 156,773

	For the Six Months Ended June 30	
	2020	2019
Net cash inflow (outflow) from:		
Operating activities	$ (138,186)	$ (118,930)
Investing activities	244,704	59,014
Financing activities	19,331	(34,236)
Foreign exchange adjustments	302	11
Net cash inflow (outflow)	$ 126,151	$ (94,141)

As of June 30, 2020 and 2019, Kian Shen had declared dividends amounting to $146,800 thousand and $132,120 thousand, respectively. As of the issuance date of the Group's consolidated financial statements, the Corporation and non-controlling interests of Kian Shen have not received the dividends.

15. NON-CURRENT ASSETS HELD FOR SALE

	June 30, 2020	December 31, 2019	June 30, 2019
Investments accounted for using the equity method classified as held for sale	$ -	$ 148,023	$ 148,023
Equity directly associated with non-current assets classified as held for sale	$ -	$ (7,538)	$ (7,538)

In August 2018, the Group entered into a contract for the transfer of shares of Zhejiang Kanda with a non-related party and collected the contract price in installments (discounted price after tax was $390,514 (RMB91,105 thousand)). The disposal was completed in May 2020, on which date the Group recognized a gain on disposal of investments amounting to $234,953 thousand, and recognized expected credit losses of $93,833 thousand, considering the debtor's current financial position and the value of assets pledged as collateral.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2020	December 31, 2019	June 30, 2019
Investments in associates	$ 15,290,896	$ 15,586,288	$ 19,397,005
Investments in joint ventures	7,216,521	7,762,637	7,587,127
	$ 22,507,417	$ 23,348,925	$ 26,984,132

a. Investments in associates

	June 30, 2020	December 31, 2019	June 30, 2019
Material associates			
Yulon	$ 7,134,450	$ 7,110,438	$ 11,266,929
Associates that are not individually material	8,156,446	8,475,850	8,130,076
	$ 15,290,896	$ 15,586,288	$ 19,397,005

1) Material associates

The Group's proportion of shareholding and voting rights in Yulon was 16.80% on June 30, 2020, December 31, 2019 and June 30, 2019.

The Group exercises significant influence over Yulon and applies the equity method of accounting because the Group had a representation on the board of directors of Yulon even though the Group holds less than 20% of interest in Yulon.

Refer to Table 7 for the nature of activities, principal place of businesses and countries of incorporation of the associates.

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

Name of Associate	June 30, 2020	December 31, 2019	June 30, 2019
Yulon	$ 5,651,017	$ 5,126,561	$ 5,978,802

As Yulon adjusted the organizational structure of its Group by carrying out a business combination of entities under common control, the consolidated financial statements of Yulon and its subsidiaries for the year ended December 31, 2019 were restated.

The summarized financial information below represents amounts shown in the associates' consolidated financial statements prepared in accordance with IFRSs, and reflects the adjustments made when the equity method of accounting was applied.

Yulon and Yulon's subsidiaries

	June 30, 2020	December 31, 2019	June 30, 2019 (Restated)
Current assets	$ 222,920,040	$ 231,944,241	$ 242,877,131
Non-current assets	79,817,191	81,947,302	91,798,999
Current liabilities	(220,199,111)	(230,603,249)	(221,089,612)
Non-current liabilities	(25,530,950)	(26,207,143)	(32,843,448)
Equity	57,007,170	57,081,151	80,743,070
Equity attributable to predecessors' interests under common control	-	-	(101,120)
Non-controlling interests	(10,877,618)	(11,244,743)	(10,213,909)
	$ 46,129,552	$ 45,836,408	$ 70,428,041
Proportion of the Group's ownership	16.80%	16.80%	16.80%
Equity attributable to the Group	$ 7,749,765	$ 7,700,516	$ 11,831,911
Cross shareholdings	(615,315)	(590,078)	(568,267)
Unrealized gain on sidestream transactions	-	-	3,285
Carrying amount	$ 7,134,450	$ 7,110,438	$ 11,266,929

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019 (Restated)**	**2020**	**2019 (Restated)**
Operating revenue	$ 19,813,005	$ 20,895,545	$ 37,374,411	$ 41,008,875
Net profit (loss) for the period	$ 1,103,034	$ (2,808,253)	$ 1,650,285	$ (2,088,413)
Other comprehensive income (loss)	(227,088)	(76,237)	(500,155)	801,109
Total comprehensive income (loss) for the period	$ 875,946	$ (2,884,490)	$ 1,150,130	$ (1,287,304)

As of June 30, 2019, Yulon had declared dividends amounting to $1,053,857 thousand which remain unpaid as of the issuance date of the consolidated financial statements for the six months ended June 30, 2019.

2) Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
The Group’s share of:				
Net profit (loss) for the period	$ 199,241	$ (953,799)	$ 347,853	$ (755,437)
Other comprehensive income (loss)	107,009	53,785	(82,798)	140,273
Total comprehensive income (loss) for the period	$ 306,250	$ (900,014)	$ 265,055	$ (615,164)

All the associates are accounted for using the equity method.

In January 2019, the Group disposed of 20.01% interest in Sin Jang to Sin Gan and recognized a gain on disposal of investment amounting to $1,322 thousand (calculated as the disposal price of $103,475 thousand less the carrying amount of the disposed equity investments of $102,206 thousand and exchange differences on translating the financial statements of foreign operations of $53 thousand).

In March 2019, the Group disposed of 24.67% interest in Sin Gan to Taiwan Acceptance and recognized a loss on disposal of investment amounting to $1,862 thousand (calculated as the disposal price of $105,824 thousand less the carrying amount of the disposed equity investments of $105,860 thousand and exchange difference on translating the financial statements of foreign operations of $(1,826) thousand).

In June 2019, the Group disposed of 43.85% interest in Yulon IT to Yulon and recognized a loss on disposal of investment amounting to $1,100 thousand (calculated as the disposal price of $17,860 thousand less the carrying amount of the disposed of equity investments of $18,960 thousand).

Investments in associates that are not individually material are accounted for using the equity method although the Group holds less than 20% interest in these associates because the Group exercises significant influence over their major transactions or has representations on their board of directors.

Except for Yulon and Fortune Motors, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates' financial statements that have not been reviewed.

b. Investments in joint ventures

	June 30, 2020	December 31, 2019	June 30, 2019
Joint ventures that are not individually material	$ 7,216,521	$ 7,762,637	$ 7,587,127

Aggregate information of joint ventures that are not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
The Group's share of:				
Net profit of the period	$ 294,834	$ 106,539	$ 264,718	$ 244,176
Other comprehensive income (loss)	(118,531)	(104,296)	(189,439)	94,870
Total comprehensive income for the period	$ 176,303	$ 2,243	$ 75,279	$ 339,046

All the joint ventures are accounted for using the equity method.

Except for Guangzhou NTN-Yulon Drivertrain Co., Ltd., the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associates' financial statements that have not been reviewed for the six months ended June 30, 2020.

17. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2020	December 31, 2019	June 30, 2019
Assets used by the Group			
Land	$ 1,974,774	$ 1,974,774	$ 2,127,397
Land improvements	12,495	13,446	13,873
Buildings	832,004	861,847	981,868
Machinery	2,642,871	2,263,515	1,957,707
Other equipment	377,269	408,332	407,685
Construction in progress	685,388	897,340	1,077,762
	$ 6,524,801	$ 6,419,254	$ 6,566,292

Except for the depreciation recognized and the cost of acquisition of property, plant and equipment for increasing productivity, which totaled $485,482 thousand and $726,907 thousand during the six months ended June 30, 2020 and 2019, respectively, the Group had no other significant disposal of property, plant and equipment.

As a result of the declining sales in the market for several types of vehicles, the estimated future cash flows expected to arise from the related equipment decreased. Thus, the Group recognized impairment losses of both $36,637 thousand for the three months ended June 30, 2019 and for the six months ended June 30, 2019. The Group determined the recoverable amount of the relevant assets on the basis of their value in use. The discount rate used for measuring the value in use for the six months ended June 30, 2019 was 4.44%.

Except for tooling (included in machinery), which is depreciated on an expected production quantity basis, the above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Category	Useful Life
Land improvements	3-20 years
Buildings	2-60 years
Machinery	2-24 years
Other equipment	2-20 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Land	$ 67,922	$ 82,312	$ 97,236
Buildings	317,652	352,877	395,923
Other equipment	8,585	7,732	9,815
	$ 394,159	$ 442,921	$ 502,974

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Additions to right-of-use assets			$ 23,222	$ 17,311
Depreciation charge for right-of-use assets				
Land	$ 6,928	$ 7,462	$ 14,390	$ 14,930
Buildings	15,734	16,646	31,786	33,723
Other equipment	1,728	1,686	3,441	3,267
	$ 24,390	$ 25,794	$ 49,617	$ 51,920

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2020 and 2019.

b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Current	$ 88,810	$ 88,697	$ 93,706
Non-current	$ 311,623	$ 359,836	$ 411,752

Range of discount rate for lease liabilities was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Land	1.20%-1.94%	1.20%-1.94%	1.20%-1.94%
Buildings	1.20%-4.35%	1.20%-4.35%	1.20%-4.35%
Other equipment	0.95%-1.37%	0.98%-1.37%	0.98%-1.37%

c. Material lease-in activities and terms

The Group leases land and buildings for the use of plants and offices with lease terms of 2 to 10 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	$ 5,342	$ 6,016	$ 8,979	$ 12,042
Expenses relating to low-value asset leases	$ 386	$ 825	$ 636	$ 1,410
Total cash outflow for leases			$ 61,894	$ 69,430

19. INVESTMENT PROPERTIES

	June 30, 2020	December 31, 2019	June 30, 2019
Investment properties	$ 1,360,532	$ 1,366,049	$ 1,372,594

Except for the depreciation recognized, the Group did not have any significant addition, disposal, or impairment of investment properties for the six months ended June 30, 2020 and 2019.

The investment properties held by the Group were depreciated using the straight line method over their estimated useful lives of 10 to 60 years.

The fair values of investment properties of the Group were $2,388,593 thousand and $2,414,732 thousand as of December 31, 2019 and 2018, respectively. The management of the Group had assessed and determined that there were no significant changes in the fair values as of June 30, 2020 and 2019, as compared to that as of December 31, 2019 and 2018, respectively.

The Group held freehold interests in all of its investment properties. The investment properties pledged as deposits for certain projects are set out in Note 31.

20. BORROWINGS

a. Short-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Line of credit borrowings	$ 240,000	$ 615,000	$ 340,000
Bank loans	100,000	-	290,000
	$ 340,000	$ 615,000	$ 630,000

1) The ranges of interest rates on credit borrowings were 0.95%-0.98%, 0.95%-1.00% and 0.95%-0.98% per annum as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

2) The interest rates on bank loans were 1.10% and 1.18% per annum as of June 30, 2020 and 2019, respectively.

b. Long-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings			
Line of credit borrowings	$ 100,000	$ 50,000	$ -
Less: Current portions	(18,750)	(6,250)	-
Long-term borrowings	$ 81,250	$ 43,750	$ -

The aforementioned long-term borrowings are repayable in installments at varying amounts before July 15, 2022. The Group had signed medium-term loan contracts with banks with non-revolving credit facilities. As of June 30, 2020 and December 31, 2019, the annual interest rates were 0.725% and 0.975%, respectively.

21. OTHER PAYABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Payables for salaries or bonuses	$ 560,308	$ 988,243	$ 639,331
Payables for taxes	308,616	222,322	292,231
Payables for warranties	195,797	208,694	247,604
Payables for advertisement	162,768	126,738	350,634
Provisions for employee benefits	89,509	137,121	98,675
Others	590,703	743,572	778,098
	$ 1,907,701	$ 2,426,690	$ 2,406,573

22. RETIREMENT BENEFIT PLANS

For the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the pension expenses of defined benefit plans were $9,599 thousand, $14,256 thousand, $19,187 thousand and $28,683 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2019 and 2018, respectively.

23. EQUITY

a. Share capital

1) Ordinary shares

	June 30, 2020	December 31, 2019	June 30, 2019
Numbers of shares authorized (in thousands)	1,800,000	1,800,000	1,800,000
Amount of shares authorized	$ 18,000,000	$ 18,000,000	$ 18,000,000
Number of shares issued and fully paid (in thousands)	553,620	553,620	1,384,051
Shares issued and fully paid	$ 5,536,203	$ 5,536,203	$ 13,840,508

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and a right to dividends.

2) Capital reduction

For the purposes of adjusting its capital structure and enhancing the return on shareholders’ equity, the Corporation resolved in its board of directors meeting on March 27, 2019 and subsequently in the shareholders’ meeting in June 2019 to implement a capital reduction in cash through the return of share proceeds to shareholders. The total capital reduction amounted to $8,304,305 thousand, which represented the cancellation of 830,431 thousand shares (capital reduction ratio was 60%). After the capital reduction, the amount of paid-in capital was $5,536,203 thousand. The capital reduction was approved by the FSC on July 23, 2019. In addition, the record date of the capital reduction, which was set as August 8, 2019, had been approved by the board of directors in August 2019 and the change in registration was completed on August 19, 2019.

b. Capital surplus

	June 30, 2020	December 31, 2019	June 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Conversion of bonds	$ 5,183,923	$ 5,183,923	$ 5,183,923
Issuance of ordinary shares	1,184,920	1,184,920	1,184,920
Others	4,666	4,666	4,666
May be used to offset a deficit only			
Changes in percentage of ownership interest in subsidiaries (Note 2)	2,225	2,225	2,225
Share of changes in capital surplus of associates	38,003	38,384	17,158
	$ 6,413,737	$ 6,414,118	$ 6,392,892

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

Note 2: Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposal or acquisition, or from changes in capital surplus subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Articles, where the Corporation made a profit in a fiscal year, the profit shall be first utilized for offsetting losses of previous years and paying taxes, then for setting aside as legal reserve 10% of the remaining profit. If there is remaining profit, the profit shall be utilized for setting aside a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution. For the policies on the distribution of employees' compensation and remuneration of directors, refer to Note 25.

The operating environment of the Corporation is considered as a mature and steady industry. In determining dividend amounts, the Corporation takes its future capital expenditures and related factors into account and also seeks to uphold the shareholders' interests while realizing the Corporation's long-term financial plan. Dividends are distributed at no less than 40% of profits after tax, but dividends cannot be distributed if the Corporation has deficit. Dividends are paid in the form of cash or stock. The Corporation's policy is that cash dividends should be at least 20% of total dividends.

The shareholders of the Corporation held their regular meeting in June 2020 and in that meeting, resolved the amendments to the dividend policy of the Corporation's Articles of Incorporation, where the regulation of "dividends cannot be distributed if the Corporation has a deficit" has been deleted.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reserved from a special reserve by the Corporation.

Due to the net loss incurred in 2019, the Corporation's resolution to not distribute dividends was approved in the shareholders' meeting.

The appropriation of earnings for 2018 had been approved in the shareholders' meeting in June 2019. The appropriations and dividends per share were as follows:

	For the Years Ended December 31, 2018
Legal reserve	$ 359,300
Cash dividends	$ 2,352,886
Cash dividends per share (NT$)	$ 1.7

Information on the appropriation of earnings approved in the shareholders' meeting is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserve

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ 1,029,654	$ 1,046,967
Reversals		
Disposal of subsidiaries and associates	(1,185)	(377)
Disposal of property, plant and equipment	(110)	(5)
Balance at June 30	$ 1,028,359	$ 1,046,585

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ (990,653)	$ (646,278)
Recognized during the period		
Share from associates and join ventures accounted for using the equity method	(238,899)	159,802
Exchange differences on translating the financial statements of foreign operations	(19,391)	8,596

(Continued)

	For the Six Months Ended June 30	
	2020	2019
Reclassification adjustments		
Disposal of foreign operations	$ 10,332	$ -
Disposal of associates accounted for using the equity method	-	1,773
Other comprehensive income (loss) recognized for the period	(247,958)	170,171
Balance at June 30	$ (1,238,611)	$ (476,107)

(Concluded)

2) Unrealized valuation gain on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ 216,562	$ 117,177
Recognized for the period		
Unrealized loss - equity instruments	(3,393)	(11,920)
Share from associates accounted for using the equity method	(62,169)	172,891
Other comprehensive gain (loss) recognized for the period	(65,562)	160,971
Cumulative unrealized loss (gain) of equity instruments transferred to retained earnings due to disposal by associates	7,927	(85,117)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	-	(17)
Balance at June 30	$ 158,927	$ 193,014

3) Cash flow hedges

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ (19,968)	$ 20,997
Recognized for the period		
Gain on changes in the fair value of hedging instruments		
Foreign currency risk - spot rate	3,438	36,674
Foreign currency risk - foreign exchange forward contracts	1,871	-
Unrealized gain from cash flow hedges for using the equity method	6,129	691
Other comprehensive income recognized for the period	11,438	37,365
Transferred to initial carrying amount of hedged items	8,756	(34,495)
Balance at June 30	$ 226	$ 23,867

f. Non-controlling interests

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ 3,422,878	$ 3,613,814
Attributable to non-controlling interests:		
Share of profit for the period	76,508	88,659
Other comprehensive income (loss) recognized for the period		
Unrealized loss on financial assets at FVTOCI	(1,848)	(2,258)
Exchange differences on translating the financial statements of foreign operations	(4,212)	(1,232)
Share from associates and joint ventures accounted for using the equity method	(52,725)	23,827
Other comprehensive income (loss) recognized for the period	(58,785)	20,337
Cash dividends distributed by subsidiaries	(125,897)	(112,397)
Balance at June 30	$ 3,314,704	$ 3,610,413

24. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Revenue from contracts with customers				
Revenue from the sale of goods				
Revenue from the sale of vehicles	$ 5,500,347	$ 6,227,957	$ 11,689,557	$ 13,086,213
Revenue from the sale of components	1,278,326	1,616,947	2,441,890	3,046,543
	6,778,673	7,844,904	14,131,447	16,132,756
Service revenue	301,632	402,335	574,482	807,864
Rental income	21,417	15,241	44,064	32,077
Other revenue	14,112	19,735	28,060	35,977
	$ 7,115,834	$ 8,282,215	$ 14,778,053	$ 17,008,674

25. NET PROFIT (LOSS)

Net profit (loss) includes the following:

a. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
An analysis of depreciation by function				
Operating costs	$ 171,990	$ 202,533	$ 297,536	$ 433,364
Operating expenses	52,752	61,797	110,996	123,016
	$ 224,742	$ 264,330	$ 408,532	$ 556,380
An analysis of amortization by function				
Operating costs	$ 1,329	$ 2,136	$ 2,697	$ 4,089
Operating expenses	11,864	12,729	21,296	26,815
	$ 13,193	$ 14,865	$ 23,993	$ 30,904
An analysis of amortization of intangible assets by function				
Research and development expenses	$ 20,304	$ 12,406	$ 40,608	$ 24,709

b. Rental income and operating expenses directly related to investment properties

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Rental income from investment properties	$ 16,834	$ 16,648	$ 34,233	$ 33,159
Direct operating expenses from investment properties that generate rental income	$ 4,752	$ 5,772	$ 8,488	$ 10,714

c. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Post-employment benefits				
Defined contribution plans	$ 18,199	$ 21,663	$ 37,312	$ 43,720
Defined benefit plans	9,599	14,256	19,187	28,683
	27,798	35,919	56,499	72,403
Short-term benefits	731,595	843,160	1,521,673	1,751,779
	$ 759,393	$ 879,079	$ 1,578,172	$ 1,824,182

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
An analysis of employee benefits expenses by function				
Operating costs	$ 393,572	$ 485,250	$ 798,449	$ 992,032
Operating expenses	365,821	393,829	779,723	832,150
	$ 759,393	$ 879,079	$ 1,578,172	$ 1,824,182

(Concluded)

d. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Corporation, the Corporation accrued employees' compensation and remuneration of directors at the rates of no less than 0.1% and no higher than 0.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. For the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the employees' compensation and remuneration of directors are as follows:

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Employees' compensation	$ 4,775	$ (4,815)	$ 6,415	$ 294
Remuneration of directors	$ 4,357	$ (4,717)	$ 7,883	$ -

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

Due to the net loss before income tax for the year ended December 31, 2019, the Corporation did not accrue employees' compensation and remuneration of directors. The employees' compensation and remuneration of directors for the year ended December 31, 2018, which were approved by the Corporation's board of directors in March 2019, are as follows:

	For the Year Ended December 31, 2018
	Cash
Employees' compensation	$ 33,511
Remuneration of directors	$ 19,746

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2018.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current tax				
In respect of the current period	$ (33,276)	$ 192,579	$ 35,042	$ 295,966
Taxation for repatriated offshore funds	114,087	-	115,273	-
Adjustments for the prior periods	296	(20,933)	(15,055)	(22,626)
	81,107	171,646	135,260	273,340
Deferred tax				
In respect of the current period	(58,054)	(19,637)	(25,158)	68,374
Adjustments for the prior periods	-	44,375	-	44,375
	(58,054)	24,738	(25,158)	112,749
Income tax expense recognized in profit or loss	$ 23,053	$ 196,384	$ 110,102	$ 386,089

The tax rate applicable to subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

In July 2019, the President of the ROC announced the regulations on the Management, Utilization, and Taxation of Repatriated Offshore Funds Act. Within two years from the date of enforcement of this act, profit-seeking enterprises may be subject to taxation based on these regulations upon approval by the tax authorities. A tax rate of 8% applies to the first year’s repatriation of funds, while a tax rate of 10% applies to the second year’s repatriation of funds; the statutory rate of 20% is not applicable. If substantive investments are subsequently made, profit-seeking enterprises may apply for a refund of 50% of the tax paid for qualifying investment amounts.

In February, June and July 2020, the Group repatriaed $613,208 thousand (RMB 146,261 thousand) after approval was obtained from the National Taxation Bureau, Ministry of Finance. Total income tax withholdings was $115,273 thousand, comprising $66,468 thousand based on the source of income and $48,805 thousand based on the preferential tax rate at 8%.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Deferred tax				
In respect of the current period				
Cash flow hedges	$ 1,055	$ (4,117)	$ 24	$ (3,923)

c. Income tax assessments

The tax returns of the Corporation through 2017 have been assessed by the tax authorities.

27. EARNINGS (LOSS) PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Basic earnings (loss) per share	$ 1.67	$ (0.55)	$ 2.79	$ 0.01
Diluted earnings (loss) per share	$ 1.67	$ (0.55)	$ 2.79	$ 0.01

The earnings (loss) and weighted average number of ordinary shares outstanding used in the computation of earnings (loss) per share are as follows:

Net Profit (Loss) for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Profit (loss) used in the computation of basic earnings (loss) per share	$ 913,207	$ (751,153)	$ 1,522,172	$ 9,366

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share				
Weighted average number of ordinary shares	553,620	1,384,051	553,620	1,384,051
Adjustment for shares held by associates	(8,239)	(20,599)	(8,239)	(20,599)
	545,381	1,363,452	545,381	1,363,452

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Effect of potentially dilutive ordinary shares				
Employees' compensation	175	11	175	703
Weight average number of ordinary shares used in the computation of diluted earnings per share	545,556	1,363,463	545,556	1,364,155

(Concluded)

When calculating earnings per share (EPS), the Group considers the shares held by associates as treasury shares to reduce the number of shares outstanding.

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged in the future.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

   The Group's management believes the carrying amounts of financial assets and financial liabilities that are not measured at fair value recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Mutual funds	$ 794,333	$ -	$ -	$ 794,333
Domestic unlisted shares	-	-	666,751	666,751
Derivative financial instruments	-	-	495	495
	$ 794,333	$ -	$ 667,246	$ 1,461,579
Financial assets at FVTOCI				
Domestic listed shares	$ 31,512	$ -	$ -	$ 31,512
Domestic unlisted shares	-	-	24,686	24,686
Overseas unlisted shares	-	-	145,109	145,109
	$ 31,512	$ -	$ 169,795	$ 201,307
Financial assets for hedging				
Non-derivative financial instruments	$ 371,182	$ -	$ -	$ 371,182
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial instruments (included in other current liabilities)	$ -	$ -	$ 4,928	$ 4,928
Financial liabilities for hedging				
Derivative financial instruments (included in other current liabilities)	$ -	$ -	$ 4,105	$ 4,105

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Mutual funds	$ 339,427	$ -	$ -	$ 339,427
Domestic unlisted shares	-	-	686,413	686,413
Derivative financial instruments	-	-	304	304
	$ 339,427	$ -	$ 686,717	$ 1,026,144
Financial assets at FVTOCI				
Domestic listed shares	$ 29,083	$ -	$ -	$ 29,083
Domestic unlisted shares	-	-	25,395	25,395
Overseas unlisted shares	-	-	152,864	152,864
	$ 29,083	$ -	$ 178,259	$ 207,342
Financial assets for hedging				
Non-derivative financial instruments	$ 1,137,902	$ -	$ -	$ 1,137,902
Derivative financial instruments	-	-	440	440
	$ 1,137,902	$ -	$ 440	$ 1,138,342
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial instruments (included in other current liabilities)	$ -	$ -	$ 2,483	$ 2,483
Financial liabilities for hedging				
Derivative financial instruments (included in other current liabilities)	$ -	$ -	$ 6,884	$ 6,884

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL				
Mutual funds	$ 579,644	$ -	$ -	$ 579,644
Domestic unlisted shares	-	-	711,829	711,829
	$ 579,644	$ -	$ 711,829	$ 1,291,473
Financial assets at FVTOCI				
Domestic listed shares	$ 24,391	$ -	$ -	$ 24,391
Domestic unlisted shares	-	-	24,047	24,047
Overseas unlisted shares	-	-	165,249	165,249
	$ 24,391	$ -	$ 189,296	$ 213,687
Financial assets for hedging				
Non-derivative financial instruments	$ 733,205	$ -	$ -	$ 733,205
Financial liabilities				
Financial liabilities at FVTPL				
Derivative financial instruments (included in other current liabilities)	$ -	$ -	$ 17,237	$ 17,237

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the six months ended June 30, 2020

Financial Assets	Equity Instruments at FVTPL	Derivative Financial Instruments at FVTPL	Equity Instruments at FVTOCI	Derivative Financial Instruments for Hedging	Total
Balance at January 1	$ 686,413	$ 304	$ 178,259	$ 440	$ 865,416
Recognized in profit or loss	(19,662)	191	-	-	(19,471)
Recognized in other comprehensive loss	-	-	(8,464)	(440)	(8,904)
Balance at June 30	$ 666,751	$ 495	$ 169,795	$ -	$ 837,041

Financial Liabilities	Derivative Financial Instruments at FVTPL	Derivative Financial Instruments for Hedging	Total
Balance at January 1	$ 2,483	$ 6,884	$ 9,367
Recognized in loss	2,445	-	2,445
Recognized in other comprehensive income	-	(2,779)	(2,779)
Balance at June 30	$ 4,928	$ 4,105	$ 9,033

For the six months ended June 30, 2019

Financial Assets	Equity Instruments at FVTPL	Derivative Financial Instruments at FVTPL	Equity Instruments at FVTOCI	Total
Balance at January 1	$ 734,341	$ 23	$ 208,723	$ 943,087
Recognized in loss	(22,512)	(23)	-	(22,535)
Recognized in other comprehensive loss	-	-	(19,410)	(19,410)
Sales	-	-	(17)	(17)
Balance at June 30	$ 711,829	$ -	$ 189,296	$ 901,125

Financial Liabilities	Derivative Financial Instruments at FVTPL
Balance at January 1	$ 79
Recognized in loss	17,158
Balance at June 30	$ 17,237

3) Valuation techniques and inputs applied for Level 3 fair value measurement

a) Derivative financial instruments: The fair values of foreign exchange forward contracts of future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b) Domestic unlisted securities to which the market approach was applied: The fair values of domestic unlisted shares referred to stock prices of listed companies with operating activities that were similar to those of the Corporation. The material unobservable inputs were as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Operating income ratio	0.20-5.22 times	0.20-5.22 times	0.14-5.68 times
Gross profit ratio	2.23-17.18 times	2.23-17.18 times	0.32-13.64 times
EBIT ratio	-	-	2.44-23.21 times
EBITDA ratio	5.21-24.22 times	5.21-24.22 times	8.52-11.84 times
Post-tax profit ratio	13.24-71.17 times	13.24-71.17 times	11.99-85.49 times
P/B ratio	0.45-7.82 times	0.73-7.82 times	0.82-4.94 times
Discount rate for lack of marketability	32.28%	32.28%	11.58%-32.28%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair values of the shares would have increased (decreased) as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Operating income ratio			
0.1 time increase	$ 36,535	$ 36,573	$ 58,178
0.1 time decrease	$ (36,535)	$ (36,573)	$ (58,178)
Gross profit ratio			
1 time increase	$ 5,384	$ 5,384	$ 65,697
1 time decrease	$ (5,384)	$ (5,384)	$ (65,697)
EBIT ratio			
1 time increase	$ -	$ -	$ 18,188
1 time decrease	$ -	$ -	$ (18,188)
EBITDA ratio			
1 time increase	$ 3,874	$ 3,874	$ 8
1 time decrease	$ (3,874)	$ (3,874)	$ (8)
Post-tax profit ratio			
1 time increase	$ 10,660	$ 10,660	$ 11,020
1 time decrease	$ (10,660)	$ (10,660)	$ (11,020)
P/B ratio			
0.1 time increase	$ 70,467	$ 72,633	$ 85,874
0.1 time decrease	$ (70,467)	$ (72,633)	$ (85,874)

c. Categories of financial instruments

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets			
FVTPL			
Mandatorily at FVTPL	$ 1,461,579	$ 1,026,144	$ 1,291,473
Financial assets for hedging	371,182	1,138,342	733,205
Financial assets at amortized cost (Note 1)	12,004,429	9,973,131	20,970,778
Financial assets at FVTOCI	201,307	207,342	213,687
Financial liabilities			
Amortized cost (Note 2)	5,038,537	6,978,997	6,119,188
FVTPL (included in other current liabilities)			
Held for trading	4,928	2,483	17,237
Financial liabilities for hedging (included in other current liabilities)	4,105	6,884	-

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes and accounts receivable (related parties included), other receivables, other financial assets (included in other current assets), guarantee deposits (included in other non-current assets) and long-term receivables (included in other non-current assets).

Note 2: The balances included financial liabilities measured at amortized cost which comprise short-term borrowings, short-term bills payable, notes and accounts payable (related parties included), other payables, long-term borrowing (current portion of long-term borrowing included) and deposits received (included in other non-current liabilities).

d. Financial risk management objectives and policies

The Group’s major financial instruments include equity and debt investments, accounts receivable, accounts payable, borrowings and lease liabilities. Financial risks include market risk, credit risk, and liquidity risk.

1) Market risk

The Group’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and other price risk.

a) Foreign currency risk

Holding foreign currency denominated assets and liabilities exposes the Group to adverse fluctuations of cash flows and the reduction of foreign currency assets due to the changes in foreign currency rate. The Group avoids cash flow risk resulting from the changes in adverse foreign currency rate by using derivative contracts.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar (USD), Euro (EUR), Japanese yen (JPY) and Renminbi (RMB).

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included outstanding foreign currency denominated monetary items and their translation at the end of the reporting period, adjusted for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and equity associated with a 1% strengthening of the New Taiwan dollar against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and equity, and the balances below would be negative.

	USD Impact	
	For the Six Months Ended June 30	
	2020	**2019**
Loss	$ (5,884)	$ (9,637)

	EUR Impact	
	For the Six Months Ended June 30	
	2020	**2019**
Gain (loss)	$ 42	$ (4,043)

	JPY Impact	
	For the Six Months Ended June 30	
	2020	**2019**
Gain (loss)	$ (943)	$ 1,376
Equity	$ (5,748)	$ (7,332)

	RMB Impact	
	For the Six Months Ended June 30	
	2020	**2019**
Loss	$ (17,168)	$ (9,354)

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	June 30, 2020	**December 31, 2019**	**June 30, 2019**
Cash flow interest rate risk			
Financial assets	$ 8,751,153	$ 7,060,429	$ 16,253,047
Financial liabilities	589,997	848,939	689,994
Fair value interest rate risk			
Lease liabilities	400,433	448,533	505,458

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. The sensitivity rate of 0.25% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2020 and 2019 would increase/decrease by $10,201 thousand and $19,454 thousand, respectively.

The Group's decrease in sensitivity to interest rates during the current period was mainly due to the decrease in variable rate asset instruments.

c) Other price risk

The Group was exposed to equity price risk on its investments in listed securities and mutual funds.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the six months ended June 30, 2020 and 2019 would have increased/decreased by $39,717 thousand and $28,982 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2020 and 2019 would have increased/decreased by $1,576 thousand and $1,220 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Financial assets are subject to the potential impact of the failure of the Group's counterparties to satisfy their performance obligations; the impact includes the concentration of credit risk, contract amounts and other receivables of the financial products engaged in by the Group. As the counterparties are banks, securities firms and dealers with good credit ratings, no significant credit risk is expected.

3) Liquidity risk

The Group has sufficient operating capital to meet cash requirements for settlement of derivative transactions. Thus, liquidity risk is low.

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of related parties

Related Party Name	Related Party Category
Mitsubishi Motors Corporation (Mitsubishi Motors Corp.)	Investors that have significant influence over the Group
Mitsubishi Corporation (Mitsubishi Corp.)	Investors that have significant influence over the Group
Tai Yuen Textile Co., Ltd.	Investors that have significant influence over the Group
Le Wen Investment Co., Ltd.	Investors that have significant influence over the Group
Yulon Management Company Ltd.	Subsidiary of investors that have significant influence over the Group
Mitsubishi Corporation (Taiwan) Ltd.	Subsidiary of investors that have significant influence over the Group
Mitsubishi Motors Philippines Corporation	Subsidiary of investors that have significant influence over the Group
Mitsubishi Motors Thailand	Subsidiary of investors that have significant influence over the Group
Mitsubishi Motors Europe B.V.	Subsidiary of investors that have significant influence over the Group
Mitsubishi Motors Middle East and Africa	Subsidiary of investors that have significant influence over the Group
Mitsubishi Corporation Technos	Subsidiary of investors that have significant influence over the Group
Shye Shyang Mechanical Industrial Co., Ltd.	The Group is its key management personnel
Fuzhou Samnel Mechanical and Electrical Co., Ltd.	The Group is its key management personnel
Uni-Calsonic Corp.	Associate
Yulon Motor Co., Ltd. (Yulon)	Associate
Fortune Motors Co., Ltd. (Fortune Motors)	Associate
ROC Spicer Ltd. (ROC-Spicer)	Associate
Uni Auto Parts Manufacture Co., Ltd. (Uni Auto Parts Manufacture)	Associate
Shung Ye Motor Co., Ltd. (Shung Ye Motor)	Associate
Hua-Chuang Automobile Information Technical Center Co., Ltd.	Associate
Yulon IT Solutions Inc. (Yulon IT)	Associate
Sinjang Co., Ltd. (Sin Jang)	Associate
Sin Gan Co., Ltd. (Sin Gan)	Associate
Tokio Marine Newa Insurance Co., Ltd.	Associate
Hong Shuo Cultural Enterprises, Co., Ltd.	Associate

(Continued)

Related Party Name	Related Party Category
Hsiang Shuo Enterprises	Associate
Sinqual Technology Co., Ltd.	Associate
Taiwan Acceptance Corporation (Taiwan Acceptance)	Associate
Yue Sheng Industrial Co., Ltd.	Associate
Luxgen Motor Co., Ltd. (Luxgen)	Associate
Yulon Nissan Motor Co., Ltd.	Associate
Y-Teks Co., Ltd.	Associate
YES-Energy Service Co., Ltd. (Yulon Energy Service Co., Ltd.)	Associate
Yue Ki Industrial Co., Ltd. (Yue Ki Industrial)	Associate
Carplus Auto Leasing Corporation	Associate
Fortune HS Leasing Co., Ltd. (Hsieh-Shin Motors Co., Ltd.)	Associate
Yu Rich Financial Services Company	Associate
ROC-Keeper Industrial Ltd.	Associate
Shanghai Hopeful Wheel Automobile Maintenance Co., Ltd.	Associate
Fuzhou Lianhong Motor Parts Co., Ltd.	Associate
Guangzhou NTN-Yulon Drivertrain Co., Ltd.	Joint venture
Xiangyang NTN-Yulon Drivertrain Co., Ltd.	Joint venture
South East (Fujian) Motor Corporation Ltd.	Joint venture
Fujian Benz Automotive Co., Ltd.	Joint venture
Fuzhou Fushiang Motor Industrial Co., Ltd.	Joint venture
Xiamen King-Long Kian-Shen Frame	Joint venture
Hangzhou King-Long Kian-Shen Co., Ltd.	Joint venture
China Engine (Fujian)	Joint venture
Yuanchuang Industrial Investment Consulting Co., Ltd.	Substantive related party

(Concluded)

b. Operating transactions

1) Sales of goods

Line Item	Related Party Category/Name	For the Three Months Ended June 30 2020	For the Three Months Ended June 30 2019	For the Six Months Ended June 30 2020	For the Six Months Ended June 30 2019
Sales	Associates				
	Fortune Motors	$ 4,701,796	$ 4,805,079	$ 9,446,839	$ 9,943,196
	Shung Ye Motor	1,232,116	1,504,466	2,573,521	3,120,227
	Others	183,212	259,252	317,875	449,493
		6,117,124	6,568,797	12,338,235	13,512,916
	Investors and subsidiaries of the investors that have significant influence over the Group	28,503	16,407	50,255	64,799
	Joint ventures	6,800	4,498	14,942	14,037
		$ 6,152,427	$ 6,589,702	$ 12,403,432	$ 13,591,752

2) Purchases of goods

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2020	2019	2020	2019
Purchases	Investors and subsidiaries of the investors that have significant influence over the Group				
	Mitsubishi Motors Corp.	$ 278,928	$ 246	$ 574,702	$ 246
	Mitsubishi Corp.	1	545,484	341,230	1,351,949
	Others	326	45,720	10,381	76,100
		279,255	591,450	926,313	1,428,295
	Associates	492,963	515,650	828,921	1,091,209
	The Group is its major management	72,502	84,361	122,423	167,077
	Joint ventures	31,141	52,348	56,782	98,764
		$ 875,861	$ 1,243,809	$ 1,934,439	$ 2,785,345

3) Technical services expense

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2020	2019	2020	2019
Cost of goods sold and selling and marketing expenses	Investors that have significant influence over the Group	$ 59,729	$ 57,625	$ 119,966	$ 120,248

4) Development expense

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2020	2019	2020	2019
Research and development expense	Investors that have significant influence over the Group	$ 13,362	$ 12,556	$ 25,740	$ 24,917
	Others	-	-	-	3
		$ 13,362	$ 12,556	$ 25,740	$ 24,920

5) Other expense

Line Item	Related Party Category/Name	For the Three Months Ended June 30		For the Six Months Ended June 30	
		2020	2019	2020	2019
Selling and marketing expenses and general and administrative expenses	Investors and subsidiaries of the investors that have significant influence over the Group	$ 23,208	$ 23,727	$ 44,802	$ 54,653
	Others	5,025	2,157	7,384	6,364
		$ 28,233	$ 25,884	$ 52,186	$ 61,017

6) Contract liabilities

Line Item	Related Party Category/Name	June 30, 2020	December 31, 2019	June 30, 2019
Other current liabilities	Associates			
	Luxgen	$ 58,585	$ 19,356	$ 19,356
	Sin Jang	16,792	16,792	-
	Others	18,944	8,476	5,708
		94,321	44,624	25,064
	Others	301	273	821
		$ 94,622	$ 44,897	$ 25,885

7) Receivables from related parties

Line Item	Related Party Category/Name	June 30, 2020	December 31, 2019	June 30, 2019
Trade receivables from related parties	Associates			
	Fortune Motors	$ 1,281,476	$ 903,195	$ 1,436,947
	Shung Ye Motor	281,053	340,042	310,870
	Others	174,568	188,082	310,975
		1,737,097	1,431,319	2,058,792
	Joint ventures	12,209	18,235	43,886
	Others	1,290	7,585	2,121
		$ 1,750,596	$ 1,457,139	$ 2,104,799

8) Payables to related parties

Line Item	Related Party Category/Name	June 30, 2020	December 31, 2019	June 30, 2019
Trade payables to related parties	Associates			
	Uni Auto Parts Manufacture	$ 102,705	$ 147,613	$ 52,711
	ROC-Spicer	78,992	100,743	90,347
	Yulon	78,703	92,546	77,116
	Yue Ki Industrial	69,626	99,801	89,094
	Others	115,293	239,311	144,080
		445,319	680,014	453,348
	Investors and subsidiaries of the investors that have significant influence over the Group			
	Mitsubishi Motors Corp.	124,337	92,215	124,521
	Others	50,609	133,632	64,988
		174,946	225,847	189,509
	The Group is its major management	47,486	68,622	59,567
	Others	8,650	9,267	9,697
		$ 676,401	$ 983,750	$ 712,121

9) Prepayments

Line Item	Related Party Category/Name	June 30, 2020	December 31, 2019	June 30, 2019
Prepayments	Joint ventures	$ 9,406	$ 12,426	$ 17,758
	Investors and subsidiaries of investors that have significant influence over the Group			
	Mitsubishi Corp.	-	187,877	5,488
	Others	994	2,610	5,763
		994	190,487	11,251
	Others	152	-	142
		$ 10,552	$ 202,913	$ 29,151

10) Acquisition of property, plant and equipment

Line Item	Related Party Category/Name	For the Six Months Ended June 30 2020	For the Six Months Ended June 30 2019
Property, plant and equipment	Associates	$ 68,357	$ 37,348
	Others	6,940	-
		$ 75,297	$ 37,348

The outstanding payables to related parties had no guarantees and would be paid in cash. The Group receives guarantees of the receivables from part of the related parties. For the six months ended June 30, 2020 and 2019, no loss allowance was recognized for trade receivables from related parties.

The prices and payment terms for the Group's transactions with related parties are the same as that for third parties. For lease contracts entered into with related parties, rental prices were determined by reference to the market, and had general payment terms.

The Group signed a contract with Mitsubishi Motors Corporation, refer to Note 32 for the details.

c. Remuneration of key management personnel

The remunerations of directors and key executives for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, respectively, were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	$ 26,409	$ 19,912	$ 51,560	$ 49,963
Post-employment benefits	427	594	852	1,186
	$ 26,836	$ 20,506	$ 52,412	$ 51,149

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for bank borrowings, the tariff of importing vehicle parts and materials, escrows, government tenders and the deposit of project:

	June 30, 2020	December 31, 2019	June 30, 2019
Property, plant and equipment	$ 509,609	$ 510,304	$ 741,741
Pledged deposits (included in other current assets)	180,486	179,939	221,816
Investment properties	52,323	52,323	52,323
	$ 742,418	$ 742,566	$ 1,015,880

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of June 30, 2020 were as follows:

a. Guarantee notes amounted to $4,782,988 thousand, which had been issued to financial institutions as collaterals for loans; unused letters of credit amounted to $54,567 thousand.

b. The Group entered into an agreement with Mitsubishi Motors Corporation as stated below:

Project	Content	Date of Agreement/ Expiry Date	Agreement Price	Payment
Technical royalty	Technical cooperation and manufacture of Delica and other car models	2006.03.01-2025.04.08	Royalty was agreed to be the basis of the FOB price of automobiles sold and manufactured parts repaired	Paid every 6 months within 90 days
Technical royalty	Technical cooperation and manufacture of Outlander and other car models	2005.07.01-2025.09.07	Royalty was agreed to be the fixed amount of automobiles sold per unit and the basis of the FOB price of manufactured parts repaired	Paid every 6 months within 60-90 days

c. The status of endorsements/guarantees was listed in Table 2.

33. OTHER ITEMS

Due to the impact of the COVID-19 pandemic, the Group's operating revenue for the six months ended June 30, 2020 declined. As the epidemic eases and policy restrictions are loosened, the Group expects that operations will gradually return to normal.

In response to the impact of the epidemic, the Group took the following actions:

Government relief measures

Subsidiaries have successively applied to the government of Taiwan and mainland China for various subsidies such as salary and working capital subsidies. As of June 30, 2020, funds of $8,625 thousand had been received.

Based on the information available as of the balance sheet date, the Group considered the economic implications of the epidemic when making its critical accounting estimates; refer to Note 5.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

June 30, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
RMB	$ 398,350	4.1910	$ 1,669,484
JPY	2,000,551	0.2751	550,352
USD	13,249	29.6300	392,574
Non-monetary items			
Investments accounted for using the equity method			
RMB	1,211,468	4.1910	5,077,262
EUR	74,785	33.2700	2,488,105
Foreign currency liabilities			
Monetary items			
JPY	608,464	0.2751	167,388

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
JPY	$ 4,178,677	0.2760	$ 1,153,315
RMB	188,277	4.3050	810,532
USD	23,983	29.9800	718,997
Non-monetary items			
Investments accounted for using the equity method			
RMB	1,234,368	4.3050	5,313,955
EUR	84,261	33.5900	2,830,313
Foreign currency liabilities			
Monetary items			
JPY	662,503	0.2760	182,851

June 30, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
RMB	$ 217,818	4.5210	$ 984,757
JPY	2,613,765	0.2886	754,333
USD	21,386	31.0600	664,236
EUR	11,868	35.3800	419,887
Non-monetary items			
Investments accounted for using the equity method			
RMB	1,207,526	4.5210	5,459,227
EUR	70,901	35.3800	2,508,465
Foreign currency liabilities			
Monetary items			
JPY	550,127	0.2886	158,767

For the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, net foreign exchange gains (losses) were $(30,242) thousand, $(8,217) thousand, $(38,538) thousand and $25,331 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

35. SEPARATELY DISCLOSED ITEMS

Except for those listed in Notes 7, 11 and 29 and Tables 1 to 11, there were no other separately disclosed items.

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments were vehicle manufacturing, channel and others.

The following was an analysis of the Group's revenue and results by reportable segment.

	Segment Revenues For the Six Months Ended June 30		Segment Income or Loss For the Six Months Ended June 30	
	2020	2019	2020	2019
Vehicle manufacturing	$ 13,694,241	$ 15,272,878	$ 1,765,109	$ 563,286
Channel	1,239,372	1,871,840	4,086	6,691
Others	19,431	32,687	(9,081)	(8,064)
Adjustment and eliminations	(174,991)	(168,731)	(419)	(419)
	$ 14,778,053	$ 17,008,674	1,759,695	561,494
Administration cost and remunerations of directors			(146,602)	(141,193)
Other non-operating income and expenses, net			95,689	63,813
Profit before income tax			$ 1,708,782	$ 484,114

Intersegment transactions were accounted for according to market prices.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and remuneration of directors, expected credit gain (loss), interest income, other income, gain (loss) on disposal of investments, net foreign exchange gain (loss), interest expense, other expense, loss on financial instruments at fair value through profit or loss, impairment loss and income tax expense. This was the measure reported to the chief operating decision maker for resource allocation and assessment of segment performance.

TABLE 1

CHINA MOTOR CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 1)	Ending Balance (Note 1)	Actual Amount Borrowed (Notes 1 and 4)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	China Motor Corporation	Sino Diamond Motors	Other receivables	Yes	$ 600,000	$ 570,000	$ 570,000	1.00	Short-term financing	$ -	Working capital	$ -	-	$ -	$ 1,199,127	$ 7,994,180
1	Dongguan Huayi	Dongguan Huashun	Other receivables	Yes	83,820 (RMB 20,000 thousand)	83,820 (RMB 20,000 thousand)	-	-	Short-term financing	-	Working capital	-	-	-	1,199,127	7,994,180
2	Dongguan Huashun	Dongguan Huayi	Other receivables	Yes	83,820 (RMB 20,000 thousand)	83,820 (RMB 20,000 thousand)	-	-	Short-term financing	-	Working capital	-	-	-	1,199,127	7,994,180
3	Tianjin Hwarui	Tianjin Hwahong	Other receivables	Yes	41,910 (RMB 10,000 thousand)	41,910 (RMB 10,000 thousand)	-	-	Short-term financing	-	Working capital	-	-	-	1,199,127	7,994,180
		Dongguan Huayi	Other receivables	Yes	83,820 (RMB 20,000 thousand)	83,820 (RMB 20,000 thousand)	-	-	Short-term financing	-	Working capital	-	-	-	1,199,127	7,994,180
		Dongguan Huashun	Other receivables	Yes	83,820 (RMB 20,000 thousand)	83,820 (RMB 20,000 thousand)	-	-	Short-term financing	-	Working capital	-	-	-	1,199,127	7,994,180
4	Tianjin Hwahong	Tianjin Hwarui	Other receivables	Yes	83,820 (RMB 20,000 thousand)	83,820 (RMB 20,000 thousand)	-	-	Short-term financing	-	Working capital	-	-	-	1,199,127	7,994,180
		Dongguan Huayi	Other receivables	Yes	83,820 (RMB 20,000 thousand)	83,820 (RMB 20,000 thousand)	-	-	Short-term financing	-	Working capital	-	-	-	1,199,127	7,994,180
		Dongguan Huashun	Other receivables	Yes	83,820 (RMB 20,000 thousand)	83,820 (RMB 20,000 thousand)	-	-	Short-term financing	-	Working capital	-	-	-	1,199,127	7,994,180

Note 1: Translated at the exchange rate of RMB1:NT$4.191 as of June 30, 2020.

Note 2: The amount is 3% of the total shareholders' equity of China Motor Corporation based on their latest financial statements.

Note 3: The amount is 20% of the total shareholders' equity of China Motor Corporation based on their latest financial statements.

Note 4: Eliminated during the preparation of the consolidated financial statements.

TABLE 2

CHINA MOTOR CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee Receiver		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note)	Outstanding Endorsement/ Guarantee at the End of the Period (Note)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiary	Endorsement/ Guarantee Given by Subsidiary on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Company in Mainland China
		Name	Relationship										
1	Sino Diamond Motors	Dongguan Huayi	Subsidiary	20% of the Corporation's issued capital, $1,107,241 thousand	$ 419,100 (RMB 100,000 thousand)	$ 83,820 (RMB 20,000 thousand)	$ -	$ -	0.21	50% of the Corporation's issued capital, $2,768,102 thousand	No	No	Yes
		Tianjin Hwarui	Subsidiary	20% of the Corporation's issued capital, $1,107,241 thousand	419,100 (RMB 100,000 thousand)	83,820 (RMB 20,000 thousand)	-	-	0.21	50% of the Corporation's issued capital, $2,768,102 thousand	No	No	Yes

Note: Translated at the exchange rate of RMB1:NT$4.191 as of June 30, 2020.

CHINA MOTOR CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name/Issuer of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
China Motor Corporation	Beneficiary certificates							
	Fubon Chi Hsiang Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,277	$ 130,608	-	$ 130,608	
	The RSIT Enhanced Money Market Fund	-	Financial assets at fair value through profit or loss - current	10,849	130,602	-	130,602	
	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	8,818	110,346	-	110,346	
	Franklin Templeton SinoAm Money Market	-	Financial assets at fair value through profit or loss - current	9,674	100,668	-	100,668	
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	5,048	80,375	-	80,375	
	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss - current	6,346	80,032	-	80,032	
	Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,856	30,364	-	30,364	
	Sinopac Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,167	30,343	-	30,343	
	Paradigm Pion Money Market	-	Financial assets at fair value through profit or loss - current	2,610	30,343	-	30,343	
	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss - current	612	10,293	-	10,293	
	CTBC Hua Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	657	7,285	-	7,285	
	Shares							
	Shye Shyang Mechanical Industrial	Corporate director	Financial assets at fair value through profit or loss - non-current	9,009	595,884	10.00	595,884	
	Myson Century, Inc.	Corporate director	Financial assets at fair value through other comprehensive income - non-current	4,705	30,580	7.84	30,580	
	Taiwan Aerospace	-	Financial assets at fair value through other comprehensive income - non-current	811	11,916	0.60	11,916	
	NORM Pacific Automation Corp.	-	Financial assets at fair value through other comprehensive income - non-current	128	1,630	0.45	1,630	
	Carnival	-	Financial assets at fair value through other comprehensive income - non-current	95	932	0.05	932	
	Com2B (Cayman) Corp.	-	Financial assets at fair value through other comprehensive income - non-current	2,000	-	4.44	-	

(Continued)

Holding Company Name	Type and Name/Issuer of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
	Corporate bonds							
	Evergreen Marine Corporation	-	Financial assets at amortized cost - non-current	-	$ 99,930	-	$ -	
	Crédit Agricole Corporate and Investment Bank SA	-	Financial assets at amortized cost - non-current	-	83,761	-	-	
	Morgan Stanley	-	Financial assets at amortized cost - non-current	-	83,761	-	-	
	Taiwan Acceptance Corp.	Associate	Financial assets at amortized cost - non-current	-	49,785	-	-	
	Principal guaranteed notes							
	President Securities 100% Principal Guaranteed Note	-	Financial assets at amortized cost - current	-	41,730	-	-	
Kian Shen	Beneficiary certificates							
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	139	25,008	-	25,008	
	Yuanta Wan Tai Money Market Fund	-	Financial assets at fair value through profit or loss - current	656	10,001	-	10,001	
KSIHK	Shares							
	Beijing NTN-SEOHAN Driveshaft	-	Financial assets at fair value through other comprehensive income - non-current	-	27,931 (RMB 6,665 thousand)	9.00	27,931	
Alliance Investment & Management	Shares							
	Samuel (Cayman) Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	6,327	95,026	15.07	95,026	
	CARPLUS Auto Leasing Corporation	-	Financial assets at fair value through profit or loss - non-current	3,248	70,867	3.45	70,867	
	T-Car Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,275	22,152	4.05	22,152	
	Solidlite Corporation	-	Financial assets at fair value through other comprehensive income - non-current	789	5,610	3.60	5,610	
	Site information service	-	Financial assets at fair value through other comprehensive income - non-current	65	2,779	0.54	2,779	
	Phalanx Biotech Group	-	Financial assets at fair value through other comprehensive income - non-current	696	2,751	0.85	2,751	
	Preference shares							
	Rock Financial Risk Service Co., Ltd.	-	Financial assets at amortized cost - non-current	-	7,860	-	-	
Hwa Lin	Principal guaranteed notes							
	President Securities 100% Principal Guaranteed Note	-	Financial assets at amortized cost - current	-	8,346	-	-	
Brilliant Insight International	Beneficiary certificates							
	Taishin Ta-Chong Money Market	-	Financial assets at fair value through profit or loss - current	354	5,062	-	5,062	

(Continued)

Holding Company Name	Type and Name/Issuer of Marketable Security	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Number of Shares (In Thousands)	Carrying Amount (Note 2)	Percentage of Ownership (%)	Fair Value	
Ling Wei	Beneficiary certificates							
	Prudential Financial Money Market Fund	-	Financial assets at fair value through profit or loss - current	440	$ 7,002	-	$ 7,002	
	CTBC Hua Win Money Market Fund	-	Financial assets at fair value through profit or loss - current	541	6,001	-	6,001	

Note 1: Refer to Tables 7 and 8 for the information of investments in subsidiaries and associates.

Note 2: Translated at the exchange rate of RMB1=NT$4.191 as of June 30, 2020.

(Concluded)

TABLE 4

CHINA MOTOR CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount
Hwa-Lin	Shares Zhejiang Kangda Motor Industry And Trading	Non-current assets held for sale	Zhejiang Kangqiao Auto Industry And Trade Group	-	9,800	$ 148,023	-	$ -	9,800	$ 390,514 (RMB 91,105 thousand)	$ 155,561 (Note)	$ 234,953	$ -	$ -

Note: Comprises investments accounted for using the equity method classified as held for sale of $148,023 thousand and equity directly associated with non-current assets classified as held for sale of $7,538 thousand.

TABLE 5

CHINA MOTOR CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Seller/Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total (Note 2)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 2)	
China Motor Corporation ("CMC")	Fortune Motors	Investee accounted for using the equity method	Sale	$ (9,148,461)	(70)	Payment collected 15-60 working days after the goods have been delivered	$ -	-	$ 1,278,388	65	
	Shung Ye Motor	Investee accounted for using the equity method	Sale	(1,878,380)	(14)	Payment collected 15-60 working days after the goods have been delivered	-	-	257,945	13	
	Mitsubishi Motors Corp.	Director of CMC	Purchase	390,342	5	Payment made 7 working days after the goods are shipped	-	-	(124,269)	(6)	
	Uni Auto Parts Manufacture	Investee accounted for using the equity method	Purchase	266,455	4	Payment made within 45 days after the month of delivery	-	-	(102,705)	(5)	
	Kian Shen (Note 1)	Subsidiary	Purchase	215,113	3	Payment made within 45 days after the month of delivery	-	-	(76,717)	(4)	
	ROC-Spicer	Investee accounted for using the equity method	Purchase	191,266	3	Payment made within 45 days after the month of delivery	-	-	(78,992)	(4)	
	COC (Note 1)	Subsidiary	Purchase	123,458	2	Payment made within 45 days after the month of delivery	-	-	(49,873)	(2)	
	Shye Shyang Mechanical Industrial	Director of Shye Shyang Mechanical Industrial	Purchase	120,724	2	Payment made within 45 days after the month of delivery	-	-	(47,485)	(2)	
	Mitsubishi Corp.	Director of CMC	Purchase	105,119	1	Payment made 7 working days after the goods are shipped	-	-	(717)	-	
Sino Diamond Motors	Shung Ye Motor	Investee accounted for using the equity method	Sale	(695,113)	(65)	Payment collected 7-45 days after goods have been delivered	-	-	23,106	62	
	Fortune Motors	Investee accounted for using the equity method	Sale	(298,379)	(28)	Payment collected 15 - 45 days after goods have been delivered	-	-	3,059	8	
	Mitsubishi Corp.	Director of CMC	Purchase	236,111	35	Payment made 10 days before the goods are shipped	-	-	-	-	
	Mitsubishi Motors Corp.	Director of CMC	Purchase	184,360	27	Payment made 7 working days after the goods are shipped	-	-	(68)	-	
Kian Shen	China Motor Corporation (Note 1)	Parent company	Sale	(215,113)	(47)	Payment collected within 45 days after the month of delivery	-	-	76,717	48	
COC	Yulon	Investee accounted for using the equity method	Sale	(124,093)	(31)	Payment collected within 45 days after the month of delivery	-	-	45,246	16	
	China Motor Corporation (Note 1)	Parent company	Sale	(123,458)	(30)	Payment collected within 45 days after the month of delivery	-	-	49,873	18	

(Continued)

Note 1: Eliminated during the preparation of the consolidated financial statements.

Note 2: The proportion of the individual company's total purchases (sales) or total receivables (payables).

(Concluded)

TABLE 6

CHINA MOTOR CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
China Motor Corporation	Fortune Motors	Investee accounted for using the equity method	$ 1,278,388	16.80	$ -	-	$ 1,269,828	$ -
	Shung Ye Motor	Investee accounted for using the equity method	257,945	14.59	-	-	252,795	-

TABLE 7

CHINA MOTOR CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Product	Investment Amount		As of June 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2020	December 31, 2019	Number of Shares (In Thousands)	%	Carrying Amount			
China Motor Corporation	Yulon	Miaoli, Taiwan	Manufacture and sale of vehicles	$ 3,835,585	$ 3,835,585	262,228	16.80	$ 7,134,450	$ 764,547	$ 106,985	Investee accounted for using the equity method
	Kian Shen (Note 1)	Taoyuan, Taiwan	The production of frame of heavy duty car and mold	344,800	344,800	32,201	43.87	1,983,521	107,218	47,216	Subsidiary
	Fortune Motors	Taipei, Taiwan	Sales and providing after sales service of vehicle	2,132,826	2,132,826	132,117	41.95	4,381,297	601,346	252,204	Investee accounted for using the equity method
	Sino Diamond Motors (Note 1)	Taipei, Taiwan	Sales and providing after sales service of vehicle	2,192,724	2,192,724	151,067	100.00	1,295,070	125,637	125,707	Subsidiary
	Tokio Marine Newa Insurance (Note 2)	Taipei, Taiwan	Property insurance	955,941	955,941	61,511	20.57	1,933,594	478,278	98,382	Investee accounted for using the equity method
	Alliance Investment & Management (Note 1)	Taipei, Taiwan	Investment	1,200,030	1,200,030	183,000	100.00	1,266,107	(1,263)	(1,263)	Subsidiary
	Daimler Vans Hong Kong Ltd.	Hong Kong	Investment	2,011,363	2,011,363	46,566	32.45	2,488,105	1,056,560	342,854	Investee accounted for using the equity method
	ROC-Spicer	Taoyuan, Taiwan	Manufacture and sales of automobile parts	675,896	675,896	145	29.00	505,298	39,097	11,337	Investee accounted for using the equity method
	CMI (Note 1)	Samoa	Investment	1,402	1,402	40	100.00	720,344	(132,304)	(132,304)	Subsidiary
	COC (Note 1)	Taoyuan, Taiwan	The production of mold, fixture and gauge of vehicle	412,125	412,125	33,565	49.76	755,945	24,522	12,229	Subsidiary
	Hwa Wei (Note 1)	British Virgin Islands	Overseas investment on production and service industries	1,202	1,202	40	40.00	478,805	(220,493)	(88,197)	Subsidiary
	Hua-Chuang Automobile Information Technical Center	Taipei, Taiwan	Product design	1,028,013	1,028,013	-	16.67	-	(541,037)	-	Investee accounted for using the equity method
	Uni Auto Parts Manufacture	Miaoli, Taiwan	The production of mold, fixture and gauge of vehicle	109,813	109,813	13,032	15.00	349,828	(180,372)	(27,034)	Investee accounted for using the equity method
	Shung Ye Motor (Notes 3 and 5)	Taipei, Taiwan	Sales and providing after sales service of vehicle	391,142	391,142	29,668	39.98	391,120	(7,795)	(3,116)	Investee accounted for using the equity method
	China Engine (Note 1)	Taoyuan, Taiwan	Manufacture of automobile engine and parts	625,978	625,978	87,999	52.10	432,962	6,788	3,766	Subsidiary
	Uni-Calsonic	Miaoli, Taiwan	Manufacture and sale of automobile parts	105,806	105,806	6,084	31.20	134,797	11,165	3,488	Investee accounted for using the equity method
	Yueki Industrial Co., Ltd.	Hsinchu, Taiwan	Manufacture and sales of car components	109,396	109,396	2,936	15.08	101,884	(26,246)	(3,974)	Investee accounted for using the equity method
	Tai-Ya Investment	Hong Kong	Investment	79,505	79,505	2,242	29.00	63,482	(15,176)	(4,401)	Investee accounted for using the equity method
	Hwa Chung Motors (Note 1)	Taoyuan, Taiwan	Manufacture and sale of vehicles	328,900	328,900	8,790	100.00	74,331	2,652	2,652	Subsidiary
Kian Shen	Kian Shen Investment (Note 1)	British Virgin Islands	Investment	328,888	328,888	10,296	100.00	3,920,671	135,701	-	Subsidiary
Kian Shen Investment	KSIHK (Note 1)	Hong Kong	Investment	US$ 25,907 thousand	US$ 25,907 thousand	25,907	100.00	RMB 911,681 thousand	RMB 29,333 thousand	-	Subsidiary
Alliance Investment & Management	Hua-Chuang Automobile Information Technical Center	Taipei, Taiwan	Product design	473,760	473,760	-	7.50	-	(541,037)	-	Investee accounted for using the equity method
	Greentrans Investment (Note 1)	Samoa	Investment	344,369	344,369	11,200	100.00	208,919	(7,776)	-	Subsidiary
Sino Diamond Motors	Hua-Yu (Note 1)	Samoa	Overseas investment on production and service industries	1,489,334	1,489,334	36,943	100.00	810,251	127,944	-	Subsidiary
	Hua-Chuang Automobile Information Technical Center	Taipei, Taiwan	Product design	473,760	473,760	-	7.50	-	(541,037)	-	Investee accounted for using the equity method
	China Engine (Note 1)	Taoyuan, Taiwan	Manufacture of automobile engine and parts	11,000	11,000	1	-	5	6,788	-	Subsidiary
	Brilliant Insight International (Note 1)	Taoyuan, Taiwan	Consulting and service	22,000	22,000	2,200	100.00	11,974	(7,397)	-	Subsidiary
	Shung Ye Motor (Note 4)	Taipei, Taiwan	Sales and providing after sales service of vehicle	180	180	12	0.02	215	(7,795)	-	Investee accounted for using the equity method
	Fortune Motors	Taipei, Taiwan	Sales and providing after sales service of vehicle	24	24	1	-	18	601,346	-	Investee accounted for using the equity method

(Continued)

Investor Company	Investee Company	Location	Main Business and Product	Investment Amount		As of June 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2020	December 31, 2019	Number of Shares (In Thousands)	%	Carrying Amount			
Hua-Yu	Hwa-Lin (Note 1)	British Virgin Islands	Overseas investment on production and service industries	US$ 37,229 thousand	US$ 37,229 thousand	33,393	100.00	$ 724,249	$ 129,486	$ -	Subsidiary
China Engine	Advance Power Investment (Note 1)	Mauritius	Reinvestment and sales	59,456	59,456	3,750	100.00	92,954	-	-	Subsidiary
	Advance Power Machinery (Note 1)	Miaoli, Taiwan	Manufacture of vehicle and parts	5,000	5,000	500	100.00	10,869	83	-	Subsidiary
CMI	Hwa Wei (Note 1)	British Virgin Island	Overseas investment on production and service industries	1,428,503	1,428,503	60	60.00	718,207	(220,493)	-	Subsidiary
Hwa Chung Motors	Ling Wei (Note 1)	Taipei, Taiwan	Sales of second-hand vehicle	31,000	31,000	3,608	100.00	35,004	2,056	-	Subsidiary
	Greentrans (Note 1)	Taipei, Taiwan	Sales of motorcycle and parts	10,000	10,000	1,000	100.00	11,156	568	-	Subsidiary
COC	Y. M. Hi-Tech (Note 1)	Taoyuan, Taiwan	Steel cutting	46,250	46,250	4,250	85.00	70,716	5,037	-	Subsidiary
	Shye Shinn (Note 1)	British Virgin Islands	Investment	US$ 968 thousand	US$ 968 thousand	968	100.00	39,551	263	-	Subsidiary

Note 1: Eliminated during the preparation of the consolidated financial statements.

Note 2: During preparation of the consolidated financial statements, price making of $75,455 thousand from intra-group transaction had been eliminated.

Note 3: During preparation of the consolidated financial statements, loss on disposal of $22,538 thousand from intra-group transaction had been eliminated.

Note 4: During preparation of the consolidated financial statements, gain on disposal of $31 thousand from intra-group transaction had been eliminated.

Note 5: During preparation of the consolidated financial statements, sidestream transaction of $985 thousand had been eliminated.

(Concluded)

CHINA MOTOR CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2020 (Note 1)	Net Income (Loss) of the Investee (Notes 2 and 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of June 30, 2020 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2020 (Note 1)
					Outward	Inward						
South East (Fujian) Motor (Note 4)	Manufacture and sales of industrial automation products	$ 4,088,940 (US$ 138,000 thousand)	Indirect investment in mainland China through a company registered in a third region	$ 1,022,235 (US$ 34,500 thousand)	$ -	$ -	$ 1,022,235 (US$ 34,500 thousand)	$ (833,994)	25.00	$ (208,499)	$ 1,085,413	$ 771,061 (US$ 26,023 thousand)
China Engine (Fujian)	Manufacture and sales of engines and engine parts	444,450 (US$ 15,000 thousand)	Indirect investment in mainland China through a company registered in a third region	222,225 (US$ 7,500 thousand)	-	-	222,225 (US$ 7,500 thousand)	-	38.03	-	186,981	-
Fujian Benz Automotive	Sales of industrial automation products	9,548,490 (EUR 287,000 thousand)	Indirect investment in mainland China through a company registered in a third region	1,549,251 (EUR 46,566 thousand)	-	-	1,549,251 (EUR 46,566 thousand)	2,113,989 (EUR 63,944 thousand)	16.23	342,998 (EUR 10,375 thousand)	2,488,097 (EUR 74,785 thousand)	974,977 (EUR 29,305 thousand)
Guangzhou NTN-YULON Drivertrain	Sales and manufacture of vehicles' components	370,375 (US$ 12,500 thousand)	Indirect investment in mainland China through a company registered in a third region	148,150 (US$ 5,000 thousand)	-	-	148,150 (US$ 5,000 thousand)	217,698 (RMB 51,091 thousand)	17.55	87,079 RMB(20,436 thousand)	1,861,587 (RMB 444,187 thousand)	586,581 (RMB 139,962 thousand)
Fuzhou Fushiang Motor Industrial	Sales and manufacture of vehicles' components	526,821 (US$ 17,780 thousand)	Indirect investment in mainland China through a company registered in a third region	84,001 (US$ 2,835 thousand)	-	-	84,001 (US$ 2,835 thousand)	(31,741) (RMB -7,449 thousand)	15.35	(11,110) (RMB -2,607 thousand)	512,077 (RMB 122,185 thousand)	148,931 (RMB 35,536 thousand)
Xiangyang NTN-YULON Drivertrain	Sales and manufacture of vehicles' components	1,007,420 (US$ 34,000 thousand)	Indirect investment in mainland China through a company registered in a third region	-	-	-	-	142,643 (RMB 33,477 thousand)	17.55	57,057 (RMB 13,391 thousand)	887,759 (RMB 211,825 thousand)	-
Xiamen King-Long Kian-Shen Frame	Sales and manufacture of vehicles' components	402,336 (RMB 96,000 thousand)	Indirect investment in mainland China through a company registered in a third region	45,245 (US$ 1,527 thousand)	-	-	45,245 (US$ 1,527 thousand)	(5,329) (RMB -1,251 thousand)	21.94	(2,665) (RMB -625 thousand)	206,882 (RMB 49,363 thousand)	-
Beijing NTN-SEOHAN Driveshaft	The assembling and extra work of transmission shafts and other parts	177,780 (US$ 6,000 thousand)	Indirect investment in mainland China through a company registered in a third region	16,000 (US$ 540 thousand)	-	-	16,000 (US$ 540 thousand)	-	3.95	-	27,931 (RMB 6,665 thousand)	-
Jiangsu Greentrans Automotive Parts (Note 5)	Manufacture and sales of parts of electronic motorcycles	331,856 (US$ 11,200 thousand)	Indirect investment in mainland China through a company registered in a third region	331,856 (US$ 11,200 thousand)	-	-	331,856 (US$ 11,200 thousand)	(7,741)	100.00	(7,741)	208,905	-
Fujian Spicer	Manufacture of vehicles' key components, drive axle assembly and engine parts series products	858,342 (RMB 204,806 thousand)	Direct investment in mainland China	320,152 (US$ 10,805 thousand)	-	-	320,152 (US$ 10,805 thousand)	72,305	29.00	20,968	348,846	-
Shenyang Spicer	Manufacture and sale of automobile transmission, shafts, mechanical transmission, shafts and components	360,120 (RMB 85,927 thousand)	Indirect investment in mainland China through a company registered in a third region	77,334 (US$ 2,610 thousand)	-	-	77,334 (US$ 2,610 thousand)	(22,616) (US$ -754 thousand)	20.25	(4,581) (US$ -153 thousand)	64,400 (US$ 2,173 thousand)	-

(Continued)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2020 (Note 1)	Net Income (Loss) of the Investee (Notes 2 and 3)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of June 30, 2020 (Note 1)	Accumulated Repatriation of Investment Income as of June 30, 2020 (Note 1)
					Outward	Inward						
Zhejiang Kangda Motor Industry And Trading (Note 7)	Sales of vehicle and parts	$ 167,640 (RMB 40,000 thousand)	Indirect investment in mainland China through a company registered in a third region	$ 35,793 (US$ 1,208 thousand)	$ -	$ -	$ 35,793 (US$ 1,208 thousand)	$ -	-	$ -	$ -	$ -
Fujian Rui Hua (Note 5)	Consultation and services	100,742 (US$ 3,400 thousand)	Indirect investment in mainland China through a company registered in a third region	100,742 (US$ 3,400 thousand)	-	-	100,742 (US$ 3,400 thousand)	(1,542)	100.00	(1,542)	85,963	-
Guangzhou Huayou Motor Maintenance (Notes 5 and 6)	Sales and maintenance of vehicle and parts	379,560 (US$ 12,810 thousand)	Indirect investment in mainland China through a company registered in a third region	331,826 (US$ 11,199 thousand)	-	-	331,826 (US$ 11,199 thousand)	-	100.00	-	35,819	-
Sichuan Huafeng Hanwei (Notes 5 and 6)	Sales and maintenance of vehicle and parts	394,968 (US$ 13,330 thousand)	Indirect investment in mainland China through a company registered in a third region	394,968 (US$ 13,330 thousand)	-	-	394,968 (US$ 13,330 thousand)	25,022	-	25,022	-	-
Tianjin Hwarui (Note 5)	Sales and maintenance of vehicle and parts	237,633 (US$ 8,020 thousand)	Indirect investment in mainland China through a company registered in a third region	229,958 (US$ 7,761 thousand)	-	-	229,958 (US$ 7,761 thousand)	(1,684)	100.00	(1,684)	192,233	-
Dongguan Huayi (Note 5)	Sales and maintenance of vehicle and parts	131,854 (US$ 4,450 thousand)	Indirect investment in mainland China through a company registered in a third region	124,950 (US$ 4,217 thousand)	-	-	124,950 (US$ 4,217 thousand)	(13,740)	100.00	(13,740)	64,828	-
Dongguan Huashun (Note 5)	Sales of vehicle and parts	104,775 (RMB 25,000 thousand)	Indirect investment in mainland China through a company registered in a third region	-	-	-	-	(15,199) (RMB -3,567 thousand)	100.00	(15,199) (RMB -3,567 thousand)	60,832 (RMB 14,515 thousand)	-
Tianjin Hwahong (Note 5)	Sales of vehicle and parts	125,730 (RMB 30,000 thousand)	Indirect investment in mainland China through a company registered in a third region	-	-	-	-	(520) (RMB -122 thousand)	100.00	(520) (RMB -122 thousand)	123,274 (RMB 29,414 thousand)	-
Guangzhou Huayou Motor Sales (Notes 5 and 6)	Sales of vehicle and parts	180,213 (RMB 43,000 thousand)	Indirect investment in mainland China through a company registered in a third region	-	-	-	-	-	-	-	-	-

Accumulated Outward Remittance for Investment in Mainland China as of June 30, 2020 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$5,809,363 (US$143,777 thousand and EUR46,566 thousand)	$6,913,165 (US$218,195 thousand and EUR13,467 thousand)	$23,982,540

Note 1: Translated at the exchange rates on June 30, 2020:US$1= NT$29.63, RMB1= NT$4.191, EUR1= NT$33.27.

Note 2: Translated at the average exchange rates of the six months ended June 30, 2020:US$1= NT$30.001, RMB1= NT$4.261, EUR1= NT$33.06.

Note 3: Except for Guangzhou NTN-YULON Drivertrain Co., Ltd., the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were based on the associate's financial statements that have not been reviewed.

Note 4: During preparation of the consolidated financial statements, the unrealized profit of $12,283 thousand had been eliminated.

Note 5: Eliminated during the preparation of the consolidated financial statements.

(Continued)

Note 6: In November 2018, Sichuan Huafeng Hanwei, Sichuan Lingwei, Guangzhou Huayou Motor Maintenance and Guangzhou Huayou Motor Sales resolved to dissolve their companies. As of June 30, 2020, expect for the annulment of Guangzhou Huayou Motor Sales, Sichuan Huafeng Hanwei and Sichuan Lingwei which had been completed in June 2020, February 2020 and July 2019, respectively, Guangzhou Huayou Motor Maintenance has not completed their liquidation procedures.

Note 7: In August 2018, the Group entered into a contract for the transfer of shares of Zhejiang Kanda with a non-related party and collected the contract price in installments (discounted price after tax was $390,514 (RMB91,105 thousand)), The disposal was completed in May 2020, on which date the Group recognized a gain on disposal of investment amounting to $234,953 thousand, and recognized expected credit losses of $93,833 thousand, considering the debtor's current financial position and the value of assets pledged as collateral.

(Concluded)

CHINA MOTOR CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets
0	China Motor Corporation	Sino Diamond Motors	Subsidiary	Other receivables	$ 570,000	The prices and payment terms were based on agreements.	1.13
		Kian Shen	Subsidiary	Cost of goods sold	215,113	Transaction price determined based on the market price, and the transaction terms are similar to that for transactions with non-related parties	1.46
		COC	Subsidiary	Cost of goods sold	123,458	Transaction price determined based on the market price, and the transaction terms are similar to that for transactions with non-related parties	0.84

Note 1: Eliminated during the preparation of the consolidated financial statements.

Note 2: This table includes transactions for amounts over one hundred million.

TABLE 10

CHINA MOTOR CORPORATION

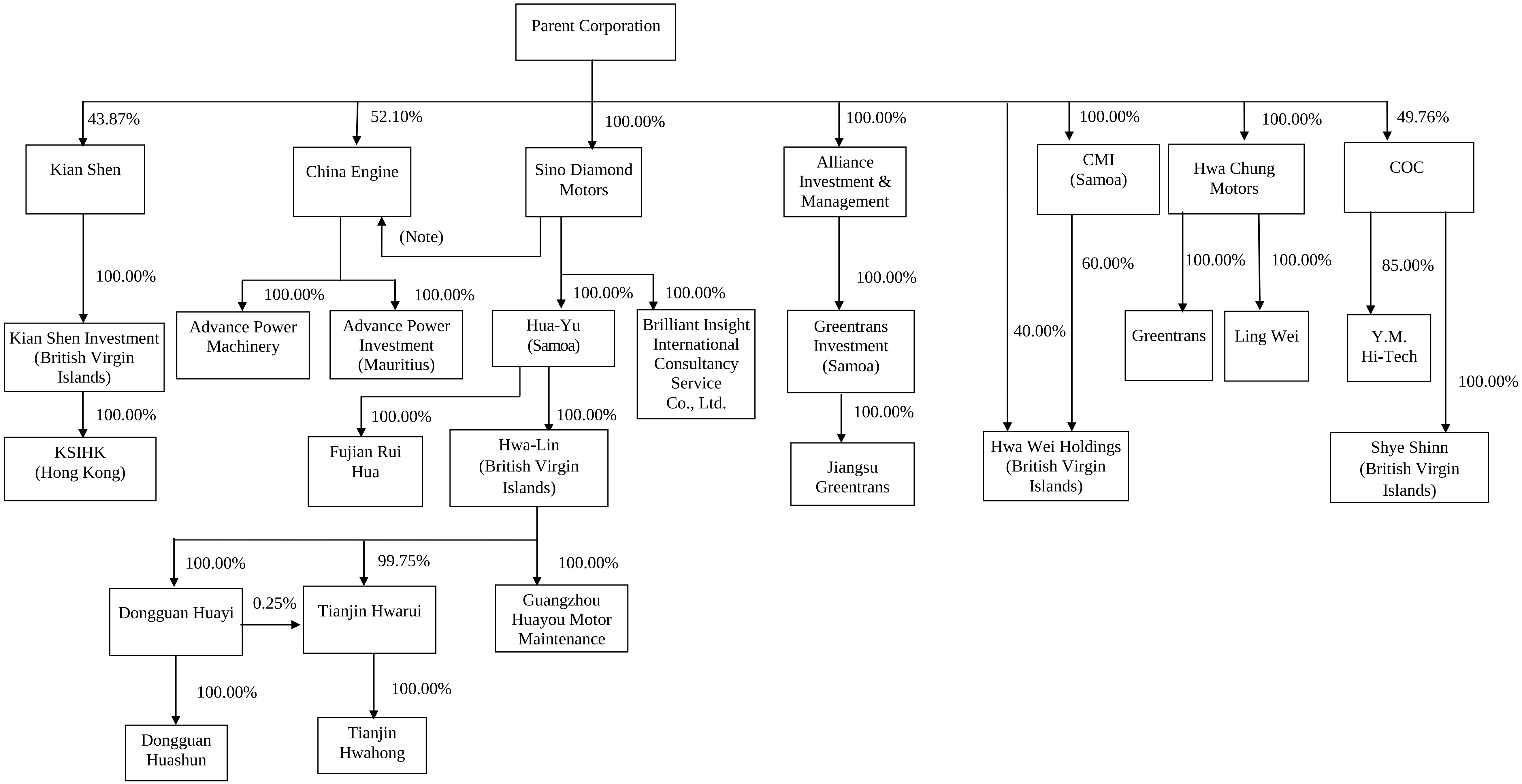
INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Ownership Percentage (%)
Tai Yuen Textile., Ltd	139,435,815	25.19
Mitsubishi Motors Corp.	77,507,309	14.00
Yulon Motor Co., Ltd	44,592,177	8.05
Diamond Hosiery & Thread Co., Ltd	37,438,652	6.76

Note: The table discloses shareholding information of shareholders whose shareholding percentage is 5% or above. The Taiwan Depository & Clearing Corporation calculates the total number of ordinary shares and special shares (including treasury shares) that have completed the dematerialized registration and delivery on the last business day of the quarter. The share capital reported in the consolidated financial statements and the actual number of shares that have completed the dematerialized registration and delivery may be different due to difference in the basis of calculation.

CHINA MOTOR CORPORATION AND SUBSIDIARIES

FRAMEWORK OF INTERCOMPANY INVESTMENT RELATIONSHIPS AND PERCENTAGE OF SHARES HELD
JUNE 30, 2020



Note: Since Sino Diamond Motors holds 1 thousand share of China Engine, the percentage of ownership is not disclosed.