Stock Code:4557

Yusin Holding Corp.

2020 ANNUAL REPORT

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I. Letters to Shareholders

Ladies and Gentleman of shareholders,

Thank you for sparing the time to participate in 2021 Yusin Holding Corp.'s stockholder's meeting.On behalf of my company and all the employees of Yushin, I would like to express my gratitude for your concern and support. The results of operation in 2020 and future operation are listed as below:

1. Business Report 2020

(1) Operation Overview in 2020

The net revenue of Yusin Holding Corp. reaches 1,491,678 thousand NT dollars in total in 2020. Compared to last year, the operating revenue delcines by 8.35% while net profit after-tax is 139,131 thousand dollars, reducing by 28.28%. The earnings per share after tax is 3.61 NT dollars. The main reason for the profit decline is due to the impact of the COVID-19 pandemic in 2020, resulting in the drop of operating revenue by 8.35%, as well as the huge depreciation of US dollar, which causes the exchange loss of NT$41,987 thousand dollars, affecting the earnings per share of about NT$1.05.

(2) Analysis of profit and loss and profitability:

Unit: NT thousand

Item/Years	2020	2019
Operating Revenue	1,491,678	1,627,638
Gross Profit	469,859	519,243
After-tax net profit	139,131	193,985
After-tax net profit belonging to the partent company	143,602	193,985
Profit Margin (%)	9.33	11.92
Earnings Per Share(NT$)	3.61	5.41

(3) Implementation of the budget plan: not applicaable for the Company for it did not disclose the prediction on financing conditions in 2020.

(4) Conditions of research and development: To fulfill the need for new comppnents in the after-sale service market, the Compamny contінies to developnew techniques. anallyze the market trend, purchase automobile equipment, improve the server side AI inspection techniques, and upgrade the accuracy of manufacturing as well as the product yield.

2. Summary of business plan for 2021

(1) Business strategy:

1. Optimization of corporate culture: The Company shall set up proper corporate ethics, build a client-oriented operation model, and optimize the effectiveness of teamwork.
2. Innovation of the human resource management: The Company shall recruit and foster the managerial and professional talents, optimize the salary structure, reduce the employees' turnover rate, introduce the work point management system and improve the system of various bonuses such as performance bonus to make it more reasonable.
3. To increase business income: The Company shall keep steady business growth in the the high market share in North America, Mexico, Brazil, and Southeast Asia, continue to develop the potential market channels in Europe and Africa, etc., and expand the emerging markets in Southeast Asia like Vietnam, Burma, Cambodia, etc.
4. To increase market share of the domestic automobile manufacturer: The Company shall sustain connection with existing OE clients and promote new products (e.g. screw calliper and iBooster); we hope to drive the orders of other car manufacturers via the current OE clients whose deals have been done.
5. To reinforce the OE business management team: The Company shall cultivate the research & development elitists, promote the quality control talents and optimize the teamwork operational model.

6. To strengthen the external resources integration of the OE supply chain: The Company shall establish a top-notch supplier team meeting the requirements of the OE manufacturing system management, quality control and logistics standards, and continue to expand the eligible OE supplier team.
7. Marketing projects for self-brand market: The Company shall build up the enterprise establishing teams in Fujian Province and Sichuan Province, set up the distribution center, optimize the network purchasing and marketing system and lay out the entire domestic market in Mainland China.
8. To promote the total production capacity of calipers: Recruit professional processing talents, improve and refine the processing craft process, reduce the manufacture cost and upgrade per capita output value of the technicians.
9. To raise the inventory turnover: Simplify and consolidate the product blanks, increase the blank community, optimize the application of formwork in the development process of new products, decrease the design of new accessories, shorten the arrival time of suppliers and raise the arrival rate.
10. To deepen the professional competence of the braking system: The Company shall conduct the internal traning course in the enterprise, reward the employees for self- promotion and advocate the self-learning climate of employees.
11. To carry out the environmental safety system: The Company shall enhance the employees' environmental awareness, pomote the employees' self-motivated energy-saving & carbon-reducing movements, do well the green work in the plants and ensure the employees' operation safety.
12. To implement PDCA cycle management: The Company shall strengthen the employees' training on PDC management, prevent recurrence of identified issues, and implement standardize doperation.

(2) Important policy for production and sales:

1. The company increases the technial synchronicity with the the car manufacturers by way of close contacts with the technical departments of such car manufacturers as BYD, Dongfeng Automobile and Brilliance Auto, reinforces the relations with the accessory suppliers for the car manufacturers' orders, upgrades the effectiveness of the accessory supply and stablizes the supply system of the car manufacturers.
2. The Company reforms the management mechanism of the blank plants in the group, upgrades the quality of the caliper semiproduct, further raises the independent processing yield of calipers and reduces the production cost of calipers in order to seek more chances to meet the market demands.

(3) Plans for research and development:

1. Enhance the professionality of research and development personnel towards product functions and enhance the professionality and ability to do research and development of product specifications.
2. Optimize the program of developing new products, enhance the data and information of the trials of prototypes, thoroughly analyze the stability of the production process, and completely solve the sequelae of mass production.
3. Strengthen the research and development capabilities for new products and improve the abilities to assemble, and dedicate to the research and development of such new products as release bearing and belt tensioner, etc.
4. The demand for electronic calipers has increased, so more resources will be allocated to research and development to overcome this issue and to meet future demands.

3. Strategies for future development of the company

(1) Marketing strategy:

1. Take a pragmatic approach in existing markets, understand the market, grasp the situation of the market in a timely manner, and explore the advantages and disadvantages of products in the market.
2. Strengthen control over North-American markets and consistently aim for increase in market share in the European, and emerging markets.
3. Fully enlarge the directly-operated and franchise stores for the domestic market in Mainland China, build up in sequence the provincial total warehouse and local sales outlets, expand YUSIN brand and the self-owned brands of various auto maintenance

merchadise subordinated with the company, grasp the self-owned sales channels and realize step by step the few-link, low-cost and high-profit model from the plants to the consumers.

(2) Production strategy:

1. Gradually introduce the intelligent testing equipment, upgrade the test efficiency & decrease the manual use, and reduce the cost for the instability of the manual test misses.
2. Implement the restructure of the production line semi-automation, promote the per capita output value and product quality stabilization and effectively stablize the output volume.

(3) Human resource strategy:

1. Rationalize the employees' salary structure and make use of the work point system to effectively evaluate the employees' discipline and efficiency in order to motivate the excellent employees for continuous efforts.
2. The Company establishes a talent retaining mechanism, implement the mentor system in which senior employees will guide junior employees in order to ensure the technical and cultural inheritence.
3. Continue to implement the management system guidance & training plan; the objective and target of such a guidance would aim to pursue the optimal management system programs, seek and realize the management system programs and look for the zero-owed delivery goal.

4. The effect of competition, regulations and macro enconomic environments

Our company continues to optimize the production process and gradually increase automatic or semi-automated equipment in light of the rising labor costs in China. For the price of raw materials, the company constantly monitors the market, signs long-term supply contracts with suppliers and appropriately reflects the cost to our customer. The age of cars and car ownership continue to climb. It is expected that the size of the auto aftermarket will continue to grow.

Yushin Holding Corp. has been devoted in the global car after sale service Hydraulic brake components retail for more than 20 years, and we are the biggest provider of the breaking system after sale market components for the North America market. We have rich experiences in manufacturing and development. With long term accumulation of experiences, we have wide range of product lines suitable for global major car brands and our outstanding and stable quality have won the recognition from the global brands. We adopt the small amount yet diverse items delivery mode, rapid and flexible delivery date and localized active service to fully meet the customers' needs.

Yushin have won the recognition from global well-known big brands and keep devoting in the new product development of the braking system components. Besides the brake mastery cylinder and wheel brake cylinder keep steady growth each year, we actively devote in the development of caliper and brake pad, among which the calipers have over 700 newly developed items. We would continue on the development of calipers to meet the rising demand in calipers. We also win the opportunity to cooperate with China's own brand and enter the OEM market, keep injection of the operation energy to create a great performance of prosperity.

Finally, I would like to express my sincere gratitude towards all shareholders and our hardworking employees for your love and support. We will stick to our corporate belief and seize the chance to develop in the industry. With my deepest sincerity, I wish you all have a happy family and walk towards a prosperous future.

Yushin Holding Corp.

Chairman: Jing-de Ji

II Company Introduction

(1) Date of Establishment and Company Profile:

Yushin Holding Corp. was established in British Caymen Island on February 14th, 2011.Yushin's core business were the manufacturing, processing and sales of car components. Now we focus on the car brake system components After Market(AM).Yushin Group's car mastery and wheel cylinder have a wide range of collection and the products can cover all big car brands' needs with a complete collection. In recent years, we are eagerly to expand China as Original Equipment Manufacturing (OEM) market and AM market.

For details of the group framework chart, please see VIII. – Other Important Matters (P. 104) of this Annual Report.

(2)Company History:

Time line	Major Events
October,1992	Establishment of Yongyu Mechanics. Ltd in Xiamen
July,2000	Awarded with ISO 9002 Quality Management System Certification
October ,2004	Awarded with QS9000 Quality Control System Certification
June,2008	Plant Relocation to TongAn Industrial Park
February,2009	Awarded with TS16949 Car Quality Control System Certification
June,2010	Awarded with Xiamen City notable trademark
November,2010	Awarded with Fujian Province famous brand product and notable trademark
February,2011	Establishment of Yushin Holding Corp.
February,2011	Win the Distinguished Brand Product of Xiamen City
March,2011	YongYu 2nd Plant in Xiamen officially mass production
August,2011	Awarded with Xiamen City Administration Center of Technology Certification
August,2012	Capital Increase of 5,0000 US dollars to Xiamen Yongyu
August,2013	Awarded with ISO 14001 Environment Management System Certification
October,2013	Yushin Holding Corp. cash capital increase 60,000,000 dollars
December,2013	Awarded with Fujian Administration center of Technology Certification
December,2013	Bosch lean production certification
February,2014	Issuing Employee Stock Options 750,000 units
October,2015	Official Listing in Taiwan Stock Exchange Corporation
October,2016	Establishment of Xiamen YongHuang and Brake Pad Company
December,2016	Awarded with Xiamen City High and New Technology Enterprise Certification
February,2018	Acquisition shares of YCS Automative Parts Sdn Bhd
April,2019	Acquisition shares of Wulake San Yen Mechanics Ltd
August, 2019	Issuance of 5200 thousand regular shares for capital increase.
April 2020	Acquired Ou Hwa Jui Jih Automobile Accessory Ltd.
December 2020	Established Yong Yu Hsing (Xiamen) Technology Ltd.

(3) Group Framework: For details of the group framework chart, please see VIII. – Other Important Matters (P. 104) of this Annual Report.

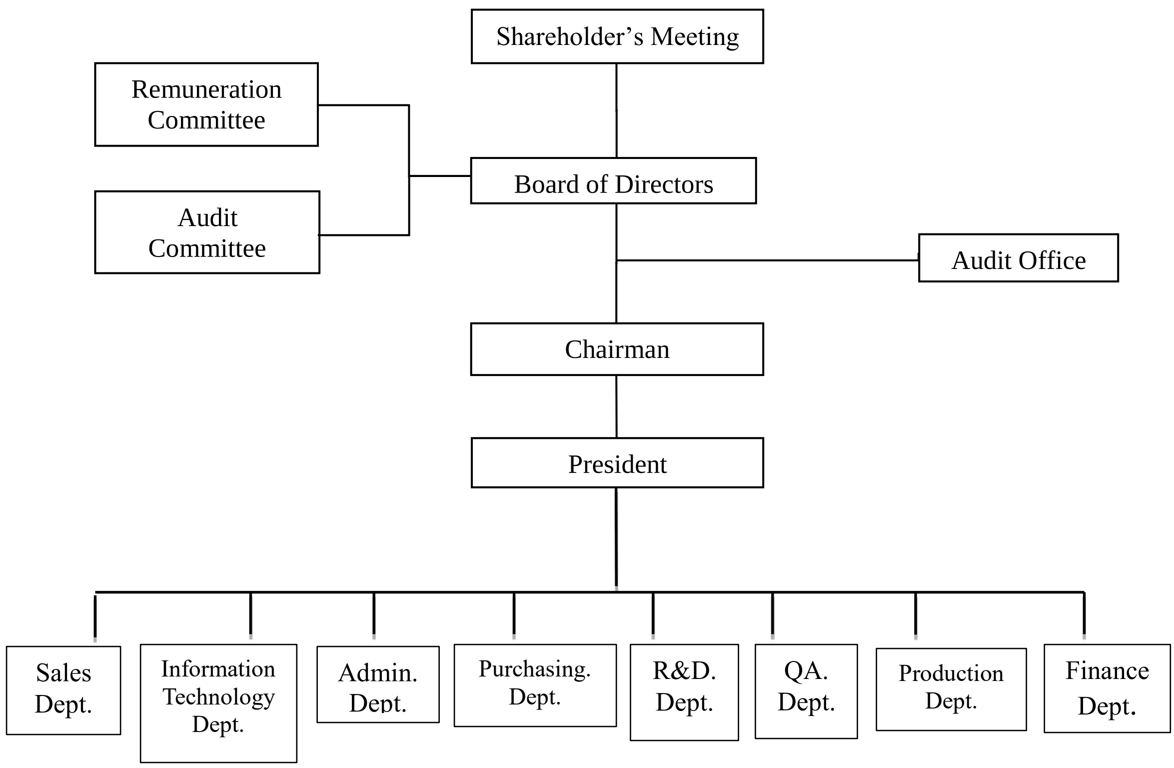
(4) Risk Matters:

Yushin Holdings Corp. was registered and established at British Caymen Island, and most of the overseas holding companies were set up at Samoa Islands whereas the major operation points were mainly set up in Mainland China. As for the British Caymen Island, Samoa Islands and Mainland China's macro economies, shifts in the political and economics environments, control over foreign exchange, tax payment and other related regulations and whether recognize the R.O.C's civil judgement,etc. risk items, please refer to Chapter 7 No. 6 on P.83 in the annual report for the detail risk analysis evaluation.

III. Corporate Governance

1. Organization System

(1)Organization Chart



(2) Responsibilities of Major Departments

Departments	Responsibilities & Jobs
Board of Directors	To map out the group's business-oriented strategic instructions and target policies.
Remuneration Committee	To formulate both the policy system and standards for the performance evaluation and salary of directors and managers, and conduct the payment assessment of above personnel on a regular basis.
Audit Committee	1. To build or amend the assessment of internal control system and effectiveness. 2. To make resolution on matters concerning self-interests of directors. 3. To review or approve important issues related to the Company.
Audit Office	1. To research, plan, and implement internal control and auditing systems. 2. To make assessments about the Company's each management system on its soundness, consistency, and effectiveness. 3. To perform internal auditing works and track missing improvements.
Sales Dept.	1. To carry out business promotion and sales execution. 2. To set up and maintain the relationship with customers. 3. To serve as a contact window for customers in developing new products. 4. To submit customer credits and collect accounts receivable.
Information Technology Dept.	1. To develop an information integration of individual company, and meet strategic requirements of the group. 2. To plan, maintain, control, and promote computerization and network communications among companies.
Administration Dept.	1. To be in charge of human resources, employee communication, education and training, and related issues. 2. To manage general affairs, equipment maintenance, and environmental safety.
Purchasing Dept.	1. To handle the collection of market information and introduction of new raw materials. 2. To purchase raw materials and equipment. 3. To be responsible for the management of finished products and raw material warehousing.
R&D Dept.	1. To explore new technologies and trend researches 2. To develop, verify, and test of new materials 3. To offer the development and design of new products for customers 4. To found and manage relevant technology standards
QA Dept.	1. To supervise quality certification and effective maintenance of operating standards. 2. To set up each kind of inspection standard, and employ statistical analyses inn order to upgrade process quality. 3. To perform quality control operations, and track the effect of corrective actions. 4. To evaluate the effect of quality system operation, implementation, and supervision of the standardized process.
Production Dept.	1. To execute production goals, enhance production efficiency, and lower manufacturing costs. 2. To maintain on-site working safety and environmental requirements. 3. To control and improve production schedule and product quality. 4. To plan and implement standard operating process of manufacturing products.
Finance Dept.	1. To compile and analyze various financial, accounting, and cost statements. 2. To be responsible for organizing the implementation of annual budget and final account management, tax planning and fund management. 3. To formulate and complete the group's financial management system and process construction. 4. To assist the board of directors in financing and related works.

2. Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

(1)Information of Directors and Supervisors: The Company replaces the supervisor with an Audit Committee

April 12, 2021

Title	Name	Gender	Nationality or Regis rated Location	Date First Elected	Date Elected	Tenure	Shareholding When Elected		Current Shareholding		Spouse and Minor Current Shareholding		Shareholding by Nominee Arrangement		Experiences (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares (Stock)	Ratio	Shares (Stock)	Ratio	Shares (Stock)	Ratio	Shares (Stock)	Ratio			Title	Name	Relations
Chairman	Dynamic Holding Inc.	Male	Samoa	2013/4/8	2019/6/6	3 years	2,617,500	7.56%	2,932,123	7.37%	-	-	-	-	-	-	-	-	-
	Representative Ching-Tea Chi		ROC	2013/4/8			-	-	-	-	28,005	0.07%	-	-	Yadong Institute of Industrial Technology President XiamenYongyu Vice Chairman, Ningbo Anjie Brake Co., Ltd.	Chairman, Dynamic Holding Inc. Director, XiamenYongyu Director, Longyan Yonghong Foundry Co., Ltd. Director, Longyan Yongcheng Machinery Industry Co., Ltd.	-	-	-
Director	Full Glory Group Ltd.	Male	Samoa	2013/4/8	2016/5/27	3 years	3,222,500	9.31%	3,170,496	7.96%	-	-	-	-	-	-	-	-	-
	Representative: YUNG CHUN HSU		ROC	2013/4/8			-	-	324,710	0.82%	8,961	0.02%	-	-	Chiayi County Puzi High SchoolChairman,yusin brake Chairman, XiamenYongyu	Full Glory Group Ltd. Director Chairman, Director, Longyan Yongcheng Machinery Industry Co., Ltd.	Director	Yao-Jen Hsu	Father & Son
Director	Fame Hin Investments Limited	Male	Samoa	2013/10/17	2019/6/6	3 years	2,489,500	7.19%	2,788,746	7.01%	-	-	-	-	-	-	-	-	-
	Representative: TSUN GMING LU		ROC	2013/10/17			-	-	-	-	11,841	0.03%	-	-	Chiayi High Engineering MachineryDivision Person-in-charge of Tsungming Lu Accountant Firm	Fame Hin Investments Limited Director Supervisor, Longyan Yongcheng Machinery Industry Co., Ltd. Person-in-charge of Tsungming Accountant Firm	-	-	-
Director	Further Gain Investments Ltd	Male	Samoa	2014/5/26	2019/6/6	3 years	7.56%	7.56%	2,932,132	7.37%	-	-	-	-	-	-	-	-	-
	Representative: SIANG YANG LI		ROC	2014/5/26			-	-	-	-	-	-	-	-	Dept. of Machinery, Feng Chia University, Supervisor, XiamenYongyu	-	-	-	-

Title	Name	Gender	Nationality or Regis rated Location	Date First Elected	Date Elected	Tenure	Shareholding When Elected		Current Shareholding		Spouse and Minor Current Shareholding		Shareholding by Nominee Arrangement		Experiences (Education)	Other Positions	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares (Stock)	Ratio	Shares (Stock)	Ratio	Shares (Stock)	Ratio	Shares (Stock)	Ratio			Title	Name	Relations
Director	Yao-Jen Hsu	Male	ROC	2019/6/6	2018/6/8	3 years	-	-	186,065	0.47%	-	-	716,000	1.80%	ShishinUniversity Departmentof Communication Management President, XiamenYongyu	Director, XiamenYongyu Director, GDM Director, full moon Director, YCS Director, Top Adventure Limited	Director	YUNG CHUN HSU	Father & Son
Director	TSO CHENG CHANG	Male	ROC	2018/6/8	2019/6/6	3 years	-	-	-	-	11,202	0.03%	-	-	Department of Business Administration, Political University Accounting Master, University of Colorado Partner, PWC	Jiaxin Certified Public Accountant	-	-	-
Independent Director	YIN QIANG HUANG	Male	People's Republic of China	2016/5/27	2019/6/6	3 years	-	-	-	-	-	-	-	-	Department of Accounting, Shanghai University of Finance and E Partner, Zhitong Accounting Firm conomics, China	Partner, Zhitong Accounting Firm Independent director, Ocean's King Lighting, Ltd.	-	-	-
Independent Director	CHEN HUNG LO	Male	ROC	2017/6/8	2017/6/8	3 years									Department of Law, Political University Professional Lawyer, CHENHUNG LO law office	Professional Lawyer, CHENHUNG LO law office Director, Linhong Technology Co., Ltd.	-	-	-

Note 1: If the general manger (CEO), his/her spouse, or any person of the first degree kinship takes the position of the Chariperson, the reason, rationale, necessity, and compensation measures of such desition (such as increasing the number of independent directors, or ensuring the majority of directors are non-employees or managers) should be illustrated: None.

Note 2: Independent Director WANJUI LIN resigned from the posts of independent director, audit committeeman and remuneration committeeman on March 10, 2021.

(i) Major shareholders of corporate shareholders

April 12, 2021

Corporate Shareholder Name	Major shareholders of corporate shareholders
Dynamic Holding Inc.	Ching-Tea Chi (100 %)
Full Glory Group Ltd.	YUNG CHUN HSU(100 %)
Fame Hin Investments Limited	TSUNGMING LU (100 %)
Further Gain Investments Ltd	SIANGYANG LI(100 %)

(ii) The principal shareholder of legal person shareholder is legal person and its major shareholders: None

(iii) The professional knowledge and independence of the director or supervisor, and in accordance with the following:

April 12, 2021

Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note1)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	1	2	3	4	5	6	7	8	9	10	11	12	
Dynamic Holding Inc. Representative: Ching-Tea Chi			V				V	V	V	V		V	V	V		-
Full Glory Group Ltd. Representative: YUNG CHUN HSU			V					V	V	V	V	V		V		-
Fame Hin Investments Limited Representative: TSUNG MING LU			V	V	V		V	V	V	V	V	V	V	V		-
Further Gain Investments Ltd Representative: SIANG YANG LI			V	V	V		V	V	V	V		V	V	V		-

Yao-Jen Hsu			V			V		V	V	V	V	V		V	V	
TSO CHENG CHANG		V	V	V	V	V	V	V	V	V	V	V	V	V	V	
YIN QIANG HUANG		V	V	V	V	V	V	V	V	V	V	V	V	V	V	1
CHEN HUNG LO		V	V	V	V	V	V	V	V	V	V	V	V	V	V	-

Note 1: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary in which the Company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company or who holds shares ranking in the top five holdings. (Not applicable to an independent director of the Coompany who concurrently serves as the independent director of the parent company, subsidiary, or another company subordinated to the same parent company according to the law or the local laws.)
6. Not a director, supervisor, or employee of another company of which the majority of the voting shares or the directors are under control of the same pearson of the Company(Not applicable to an independent director of the Coompany who concurrently serves as the independent director of the parent company, subsidiary, or another company subordinated to the same parent company according to the law or the local laws.).
7. Not a director, supervisor or employee of another company or institution or the spouse of the person who concurrently serves as the Company's director, general manger, or other equivalent position. (Not applicable to an independent director of the Coompany who concurrently serves as the independent director of the parent company, subsidiary, or another company subordinated to the same parent company according to the law or the local laws.)
8. Not the director, supervisor, manager, or shareholder possessing over 5% of the outstanding shares of a specific company or an institution that is in financial or business collaboration with the Company. (Not applicable in cases when the company or institution possess over 20% and less than 50% of the Company's shares, and the independent director of the parent company, sunsidiary, or another company belonging to the same parent company with the Company concurrently takes the position of the Com
9. Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof, who had received payment in aggregate exceeds NT 500 thousand dollars. This does not apply to members of the remuneration committee which was organized according to the Securities Law, Business Mergers and Acquisitions Act, or other relevant laws, members of public acquisition committee, or special merger committee.)
10. Not of a spouse or of kinship within second degree of with another director.
11. Not involved in any of the situations specified in article 30 of the Company Law.
12. Not a government, corporate shareholder, or a representative of such organization was elected based on article 27 of the Company Act.

Note 2: Independent Director WANJUI LIN resigned from the posts of independent director, audit committeeman and remuneration committeeman on March 10, 2021.

(2) Information of Presidents, Vice Presidents, Associates, Department and Branch Directors

April 12, 2021

Title	Name	Gender	Nationality	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experiences (Education)	Currently holding the position of other companies	Managers who are Spouses or Within Two Degrees of Kinship			Manager obtains employee stock options (Stock)
					Shares	%	Shares	%	Shares	%			Title	Name	Relations	
President	Yao-Jen Hsu	Male	ROC	1993/12/4	186,065	0.47%	-	-	716,000 (Note 1)	1.80%	ShishinUniversity Departmentof Communication Management XiamenYongyu, President	Top Adventure Limited Director XiamenYongyu Director Full moonDirector GDM Director YCS Director	No	No	No	-
Subsidiary-GDM President	Geoffrey D. M. Bourne	Male	Australia	2009/10/19	119,040	0.3%	-	-	-	-	University of Aix en Provence in France GDM Chairman	GDM Director	No	No	No	-
Finance Director	YUAN-CHI, CJAN	Male	ROC	2019/8/9		-	-	-	-	-	Tamkang University Accounting Dept. Chang-ho industrial Co., Ltd.	Papago Inc. indepemdent director XiamenYongyu Director	No	No	No	-
Vice President Production Dept.	CHIN LUNG CHEN	Male	ROC	2012/2/1	80,649	0.20%	-	-	-	-	Kaohsiung Institute of Mechanical Engineering Sanyi Brake Technology Co., Ltd. Vice President, Production Dept.	XiamenYongyu Director	No	No	No	-
President Production Dept.	CHI CHUNG CHUANG	Male	ROC	2016/11/10	10,000	0.03%					Mingxin University of Science and Technology Fuzhou Nobel Fuji Electric Co., Ltd. Director	No	No	No	No	-
Manager, Internal Auditing	CHIA CHENG CHEN	Male	ROC	2016/11/10	30,000	0.08%	-	-	-	-	DonghuaUniversityAccounting Master Xiamen Xiangyangfang Food Co., Ltd.Finance Director	No	No	No	No	-

Note 1: Presidents hold the Company's shares through its investment holding company-Top Adventure Limited.

Note 2: When the general manager or personnel of the equivalent position (highest managerial officer) and the Chairman of the board are the same person, spouses or relative of the first-degree kinship, information about the reasons, rationality, necessity and corresponding measures (such as increasing the number of independent directors, and more than half of the directors shall not concurrently be employees or managers) shall be disclosed.

3. Renumeration for Directors ,Supervisors,CEO and General Manager, Deputy General Manager, Associate General Managers in recent years

(1) Remunerations of Directors (including Independent Directors)

Unit: NT$ Thousand Dollars

Title	Name	Director remuneration								The sum of A, B, C and D as a percentage of after-tax net profit		Remuneration from other jobs												The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Whether to receive the remuneration from re-investment other than subsidiary companies or not?
		Remuneration (A)		Retirement pension (B)		Director remuneration (C)		Business execution expenses (D)				Remuneration, bonus and special fees (E)		Retirement pension (F)		Employee remuneration (G)				Employee stock options are allowed to subscribe shares(H)		Obtaining new shares that limit employee rights				
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		The Company		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock							
Chairman	Dynamic Holding Inc. Representative: Ching-Tea Chi			-	-	600	600	25	25	0.45%	0.45%	-	2,252	-	-	1,000	-	1,000	-	-	-	-	-	2.78%	2.78%	No
Director	Full Glory Group Ltd. Representative: YUNG CHUN HSU					600	600	25	25	0.45%	0.45%		831											1.04%	1.04%	
Director	Fame Hin Investments Limited Representative: TSUNG MING LU					600	600	25	25	0.45%	0.45%													0.45%	0.45%	
Director	Further Gain Investments Ltd Representative: SIANG YANG LI					600	600	20	20	0.44%	0.44%													0.44%	0.44%	
Director	Yao-Jen Hsu					600	600	25	25	0.45%	0.45%		2,108			1,150		1,150						2.79%	2.79%	
Director	TSO CHENG CHANG					600	600	25	25	0.45%	0.45%													0.45%	0.45%	
Independent Director	WANJUI LIN	720	720					20	20	0.52%	0.52%													0.52%	0.52%	
Independent Director	YIN QIANG HUANG	720	720					25	25	0.52%	0.52%													0.52%	0.52%	
Independent Director	Cheng Homg, Lo	720	720					25	25	0.52%	0.52%													0.52%	0.52%	

Note 1:The policy, system, standard, and structure for remuneration offered to independent directors as well as how the obligations, risks, devoted time, and other factors influences the amount of payment shoule be specified:The company considers the outcome of performance evaluation, observes Article 38 of Company Act to have remuneration committee to review the participation and devotion of each independent director for reasonal and fair amount of remuneration with reference of average payment amount of other companies' payment amont; such proposal shall be submitted to the Board of Directors for adoption.

Note 2: Reward that the director receives had received for offering service in the most recemt year for any company mentioned in the annual financial report (e.g. serving as a non-employee consultant), which is not mentioned in the table above:None.

Note 3: Independent Director WAN JUI LIN resigned from the posts of independent director, audit committeeman and remuneration committeeman on March 10, 2021.

Range of Remuneration

Range of Remuneration	Director Name			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements
Below NT$1,000,000	General Directors: Dynamic Holding Inc. Representative: Ching-Tea Chi, Full Glory Group Ltd. Representative: YUNG CHUN HSU, Fame Hin Investments Limited Representative: TSUNG MING LU, Further Gain Investments Ltd. Representative: SIANG YANG LI, Yao-Jen Hsu, TSO CHENG CHANG. Independent Directors: WAN JUI LIN, YIN QIANG HUANG, CHEN HUNG LO	General Directors: Dynamic Holding Inc. Representative: Ching-Tea Chi, Full Glory Group Ltd. Representative: YUNG CHUN HSU, Fame Hin Investments Limited Representative: TSUNG MING LU, Further Gain Investments Ltd. Representative: SIANG YANG LI, Yao-Jen Hsu, TSO CHENG CHANG. Independent Directors: WAN JUI LIN, YIN QIANG HUANG, CHEN HUNG LO	General Directors: Dynamic Holding Inc. Representative: Ching-Tea Chi, Full Glory Group Ltd. Representative: YUNG CHUN HSU, Fame Hin Investments Limited Representative: TSUNG MING LU, Further Gain Investments Ltd. Representative: SIANG YANG LI, Yao-Jen Hsu, TSO CHENG CHANG. Independent Directors: WAN JUI LIN, YIN QIANG HUANG, CHEN HUNG LO	General Directors: Dynamic Holding Inc. Representative: Ching-Tea Chi, Full Glory Group Ltd. Representative: YUNG CHUN HSU, Fame Hin Investments Limited Representative: TSUNG MING LU, Further Gain Investments Ltd. Representative: SIANG YANG LI, Yao-Jen Hsu, TSO CHENG CHANG. Independent Directors: WAN JUI LIN, YIN QIANG HUANG, CHEN HUNG LO
NT$1,000,000（Included）～NT$2,000,000（Not Included）	No	No	No	No
NT$2,000,000（Included）～NT$ 3,500,000（Not Included）	No	No	No	Ching-Tea Chi, Yao-Jen Hsu
NT$3,500,000（Included）～NT$5,000,000（Not Included）	No	No	No	No
NT$ 5,000,000（Included）～NT$ 10,000,000（Not Included）	No	No	No	No
NT$ 10,000,000（Included）～NT$ 15,000,000（Not Included）	No	No	No	No
NT$ 15,000,000（Included）～NT$ 30,000,000（Not Included）	No	No	No	No
NT$ 30,000,000（Included）～NT$ 50,000,000（Not Included）	No	No	N	No
NT$ 50,000,000（Included）～NT$ 100,000,000（Not Included）	No	No	N	No
Total	Nine Persons	Nine Persons	Nine Persons	Nine Persons

Note 1: The directors' names should be listed individually (the corporate shareholder's names and names of the representatives should be listed separately), and the regular director and independent directors should be listed independently; the sum of the remuneration should be listed. When the director concurrently takes the position of the general manager or deputy general manager, the remunerations for each of the above-mentioned positions should be listed separately.

Note 2: The director's remuneration for directors (including the salary, allowance, severance payment, incentives, and bonuses) in the most recent year (2020).

Note 3: The remuneration distributed after adopted by the Board in the most recent year (2020); the Board adopted on March 8, 2021, that the director's remuneration would be NT$ 3600 thousand, and the amount was determined considering the proportion to the amount last year.

Note 4: The allowance dedicated to the directors for implementing business related affairs (including traffic expenses, special allowance, subsidies, dormitory, dispatched vehicles, and other support). When the director receives a house, a car, other vehicles, the nature, cost, rent (calculated according to the common standard of the market), expenses of gasoline, and other expenses should be specified. On the other hand, when a designated driver is dispatched, the remuneration for the driver should be noted but not included in the remuneration for the director. Also, the remuneration from "basic payment for each share" listed in IFRS 2, including the employee stock option, restrict new stocks, and the procurement of new shares for capital increase, should be calculated as a part of the remuneration.

Note 5: Refers to the most recent year (2020) of concurrent directors (including concurrent general manager, deputy general manager, other managers and employees) received including salary, job bonus, severance payment, various bonuses, incentives, carriage fees, special expenses, Various allowances, dormitories, car distribution, etc. are provided in kind and so on. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. If there is a driver, please note that the company pays the driver related remuneration, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Basic Benefits", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 6: The directors who are employed by the Company (concurrently serving as the general manager, deputy general manager, taking other managerial positions, or a common worker) while receiving the employees' remuneration; the 2020 employees' remuneration of NT$ 11,000 was adopted on the Board of directors' meeting on March 8, 2021, and it was calculated based on the ratio of the actually distributed amount to the budget.

Note 7: The total amount of remunerations distributed to the Company's directors by all companies (including the Company) in the consolidated financial report should be revealed.

Note 8:The Company reveals the name to of the director along with the range of remuneration, which is paid by the Company, he/she belongs to.

Note 9: The total amount of remuneration paid to the Company's directors recorded in the consolidated financial report should be revealed, and the name of the director should be revealed along with the range it belongs to.

Note 10: The net profit means the after tax annual net profit in the most recent year or that recorded in the financial report.

Note 11: a. In this cell, the remuneration that a director receives from the reinvested business other than the Company's subsidiary or other remunerations from the parent company (put "none" if not any remuneration is received.)

b. Any remuneration the a director receives from the reinvested business other than the Company's subsidiary or other remunerations from the parent company should be included in the I column of remuneration rage table, and the head of the column should be altered to "parent company and all reinvested business."

c. The amount includes the remuneration including the reward, salary (the salary for employees, directors, and supervisors) that a director receives for serving as the director, supervisor, or general manager, or for implementing business tasks from the reinvested companies other than the subsidiaries.

* The remuneration revealed in the table is different from the remuneration defined in the tax law; the purpose is to disclose information, not to impose tax.

(2) Supervisor's remuneration: Not any supervisor is set up by the Company; therefore, it is not applicable.

(3) Remuneration of President and Vice Presidents:

Unit: Thousand Dollars

Title	Name	Remuneration (A)		Retirement pension (B)		Remuneration, bonus, and special fees (C)		Employee remuneration (D)				The sum of A, B, C, and D as a percentage of after-tax net profit (%)		Obtaining the number of employee stock options (thousand shares)		Obtaining new shares that limit employee rights		Whether to receive the remuneration from re-investment other than subsidiary companies or not?
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock							
President	Yao-Jen Hsu	0	4,484	0	0	0	0	2,170	0	2,170	0	0.00%	4.78%	0	0	0	0	None
Vice President	CHIN LUNG CHEN																	
Vice President	CHI CHUNG CHUANG																	

Range of remuneration paid to President and Vice Presidents	President & Vice President Name	
	The Company (Note 6)	All companies in the consolidated financial statements (E) (Note 6)
Below 1,000,000	CHINLUNG CHEN, CHICHUNG CHUANG	CHINLUNG CHEN, CHICHUNG CHUANG
1,000,000（included）～2,000,000（not included）	Yao-Jen Hsu	Yao-Jen Hsu
2,000,000（included）～3,500,000（not included）	No	No
3,500,000（included）～5,000,000（not included）	No	No
10,000,000（included）～15,000,000（not included）	No	No
15,000,000（included）～30,000,000（not included）	No	No
30,000,000（included）～50,000,000（not included）	No	No
50,000,000（included）～100,000,000（not included）	No	No
Over 100,000,000	No	No
Total	No	Three persons

Note 1: The directors' names should be listed individually (the corporate shareholder's names and names of the representatives should be listed separately), and the regular director and independent directors should be listed independently; the sum of the remuneration should be listed. When the director concurrently takes the position of the general manager or deputy general manager, the remunerations for each of the above-mentioned positions should be listed separately.
Note 2: The director's remuneration for directors (including the salary, allowance, severance payment, incentives, and bonuses) in the most recent year.
Note 3: The allowance dedicated to the directors for implementing business related affairs (including traffic expenses, special allowance, subsidies, dormitory, dispatched vehicles, and other support). When the director receives a house, a car, other vehicles, the nature, cost, rent (calculated according to the common standard of the market), expenses of gasoline, and other expenses shoud be specified. On the other hand, when a designated driver is dispatched, the remuneration for the driver should be noted but not included in the remuneration for the director. Also, the remuneration from "basic payment for each share" listed in IFRS 2, including the employee stock option, restrict new stocks, and the procurement of new shares for capital increase, should be calculated as a part of the remuneration. The amount covers all types of remunerations that the Company's general manager and deputy general manager receives from all companies (including the Company).
Note 4: The directors who are employed by the Company (concurrently serving as the general maanger, deputy general manager, taking other managerial positions, or a common worker) while receiving the employees' remuneration; the 2020 employees' remuneration of NT$ 11,000 was adopted on the Board of directors' meeting on March 8, 2021, and it was calculated based on the ratio of the actually distributed amount to the budget.
Note 5: The total amount of remunerations distributed to the Company's directors by all companies (including the Company) in the consolidated financial report should be revealed.
Note 6:The Company reveals the name to of the director along with the range of remuneration, which is paid by the Company, he/she belongs to.
Note 7: The total amount of remuneration paid to the Company's directors recorded in the consolidated financial report should be revealed, and the name of the director should be revealed along with the range it belongs to.
Note 8: The net profit means the after tax annual net profit in the most recent year or that recorded in the financial report.
Note 9: a. In this cell, the remuneration that a director receives from the reinvested business other than the Company's subsidiary or other remunerations from the parent company (put "none" if not any remuneration is received.)
b. Any remuneration the a director receives from the reinvested business other than the Company's subsidiary or other remunerations from the parent company should be included in the I column of remuneration rage table, and the head of the column should be altered to "parent company and all reinvested business."
c. The amount includes the remuneration including the reward, salary (the salary for employees, directors, and supervisors) that a director receives for serving as the director, supervisor, or general manager, or for implementing business tasks from the reinvested companies other than the subsidiaries.
* The remuneration revealed in the table is different from the remuneration defined in the tax law; the purpose is to disclose information, not to impose tax.

(4) Managers who received the top five highest employee remuneration (the name and payment of remuneration are disclosed)

Title	Name	Remuneration (A)		Severance / pension (B)		Bonuses and special alloance (C)		Amount of remunerations for employees (D)				The ratio of the sum of A, B, C, and D to After Tax Net profit		Whether the director received Compensation from reinvested companies other than sybsidiaries companies other
		The company	All companies in the Consolidated financial report	The company	All companies in the Consolidated financial report	The company	All companies in the Consolidated financial report	The company		All companies in the Consolidated financial report		The company	All companies in the Consolidated financial report	
								Amount of Cash	Amount of Stock	Amount of Cash	Amount of Stock			
President	Yao-Jen Hsu	2,108	2,108	0	0	0	0	1,150	0	1,150	0	2.34%	2.34%	None
Vice President, Production Dept.	CHIN LUNG CHEN	1,293	1,293	0	0	0	0	560	0	560	0	1.33%	1.33%	None
Vice President, Production Dept.	CHI CHUNG CHUANG	1,083	1,083	0	0	0	0	460	0	460	0	1.11%	1.11%	None
Finance Director	YUAN CHI CHANG	1,550	1,550	0	0	0	0	360	0	360	0	1.37%	1.37%	None
Auditing Manager	CHIA CHENG CHEN	1,275	1,275	0	0	0	0	270	0	270	0	1.11%	1.11%	None

(5) Distribution of employee remuneration to the managers and their names are displayed as below:

Unit: NT$Thousand Dollars

	Title	Name	Stock Bonus	Cash Bonus	Total	The ratio of total amount to after-tax net profit (%)
Managers	President	Yao-Jen Hsu	0	2,800	2,800	2.01%
	Vice President, Production Dept.	CHINLUNG CHEN				
	Vice President, Production Dept.	CHICHUNG CHUANG				
	Finance Director	YUAN CHI CHANG				
	Chief Auditing Officer	CHIACHENG CHEN				

(6) To compare the Company's consolidated statements in the last two years, the total remuneration paid to directors, supervisors, president, and vice presidents and its ratio to the after-tax net profit, and to explain the payment policy, standard and portfolio, remuneration procedures, as well as its correlations with business performances and risks in the future.

i. Analysis of the ratio of the remuneration of directors, supervisors, president, and vice presidents to the net profit after-tax in the last two years:

Year / Title	2019		2020	
	Remuneration (NT$ Thousands)	Net profit after tax ratio	Remuneration (NT$Thousands)	Net profit after tax ratio
Director	11,604	6.47%	13,316	9.27%
President and Vice Presidents	6,773	3.78%	6,654	4.78%
Total	18,377	10.25%	19,610	14.09%

ii The policy to pay remuneration, standards and combinations, procedures to determine remuneration, and its correlations with operating performances and future risks:

A payroll remuneration committee is now established by the Company with its members coming from all independent directors. Regarding the remuneration policy, standards and combinations are based on individual roles in the position, the contribution value in operational participation, and a reference to the personnel of same occupation. Assessments are made regularly and approved by the committee for the payment, and this assessment process has taken the business performance and risks into consideration.

4. Corporate Operation

(1) Operation of the board meeting:

Evaluation on Baord of Directors' Performance:

The Company has established a system for evaluation on Board of Diretors' performance. The Board has adopted the guidelines for evaluation on Board of Directors' performance to make the Board of the Company function more efficiently by establishing performance goals. The internal evaluation on the Board's performance is conducted once a year in January by implementing "evaluation on overall performance of the Board" and "self evaluation of members on the Baord." Outcomes of such evaluation was submitted to the Board of Directors' meeting on March 8th , 2021, for review and amendment.

Outcomes of the internal evaluation on the Board's performance:

The Company's financing department has conducted a survey for 2020 internale evaluation of the Board of Directors and submitted a report. The outcome of evaluation indicated that the Board was ranked as "Good" in five aspects of "overall performance of the Baord" and the six aspects of "Self-evaluation of Board members."

Five board meetings (A) were held in 2020, and the attendance of Directors is as follows:

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A] (Note 2)	Remarks
Chairman	Dynamic Holding Inc. Representative: Ching-Tea Chi	5	-	100%	Re-elected on 2019/6/6
Director	Full Glory Group Ltd. Representative: YUNG CHUN HSU	5	-	100%	Re-elected on 2019/6/6
Director	Fame Hin Investments Limited Representative: TSUNG MING LU	5	-	100%	Re-elected on 2019/6/6
Director	Further Gain Investments Ltd Representative: SIANG YANG LI	4	1	80%	Re-elected on 2019/6/6
Director	Yao-Jen Hsu	5	-	100%	Re-elected on 2019/6/6
Director	TSO CHENG CHANG	5	-	100%	Re-elected on 2019/6/6
Independent Director	YIN QIANG HUANG	5	-	100%	Re-elected on 2019/6/6
Independent Director	CHEN HUNG LO	5	-	100%	Re-elected on 2019/6/6

Other matters to be recorded:

1. If any of the following circumstances occurs in the operation of the board meeting, please indicate the date of the board meeting, the session number, the contents of the motion, the opinions of all independent directors and the Company's handling of the opinions of the Independent Directors:

(1) Matters listed in Article 14-3 of the Securities Exchange Act.

Board of Directors Meeting	The content of the motion and its follow-up	Matters listed in Article 14-3 of the Securities Exchange Act.	The independent director is opposed or reservation opinion	Opinions of the Independent Director	Company's action to independent director's opinions
2020.03.09 Session III the 6th Board of Directors Meeting	Contents of the motion: 1. Case of distribution of directors' remuneration 2. Case of endorsements & guarantees. 3. Evaluation case of CPA's independence and qualification	Yes	No	No	No
	The results of the resolution: The cases were approved by the whole attending directors without any objection.				
2020.05.08	Contents of the motion:	Yes	No	No	No

Session III the 7th Board of Directors Meeting	1. CPA change case, due to the organizational adjustment of the CPA firm. 2. Case of endorsements & guarantees. 3. Intend to make the loaning of fund by this company to our sub-subsidiary company in Malaysia, YCS Co., Ltd. in the amount of MYR3,000,000 in response to it capital need for operation. The result of the resolution: The case was approved by the whole attending directors without any objection.				
2020.08.10 Session III the 8th Board of Directors Meeting	Contents of the motion: 1. Case of endorsements & guarantees. The results of the resolution: The cases were approved by the whole attending directors without any objection.	Yes	No	No	No
2020.11.09 Section III the 9th Board of Directors Meeting	Contents of the notion: 1. Case of passing the CPAs' fees in 2021. The results of the resolution: The cases were approved by the whole attending directors without any objection.	Yes	No	No	No

(2) Other than the aforementioned matters, the board resolutions which Independent Directors object to or have reservations about, and there are records or written statements for them: In four meetings, no independent directors make objection or qualified opinion.

2. For the situation where a Director avoids a motion related to his/her own interests, please specify the director's names, the contents of the motion, the reasons for the avoidance of interests and the voting results: None

3. The frequency, duration, range, method, content, and other relevant information for self evaluation or peer evaluation of the Board of Directors:

Frequency of evaluation	Duration of evaluation	Range of evaluation	Method of evaluation	Content of Evaluation
The internal performance evaluation should be conducted ate least once a year.	To evaluate the performance between January 1, 2020, and December 31, 2020.	Board of directors	Self- evaluation within the Board of Directors	1. Contribution to the Company's operation 2. To improve the decision making quality of the Board of Director 3. Composition and structure of the Board of Directors 4. Election and on-the-job training of the directors 5. internal control

4. Objectives for strengthening the functions of the Board of Directors in the current and most recent years (e.g. establishment of audit committee, improvement of information transparency, etc.) and performance assessment:

1. On March 9, 2020, the 6th meeting of the third Board of Directors of the Company passed a resolution to amend part of the articles in the "Regulations Governing Procedure of Board of Directors Meetings".

2. The Company has purchased liability insurance for all directors and made declaration in accordance with the regulations.

3. Communicate relevant training courses to Board members, and assist in arranging training courses to help them obtain new knowledge and maintain professional advantages.

4. During the pandemic period, the Company assists with the arrangement of the video courses for further study of the high-ranking managerial officers to absorb professional knowledge.

5. While convening the Board meetings, the Company shall report the current business development, and prepare relevant information of the proposals and appoint personnel for the directors' examination and reference.

(2) The operation of the audit committee or the supervisor's participation in the operation of the board of directors

The most recent annual audit committee meeting 4 times (A) in 2020, the independent directors attended are listed as follows:

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A]	Remark
Independent Director	WANJUI LIN	3	0	75 %	Resigned on on 2021/3/10.
Independent Director	YIN QIANG HUANG	4	0	100 %	Re-elected on 2019/6/6
Independent Director	CHEN HUNG LO	4	0	100 %	Re-elected on 2019/6/6

Other items to be recorded:

1. Those matters listed in Article 14-5 of the Securities Exchange Law and other matters that have not been approved by the Audit Committee by more than two-thirds of all directors shall state the date and time of the Board of Directors, the content of the proposal, the results of the resolution of the Audit Committee and the Company's handling of the opinions of the Audit Committee: No such situation in the Company.

Audit Committee	Content of motion and follow up measures
2020.03.09 Session III the 4th Audit Committee Meeting	Contents of motion 1. Case of the company's 2019 consilidated financial report. 2. Case of remuneration distribution for directors. 3. 2019 internal control system statement 4. Case of endorsements & guarantees. 5. Case of evaluation on the CPA's independence and qualification. 6. Case of amending part of articles of the company's "Articles of Incorporation". 7. Case of amending part of articles of the "Rules of Procedure for Shareholders Meetings". 8. Case of amending part of articles of the "Regulations Governing Procedure of Board of Directors Meetings".
	Opinion of audit committee members: no objection / unqualified opinion The Company's responses to the opinions of audit committee members: Not applicable. The result of the resolution: The case was approved by all audit committee members attending the meeting without any objection.
2020.05.08 Session III the 5th Audit Committee Meeting	1. Case of the company's 2020 consilidated financial report for Q1. 2. CPA change case, due to the organizational adjustment of the CPA firm. 3. Case of endorsements & guarantees. 4. Intend to make the loaning of fund by this company to our sub-subsidiary company in Malaysia, YCS Co., Ltd. in the amount of MYR3,000,000 in response to it capital need for operation. 5. Case of amending part of articles in the "Management of Preparatio Process of Financial Statements" in the company's internal control system.
	Opinion of audit committee members: no objection / unqualified opinion The Company's responses to the opinions of audit committee members: Not applicable. The result of the resolution: The case was approved by all audit committee members attending the meeting without any objection.
2020.08.10 Session III the 6th Audit Committee Meeting	1. Case of endorsements & guarantees. 2. Case of the company's 2020 consilidated financial report for Q2.
	Opinion of audit committee members: no objection / unqualified opinion The Company's responses to the opinions of audit committee members: Not applicable. The result of the resolution: The case was approved by all audit committee members attending the meeting without any objection.
2020.11.09 Session III the 7th Audit Committee Meeting	1. Case of the company's 2020 consilidated financial report for Q3. 2. Pass the case of CPA fees. 3. Case of establishing the company's "Corporate Governance Best Practice Principles"
	Opinion of audit committee members: no objection / unqualified opinion The Company's responses to the opinions of audit committee members: Not applicable. The result of the resolution: The case was approved by all audit committee members attending the meeting without any objection.

2. The independent directors shall state the name of the independent directors, the content of the proposal, the reasons for avoiding the conflict of interests, and the participation in the voting: No.
3. Communications between the independent directors and the internal audit supervisors and accountants (shall include the major issues, methods, and results of the Company's financial and business conditions).

The Company's independent directors and internal audit executives (affiliated directly with audit office of the Board of Directors) all attend the board meeting, and the internal audit report will be presented to independent directors periodically. The board of directors invites accountants to attend the discussion and express their views, if needed. Thus, communication channels with independent directors are smooth.

Communication between independent directors and certified public accountants

1. Methods of communication between independent directors and the internal audit executives or accountants

(1) Meetings of independent directors and accountants are should be held annually (the audit committee meeting). The accountant shall discuss with the independent directors about the Company's financial condition and implement of internal control; namely, the principles governing treatment of accounting affairs as well as other significant content with great impact on the profit and losses.

(2) Independent directors should submit the Company's financial report for the accountant to review, while the accountants shall offer review report for the independent directors' reference.

(3) The internal executives shall explain the implement of internal audit and internal control of the Company on the meetings with independent directors (audit committee meeting).

2. Summary of communication between independent directors and certified public accountants

Date	Communication Focus
2020/3/9	1. The accountant should report on the key check items of financial statements and submit for discussions. 2. Communications are conducted on questions raised by the participants.
2020/5/8	1. The accountant should report on the key check items of financial statements and submit for discussions. 2. The accountant should report on the profit & loss accounts of the reinvested companies in 2020. 3. Communications are conducted on questions raised by the participants.
2020/11/9	1. The accountant should report on the key check items of financial statements and submit for discussions. 2. The accountant should report on the profit & loss accounts of the reinvested companies in 2020. 3. Communications are conducted on questions raised by the participants.

3. Summary of communication between independent directors and internal audit executives

Date	Communication Focus
2020/3/9	1. The Annual Audit Business Implementation Key Report for 2019. 2. Communications are conducted on questions raised by the participants.
2020/5/8	1. The key report on the implementation of the audit business in the first quarter of 2020. 2. Communications are conducted on questions raised by the participants.
2020/8/10	1. Key report on the implementation of the audit business in the second quarter of 2020 2. Communications are conducted on questions raised by the participants.
2020/11/9	1. The key report on the implementation of the audit business in the third quarter of 2020. 2. 2021 annual audit plan. 3. Communications are conducted on questions raised by the participants.

(3) Implementation of Corporate Governance and the differences and reasons for the practice code of corporate governance:

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Summary description	
1. Whether the Company follows the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, established and disclosed its own Corporate Governance Best Practice Principles or not?	✓		The Company has established and disclosed a code of practice on corporate governance in accordance with the "Code of Practice for Corporate Governance on the Listed Companies".	No deviation.
2. The Company's shareholding structure and shareholders' equity				No deviation.
(1) Does the Company stipulate internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation matters, and implement them according to procedures?	✓		(1) There is a spokesperson and acting spokesperson system to handle external communication matters, and set up stakeholder areas on the Company's website to properly handle shareholders' suggestions or disputes, and entrust a special share agency to handle shareholder matters, and deal with issues related to shareholders' equity accordingly.	
(2) Whether the Company has a list of the ultimate controllers of the major shareholders and major shareholders of the actual control company or not?	✓		(2) Through the stock agency, actual information can be provided to keep track of the shareholdings of directors, managers and major shareholders holding more than 10% of the shares. .	
(3) Whether the Company establishes, implements, and controls the risk control and firewall mechanism among subsidiaries or not?	✓		(3) The Company has established the "Management Measures for Relationships", and the assets and financial management rights and responsibilities of each relationship are independent, and the risk management and firewall mechanisms are implemented in accordance with the procedures.	
(4) Whether the Company stipulates internal regulations and prohibits insiders from using the undisclosed information on the market to buy and sell securities or not?	✓		(4) The Company has established "Significant Information Processing Procedures" to regulate the insiders of the Company from using the undisclosed information within the Company to buy and sell securities.	
3. The composition and duties of the board of directors				No deviation.
(1) Whether the board of directors formulate a diversified policy and implement it in terms of membership or not?	✓		(1) The Company currently has nine directors, including three independent directors, and formulates a diversified policy and implementation.	
(2) Whether the Company voluntarily sets up other functional committees other than the salary remuneration committee and the audit committee or not?	✓		(2) The Company has set up the Compensation Remuneration Committee and the Audit Committee according to law. Other functional committees are in charge of the board of directors and resolutions according to their needs. Therefore, they should be able to comply with the spirit of the Company's code of practice and strengthen corporate governance.	
(3) Whether the Company stipulates the performance appraisal methods of the board of directors and their assessment methods, and conducts performance evaluations every year and regularly or not?	✓		(3) The Company has a "Board Performance Evaluation Method", which will conduct regular performance evaluations every year.	
(4) Whether the Company regularly assesses the independence of the visa accountant or not?	✓		(4) The Company conducts at least once a year the CPA's independence and qualification evaluation and submits it to the Board of Directors in accordance with Article 29 of the "Corporate Governance Best Practice Principles for TWSE/TPEx Companies"; in addition to the independence statement prepared by the CPAs which the Company shall obtain, we also ensure the CPAs do not serve as any post in the Company.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Summary description	
4. Whether the Company has set up a corporate governance special (part-time) unit or personnel responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to conduct business, and handling matters related to meetings of the board of directors and shareholders meeting in accordance with the law, handling company registration and change registration, making board of directors and shareholders meeting, etc.) or not?			On January 22, 2021, the Board of Directors of the Company passed to establish the chief corporate governance officers in charge of the affairs related to corporate governance, so we should be able to comply with the corporate governance best practice principles and strenghthen our corporate governance.	No deviation.
5. Whether the Company has established communication channels with interested parties (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder areas on the Company's website, and responded appropriately to important corporate societies of concern to stakeholders and responsibility issues or not?	✓		The Company has established a spokesperson and agency spokesperson system to enable stakeholders to quickly understand the Company's operations in order to maintain its rights and interests, and set up stakeholder areas on the Company's website, while responding to important companies of concern to stakeholders and social responsibility issues.	No deviation.
6. Whether the Company appoints a professional stock agency to handle the affairs of the shareholders' meeting or not?	✓		The Company has appointed the stock agent department of Mega Securities Co., Ltd. to handle matters related to the shareholders' meeting.	No deviation.
7. Information disclosure (1)Whether the Company has a website to disclose financial and corporate governance information or not? (2) Whether the Company adopts other information disclosure methods (for example: setting up an English website, appointing a dedicated person responsible for the collection and disclosure of company information, implementing the spokesman system, and posting the Company's corporate briefing process on the website, etc.) or not? (3) Does the company publish and file the annual financial reports within two months at the end of the fiscal year and pre-publish and report Q1, Q2 & Q3 financial reports and each month's operational status within the specified deadline?	✓ ✓		(1) The Company's corporate website contains the information on financial business and relevant corporate governance, more information is also available on market observation post system (MOPS). (2) The Company has a special person responsible for the collection and disclosure of company information, and implements the spokesperson and acting spokesperson system as required. Meanwhile, there are litigation and non-litigation agents available within borders of the Republic of China. (3) The Company has published the 2020 financial report on March 8, 2021, which is half a moth earlier than the period prescribed in the act and we have published and declared Q1, Q2 & Q3 financial reports and each month's operation status.	No deviation.
8. Whether the Company has any other important information (including but not limited to employees' rights, employee care, investor relations, supplier relationship, rights and interests of interested parties, training for directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.) or not?	✓		(1) Employee rights and interests and employee care: The Company attaches great importance to the smooth flow of employees' rights and communication channels, and actively establishes a gender-equal working environment to promote the consensus and harmony between employers and employees, and provides social insurance or pensions to protect employees' rights and interests in accordance with relevant local labor laws. (2) Investor relations: The Company offers an investor relations unit, spokesperson, and acting spokesperson system to deal with suggestions, doubts and disputes of investors. Abided by the Company and related laws, the shareholders' meeting is convened every year, and shareholders are given the opportunity to fully question and propose proposals in order to achieve balances. Procedure rules for the shareholders' meeting are set in accordance with the law, and the	No deviation.

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	YES	NO	Summary description	
			minutes of the shareholders' meeting are reserved appropriately. (3) Relationship with suppliers: The Company pays attention to the rationality of the purchase price. After inquiring, comparing, and bargaining with several suppliers, the purchasing personnel finalizes the unit price, specifications, payment terms, delivery date, product and service quality or other data. The Company also maintains an excellent and tight relationship, and seeks a sustainable and win-win growth through mutual trust, benefit, and cooperation with its suppliers. (4) The rights of interested parties: According to law, the Company is honest to disclose its information to protect the basic rights and interests of investors. It also maintains smooth communication channels and information exchange with banks, employees, customers, and suppliers so as to respect and safeguard their due rights. (5) Director training: The Company's directors have now participated in corporate governance and securities regulation study courses, and the Company continues to encourage directors to participate in corporate governance related study courses in the future. Thus, directors can have a better understanding of their responsibilities and obligations. (6) Implementation of risk management policies and risk measurement standards: During the board meeting, the management reports the Company's operational overview to the board of directors, and directors provide professional opinions and risks of the Company to the management for references. The audit department conducts planned or project checks on various departments, various business executions and risk management and control, and regularly reports to the Company's operational decision-making hierarchy. It is expected that the risk management policy can be adjusted and revised timely, and the audit plan is submitted to the board of directors for approval and implementation for the year. The actual auditing situation and the report are reviewed by the members of the Audit Committee. (7) Implementation of customer policy: In order to provide customers with a full range of services and guarantees, the Company communicates with customers in a timely manner to understand customer needs and promote the interaction between the Company and its customers. Improvements are reviewed in internal meetings held irregularly. (8) The Company purchases liability insurances for directors: The Company has purchased liability insurances for directors, an effort to strengthen the protection of shareholders' rights. (9) In order to strengthen the Company's operations and implement supervision, independent directors are informed by the Company's auditing committee and its management team on finance, business and important business planning and execution reports, and propose with their experience and expertise to the management. All independent directors possess accounting or financial expertise, and they communicate with the finance department to review the rationality and preparation of financial statements, and provide relevant advice, if needed.	

Note 1: CPA Independence Evaluation and Performance Indicator

Item	Concrete Indicator	Evaluation Results
1	The CPAs have no direct or material financial interest with the Company.	☑ Yes □ No
2	The CPAs have no improper interest with the Company.	☑ Yes □ No
3	The CPAs shall not audit and certify the financial statements of the institutions served within two years of their practice.	☑ Yes □ No
4	The CPAs' own names shall not be used by others. (Statement)	☑ Yes □ No
5	The CPAs and all members of the auditing service team shall not own the shares of the Company.	☑ Yes □ No
6	The CPAs shall not involve any monetary loans with the Company.	☑ Yes □ No
7	The CPAs shall not have the relationship of joint investment or interest share with the Company.	☑ Yes □ No
8	The CPAs shall not collect any commission related to the business.	☑ Yes □ No
9	The CPAs shall not concurrently serve for the regular job and receive the fixed remuneration.	☑ Yes □ No
10	The CPAs' term shall not exceed 7 consecutive years.	☑ Yes □ No
Item	Performance Indicator	Evaluation Results
1	Timely complete the offical financial statements of preceding three quarters at the end of the said quarter or the annual financial report within 3 months at the end of the year. (Official financial report)	☑ Yes □ No
2	Precision on audit and preparation of the initial-edition financial statements in each quarter and each year (excluding the alteration of the company's information). (Four major financial statements)	☑ Yes □ No
3	The CPAs timely complete the audit of the initial-edition financial information of previous 3 quarters and annual accounts within the audit period.	☑ Yes □ No
4	The CPAs complete the annual accounts audit time and the initial edition of the subsidiary companies.	☑ Yes □ No
5	Do the CPAs have frequenet interactions with the company's managerial personnel (internal auditors, etc.) and leave records?	☑ Yes □ No
6	Do the CPAs have the proper interactions with the Audit Committee and leave records before the audit planning and preparation of the audit opinions?	☑ Yes □ No
7	Do the CPAs propose active suggestions and leave records on the Company's system and its internal audit?	☑ Yes □ No
8	Take the initiative to regularly update the regulations on taxes and securities management and renew & amend the IFRS accounting standards for the Company.	☑ Yes □ No
9	Personnal stabilility of the members of the auditing service team.	☑ Yes □ No
10	Assist with the communication and coordination with the competent authority.	☑ Yes □ No
11	No fraud or non-compliance of regular regulatons are found for the internal employees of the Company.	☑ Yes □ No

Note1: Directors' Further Study

Title	Name	Date of further study	Organizers of seminars	Course title	Further study hours
Chairperson	Ching-Tea Chi	2020/07/24	Securities & Futures Institute	Business Strategy and Corporate Governance in Reponse to Unsustainable Risks in the World Incurred by COVID-19 Pandemic	3 Hours
		2020/09/04	Securities & Futures Institute	Business Strategy and Corporate Governance in Reponse to Unsustainable Risks in the World Incurred by COVID-19 Pandemic	3 Hours
Director	YUNG CHUN HSU	2020/07/24	Securities & Futures Institute	Business Strategy and Corporate Governance in Reponse to Unsustainable Risks in the World Incurred by COVID-19 Pandemic	3 Hours
		2020/09/04	Securities & Futures Institute	Propaganda Seminar on Prevention of Insider Trading and Insider Equity Trading in 2020	3 Hours
Director	TSUNGMING LU	2020/07/24	Securities & Futures Institute	Business Strategy and Corporate Governance in Reponse to Unsustainable Risks in the World Incurred by COVID-19 Pandemic	3 Hours

		2020/09/04	Securities & Futures Institute	Business Strategy and Corporate Governance in Reponse to Unsustainable Risks in the World Incurred by COVID-19 Pandemic	3 Hours
Director	SIANGYANG LI	2020/08/25	Internal Audit Association of R.O.C.	Function and Mission of Corporate Governance Personnel in the Blueprint of Corporate Governance	6 Hours
Director	Yao-Jen Hsu	2020/12/03	Accounting Research and Development Foundation	Interpretation of Illegal Securities Trading of Fake Foreign Investors and Exploration on their Legal Responsibilities	3 Hours
		2020/12/04	Accounting Research and Development Foundation	Common Corporate Deficiency in the Enterprises and Interpretation on Realted Acts and Regulations	3 Hours
Director	Tso-cheng Chang	2020/07/14	Securities & Futures Institute	Discussion on Legal Risks and Response of Directors and Supervisors from Material Business Scandals	3 Hours
		2020/08/20	Securities & Futures Institute	Interpretation on Case of Practices of Breach of Trust of Directors and Supervisors and Establishment of Special Breach of Trust Offense	3 Hours
		2020/10/23	Taipei Exchange	Advocacy Meeting for Directors and Supervisors on Corporate Governance and Corporate Ethics	3 Hours
Independent director	CHENHUNG LO	2020/07/11	Chiayi Lawyers Association	Profile of New Amendments of the Criminal Law and Direction of Practices	3 Hours
		2020/09/26	Chiayi Lawyers Association	Response Measures of Lawyer Court in National Judges Act : Center on Preparation Procedure and Testimony at Court	3 Hours

Note2: Implementation of the diversified policy on board members

Director Name	Gender	Nationality	Management	Industry Know-how	Marketing	Finance/ Accounting	Legal
Chairman Ching-Tea Chi	Male	ROC	✓	✓	✓		
Director YUNG CHUN HSU	Male	ROC	✓	✓	✓		
Director TSUNG MING LU	Male	ROC	✓	✓	✓		
Director SIANGYANG LI	Male	ROC	✓	✓	✓		
Director Yao-Jen Hsu	Male	ROC	✓	✓	✓		
Director TSO CHENG CHANG	Male	ROC	✓	✓		✓	
Independent Director WAN JUI LIN	Male	ROC	✓	✓		✓	
Independent Director YIN QIANG HUANG	Male	PRC	✓	✓		✓	
Independent Director CHEN HUNG LO	Male	ROC	✓	✓			✓

9. Please state the improvements made to the items in the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange Co., Ltd., and indicate the enhancement and improvement measures for the items not yet improved (not applicable if not included as a company to be evaluated).

The corporate governance assessment in 2020, and the unscoring project improvement situation of the Company is elaborated as following:

Title	Indicator Improvement	Improved or not	Description on Improvement
1.6	Whether the Company holds a shareholders' meeting before the end of May or not?	NO	
2.2	Whether the Company has a policy of diversifying board members and exposes the implementation of diversification policies on the annual report and company website or not?	NO	
2.6	Whether the Company's board of directors contains at least one female director or not?	NO	
2.7	Does the Company voluntarily establish more seats of independent directors than those prescribed in the acts and regulations?	NO	

2.9	Whether the Company has plans for successors of Board of Directors and persons of important managerial positions and disclose such plan on its official website or the annual report or not?	NO	Completed in 2021.
2.14	Whether the Company set up a functional committee other than statutory, the number of which is not less than three, and more than half of the members are independent directors, and disclose their composition, responsibilities and operation or not?	NO	There are still no sufficient internal and external resources.
2.18	Are six board of directors meetings held for the year under evaluation?	YES	Completed in 2021.
2.21	Whether the Company sets up a full-time corporate governance officer responsible for corporate governance related matters, and explains the operation and implementation of the setting unit in the annual report and company website or not?	YES	Completed in 2021.
2.23	Has the Company's board performance appraisal method or procedure been approved by the board of directors, and it is determined that the external evaluation will be executed at least every three years, and the evaluation will be carried out according to the time limit set by the method, and the implementation and evaluation results will be disclosed on the Company website or annual report?	NO	There are still no sufficient internal and external resources.
3.2	Whether the Company reports major English messages simultaneously or not?	YES	Completed in 2021.
3.4	Whether the Company publishes annual financial reports within two months of the end of the fiscal year or not?	NO	There are still no sufficient internal and external resources.
3.6	Whether the Company website or the market observation post system exposes the interim financial report (including financial statements and notes) in English or not?	NO	There are still no sufficient internal and external resources.
3.8	Whether the Company voluntarily publishes the four-quarter financial forecast report, and the relevant operations have not been corrected by the competent authority and the stock exchange or the over-the-counter is missing or not?	NO	There are still no sufficient internal and external resources.
3.17	Whether the Company's website disclose information about finance, business and corporate governance or not?	NO	
3.18	Whether the Company builds an English company website with financial, business and corporate governance information or not?	NO	
3.20	Whether the Company is invited (of self-initiated) to convenet at least two seminars for corporate shareholders with the intervention between the first semina and second seminar held in the year of evaluation lasted for at least 3 months or not?	NO	
4.1	Whether the Company sets up an appropriate governance structure to formulate and review corporate social responsibility policies, systems or related management policies and exposes them to the annual report and company website or not?	NO	There are still no sufficient internal and external resources.
4.3	Whether the Company regularly discloses the specific promotion plan and implementation results of corporate social responsibility on the annual report and company website or not?	NO	There are still no sufficient internal and external resources.
4.4	Whether the Company refers to the internationally-recognized report preparation guidelines and prepares a report on corporate social responsibility that exposes the Company's non-financial information or not?	NO	There are still no sufficient internal and external resources.
4.5	Whether the Company's non-financial information report, such as the Corporate Social Responsibility Report prepared by the Company, has obtained third-party verification or not?	NO	There are still no sufficient internal and external resources.
4.7	Whether the Company signs a group agreement with the union in accordance with the group agreement law or not?	NO	There are still no sufficient internal and external resources.
4.10	Whether the Company's annual report and website expose the protection measures and implementation of employees' work environment and personal safety or not?	NO	There are still no sufficient internal and external resources.
4.14	Whether the Company's website or annual report reveals the identity of the identified stakeholders, concerns, communication channels and responses or not?	NO	

(4) If a remuneration committee is set up by the Company, its composition, duties, and operation should be disclosed:

The Company observes the “Securities and Exchange Act” and “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose Stock is Listed on the Taiwan Stock or the Taipei Exchange” to set up the remuneration committee and estbalish relevant guidelines for organization of such committee. The remuneration committee is obliged to conduct professional and objective evaluation on the policy and system for the Company’s directors’ and managers’ remunerations and propose suggestions to the Board of Directors as reference of decision-making. The remuneraiton committee include three members, and esch member fulfills the criteria for professional competence and independence specified in relevant laws. New committee members have been appointed when the board of directors were reelected with tenure of the last session terminated on June 6, 2019. Wan-Jui Lin, Yin-Qiang Huang, and Chen-Hung, Lo were appointed as the Third session of remuneration committee members. Wan-Jui Lin was appointed as the convenor amd the chairperson of meetings. The committee is required to convene at least 2 meetings per year, and three meetings have been convened in 2020.

(1) Information of the Remuneration Committee Members

Position (Note 1)	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience Independence			Independence Criteria (Note 2)										No. of working at other listed companies as remuneration committee members	Remark (Note 3)
		Business, Legal Affairs, Finance, Accounting, Lecturer or above in Colleges in Related departments	Judges, prosecutors, lawyers, accountants or other national examinations required for business with the Company, and specialized professional and technical personnel with certificates	Business, Legal Affairs, Finance, Accounting or Related Work Experience	1	2	3	4	5	6	7	8	9	10		
Independent Director	WANJUI LIN			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	YINQIANG HUANG		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	-
Independent Director	CHENHUNG LO		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: Please fill in director, independent director, or others as the identity.

Note 2: If the member meets any of the following conditions during the two years before the position and during the term of office, please tick in the spaces below the conditions.

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

(2) Not directors and supervisors of the Company or its subsidiaries. Independent directors hold over 50% of voting rights, directly or indirectly, of the Company or its parent company, are not in this case.

(3) Not a top ten natural person shareholder or a shareholder who holds more than one percent of the total issued shares of the Company by him/herself or through his/her spouse, minor children or other persons.

(4) Not a spouse or 2nd-degree relative or 3rd-degree linear relative of the persons listed in the preceding three sections.

(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total issued shares of the Company, or a director, supervisor or employee of a top-five corporate shareholder. (Not applicable to an independent director of the Coompany who concurrently serves as the independent director of the parent company, subsidiary, or another company subordinated to the same parent company according to the law or the local laws.).

(6) Not a director, supervisor, or employee of another company of which the majority of voting shares are possessed by the same person that possess majority of vortign shares issued by the Company. (Not applicable to an independent director of the Coompany who concurrently serves as the independent director of the parent company, subsidiary, or another company subordinated to the same parent company according to the law or the local laws.)

(7) Not a director, supervisor, or employee of another company or organization of which the chairperson, president, or other equivalent positions is served by the same person who serves the same position of the Company or his souse. (Not applicable to an independent director of the Coompany who concurrently serves as the independent director of the parent company, subsidiary, or another company subordinated to the same parent company according to the law or the local laws.)

(8) Not a director, supervisor or manager of a particular company or organization that is related with the Company either financially or on business, or a shareholder with more than 5% of the shares of the Company.

(9) Not a professional or a business owner, partner, director, supervisor, manager or a spouse of any of the persons above of a sole business owner, partnership, corporation or institution which provides the Company or its affiliates with business, legal, financial, accounting, consulting or other services.

(10) Not have any of the circumstances in Article 30 of the Company Law.

Note 3: If members are identified as directors, please explain whether they meet the regulations of Article 6-5 of the “stock listing or the securities firm's business premises for the establishment and exercise authority of the remuneration committee” or not?

(2) Remuneration Committee Operation Status

(i.) The Company's remuneration committee totals three members.

(ii.) The tenure of second session members: From June 6, 2019 to June 5, 2022. The Remuneration Committee held two meetings (A) in 2019, and member qualifications and attendances were as follows:

Title	Name	Actual no. of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (B/A)(Note)	Remarks
Convener	WANJUI LIN	3	0	100%	2019/6/6 Re-elected
Member	YINQIANG HUANG	3	0	100%	2019/6/6 Newly-elected
Member	CHENHUNG LO	3	0	100%	2019/6/6 First Appointment

Other matters to be recorded:

1. If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the Company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons): Not such situation.
2. If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement, please indicate the date and session number of the remuneration committee meeting, the contents of the motion, and all the opinions of the members and how the opinions were handled: Not such situation.
3. The motions and resoultions on remuneration committee meetings of the most recent year, and the Company's treatment for committee members' opinions.

Remuneration Committee Meetings	Content of motions and follow up measures
2020.03.09 Session III the 2nd Remuneration Committee Meeting	Content of motion 1. Distribution of the Company's 2019 remuneration for employes and directors Opinion of remuneration committee members: no objection / unqualified opinion The result of the resolution: The case was approved by all remuneration committee members attending the meeting without any objection. The Company's responses to the opinions of remuneration committee members: the outcome was submitted to the Board and adopted by all attendint directors.
2020.05.8 Session III the 3rd Remuneration Committee Meeting	1. The appointment and remuneration of president at Wu Hu San Yan Machinery, Co., Ltd. Opinion of remuneration committee members: no objection / unqualified opinion The result of the resolution: The case was approved by all remuneration committee members attending the meeting without any objection. The Company's responses to the opinions of remuneration committee members: the outcome was submitted to the Board and adopted by all attendint directors.
2020.11.9 Session III the 4th Remuneration Committee Meeting	1.The policy, system, standard, and structure of the Company's 2021 performance evaluation and remuneration for directors and managers. Opinion of remuneration committee members: no objection / unqualified opinion The result of the resolution: The case was approved by all remuneration committee members attending the meeting without any objection. The Company's responses to the opinions of remuneration committee members: the outcome was submitted to the Board and adopted by all attendint directors.

Notes: (1) If any remuneration committee member leaves the Company before the end of the year, please state in the remarks column the departure date, the actual attendance rate (%) calculated based on the number of remuneration committee meetings and the number of actual meetings attended during the tenure.

(2) If there is a remuneration committee member election before the end of the year, please list both the new and the old members, and indicate in the remark column whether the member is old, new or re-elected and the date of election. The actual attendance rate (%) is calculated based on the number of remuneration committee meetings held and the actual number of meetings attended during the tenure.

(5) The state of the company's performance of corporate social responsibilities, deviation from the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

valuation Item	Implementation Status			Differences with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
1. Does the Company follow the principle of significance to conduct risk evaluation regarding the issues of environmental protection, social issues, and corporate governance, and establish the risk management policy or strategies	✓		1. Environmental protection The Company puts emphasis on enviromental protection. It has been dedicated to lower the optential threat to the environment by introducing eco-management system and proting energy conservation measures. The Company's "Corporate Social Responsibility Best Practice Principles"have been established as the guidelines for fulfilling the Corporate social responsibility at the workplace. 2. product liability Suppliers of the Company are required to obtain necessary eco-permits; meanwhile, the company should validize, register, and regularly update the relevant document. Suppliers are also required to deal with the hazardous chemicals and other substances. Then, the Company shoud be assured that such wastes are being properly treated, transported, stored, applied, recycled, and disposed. 3. Labor Management Relations The Company recruits staff according to the annual plan of each department. The staff are recruited through multipal channels for pursuing the intellectual properties that fulfill the core values of YunHsin Co., Ltd. Also, the Company emphasizes retaining talents by understanding employees' needs through interview and propose plans for improvement. 4. anti-corruption The Company has a designated unit to promote Ethical Corporate Management which regularly reports to the Board of Directors. The unit would also carry out the anti-corruption measures by implementing internal audit, conducting self-evaluation regularly, and setting ip channels for reporting immpral business conducts. 5. Clients' privacy The Company keeps business secrets with greath caution; it must not seek to learn about or collect business secrets, patent, trademark, and other intellectual properties of non-business related clients and suppliers. 6. Observation of laws about economy The Company observes various business	No difference.

			laws, and all of its products can reach the internaltion security standard.	
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		For establishing intact management system of affairs concerning corporate social responsibility, senior managers of the Company as well as the subsidiaries have been designated as committee members by the chairperson to plan for relevant policies and supervise the implementation of such plans by each company. It also periodically report to the Board about effectiveness of CSR measures.	No difference.
3. Issues of Sustainable Environment Development (1) Does the company endeavor to utilize all resources more efficiently and use renewable material which have low impact on the environment? (4) Does the Company devotes itself in improving efficiency of using various resources and using the recycled materials to lower the impact on the environment? (5) Does the Company evaluate the potential risks and opportunity that climate change may bring on the corporate while taking responsive measures to relevant issues? (4) Does the company estimate the greenhouse emission, water consumption, and the aggregate weight of waste materials over the past two years as well as establish company strategies for energy conservations, carbon reduction, and management policies for reducing other waste materials?	✓ ✓ ✓ ✓		(1) Reducing impact on the environment, imolementing environment management, developing green products, taking eco-friendly measures as its responsibility, and promoting eco-friendly awareness have been guideline for sustainable management of the Company. It has also been devoted to reducing the environment footprint. The Company fulfills the ISO 14001 criteria for environment management system and improve the efficiency of resource and energy. (2) The Company is devoted to the constructon of sustainable environment by upgrading efficiency of recycled resures. Relevant measures range from recycling used paper and replace printed document with electronic ones to complete conduct proper treatment before emission; these measures contributes to reduce impact on the environment. (3) The Company follows the government's energy conservation policies by encouraging employees to turn off the lights when illumination is not needed, control indoor temperature, and eliminated the amount of printed document to conserve energy, cut down the amount of printed document for improve energy efficiency and reduce emission of greenhouse gas. (4) Being a citizen of global village and fulfill Corporate social responsibility, the Company has been promoting energy conservation and reduction of CO2 emission in 2020. The greenhouse gas inspection system has been adopted, while relevant reports have been compiled. It also promotes water conservation management and improve efficiency of recycling and reusing water. A 5-year project for energy conservation has been promoted, which helps to save 2%	No major differences

4. Social responsibility issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? (2) Does the Company establish and implement reasonable employee compensation policy (including remuneration, leave policy, and other welfare) and adjust remuneration in accordance with the operational performance or result? (3) Does the Company provide employees with safe and healthy work environment and offer educational training sessions about security and hygiene periodically? (4) Does the company provide its employees with career	✓ ✓ ✓ ✓ ✓		(1) The Company observes Labor Standard Act and other relevant laws to protect legal rights of each employee while allocating proper local social welfare insurance and pension. (2) The Company adopts a transparent merit system for performance management; employees are not discriminatd for their gender or age. With such performance management system,the Company can integrate the operational goals and personal goals of employees as the criteria for evaluating and offering feedback for their annual performance as well as reference for orgniazing training sessions. Performance incentives would be distributed based on the results annually. (3) To ensure employees hygiene and secutiry, Company takes several welfare measures; it implements and allocates budget for employees' social insurance according local laws as well as organizes regular sessions about (4) The Company offers various learning resources so that the corporate vision, the department goals, and employees' potential can be developed simultaneously; the Company's aspiration of becoming a learning organization can ensure all employees can keep learning. (5) The Company values its client's opinions. Business representatives in different regions take initiatives to visit existing customers and periodically conducts customer satisfaction survey. The Company requires relevant units to propose improvement plans for items with low satisfaction rate. Meanwhile, it offers immediate responses to client's suggestion to maintain proper long-term collaborative	No difference.

development and training sessions? (5) Does the Company observe the international criteria and relevant laws to ensure customer health and safety, client's privacy, proper marketing and labeling while offering products and service, and establish relevant policies and channel for complaint to protect consumers' rights? (6) Does the Company establish proper supplier management policies and require that suppliers should observe regulations concerning issues of environmental protection, workplace safety and hygiene, or laborers' rights, and monitor the implementation?	✓		relationships with the clients. Stakeholders'opinions are also emphasized, so the contact persons and contect informantion have been disclosed in the website as a channel of complaint. (6) The Company would evaluate whether a potential supplier had ever caused negative impact on the environment or the society before any collaborative relationship is built. Supplier that has caused significant negative impact are required to explain improvement plans as well as implementation of such plans. The document will be taken as an important reference for choosing suppliers. The Company has established guidelines for sustainable supply chain management, including requirements regarding ethical management of business, measures to protect employees' human rights; it offers a secure and healthy work environment to protect employee's human right. The company has aldo encouraged suppliers to eliminate impact on nature resources and avoid using hazardous substnaces.	
5. Does the Company refer to the internationally adopted principles or guidelines to compile corporate social responsibility report and other reports to reveal non-financial information of the Company? Is the aforementioned report certified or guaranteed by an authorized third party?			The Company has not compiled a Corporate Social Responsibility Report. However, the Compnay has obtained the certification of fulfilling the ISO9001, TS-16949, and ISO14001 criteria.	No difference.
6. If the Company has its own corporate social responsibility code based on the Code of Practice for Corporate Social Responsibility of Li: .The Company operates according to the self-compiled Guidelines governing corporate social responsibility and no significance has been identified. The Company and its subsidiaries integrate the essence of "Corporate Social Responsibility Best Practice Principles "into internal control and management system, and other				
7. Other important information that can help understand the operation in corporate social responsibility:				

The Company follows "Corporate Governence Best Practice Principles" and "Corporate Social Responsibility Best Practice Principles for TWSE Listed Companies" to construct its corporate governance principles and fulfill its corporate social responsibilities.

(6) The Company's fulfillment of integrity management situation, deviation from the "Ethica Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Differences Ethica Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
1. Setting business integrity policies and programs (1) Does the Company express its commitment to the policies and practices of integrity management in its regulations and in the external documents, and do the board of directors and the management actively implement the business policies?	✓		(1) The Company has clearly defined the relevant standards in the "Code of Integrity Code", and the Board of Directors and the management have clearly stated the policy of integrity management in external documents on June 17th, 2019. Relevant principles and policies have been disclosed on the Company's website as well as the documents that the Board contracted with external units.	No difference.
(2) Has the Company set up a mechanism to estimate possibility that unethical conducts arise, which covers at least measures against the conducts specified in Article 7 Item 2 of Corporate Governance Best Practice Principles for TWSE Listed Companies, to periodically analyze as well as evaluate business activities that potentially induce unethical conducts and take preventive measures accordingly?	✓		(2) The Company has established "Guidelines at workplace for employees" which specify that employees are banned from receiving any gifts, special treatment, or other unjustified profits directly or indirectly. The establishment of such principles did prevent any occurrence of unethical conducts and lower the risk. The Company also established "Principles for managing the cods of ethical operation" which specify preventive measures of business activities with induce unethical conducts; "guidelines for handling reported cases of immoral or unethical conducts" have been established to encourage internal and external persons to reveal unethical or inappropriate behaviors to realize ethical management and ensure the legal rights of the reporter as well as relevant parties.	No Difference.
(3)Does the Company specify operational procedure, behavioral guidelines, penalty for violators, and channels for reporting the cases in the guidelines for preventive measures of unethical conducts as well as implement and preiodically review the aforementioned guidelines?	✓		(3) The Company's "guidelines for managing coded for ethical operation" speciy the behavioral guidelines for conflicts of interest, measures against leaking clients' measures, receiving gifts, fair trade and competition, and provisions governing other behaviors. Such principles have been promoted to directors, the managerial staff, and common employees through educational training sessions so the principles can be understood and followed by each employee. Violators of the moral and ethical principles will receive penalty according to	No Difference.

Evaluation Item	Implementation Status			Differences Ethica Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			"Workplace guidelines for employees" and "Management for merits and penalties of employees." A channel for complaint is also offered to employees to handles events of unfair or unreasonable treatments.	
2. Implementation of integrity management (1) Does the Company assess the integrity record of its business partner, and stipulate the terms of conduct on integrity in the contract with the business partner?	✓		(1) Before establishing a commercial relationship, the Company first evaluates the legality of the transaction, the integrity management policy, and whether there is a record of dishonesty to ensure that its business operations are fair and transparent, and clearly stated in the commercial contract. A good faith clause does not require, offer or accept a bribe.	No difference.
(2) Has the Company set up a dedicated (or concurrent) corporate integrity promotion unit under the board of directors which regularly reports to the board on its work?	✓		(2) The Company shall set up an audit room directly under the Board of Directors and report to the Board of Directors in due course to ensure the implementation of integrity management. In addition, employees are encouraged to be vigilant about violations of government or commercial ethics codes and to report any violation of government or commercial ethical conduct to a designated person.	No difference.
(2) Has the Company formulated policies to prevent conflicts of interest, provided appropriate channels for statements and implemented them?	✓		(3) The Company has established relevant procedures for conflicts of interest in the pre-opening specification.	No Difference.
(4) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, which is checked by the internal auditing unit on a regular basis or audited by external auditors?	✓		(4) In order to implement the integrity management, the Company has an accounting system for accounting personnel to follow when operating, and at the same time, according to the laws and regulations, the Company's actual situation, the establishment of internal control mechanisms, and the implementation of audit operations, and regularly report the results to the audit committee and the board of directors.	No Difference.
(5) Does the Company hold regular internal and external training on business integrity?	✓		(5) The Company regularly organizes and publicizes relevant education and training related to integrity management to ensure that all staff members are aware of their responsibility to protect intellectual property of the Company, avoid reveal any confidential information, and eliminate connection with any unethical suppliers or clients so as to	No Difference.

Evaluation Item	Implementation Status			Differences Ethica Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			work together in manifestation of ethical principles. Novice employees would be informed about relevant guidelines and asked to sign Contract of Employment. Educational training for pormoting ethical practices would be organized once in a while to promote importance of ethical management.	
3. The operation status of reporting system on the Company's integrity management regulations that violate disciplinary and grievance. (1) Has the Company set up specific reporting and reward systems and a convenient reporting channel, and does the Company assign appropriate personnel to investigate the person being reported? (2) Has the Company set up standard investigation procedures and a related confidentiality mechanism for the matter being reported? (3) Does the Company take measures to protect the reporter from improper treatment?	✓ ✓ ✓		(1) The Company's "Code for ethical operation" specify the procedure of handling, reporting, and rewarding for whistle bolowers. Also, the "mailbox for filing complaint" is set up for internal and external persons to report inappropriate conducts. An independent auditing unit is designatd to initiate investigation and take proper legal actions. The accused parties in the reported cases have a channel to defeat for themselves and hearings would be held when necessary to ensure fair treatement of such cases. (2) The Company's "Codes for ethical operation" regulate that the process and outcome of the investigation should be documented, while identity of the reporter as well as content of submitted report shall be kept secret. Whenever significant violation cases or losses that have been revealed should be recorded in a report which is subsequently submitted to the independent directors. (3) The Company has adopted a mechanism to protect the informant in the investigation standard operating procedures for accepting the reported matters, and is not subject to improper disposal due to the reported matters.	No difference. No difference. No difference.
4. Strengthening of Information Disclosure:	✓		(1) The Compnay discloses its ethical	No difference.

Evaluation Item	Implementation Status			Differences Ethica Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(1) Does the Company disclose the contents of its Code of Practice for Business Integrity and the effectiveness on its website and MOPS?			operation implementation status on the Company's website as wll as the anuual report.	
5. If the Company has its own Corporate Governance Best Practice Principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies", please describe the difference between them: The Company has formulated a code of conduct for the Company's integrity and has a complete internal control system and various management measures. And set up three independent directors and internal auditors, and an audit committee is also established. Its current operation is not materially different from the Code.				
6. Other important information that helps to understand the Company's integrity management operation: Ethical operation is an fundamental part of the Company's culture. To enhance workplace ethical practice and professional competence of staff, the Company established the "Principle for managing code of ethical operation" and "Principles for managing code of ethival conducts", which can be considered the important responsibilities and giodelines to follow.				

(7) If the Company has established a corporate governance code and related regulations, its enquiry methods should be disclosed.

The Company has established "Articles of the company," "Rules of Procedures for Shareholders Meeting ," "Rules for Procedures for Board of Directors Meetings," "Procedures for Election of Directos," "Regulations Governing the Acquisition and Disposal of Assets," "Regulations Governing Loaning of Funds," "Regulations Governing making of Endorsements / Guarantees," "Remuneration Committee Charter," "Audit Committee Charter," "Corporate Governence Best Practice Principles," "Procedures for Managing Ethical Corporate Management Best Practice Principles," "Procedures for Handling Material Inside Information," and "Guidelines for the Adoption of Codes of Ethical Conduct." The above-mentioned regualtions, which are about operating and implementing the Company's governance guidelines, have been disclosed in the section designated for investprs on the Company's website (http://www.yusin.com).

(8) Other important information that is sufficient to enhance the understanding of the operation of corporate governance must be disclosed:
The Company has set up the "investors' section" on its website and update the outcome of promoting Ethical Corporate Management Best Practice Principles annually.

The Company has established employee behavioral norms such as "Integrity Operation Procedures and Behavior Guidelines" to strengthen corporate governance.

(9) Implementation of the internal control system

i. Internal Control Statement

Yusin Holding Corp.

Internal Control Statement

Date:March 8th , 2021

The internal control system of the Company in 2020 based on the result of self-assessment is thus stated as follows:

1. The Company is aware that the establishment, implementation and maintenance of the internal control system is the responsibility of the board of directors and managers of the Company, and has established this system accordingly. Its purpose is to ensure reasonable results in operational effectiveness and efficiency (including profitability, performance, and asset security, etc.), and report reliability, timeliness, transparency in accordance with relevant regulations and laws.

2. As the internal control has restrictions, an effective internal control only provides reasonable assurance for the achievement of three objectives above-mentioned no matter how well the design is. Affected by the change in environment and situation, the effectiveness of internal control could follow by it, however. The Company's internal control features a self-monitoring mechanism, and adopts corrections once the identification is missing.

3. The Company judges whether the design and implementation of the internal control system is effective based on the judgment of the effectiveness of the internal control system as stipulated in the "Guidelines for the Establishment of Internal Control Systems for Listed Companies" (hereinafter referred to as "Processing Guidelines"). The internal control system judgment project used in the "processing criteria" is based on the process of management control, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervised operations. Each component also includes several items. Please refer to the "Handling Guidelines" for the above items.

4. The Company has adopted the above internal control system to judge the project and evaluate the effectiveness of the design and implementation of the internal control system.

5. Based on the results of the previous assessment, the Company believes that the internal control system (the supervision and management of subsidiaries are covered) on December 31, 2020, including the understanding of the effectiveness and efficiency objectives of the operation, and such reports are reliable, timely, and transparent in compliance with relevant regulations and laws, and is effective and can achieve the above objectives reasonably.

6. In order to comply with the provisions of Article 4 of the Post-Listing Management Procedures for the Issuance of Foreigners of Taiwan Stock Exchange (Shares) Companies, the Company entrusts accountants to review the opening period and external conditions in accordance with the provisions of Article 28 of the "Handling Guidelines". The internal control system relating to the reliability of financial reporting and the security of assets (such that assets are not obtained, used or disposed of without authorization), as described in the preceding paragraph, is effective in designing and executing, and does not affect the financial The significant lack of reliability in the

recording, processing, aggregation and reporting of information does not affect the safety of assets, and the major loss of assets acquired, used or disposed of without authorization.

7. This statement will become the main content of the Company's annual report and public offering statement, and will be made public. If the content of the above disclosure is illegal or concealed, it will involve legal liabilities such as Articles 20, 32, 171 and 174 of the Securities Exchange Law.

8. This statement was approved by the board of directors of the Company on March 8, 2021, and the nine members of the board of directors agreed to the contents of this statement.

Yusin Holding Corp.

Chairman:Ching-Tea Chi

President:Yao-Jen Hsu

ii. If the Securities and Futures Commission requires the Company to commission an accountant to audit its internal control system, please disclose the accountant's audit report: Nil.

(10) The punishment to the Company and its employees in accordance with the law, the Company's punishment to its employees for violation of the provisions of its internal control system, the major defects and the improvements made in the latest year and as of the date of publication of the annual report; when such penalty could have great impact on equity of the shareholders or stock price, the content should be disclosed: None

(11) Important resolutions of the shareholders' meeting and the board meetings in the latest year and as of the date of publication of the annual report:

i. Important resolutions of the shareholders' meeting and the status of implementation

Meeting Date	Brief summary of the motion	Resolution & Implementation
2020.6.2	Important resolutions of the shareholders' meeting in 2020: 1. Report contents 1 The Company's 2019 business report 2 2019 Annual Audit Committee Check Report 3 2019 Directors' Compensation and Staff Remuneration Distribution Report 4 Revision of part of articles in the Company's "Ethical Corporate Management Principles". 5. Revision of part of articles of the Company's "Regulations Governing Procedure for Board of Directors Meetings". 2. The matters of recognition 1. 2019 annual business report and financial statement 2. 2019 annual surplus distribution 3. Discussion and election matters 1. Amend part of articles in the Company's Articles of Association 2. Amend part of articles of the Company's "Endorsement & Guarantee Management Rules". 3. Amend part of articles of the Company's "Rules Governing Operation of Loaning of Funds to Others". 4. Amend part of articles of the Company's "Rules of Procedure for Shareholders Meetings".	2. The Content of Recognition 1. Approved as per the cases. 2. Approved as per the cases and the base ex-dividend date is set on June 29, 2020 and the cash dividend date is on July 16, the same year with NT$5 cash dividend per share. 3. Discussion and election matters 1. The proposals have been accepted; the amendment on relevant operational principles have been disclosdd on the Company's website. 2. The proposals have been accepted; the amendment on relevant operational principles have been disclosdd on the Company's website. 3. The proposals have been accepted; the amendment on relevant operational principles have been uploaded on MOPS and disclosed on the Company's website. 4. The proposals have been accepted; the amendment on relevant operational principles have been disclosdd on the Company's website.

2. Important resolutions of the board of directors' meeting

Meeting Date	Brief summary of the motion	Resolution & Implementation
2020.1.30 5th meeting,the Third Board of Director	1. Annual operational report of each invested company.	1.The case has been registered.
2020.3.9 6th meeting.the Third Board of Directors	1.The Company's 2019 Business operation reportadn consolidated financial report. 2.The Company plans to distribute the 2019 remuneration for employees and directors. 3. The Company's statement about 2019 internal control system. 4. The Company plans to distribute surplus of 2019. 5. Cases of endorsement and guarantee 6. Plans for date, venue, issues to discuss, and other relevant matters of 2020 regular shareholders's meeting. 7. Plans for the duration of receiving proposals for 2020 regular shareholders meeting, and the places to submit the case. 8. The Company's 2019 annual "Performance evaluation on the Board of Directors." 9. The Company's 2019 annual evaluation on independence and qualification of CPAs. 10. Amendment on part of the provisions in the "Article of Association. 11.Amend part of articles of the Company's "Rules of Procedure for Shareholders Meetings." 12. Amend part of articles of the Company's "Regulations Governing Procedure for Board of Directors Meeting." 13. Procurement of machinery equipment by Xiamen YongYu Machine, Co. Ltd. 14. The subsidiary Yusin Brake Corp. did not allocate part of its surplus to transmit back to the Company. 15.The Company plans to make indirect investment on GuanZhong OuHuaRuiZi Co., Ltd.	1.The case has been submitted to be recognized by 2020 shareholders meeting. 2. The case has been submitted to be reported on 2020 shareholders meeting. 3. The information has been uploaded in MOPS. 4. The case has been submitted to be recognized by 2020 shareholders meeting. 5. The information has been disclosed on MOPS. 6. The information has been uploaded on MOPS. 7. The information has been uploaded on MOPS. 8. The outcome of 2019 "Performance Evaluation on Board of Directors" was good. 9. The accountant has proposed the statement of independence. 10. The case has been submitted to and passed by the 2020 shareholders meeting. 11. The case has been submitted to and passed by the 2020 shareholder' meeting. 12. The case has been submitted to be reported, discussed and passed on 2020 shareholders meeting. 13.The procurement case is in progress. 14.Estimated to be completed before June 30th; the earnings have been fully remitted back. 15.The project is in progress; the investment has been input in operation.
2020.5.8 7th meeting.the Third Board of Directors	1. Case of change of CPAs in keeping with the organization adjustment of the PWC. 2. Case of the Company's consolidated financial report for Q1 in 2020. 3. Amend part of articles of the "Rules Governing Management of Financial Statements Preparation Process" in the Company's internal control system. 4. Case of endorsement & guarantee matters. 5. Yusin Holding Corp. intends to renew the contract for applying for the financing credit line with the Cathay United Bank for meeting the operational needs. 6. Case of the Company's "Liability Insurance for Directors, Supervisors and Managers". 7. In response to the operational fund needs of our sub-subsidiary company in Malaysia, YCS Co., Ltd., the Company intends to make the loaning of fund and amend the aggregate amount for the fund to be loaned as MYR3,000,000.	1. Assessment has been completed. 2 The case has been published on MOPS. 3. The case has been submitted to, discussed and passed by the 2020 shareholders meeting. 4. The case has been published on MOPS. 5. The application for credit line with the bank has been completed. 6. The case has been published on MOPS. 7. The case has been publishe don MOPS.

2020.8.10 8th meeting.the Third Board of Directors	1. Case of the Company’s consolidated financial report in Q2 of 2020 2. The Company intends to apply for the contract renewal for the financing credit line with the banks to meet the operational needs. 3. The Company’s endorsement and guarantee. 4. Case of amending the Company’s “Organizational Regulations of the Audit Committee”. 5. Case of amending the Company’s “Organizational Regulations of the Remuneration Committee”. 6. Case of amending the Company’s “Regulations Governing Monitoring Processing of Subsidiaries” 7. Case of amending the Company’s “Monitoring Processing of Management of Subsidiaries’ Operation”. 8 Case about each of the Company’s receivable account re-forwarded into the fund loan as of the end of June 2020.	1. The case has been published on MOPS. 2 The application for credit line with the banks has been completed. 3. The case has been published on MOPS. 4. The case has been published on the Company’s website. 5. The case has been published on the Company’s website. 6. The case has been published on the Company’s website. 7. The case has been published on the Company’s website. 8. The overdue receivables belong to the general receivables, which need not be re-forwarded into the fund loan.
2020.11.09 9th meeting.the Third Board of Directors	1. Case of the Company’s consolidated financial report in Q3 of 2020 2. Pass and submit the Company’s operational budget case in 2021 3. Case of policy, system, standards and structure of the performance evaluation and remuneration for Directors and managers in 2021. 4. The Company’s annual audit plan in the internal audit in 2021 5. Case about each of the Company’s receivable account re-forwarded into the fund loan as of the end of September 2020. 6. Pass the case of CPA fee in 2021. 7. Draw up the Company’s “Corporate Governance Best Practice Principles”.	1. The case has been published on MOPS. 2 The assessment has been completed. 3. The assessment has been completd. 4. The case has been published on MOPS. 5. The overdue receivables belong to the general receivables, which need not be re-forwarded into the fund loan. 6. The assessment has been completed. 7. The case has been published on MOPS.
2021.01.22 10th meeting.the Third Board of Directors	1. Annual operation report of each invested companies. 2. Case of the Company’s return to Taiwan for investment. 3. Case of capital increase for the subsidiary, Xiamen Yung Huang Hsing Brake Shoe Company. 4. Case of application for the credit line for the derivative financial merchandise trading, targeted at pledge. 5. The Company’s endorsement and guarantee matters. 6. Case of the Company’s establishment of the chief corporate governance officer.	1. The case is permitted to be reviewed.. 2 The case has been completed. 3. The assessment has been completd. 4. The case has been published on MOPS. 5. The case has been published on MOPS. 6. The case has been published on MOPS.
2021.03.08 11th meeting.the Third Board of Directors	1. The Company’s 2020 business report and consolidated financial statements. 2. The Company intends to carry out the compensation distribution case for employees and directors in 2020. 3. The Company’s internal control statement in 2020 4. Case about each of the Company’s receivable account re-forwarded into the fund loan as of the end of December 2020. 5. The Company intends to carry out the earnings distribution case in 2020. 6. Set up such related matters as the Company’s date, venue and cause convened, etc. for the regular sharehodlers meeting in 2021. 7.	1. The case has been submitted to the sharehodlers meeting in 2020 for ratification. 2. The case has been submitted to the shareholders meeting in 2021 for report. 3. The case has been uploaded on MOPS. 4. The overdue receivables belong to the general receivables, which need not be re-forwarded into the fund loan. 5. The case has been submitted to the sharehodlers meeting in 2020 for ratification. 6. The case has been uploaded on MOPS. 7.

	8. Case of setting up the accepted shareholders' proposals, acceptance period and acceptance place for the Company's regular shareholders meeting in 2021. 9. Case of the Company's "Performance Evaluation of the Board of Directors". 10. Case of the Company's CPA independence and qualification evaluation. 11. Case of amending part of articles of the Company's "Regulations Governing the Acquisition or Disposal of Assets". 12. Case of Amending part of articles of the Company's "Code of Ethical Conduct". 13. Case of amending part of articles of the Company's "Rules for Procedure of Shareholders Meetings". 14. Case of amending part of articles of the Company's "Regulations for Election of Directors". 15. Case of amending part of articles of the Company's "Processing of Deriative Merchandise Management" in the internal control. 16. Case of amending the Company's "Rules of Authorization Management". Case of remittance of undistributed earnings to the parent company for the Company's important reinvested subsidiary, Yusin Brake Corp.	8. The case has been published on the Company's website. 9. The case has been published on the Company's website. 10. The case has been published on the Company's website. 11. The case has been submitted to the shareholders meeting in 2020 for discussion. 12. The case has been submitted to the shareholders meeting in 2020 for discussion. 13. The case has been submitted to the shareholders meeting in 2020 for discussion. 14. The case has been submitted to the shareholders meeting in 2020 for discussion. 15. The case has been completed. 16. The case has been completed. The case is scheduled to be completed before the end of June.
2021.04.12 13th meeting.the Third Board of Directors	1. Case of assessing the qualification of the Company's independent director candidates.	1. The case has been published on MOPS.

(12) In most recent year and as of the publication of this annual report, director or supervisor has different opinions on the board of directors to pass important resolutions and has a record or written statement: None.

(13) In most recent year and as of the end of this annual report is printed out, the resignation summary of the Company's chairman, general manager, accounting, financial, internal audit, and R&D executives: None of such condition.

5. Accountant Fees

Accounting firm name	Accountant name		Check period	Remark
PWC	CHEN, HSIEN-CHENG	LIANG, YI-CHANG	2020.01.01-2020.12.31	

Unit: NT$ Thousand Dollar

Amount Level \ Public Fee Item		Audit Public Fee	Non-audit Public Fee(Note)	Total
1	Below NT$2,000,000		✓	
2	NT$2,000,000 (Included) ～ NT$4,000,000			
3	NT$4,000,000 (Included) ～ NT$6,000,000	✓		✓
4	NT$6,000,000 (Included) ～ NT$8,000,000			

5	NT$8,000,000 (Included) ～ NT$10,000,000			
6	Over NT$10,000,000			

(1) If the non-audit public fee paid by the accountant, the accountant's affiliated office and its related enterprise is more than one quarter of the audit public fee, the audited and non-audited public fee amount and the non-audit service content shall be disclosed:

Accounting firm name	Accountant Name	Audit Public Fee	Non-audit Public Fee					Check period	Remark
			System Design	Business registration	Human Resources	Others	Sub-total		
PWC	CHEN, HSIENCHENG LIANG, YI-CHANG	4700	0	233	0	30	263	2020/01/01 ~ 2020/12/31	Non-audit public fee, other fees, including sundries and certification fee in Xiamen.

(2) The audit public fee paid for the replacement of the accounting firm and the replacement year is higher than the audit public fee for the previous year. Reducers should disclose the amount of audited public fees before and after replacement and the reasons: the accounting firm was not replaced in 2020.

(3) If the audit public fee is reduced by more than 15% compared with the previous year, the audit public fee reduction shall be disclosed about the less money, ratio and reason: Not applicable.

6. Change of Accountants: Due to the organization adjustment of PwC Taiwan, the CPAs changed from CPAs CHEN, HSIEN-CHENG & HSIAO, CHIN-MU to CPAs CHEN, HSIEN-CHENG & LIANG, YI-CHANG effective Q1 of 2020.

7. The Employment of the Company’s Chairman, General Manager, Financial or Accounting Manager with the Firm of the Auditing CPA or Its Affiliated Businesses in the Past Year: None.

8. Particulars about Changes in Shareholding and Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report

(1) Changes in shareholdings of directors, supervisors, managers and major shareholders:

Unit: Shares

Title	Name	2020		As of April 12th , 2021	
		Number of shares held Increase (minus)	Pledged shares Increase (minus)	Number of shares held Increase (minus)	Pledged shares Increase (minus)
Driector	Dynamic Holding Inc. Representative: Ching Te Chih	-	-	-	-
Driector	Full Glory Group Ltd.Representative: Yong Jun Hsu	-	-	-	-
Driector	Fame Hin Investments Limited Reprsentative: Zhong Ming Lu	-	-	-	-
Driector	Further Gain Investments Ltd. Representative: Xiang Yang Li	-	-	-	-
Driector	Yao Jen Hsu	-	-	-	-
Driector	Zho Cheng Chang	-	-	-	-
Driector	Wan Jui Lin	-	-	-	-
Driector	Yin chaing Huang	-	-	-	-
Driector	Cheng Hong Lo	-	-	-	-
Vice president	Yao Jen Hsu	-	-	-	-
Deputy general manager of production	Jing Long Chen	-	-	-	-
Deputy general manager of production	Chung Jin Chuang	-	-	-	-
Finance Director	Yuen Zhi Chang	-	-	-	-
Internal audit manager	Jia Cheng Chen	-	-	-	-

(2) Information on the relatives of directors, supervisors, managers and major shareholders' equity transfer is related: None.

(3) Information on the relatives of directors, supervisors, managers and major shareholders' equity pledges is related: None.

9. Information about the top 10 shareholders who are mutually related parties:

April 12, 2021

Name	Number of shares held by oneself		Spouse and minor children shareholding		Use the name of others Total		Names and relationships of the top ten shareholders who have a relationship with each other or are relatives of a spouse or a second degree kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relations	
Full Glory Group Ltd (Representative:YUNG CHUN HSU)	3,170,496	7.96%	8,961	0.02%	-	-	Top Adventure Limited. (Representative:Yao-Jen Hsu)	Father & Son	
Dynamic Holding Inc. (Representative:Ching-Tea Chi)	2,932,132	7.37%	28,005	0.07%	-	-	Further Gain Investments Ltd (Representative:SIANGYANG LI)	Nephew & Uncle	
Further Gain Investments Ltd(Representative:SIANGYANG LI)	2,932,132	7.37%	-	-	-	-	Dynamic Holding Inc. (Representative:Ching-Tea Chi)	Nephew & Uncle	
Fame Hin Investments Limited (Representative:TSUNGMING LIU)	2,788,746	7.01%	11,841	0.03%	-	-	No	No	
Max Star Group Limited (Representative: Tsai Bi Hsou)	1,405,000	3.53%	-	-	-	-	No	No	
Hontai Life Insurance Co., Ltd. (Representative: Huan Yi Lu)	977,226	2.45%	-	-	-	-	No	No	
Guo Hsun Wong	856,000	2.15%	-	-					
KUO, WENTIEN	779,454	1.96%	-	-	-	-	No	No	
WU, SHUCHEN	744,000	1.87%	-	-	-	-	No	No	
Top Adventure Limited. (Representative:Yao-Jen Hsu)	716,000	1.80%	-	-	-	-	Full Glory Group Ltd (Representative:YUNG CHUN HSU)	Father & Son	
KUO, YI,ICHIU	701,421	1.76%	-	-	-	-	No	No	

10. The number of shareholding and collective total shareholding ratio of the company and direct or indirect business and transinvenstment business hold by the Company, Company's Board Members, Supervisors, and General Managers.

Comprehensive shareholding ratio

April 12, 2021 Unit: 1,000 Shares, %

Reinvested Business	Invested by the company		Directors, supervisors, managers and investments directly or indirectly controlling the business		Comprehensive investment	
	Share	Ratio	Share	Ratio	Share	Ratio
XiamenYongyu	Note	100%	-	-	Note	100%
GDM	55	55%	45	45%	55	55%
Yusin Brake	220	100%	-	-	220	100%
Full Moon	1,800	100%	-	-	1,800	100%

NOTE: No shares due to the limited company.

IV Fundraising

1. Capital and shareholding

(1)Source of Share Capital

1. Process of Capital Formation

Date	Issuing Price (NT$)	Approved Capital		Paid-in Capital		Remarks		
		Shareholding	Price	Shareholding	Price	Source of Share Capital	Capital Increased by Assets Other than Cash	Others
Feb 2011	10	50,000,000	500,000,000	1	10	Founding Capital	-	-
Nov 2011	10	50,000,000	500,000,000	25,000,000	250,000,000	Share Exchange 249,999,990	-	-
Oct 2013	10	50,000,000	500,000,000	31,000,000	310,000,000	Capital Increase 60,000,000	-	-
Oct 2015	78	50,000,000	500,000,000	34,875,000	348,750,000	IPO Increase 38,750,000	-	-
Feb 2016	18	50,000,000	500,000,000	35,150,000	351,500,000	Employee Stock 2,750,000	-	-
Mar 2016	10	50,000,000	500,000,000	34,143,000	341,430,000	Treasury Stock Decrease 10,070,000	-	-
Jun 2016	18	50,000,000	500,000,000	34,243,000	342,430,000	Employee Stock 1,000,000	-	-
Mar 2017	18	50,000,000	500,000,000	34,425,500	344,255,000	Employee Stock 1,825,000	-	-
Mar 2018	18	50,000,000	500,000,000	34,608,000	346,080,000	Employee Stock 1,825,000	-	-
Aug 2019	56	50,000,000	500,000,000	39,808,000	398,080,000	Capital Increase 52,000,000	-	-
Jun 2020	10	80,000,000	800,000,000	39,808,000	398,080,000	-	-	

2. Kinds of Share

Apr 12, 2021;Unit:share

Kinds of Share	Approved Capital			Note
	Outstanding Shares	Unissued Shares	Total	
Registered Common Stock	39,808,000	40,192,000	80,000,000	Listed Shares

(2) Status of Shareholders:

Apr 12, 2021;Unit:share

Status / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Foreigners	Total
Number	0	10	116	9,184	39	9,349
Shareholding	0	1,695,893	941,505	21,193,149	15,977,453	39,808,000
%	0.00%	4.26%	2.37%	53.24%	40.14%	100.00%

Note:The company has 1.06% Chinese shareholdings

(3) Shareholding Distribution Status:

April 12, 2021;Unit:share

Shareholding Tiers	No. of Shareholders	Shareholding	Shareholding %
1 to 999	7,433	51,993	0.13%
1,000 to 5,000	1,405	2,707,226	6.80%
5,001 to 10,000	192	1,431,413	3.60%
10,001 to 15,000	90	1,107,128	2.78%
15,001 to 20,000	47	851,858	2.14%
20,001 to 30,000	46	1,150,702	2.89%
30,001 to 40,000	27	918,544	2.31%
40,001 to 50,000	18	825,678	2.07%
50,001 to 100,000	42	2,945,755	7.40%
100,001 to 200,000	21	2,817,060	7.08%
200,001 to 400,000	11	3,594,755	9.03%
400,001 to 600,000	3	1,507,072	3.79%
600,001 to 800,000	7	4,837,591	12.15%
800,001 to 1000,000	2	1,833,226	4.61%
1,000,001 and more	5	13,228,506	33.22%
Total	9,349	39,808,000	100%

Source: Taiwan Depository & Clearing Corporation
Preferred shares: The company does not issue the preferred shares

(4) Major Shareholders
Names, the number of shares, and shareholding ratio of shareholders who hold more than 5% of the Company's shares or top ten shareholders

April 12, 2021; Unit:share

Shares / Name	Nationality or Registration	Shareholdings	%
Full Glory Group Ltd (Representative:YUNG CHUN HSU)	Samoa R.O.C.	3,170,496	7.96%
Dynamic Holding Inc. (Representative:Ching-Tea Chi)	Samoa R.O.C.	2,932,132	7.37%
Further Gain Investments Ltd (Representative:SIANGYANG LI)	Samoa R.O.C.	2,932,132	7.37%

Fame Hin Investments Limited (Representative:TSUNGMING LU)	Samoa R.O.C.	2,788,746	7.01%
Max Star Group Limited (Representative:Tsai Bi Hsou)	Samoa R.O.C.	1,405,000	3.53%
Hontai Life Insurance Co., Ltd. (Representative:Huan Yi Lu)	Samoa R.O.C.	977,226	2.45%
Guo Hsun Wong	R.O.C.	856,000	2.15%
Chieh-Yuan Chiang	R.O.C.	779,454	1.96%
Tsung-Hung Lin	R.O.C.	744,000	1.87%
Top Adventure Limited. (Representative:Yao-Jen Hsu)	Samoa R.O.C.	716,000	1.80%

(5)The Share's Market Price, Net Worth, Earnings and Dividends for the Past Two Years:

Unit:NT$ / thousand share

Years / Item			2019	2020	Mar 31, 2021
Market price per share (Note 1)	Highest		78.3	72.5	66.9
	Lowest		61.7	56.0	62.8
	Average		71.29	64.48	64.72
Net worth per share (Note 2)	Before distribution		37.90	36.75	Not applicable
	After distribution		32.90	33.25	Not applicable
Earnings per share	Weighted average number of shares		39,808	39,808	39,808
	Original Earnings Per Share (Note 3)		5.41	3.61	1.01
	Earnings per share after Retroactive Adjustment		5.39	3.59	1.01
Dividend per share	Cash dividend		5 (Note 8)	5 (Note 8)	Not applicable
	Bonus Shares	0	0	0	Not applicable
		0	0	0	Not applicable
	Accumulated undistributed dividends (Note 4)		0	0	Not applicable
Investment return analysis	Price / Earnings ratio (Note 5)		13.18	17.86	Not applicable
	Price / Dividend ratio (Note 6)		14.26	18.42	Not applicable
	Cash dividend yield rate (Note 7)		7.01	5.43	Not applicable

Note 1: The highest and lowest market prices of ordinary shares in each year; the average annual market price is calculated based on the annual turnover and volume.

Note 2: Based on the number of shares issued as of the end of the year, and in accordance with the resolution of the annual shareholders' meeting on earnings distribution.

Note 3: If there are any retroactive adjustment due to bonus share, the earning per share before and adjustment should be presented.

Note 4: For the equity shares issuance criteria, if there are requirements that dividends not distributed for a specific year can be carried over to the year with earnings, the dividends that have not been paid up to the said year with earnings shall be disclosed separately.

Note 5: Price / Earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price / Dividend ratio = average closing price per share for the year / cash dividend per share.

Note 7: Cash dividend yield rate = cash dividend per share / average closing price per share for the year.

Note 8: The 2020 annual earnings distribution has been approved by the Board meeting on March 8, 2021, to be finalized after the resolution of the shareholders' meeting.

(6) Dividend Policy and Implementation Status:

1. Dividend Policy as set out in the Articles of Incorporation

The company is in a stable growth stage. The board of directors will draw up the shareholders dividend distribution proposal by taking into consideration the earnings of the fiscal year, the whole development, the financial plans, the capital demand, and the future prospects of industry and company, and submit the proposal to Resolution of shareholders' meeting. Unless otherwise stipulated in the listing law, the earning of this year’s final accounts, if any, shall be distributed in the following order:

(i) Provision for payment of taxes in related fiscal year;

(ii) Amount to cover the past losses;

(iii) 10% as the statutory surplus reserve;

(iv) Special reserve as the rules of the Public Issued Companies which required by R.O.C. Securities authority.

If there are still earnings, they shall be distributed in the following methods and order:

(1) If the company has profit (income before tax deducting the employees and directors’bonus), it should contribute 0.5%-15% as employee’s bonus. However, if the company still has accumulated loss, it should be reserved in advance. The employee bonus above is issued in stocks and cash to employee who meet the certain condition of the company and subsidiaries, and the qualification are determined by the board of directors. The director’s remuneration is issued in cash and should be reported to the shareholders’meeting after the resolution for board of directors which need more than two-thirds directors attend and more than half agree.

(2) No more than 3% as Directors' remuneration (except Independent Director);

(3) If there are surpluses, it can be accumulated as all or a part of the retained earnings. According to Cayman companies law and rules of public companies, and considered the financial, business and the operating factors, it can take no less than 15% of net income after tax as the shareholders' dividend and issued by shareholding ratio. Shareholders'dividend issues in stocks dividend and cash, and the cash dividends should be no less than 10% of the total shareholders'dividend.

2. The proposed dividend distribution: (not passed by shareholders' meeting)

For the 2020 earnings distribution, on March 8, 2021, the Board of Directors adopted the proposed cash dividend of NT$139,328,000 (NT$3.5 per share) to shareholders, subject to the resolution of the general shareholders' meeting on June 10, 2021.

3. If there is the significant change in the Expected Dividend Policy:

There is no significant change in the Dividend Policy.

(7) Impact of the Proposed Bonus Shares on the Company's Operating Performance and Earnings per Share

(8)Bonuses of Employees and Directors:

1. The percentage or scope of the bonuses of Employees, Directors and Supervisors stipulated in the Articles of Association, please refer to the description of the Dividend Policy (6) and Implementation Status above.

2. The basis for the estimation of the amount of bonus of employees, directors and supervisors in the current period, and the accounting treatment if there is a difference between the actual employee bonus paid in shares or cash and the estimated amount：

As the Articles of Incorporation, the company's net income before tax should contribute 0.5%-15% and no more than 3% as employee bonus and Directots'remuneration after deducting the bonus and remuneration. In 2020 the actual employee bonus paid was NT$11,000,000 and the Directors' remuneration was NT$ 3,600,000, subject to the respective estimation of 5.43% & 1.78% of the aforesaid earnings. The amount would be paid in cash as the resolution of Board of directors on March 9, 2021, and report to shareholders in shareholders'meeting on June 10, 2021. If the amount of annual consolidated financial report has significant change by the Resolution of the Board of Directors, it would adjust the annual expense in current year. And if the amount changes after the date of issuance, the changes in accounting estimates will adjust and enter the next year’s expense.

4. Bonus distribution as passed by the board meeting:

(1) Bonus of employees and directors paid in shares or cash

On March 8, 2021, the Board of Directors adopted the proposal to distribute in cash NT$11,000,000 as employee bonus and NT$3,600,000 as directors' remuneration.

(2) Employee remunerations distributed in stock and their ratio in the after-tax income indicated in the Entity Financial Statement of the current term and their ratio in the overall remunerations assigned to employees: Not applicable

5. The actual distribution of bonus of employees, directors in the previous year

Unit: NT$1000

Item	Issue Objects	Payment amount of directors’resolution	Actual payment amount	Payment Method
Employee bonus stock	Employee	11,000	11,000	Cash
Directors' remuneration	Director	3,600	36,000	Cash
Total		14,600	14,600	

(9)Buyback of Treasury Stock:Not applicable.

2. Corporate bond ((including overseas) status: The company has no corporate bond processing situation.
3. Preferred Stock Issuance: Nil.
4. Overseas Depository Receipts: Nil.
5. Employee Stock Options: Nil.
6. Restricted Employee Stock Awards status: Nil.
7. Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares: Nil.
8. Implementation of capital utilization plan:

(1). The implementation of the company's capital utilization plan for 2018 cash capital increase project is as follows:

1. Content of Plan

(1) Approval date and document No. of the competent authority of the objective enterprise: Jinguan-zheng Fa-zi No. 1080321116 on June 14, 2019.

(2) Total funds required for the plan: NT $413,690 thousand.

(3) Source of capital: Issuance of 5,200 thousand new shares by capital increase with a face value of NT $10 per share, issue price of NT $56 per share, and the total amount raised was NT $291,200 thousand.

(4) Planned Projects and utilization progress

Planned Project	Scheduled completion date	Total funds required		Scheduled fund utilization progress								
				2019			2020				2021	
				Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Construction of plant - Xiamen plants #7 and #8	2021 Q2	This fundraising	180,380	-	1,004	6,716	48,130	73,234	51,296	-	-	-
		Own funds or bank loans	114,620	1,004	2,008	-	-	-	1,732	53,049	-	56,827
Purchase of machinery and equipment - Xiamen Plant #5	2020 Q1	This fundraising	34,570	-		23,225	11,345	-	-	-	-	-
		Own funds or bank loans	7,870	-	7,870	-	-	-	-	-	-	-
Repayment of bank loans - Cayman	2019 Q3	This fundraising	76,250	-	76,250	-	-	-	-	-	-	-
Total			413,690	1,004	87,132	29,941	59,475	73,234	53,028	53,049	-	56,827

2. Implementation

As of March 31, 2021, the Company's 2019 cash capital increase plan case received a full fundraising of NT$291,200 thousand on August 21, 2019. The scheduled cumulative disbursement for the construction of plant is NT$238,137 thousand, the scheduled cumulative implementation progress is 80.74%, the actual cumulative disbursement is NT$4,618 thousand, and the actual cumulative implementation progress is 1.57%; in addition, the scheduled cumulative disbursement for the purchase of machinery and equipment is NT$34,570 thousand, the scheduled cumulative implementation progress is 100.00%, the actual cumulative disbursement is NT$34,088 thousand, and the actual cumulative implementation progress is 98.61%; finally, the scheduled cumulative disbursement for repayment of bank loan is NT$76,250 thousand, the scheduled cumulative implementation progress is 100.00%, the actual cumulative disbursement is NT$76,250 thousand, and the actual cumulative implementation progress is 100.00%.

Unit: NT$ in thousand

Planned Project	Status of implementation		2021 Q1	Accumulated by the end of March 2021
Construction of plant	Disbursement	Scheduled	-	238,173
		Actual	-	4,618
	Implementation progress	Scheduled	-	80.74%
		Actual	-	1.57%
Purchase of machinery and equipment	Disbursement	Scheduled	-	34,570
		Actual	401	34,088
	Implementation progress	Scheduled	0.00%	100.00%
		Actual	1.04%	98.61%
Repayment of bank loans	Disbursement	Scheduled	-	76,250
		Actual	-	76,250
		Scheduled	-	100.00%

	Implementation progress	Actual	-	100.00%

3. Evaluation of the difference between the expected benefit and the actual achievement

The total required amount for this plan of the Company is NT$413,690 thousand, NT$295,000 thousand of which is used for the construction of plants, NT$34,570 thousand for the purchase of machinery and equipment (original NT$42,440 thousand, the amount of which is adjusted due to the change of item of machinery and equipment) and NT$76,250 thousand for the reimbursement of the bank loans. However, as of March 31, 2021, the actual disbursement for the Company’s capital plan of this quarter is NT$401 thousand for the use of purchasing the machinery and equipment. In respect of the construction of plant, due to the delay of the plant construction progress in the previous quarter and the impact of the China-United States Trade and the COVID-19 pandemic in this quarter, the Company's actual capital utilization for construction of plants in this quarter is still behind the expected progress. However, the company has completed the cost evaluation of the plant and is conducting the subsequent bidding process of the construction projects. In addition to the delayed progress in the purchase of machinery and equipment in the previous quarter, along with the longer inspection time on equipment, the Company’s actual capital application progress hence falls behind the estimated progress. As a whole, the progress of plant construction in this quarter is mostly delayed due to the continuous impact by the China-United States Trade and COVID-19 pandemic. Altough the implementation of the plan items falls somewhat behind the schedule, after evaluation, such items as plant construction do not involve change of the plan.

V. Operations Profile

I. Business Content:

(i) Business scope

(1) Main businesses:

The company's main business consists of the development, manufacturing, processing and trading of brake master cylinders, brake cylinders, brake calipers and other related components for the automobile's brake system.

(2) Business weight:

Unit: NT$ thousand

Year / Product	2019		2020	
	Income	Percentage	Income	Percentage
Brake Master Cylinder	660,070	40.56%	672, 191	45. 06%
Brake Cylinder	496,232	30.49%	420, 255	28. 17%
Clutch Master Cylinder	90,196	5.54%	66, 353	4. 45%
Clutch Cylinder	68,265	4.19%	51, 017	3. 42%
Brake Caliper	219,809	13.51%	158, 137	10. 60%
Other	92,966	5.71%	123, 725	8. 30%
Total	1,627,538	100.00%	1, 491, 678	100. 00%

(3) Current merchandise of the Company:

The Company's major products include brake master cylinder, brake cylinder, clutch master cylinder, clutch cylinder, brake caliper, booster, brake pads, and other related automotive components, which are mainly applied to build the car brake system. These products are mostly distributed to automotive component aftermarkets (AM) all around the world, and primarily in North America, with a sales ratio of 43.3% in 2020.

(4) Development plan for new products:

A. Development of brake calipers

B. Development of brake calipers for EPB system

C. Development of single and double diaphragm boosters

D. Development of plastic clutch master cylinder

E. High-performance ceramic brake pads

F. Release bearing of clutch

G. Belt tensioner

(ii) Industry overview:

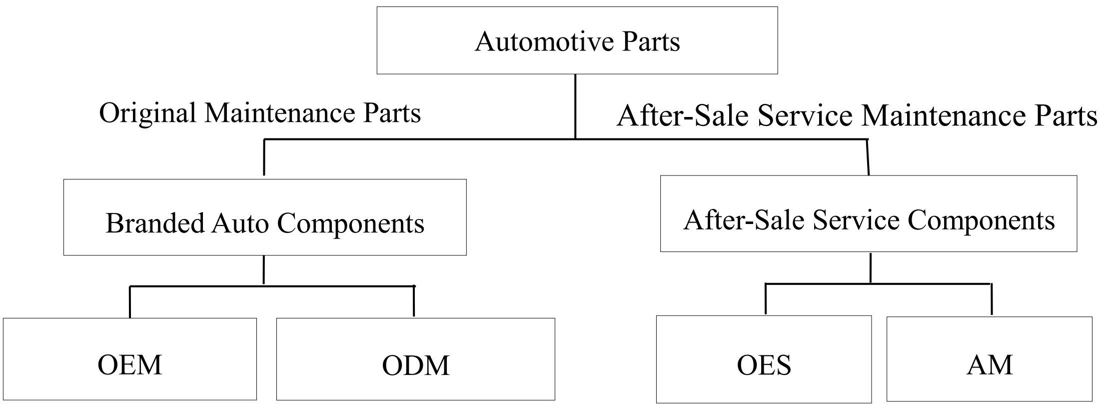
(1) Industry status and development:

The automobile industry is a manufacture industry that requires highly precise technology and an extremely integrated line of products, from market research, product development, manufacture, assembly, to customer feedback, making the sale development cycle considerably long, and the manufacturing process fairly complex. Thus, the scope of the business for the automobile industry is exceptionally extensive. It is very crucial for the related satellite manufacturers and suppliers to work together in support of the Industry. There are various automotive components used in the production of an automobile depending on the complexity of the equipment. The raw materials used for the components include steel, non-ferrous metals, rubber, glass, asbestos, ceramics, fiber. Petrochemical substance. The production method of the components comprises casting, stamping, forging, machining, and heat treatment. After the finished components are qualified for quality inspection, the components are then transported to the central factory for assembly. The assembly procedure of the central factory, from welding and painting of the car body, the pre-assembly of some components, and finally the assembly of the whole vehicle, consists of many stages. A vehicle must pass various inspections and testing before leaving the factory and could be counted a safe and reliable product after the passing of the quality inspection is confirmed.

Although the automobile industry is already fairly mature and the structure of the entire industry is also rather sufficient, according to Global trend for the automatable industry, automakers have been continuously decreasing the self-manufacturing rate of auto parts in recent years due to the pressure of maintaining the balance between profit and cost, resulting in the increasing reliance on external auto parts factories. The auto parts factories become major R&D partners of the automakers; and the cost pressure has also gradually shifted to the auto part factories, causing the increasing cost pressure for many global major auto parts manufactures. Such as Delphi (the main supplier of GM), ZF (the leading manufacturer of transmission and chassis), and Magna (the famous auto parts manufacturer in North America) which have adopted the method of subcontracting OEM or joint venture. The scale of the industry has then gradually expanded.

A. Classification of automotive components market

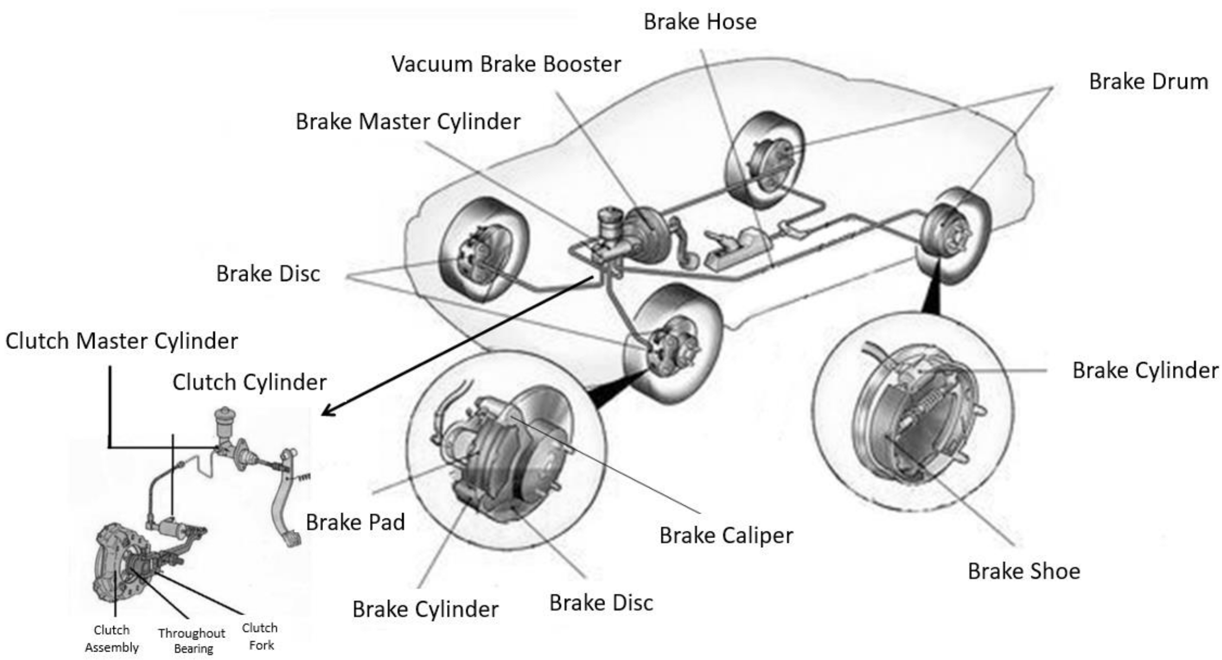
Based on market characteristics, the auto parts manufacturers can be divided into Original Equipment Manufacturers (OEM) and Aftermarket suppliers (AM). OEM parts, used to assemble new vehicles, are either made by OEM vendor or Original Design Manufacturers (ODM) commissioned to design and manufacture the parts by the automobile company, while AM parts are products of a company other than the original manufacturers. In the case of after-service, customers have the option of using the original parts or aftermarket parts.



Source of information: The Automotive Research & Testing Center (ARTC)

B. Current status and growth of automotive brake systems

With the advancement of technology and the progression of the times, car users gradually pay more attention to the safety of the vehicles in addition to the performance and the appearance of a car. As a result, many automobile manufacturers begin to emphasize on research in equipment that can eliminate the occurrence of accidence in attempt to minimize damage to car users' property and physical well-being, among which, are brake system, airbag, etc. On top of the research and development of automotive safety, the actual road testing of the safety equipment is also a challenge for the manufacturers as whether the safety performance can be effectively controlled and whether the manufacturer might be forced to recall a problem vehicle with defect in the design or assembly of the components, which cause injury to the owner and the passenger. For years, most vehicles recalled are mainly because of safety problems such as malfunction of an airbag, poor contact of the switch for the automatic pedal, corrosion of internal brake calipers caused by poor sealing of the rear parking brake caliper which will directly affect the safety of the vehicle. It is undoubtedly that safety performance is the most essential part of the car manufacturer as well as the car owners.



The car brakes before were driven by steel cables similar to the brakes for the motorcycle and the bicycle. They were modified to hydraulic brakes in around 1920. In the 1950s, the cars were designed with vacuum-assisted power brakes, which reduced the weight of the brake pedal. In the 1960s, the cars were still equipped with the drum brakes, which were later followed by the front disc brakes and the four-wheel brakes. Then, the rise of electronic technology contributed to the emergence of the Anti-lock Braking System (ABS) in the 1980s. By the 1990s, the brake system started to have tracking control and yaw stability control. It should be all credited to the development of electronic technology.

Both ABS and the power-assisted brakes are still attached to the original hydraulic brake system. The main action is yet to start the hydraulic brake system with the mechanical action of pedaling the brake. At the same time, after receiving and determining the condition of the vehicles' signal, the electronic sensor returns control of the mechanical action of the brake. However, when the frequency for the above detecting action of the electronic sensor increases, the mechanical brake action control such as tracking and stability control become more and more important. Nowadays, application of the electronic signal transmission is started as the mainstream, turning the mechanical braking action of pedaling directly into an electronic signal, and after the signal of the electronic system such as ABS is integrated, the hydraulic brake system is then activated. This is the principle of the "electrohydraulic" brake system, also called the electronic brake system (Brake-By-Wire; referred to as BBW), the role of the brake pedal becomes like a switch, instead of directly driving the master cylinder, it is converted into an electronic signal and transmitted to the electronic control unit (ECU) in the system. Refereeing from the driving input as well as various vehicle condition signal input required for ABS, power assisted brake, tracking control, and stability control, the ECU then determines the brake force to be applied to each wheel through the hydraulic system making finer control on the brake force.

The new type of brakes continues to evolve with the advancement of modern electronic technology, such as ABS, BBW, and other brake-assisted control systems. Nevertheless, no matter how advanced technology may be, among the main components of the car brake system, vacuum booster, brake master cylinder, brake oil pipe, etc. are still the most basic safety equipment of the car which will only keep on progressing along with the development of electronic technology. Even with intelligent electronic control, the brake system is unquestionably the most essential part for safe driving.

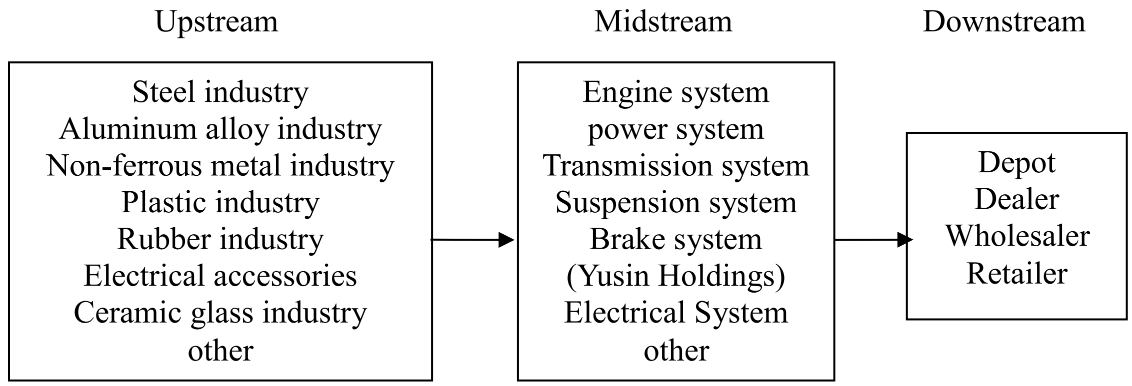
(2) Relationship among the industry’s up, mid and down streams

A. Upstream

The main raw materials of automotive components include steel, aluminum alloy, non-ferrous metals, plastics, rubber electrical accessories, ceramic, glass, etc. At the moment, the Company uses aluminum or iron as the main material for the brake master cylinder. Therefore, aluminum or iron accounts for a higher portion of the production costs. Currently, aluminum and iron are affected by the radical increase in the international market of raw materials, causing suppliers to raise the prices and making a significant rise in the Company's purchase expenditure. The Company will respond to the downstream suppliers' quotations in a timely manner, with a view to reducing the opposing impact of fluctuations in the price of the raw materials on the Company.

B. Downstream

The brake system is one of the important portions of the automotive components. With the evolution of the automobile industry, the brake industry has also been in existence for many years. As the global automobile ownership and sales volume have been increasing steadily year by year, the demand for automotive brake systems has amplified over the years. Changes in Downstream suppliers will not adversely affect the industry's operations.



(3) Product development trends

The brake system is the most crucial safety device in the structure of the car. It provides the driver with the safe and repeated operation of the brakes to reduce speed or to stop the movement of the vehicle whenever necessary. At present, most brake systems are based on the principle of oil pressure, which converts the action of pedaling into a stopping force, and one of the important parts for the aforesaid conversion is the brake master cylinder, which consists of oil tanks for brake oil, pistons that can produce oil pressure, and cylinders made of aluminum or iron. Energy efficiency and low carbon emissions have become an inevitable trend in the development of automotive products.

Consequently, the components of mainstream auto models have increasingly evolved toward downsizing and lightweight design; not only does it reduce the weight of the whole vehicle but also decreases the total fuel consumption of the car. The internal space thus becomes larger, bringing more comfort to the drivers and the passengers. In consideration of both functional and environmental aspects, the design of the current brake master cylinder has changed from iron-made to aluminum-made. Recently, plastic master cylinder has also begun to be used in many lightweight and environmental-friendly vehicles and the size of the plastic master cylinder has as well gradually developed toward miniaturization.

The brake principle is roughly divided into two categories, one is mechanical brake (generated by pulling of steel wire or other mechanical device), the other is hydraulic brake (using the Pascal principle to control the brake system by hydraulic pressure), and then due to the rise of the electronic technology industry, the combination of electronic and hydraulic system is used to upgrade the performance of efficiency and safety. However, regardless of electronic or other methods, the brake system is still one of the most basic safety equipment of the car, and will only keep on progressing along with the development of electronic technology. Even with intelligent electronic control, the brake system is unquestionably the most essential part for safe driving.

(4) Competition:

The Company is a professional manufacturer for brake master cylinders, clutch master cylinders, and brake calipers. Currently, there is no other company engaged in the production of the related products in domestic listed cabinet companies. However, peer domestic unlisted companies and companies in overseas markets that produce similar products are listed below:

AM market

Competitors	Major Products	Main Sale Location
Yusin Holding	Brake pump, clutch pump, Brake calipers, etc.	North America, Central and South America, China, Southeast Asia, Europe
San Yes Automotive	Brake pump, intake manifold, Cylinder head, gearbox, etc.	Taiwan and Southeast Asia

Technology CO., LTD		
SORL Auto Parts, Inc.	Brake valve and hydraulic brake valve	China and North America
LPR Italy	Disc brake pads, drum brake shoes, brake discs, brake drums, etc.	Europe

OE market in Mainland China:

Competitors	Major Products	Main Sale Location
Zhejiang Wanbao	clutch pump , vacuum booster	SAIC-GM-Wuling, Chang'an
Zhejiang Asia Pacific	Brake pump, clutch pump, vacuum booster, Brake calipers, etc.	Geely, Shanghai Automotive
Jilin EMIS	Vacuum booster, brake pump	Chang'an, FAW and Great Wall
Anhui Wuhu BTL	Brake callipers, vacuum booster,brake pump	Chery, GAC Group, Geely

There are various types of brake master cylinders on the AM market that are applicable to different types of vehicles in accordance with every individual model. At present, the specialized brake systems of each similar manufacturers on the market are different. The manufacturers with similar productions at home and abroad are San Yes Automotive Technology CO., LTD, SORL Auto Parts, Inc., LPR Italy, and so on. Many of the above manufacturers produce and sell a wide range of brake products, and their target market is mostly in one single region. As for Yusin Brake Corp, the Company has long been in the business for the brake master cylinders with abundant items of related products sold mainly to the North American Market at the moment. The Company is also working actively to expand its market territory to underdeveloped countries and will extend the focus on the global market in the future. The Company’s major trading partners in various regions are typically well-known distributors and retailers. Thus, the Company remains competitive within the peer group in the industry.

At present, the Company's main target customers in the OE market are China's self-owned brands, and the similar manufacturers are Zhejiang Wanbao, Zhejiang Asia Pacific, Jilin EMIS, Anhui Wuhu BTL, etc. In recent years, these manufacturers have begun to incline to the international brand car factory business, with a view to improving the business quality. The Company mainly focuses on AM business, and will actively expand the business of China's self-owned brands, with a focus on Mainland China’s AM market and international brand supporting business in the future.

Looking forward to 2021, the overall growth of the global auto market is still expected to be driven by the United States, Germany, and India. The purchase rate in the Chinese auto market is expected to boom strongly. The China Automobile Association had early estimated that in 2021 the sales volume of automobile in Mainland China can reach more than 2,600 thousand cars at an annual increase rate of 2.7%; this will be the first positive growth regained for the auto sales volume in Mainland China in three years since the auto market declined in 2018.

On the other hand, the new energy auto market in China ranks the first place in terms of its scale; its estimated sales will increase by over 30%, reaching 1,800,000 cars. In view of the long-term trend, automobile will develop towards new energy car and the auto parts manufacturers promote their competitiveness by upgrading the production techniques via research and development. In order to respond to the transformation opportunities of automobile and expand the market, the Company would strive for the research and development of new products and operation of new market, actively directing from the original AM market of after-sale service towards production in collaboration with the big OEM manufacturers.

(iii)Overview of Technology and R&D

(1) Technical aspect, research and development of the business

The Company is primarily engaged in the development, testing, production, and sales of automotive brake system components (such as brake master cylinders, brake cylinders, and brake calipers), and have been in the business for over 20 years with considerable experience in manufacturing, having more than 6,000 kinds of brake master cylinders and other components. Meanwhile, based on its years of experience in the industry and according to statistics about interval of the consumers' purchase of new cars, usage and replacement of auto parts, as well as the degree of wear & tear for different types of auto parts, the Company will dismantle and analyze product structure and apply for the government's high and new technology policies and brake technology related patents. It also plans to introduce dynamic analogy data analysis module in response to the future demand for the new auto components in the AM market, and will continue to strengthen the layout and expansion of new technology development and market trend.

This year, the Company is expecting to establish additional assembly lines for new vacuum booster, error-proof clutch master cylinder. The assembly line for OE caliper has been completed and started small-scale production. The plastic clutch pump developed in response to the lightweight demand has begun to be supplied to Chinese independent car manufacturers. In line with the increasing demand for electronic calipers, the Company will enrich the R&D resources in order to address this topic to meet the needs of future technology.

Later on, in addition to maintaining the high-quality standards of the products, the Company will also enhances the efficiency of the various stages in the procedure for the making of the products and appropriately inputs the automation equipment such as the use of robots (including production, testing, and transportation as one), so as to simplify the production procedure, reduce use of manpower and cut down the manufacturing costs, which not only can quickly fulfill the customers' needs but also allow for the company's profitable growth.

(2) Research and development personnel and their academic experience:

Unit: Person

Year / Education	2018	2019	2020
Doctorate	0	0	0
Master	0	0	0
College	31	34	30

(3) Amount invested for R & D in the past three years:

Unit: NT$ thousand; %

Year / Item	2018	2019	2020
R&D expenses	49,373	49,853	49,394
Net operating income	1,566,620	1,627,538	1,491,678
R&D expenses /Net operating income	3.15	3.06	3.35

(4) Technologies or products successfully developed:

Year	R&D Result
2013	Development of cylinder lean production line (1 item): suitable for cylinder assembly line.
	Fully automatic loading equipment (1 item): suitable for cylinder assembly line, in replacement for manual assembly
	Development of 50 items of “SS” type of master cylinder: compatible mainly to VW/FORD/NISSIN new cars.
	68 items of general brake master cylinder: compatible to VW/FORD/OPEL/PEUGEOT/HONDA/TOYOTA/NISSIN/MITSUBISH, etc. European, American and Japanese car models.
2014	97 items of general brake cylinder: compatible to VW/FORD/OPEL/PEUGEOT/HONDA/TOYOTA/NISSIN/MITSUBISH, etc. European, American and Japanese car models.
	Semi-automatic loading equipment (2 item): suitable for cylinder assembly line for smaller production of diverse models
	Development of Testing equipment for piston assembly of FR proportional valve product (1 item): suitable for CRCI cylinder assembly production line, combining inspection and assembly department, in replacement of manual assembly
	Development of portable testing equipment for master cylinder and cylinder (2 item): providing maintenance and inspection services for YUSIN products
	127 items of general brake master cylinder: compatible to VW/FORD/OPEL/PEUGEOT/HONDA/TOYOTA/NISSIN/MITSUBISH, etc. European, American and Japanese car models and stacker and farm vehicle models
	4 items of brake master cylinder for medium truck: compatible to all Chevrolet Trucks
	Development of 18 items for “SS” type of master cylinder: compatible mainly to KIA/FORD/HONDA/ TOYOTA/NISSIN/DODGE/DAIHATSU/CHEVROLET.etc European, American, Japanese and Korean new cars
	118 items of general brake cylinder: compatible to VW/FORD/OPEL/ PEUGEOT/HONDA/TOYOTA/NISSIN/MITSUBISHI, and other European, American, Japanese car models
	Development of brake caliper (2 items): Honda Fit 2009 & Buick Excelle 2003
2015	47 items of general master cylinder: compatible to VW/FORD/OPEL、HYUNDAI/ HONDA/TOYOTA/MITSUBISHI etc., European, American, Japanese car models and stacker
	17items of general brake cylinder: compatible to VW/FORD/ TOYOTA/MITSUBISH, etc. European, American and Japanese car models.
	Development of brake Caliper (3 items): Jeep Trucks Wrangler 07-13 /Liberty 02-08
2016	60 items of general cylinder: the cylinder developed has a large bore with a self-adjust function for heavy trucks
	80 items of general master cylinder: the brake master cylinder successfully developed is a rotary welded plastic master cylinder. At present, 8 plastic master cylinders have been put into sale.

Year	R&D Result
	120 items of general caliper: suitable for demand mostly in the American market and small portion of the domestic market and mainly compatible to VW\FORD\TOYOTA\ HONDA\KIA\BUICK etc. European, American, Japanese car models.
	EPB (Electronic Parking) calipers: The electronic control part is under development and testing
2017	Patent for dustproof of oil cylinder and oil cup Patent for anti-negative pressure structure for spring seat Patent for compound processing cutting tools Patent for caliper with three-dimensional universal auxiliary fixture Patent for improvement to dustproof structure of the disc brake bracket Patent for car edge improvement method Patent for Oil cup jammed by floating particle changing method patent for improvement to the opening mode of disc brake bracket patent for special inspection fixture of bracket parallelism measurement
2018	Gauge patent (a type of measuring gauge specifically for automotive brake cylinders) Sealed valve integrated structure (a quick release and quick-fit and integrated seal valve structure) Improvement to structure of the dustproof jacket of the fixed-cylinder port (a dustproof jacket structure for fixing the cylinder port) Double venting structure brake caliper (a double venting structure brake caliper) Patent for improvement to welding joint of brake oil pot (brake oil pot welding surface device)
2019	112 items of general cylinder and 91 items of general master cylinder: expand to AM whole vehicle market 119 items of general calipers: mainly types for the US market and a small number of types for domestic market demand, mainly applied to: VW\FORD\TOYOTA\ HONDA\KIA\BUICK\SUBARU and other European, US and Japanese models A patent of CNC equipment for machining compensation hole of master cylinder A patent of dustproof structure for brake caliper cylinder port A patent of machine for fixing the rear insert of aluminum cylinder block A patent of oil coating device for inner wall of rubber oil pipe A patent of general fixture for material positioning of automatic brake master cylinder production line A patent of a combined cutting tool A patent of a built-in dustproof structure for brake caliper cylinder port A patent of machine for assembling brake caliper piston and cylinder port leather cover A patent of a universal grease machine for guide pin hole of brake caliper assembly bracket A patent of forming die for sealing oil valve of piston assembly of brake master cylinder A patent of built-in dust-proof boot for brake caliper cylinder port A patent of a new ladder-type shaft brake master cylinder piston for saving production cost A patent of piston guiding structure for brake master cylinder port

Year	R&D Result
2020	Successfully develop 103 items of brake caliper and 119 items of brake master cylinder & clutch master cylinder and a total of 33 items of brake cylinder, clutch slave cylinder; totally 255 item of new products were successfully developed. The Company won 12 new practical patents in 2020: A kind of machine used for the leather case of skeleton of wheel cylinder assembly belt as well as the air tightness test. A kind of machine which can facilitate the simultaneous installation of spacer pin of automatic clamp and cam bushing. A kind of machine used for brake stroke testing of pneumatic sub-cylinder piston. A kind of testing fixture used for pneumatic sub-cylinder simulated durability experiment. A kind of fixed clamp cylinder which can facilitate fastening. A kind of connecting structure for brake wheel cylinder bore. A kind of sand blasing and gluing fixture used for rubber skeleton. A kind of new vacuum booster. A kind of fixture for installation of the leather case piston in the cylinder mouth of brake caliper. A kind of new rotating structure for quick deflation. A kind of equipment for automatic chip blowing for machining. A kind of improved brake caliper cylinder.

(iv) Long- and short-term plan for business development

(1) Short-term plan

① Marketing strategy

A. The North American market accounts for 49.3% of the company's revenue. It is necessary to sustain and continue the market growth of the region, so as to maintain and lead the regional market share.

B. Continue to expand into China, Europe, and new markets, and get in contact with major companies in the regions in the hope of raise market share in the areas

C. Expand the production capacity of the calipers, improve the blank quality of the caliper, and strive to meet the requirement of the customer order on the market.

D. Take the existing customers as the basis for the OE business, deepen the business with the existing customers, expand the cooperation relationship with the existing customers to the full range of products of the Company; strive to enter the mainstream independent brand supporting system in China, and create the Company's brand image.

E. Under the positioning of the OE supplier in China, integrate the multi-product requirements of the customers in China's automotive aftermarket, pursue cooperation with auto parts suppliers, create a “Hero Alliance” in China's automotive aftermarket, seek to join a strong business channel as a service provider, break into the market with medium-high-quality products for appropriate prices. promote AM customers with high-quality services and increase market share.

② Manufacturing strategy

A. Speed up the development and mass production of brake caliper through product integration and standardization to meet the demand of the sales service market, and extensively and massively promote the brake caliper products.

B. Introduce flexible production lines with standardized modularization to strengthen the rapid changes of models and production lines in order to correspond to the small and diverse market structures.

C. Implement ERP automatic scheduling and flow line production layout, and optimize the stability of the production line and shorten order delivery procedure.

D. Promote labor-saving automatic production lines, introduce high-efficiency robotic arms to reduce demand for manpower, and make continuous improvement to handle the increase in China's labor cost.

E. Establish product barcode system to reduce time and error for human input, and improve logistics accuracy to meet the customers' needs

F. Implement an effective manufacturing proposal for system modification, improve quality stability, and upgrade overall equipment effectiveness (OEE) for production capacity.

③ Management Strategy

A. Recruit professional talents into the company, optimize the needs of personnel in each department and units and upgrade the company's core competitiveness in line with market trends to further enhance the company's competitiveness.

B. Reduce unnecessary system procedure through the execution of an evolutionary management scheme in compliance with the information system to improve the Company management and the personnel efficiency to establish a more humane and effective workplace.

C. Strengthen the company's performance management model to inspire the employees to work toward the performance target. It not only can improve the efficiency of the work but also increase the company's output value, thereby uplift the overall effectiveness of the company.

D. Set up the Company's mission and basic values through external training and the Company's internal training.

(2) Long-term Plan

In order to pursue a stable and long-term operation, the long-term development plan and strategy are the necessary guidelines and the blueprint for sustainable operation. The company's long-term development plan is as follows:

① Marketing development plan

A. The products of the brake master cylinder have a larger market share in the industry; the Company is expected to expand the product line and rapidly increase the turnover through the existing customer base. It not only will not increase too much cost, but the Company can also collaborate with customers with confidence built on the original basis in each other.

B. After the target is set for the automobile factory, an Automotive Brake System Research Institute will be established to refine the quality of the products, and the reserved R&D talents will develop a product innovation and technologies strategy and continues to work toward the development of high-end industrial technology in order to meet the needs for the subsequent electronic brake system.

C. Follow the lead and work in support of the automobile factories, establish a personal brand name, set up a self-own sales and marketing system and enter the OE system of the automobile factories.

D. Extending to the automotive chassis parts from self-own brake system parts, selling mainly the top 20 chassis components that are vulnerable and easily damaged in the market, and establishing simultaneously the core technology system of the brand with branding image of Taiwan OEM Alliance, striving to promote trading to the Chinese aftermarket. (The current market size of China's auto parts industry is about 1 trillion and 900 million yuan, calculated according to the average growth rate of 12.19% in the past three years. Based on the average age of the car and the maintenance fee CAGR of 1.27%, the market size of the Chinese auto parts industry will exceed 2 trillion and 300 million yuan in 2020 and will be up to 3 trillion yuan in 2021.)

E. The brake caliper production line has been established and the new products are also under development. The proportion of revenue will increase gradually every quarter.

F. The Company established a production line for brake pad in 2016 and is expected to maintain the growth sustainably in 2021.

G. The Compamy started small-scale supply in OE supporting business since 2019, and it is expected to grow sustainably. In the long term, it plans to strive to become one of the top 5 supporting manufacturers of Chinese independent brands in the industry.

② Set up distribution warehouses for the Chinese market.

Set up the product distribution warehouse in China's regional market and coordinate with the logistics industry to distribute the delivery; adjust the inventory to increase the turnover rate and provide service to the end customers with the highlight of the cost performance

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③ Expand the market access map through 4S repairing shop and e-commerce

The distribution strategy is based on the integration of actual 4S store, the local auto maintenance and repair shops and e-commerce system to promote shorter distribution channels, coupled with high-quality products, quickest delivery speed, competitive price and a branding image of whole line products at the storefront of the end of the business chain, the Company is with expectation to become an excellent auto parts company which is capable of development, manufacturing and selling products with market influence.

2. Market and Sales Overview:

1. Market Analysis:

(1) Main product sales area:

Unit: NT$ thousand; %

Year / Item	2020		2019	
	Amount	Percentage	Amount	Percentage
Northern America	735,994	49.3	712,502	43.8
Central and South America	304,647	20.4	349,704	21.5
Asia Pacific (Note 1)	301,156	20.2	406,927	25.0
Europe	62,708	4.2	60,096	3.7
Other (Note 2)	87,173	5.8	98,309	6.0
Net operating income	1,491,678	100.0	1,627,538	100.0

Note 1: Asia Pacific Region include Mainland China, Thailand, Singapore, Malaysia and Philippine, etc.
Note 2: Other regions includes Australia, Africa etc.

(2) Market share

The company has abundant experiences and skills in the industry of brake system components, can provide customers with high-quality products at reasonable prices, and has received the recognition of major international customers. At present, the main peer group of the industry is Taiwan's Sanyi Brake Technology Co., Ltd. and SORL Auto Parts, Inc. in North America. However, no sufficient statistics are available yet for estimation in regards to manufacturers that produce and sell only brake master cylinders; it is unclear as to what market share is among the brake master cylinder manufacturers. Nevertheless, the Company’s overall outstanding performance in technology and quality on top of its long-term business experience has gained great trust from the customers. With the global market layout in mind, the Company not only has been in a leaping lead among peers but also continuously develop more diversified products, allow the Company to maintain good competitiveness in the industry.

(3) Future market supply, demand and growth:

The auto parts and components produced by the company are mainly internal parts of brake system modules and other related products. The rise and fall of the industry mainly depend on the overall market trend of the auto market and the after-sales service market. Since the mass transit system in the developed country is relatively more sufficient, and people’s traffic patterns and habits byways of transportation have also been rather routine, the annual demand for automobiles is generally stable, and there is not much fluctuation to the industry unless for a drastic incidence of changes. Consequently, many large automobile enterprises start to establish a new mode of production of the international division of labor and actively engage with emerging countries for the automobile industry and market operation including China. The move not only increases the reliance for the local car makers to large international automobile manufacturers but also helps attract foreign investment from more and more large global companies due to the huge product demand, which leads to the establishment of a sufficient industry supply chain in these new emerging markets. From the perspective of auto sales, the number of car ownership in the developed countries is approaching the saturation point. Despite weak auto sales in China over the past two years, its annual sale can still be maintained above a certain amount, which allows China to maintain its leading for auto sales and production.

In 2020, the global auto sales declined by 15%. The best performers are China and Russia. The auto sales in Japan, USA and India dropped by over 10% and the new car market in Europe and Brazil even shrunk by one quarter. Throughout 2020, the all auto sales in all major markets in the world were weak. China is still the world's largest single country auto market, but its annual sales fell by 6% in 2020 with less than 2000 cars sold. The auto sales in Russia and Japan dropped by about one tenth; the auto market in USA and India reduced by about 17% and Brazil by 27%, which the large-scale European market shrunk by 24%. Even though the auto market in 2021 will not reach the level before the COVID-19 pandemic, the auto sales prospect is still optimistic. VDA forecasts that the toal global auto sales will increase by 9%, measuring up to 7,380 cars.

In 2020, the sales of light trucks in USA declined by 15% with the total volume in the market reduced by 2.5 million cars less than that in 2019. It is the first time for sales of the USA market at less than 15 million cars since 2012.

Although several car brands had strong sales performance in the last months in 2020, the whole market is still at a level lower than before. VDA estimates that the auto market in USA will grow by 9% in 2021.

In 2020, the trend of light trucks (including many SUVs and crossover vehicles) in the United States continued. Although sales of traditional passenger vehicles in the United States shrank by 28%, sales of light trucks only decreased by 10%, reaching a record 76% market share.The new car sales of American car factories have been sluggish in recent years. However, the aftermarket has been gaining profitability instead, since car owners have slowed down their replacement for new cars and hold down to their old cars for longer. As a result, there is an increasing need for replacement parts. it is expected to see a continuous growth for the aftermarket as there is an extremely hung number of car ownership in North America.

In 2019, China promulgated multiple favorable measures to promote the development of new energy vehicle market. In addition to the Catalogue of Recommended Models for the Promotion and Application of New Energy Vehicles, the newly issued VAT reduction in 2019, support for the promotion and application of new energy citybuses, and the extension of preferential policies for vehicle purchase tax were also promultgaed to support the promotion and application of new energy vehicles. However, the development of new energy vehicle market in 2020 may not be as fast as that in previous years due to factors such as the downturn of vehicle market, the decline of subsidies and the COVID- 19 epidemic.

The promotion of new energy vehicles is the mainstream trend. At the same time, as the main consumers of new energy vehicles are the groups in cities with limitation on car purchase, the on-line car-hailing service groups and taxi groups, there is still room for further release of demand. In 2021, the state and local governments will introduce more measures to stimulate automobile consumption. In this regard, new energy vehicle enterprises need to improve product quality to cope with the fierce market competition, while expanding the promotion and sales channels to expand the user group.

Subject to different stages of economic growth, different regions of the world are at different stages of automobile sales and application of automobile technology. Developed countries such as the United States are the first to use disc brakes, resulting in a decrease in the demand for brake cylinders in the United States market in recent years, while the demand for calipers began to increase. Compared with the U.S. market, the application of automobile technology in Latin America and Southeast Asia is still at an early stage, and the demand for brake cylinders begins to increase. It is expected that the demand of the undeveloped countries will continue to grow in the future. (4) Competitive niche:

① Product quality has won the trust of customers through various tests.

The Company's products are subject to relevant systems and operating standards at every stage of development, manufacturing, quality inspection, and sales. Its product quality is recognized by many international chain dealers and retailers. Since the automotive brake parts are an important component for vehicle safety, concerning the safety and operational performance of the car, the Company's quality control and testing are quite rigorous. For new R&D or products already sold in the market, the Company will perform regular sample testing on overall performance and function for compatibility to the original design which is a very important factor in the automotive after-sales service market.

② Collecting the production and sales capacities for various types of vehicles in the market and quickly supplying related components to the market

Located in North America, GDM, a subsidiary of the Company, is responsible for business development and management and maintenance of customer relationships. The staffs at GDM also help collect information on the production and sales of automotive market, in an attempt to understand the marketing and sales of each and every model of vehicles in the region so the Company can quickly proceed with R&D and come up with products that are compatible with the market demand, and then to have the products delivered to the end-customer at the first moment.

③ Automation procedure to increase productivity

The company has introduced a number of automated production equipment to upgrade the efficiency of each production procedure. For example, the brake master cylinder can be directly produced to its completion through a series of continuous processes by a single-station machine. The introduction of these automation devices improves production efficiency and the yield rate; it enables the Company to respond to the customers' requests at any time and make timely delivery as needed.

④ Small and diversified production mode

In order to meet the needs of customers for brake parts of the whole market, the Company must cover product items from 30 to 40 years ago and of the latest models. On top of it, the sales strategy of the automobiles has turned to less in quantity and diversified in model type; reduction of inventory and increase of inventory turnover have become a major stream for the business model. The changes have made the Company's production patterns more diversified, and the delivery period shorter. Through the integration of suppliers, production scheduling systems and the rise of production efficiency, we have established a small and diversified production mode that meets the market's demand.

(5) Favorable and unfavorable factors for development and the countermeasures

①Favorable factors:

A. The stable growth of the global auto market has helped increase the demand in the aftermarket.

Statistics for vehicle ownership

North America	USA	Canada	
	281,600,000	24,900,000	
Europe	Germany	France	Italy
	48,800,000	38,400,000	40,200,000
Asia	Japan	India	Taiwan
	86,600,000	23,100,000	8,200,000
China	Mainland China		
	281,000,000		

The countries with the number of vehicle ownership over 100 million are the United States, China, and Europe, which are the target market of all AM manufacturers. Although there is 86.6 million vehicle ownership in Japan, the country’s related regulations mandate the replacement of vehicles 5 years after purchase to reduce carbon dioxide emission and to stimulate sales of the automotive market, gives less cause for Taiwanese AM manufacturers to enter the market.

It is projected that China's vehicle ownership will reach 290 million by 2021, and the maintenance market will double in demand with maintenance output value over 1 trillion yuan. At the moment, there are about 260 million vehicles in China with an average age of 4.7 years. It is estimated that the number of vehicles exceeding the warranty period in 2020 will be about 1 trillion, which accounts for 40% of the total car ownership. The market is mainly focused on repairing and maintenance, indicating a huge room for development in the Chinese automotive aftermarket. In order to integrate the multi-product requirements for the end-customers in the Chinese automotive aftermarket, the Company will seek opportunities for cooperation and establish an alliance with local auto part suppliers. At the same time, the Company will also search to join a strong channel contributor as a service provider. By providing products of medium-high quality with appropriate price and supreme services to the end-customers of the aftermarket, the Company hopes to increase the market share of the automotive component industry.

B. Maintain a stable relationship with agents and set up sales channels in major markets

Due to the vast landmass of the Americas and its relatively closed automobile industry, it requires appropriate channels to enter this market. Most of the product sales are operated through the local distribution system to major channels of automotive parts and maintenance depots. The Company has set up a subsidiary in North America in the early days of its establishment. The subsidiary plays the role of the agent for the Company's products and provides services to the local clients in addition to collecting market information and maintain good public relations and stable long-term partnerships with local distributors. As for other areas (such as Central and South America and Southeast Asia), cooperation with local agents is operated by mean of a commission mechanism to inspire active promotion of the products of the Company. To this day, the Company has established 170 partnerships in major auto components aftermarket worldwide.

C. With a wide range of product items to meet the diversified purchase needs

The company has been in the business for more than 20 years and has more than 6,000 kinds of brake master cylinders, suitable for all major automobile brands and models in the world. Even though, the products of the Company are aftermarket automotive components, the Company still pays great attention to the product quality, which is laboratory tested repeatedly for consistency to the original design to ensure the quality comparable to the product standard of the original manufacturers. Therefore, the company is capable of providing better product quality and more varieties of items to meet all kinds of marketing and sales requirements, whether dealers or large retailers, for “one-stop shopping” or “small and diverse” purchasing strategies, and maintain a stable relationship with them.

②Unfavorable factors and specific countermeasures:

A. Focus on the manufacture of the master cylinders in the brake system, making the product category seem relatively limited

The company currently focuses on the production of brake master cylinders, clutch master cylinders, and other products in the brake system, with fewer categories of products.

Countermeasures

The company is a manufacturer specializing in the production of brake master cylinders. Although the product category seems limited, more than 6000 types of items have been developed by the Company in 20 years of the Company’s history. All products are compatible with major automobile brands and models in the world and are in compliance with the aftermarket demands in North America, Central, and South America, Southeast Asia, etc. Nevertheless.In 2015, the company has no intention to set limit to its market territory and has begun to develop brake calipers, booster, and other products. In the near future, the Company will also actively deploy the manufacture of brake shoes and brake hose to further expand the scale of the Company’s production lines.

B. China’s increasing labor cost

China’s Labor Contract Law went into effect in 2008. It clearly stipulates the protection of the rights and interests of the employees, including the provision of social insurance premiums, overtime and severance pay. Therefore, labor wages and relevant guarantees in every province of China have continued to rise in recent years, resulting in year by year increase in labor costs for the employers. Additionally, due to the raising of the education and income level coupled with the change in social value, the labor force in China has been declining which further increases the labor cost and brings a negative impact to the profitability of the employers.

Countermeasures

The company will replace some of the manual production with more automatic or semi-automatic equipment, and continue to improve the existing production and operation procedures, such as the application of advanced production equipment and high-efficiency robotic arms to upgrade production efficiency and reduce manufacturing costs.

C. Raw material supply conditions or price fluctuations may affect business performance

The company's main raw materials are semi-finished cylinders, which are mostly made of aluminum, and accounts for more than 80% of the total production cost for master cylinders. Therefore, if the upstream aluminum raw materials are in short supply or increase in price, the Company’s operation and performance may be adversely affected.

Countermeasures

The Company keeps up-to-date on market information through regular reviews and urges suppliers to reflect costs according to the rise and fall for the price of the raw materials. In order to maintain longstanding relationships with the major suppliers, the partnerships are based on long-term contracts. The Company will prepare a reasonable stock of raw materials (the cylinders) and ensure the efficiency of the supply chain by monitoring the suppliers’ production capacity and production schedule through “Supplier Relationship Management Platform”. Furthermore, the sales quotation provided by the Company will appropriately reflect the price increase of the raw materials with a view to reducing the adverse impact of fluctuations in raw material prices on the company.

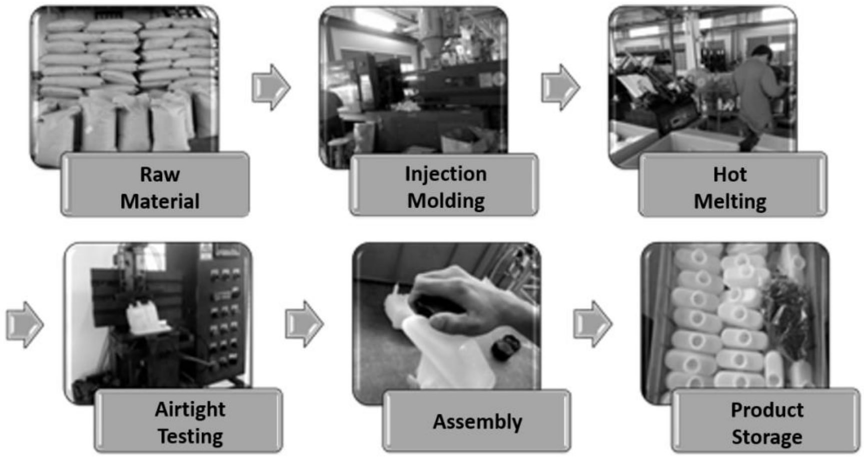
2.Important usage of the main products and production procedure

(1) Important usage of the main products

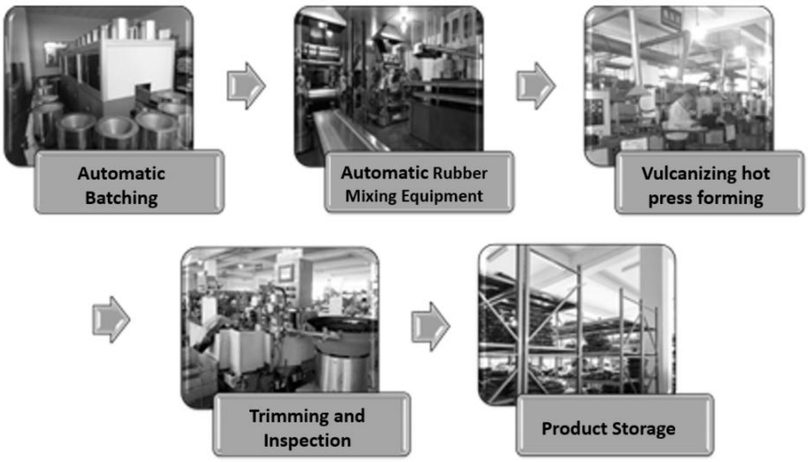
The company's primary production procedures include development, processing, and assembly of brake cylinders and clutch cylinders, which are mainly used in the brake system and clutch system of automobiles. The essential raw materials are the cylinders made of iron and aluminum alloy, blank and rubbers required for the connection of the parts. There are many upstream suppliers working with the Company, and at least two suppliers for each of the raw material, with whom the company has established long-term good cooperative relations. The products are functional components, manufactured through stages of blank casting, processing, surface treatment and ultrasonic cleaning and assembly with a variety of spare p, after which the products will be packaged and delivered as required after passing the quality and performance inspections.

(2) The production process of the main products

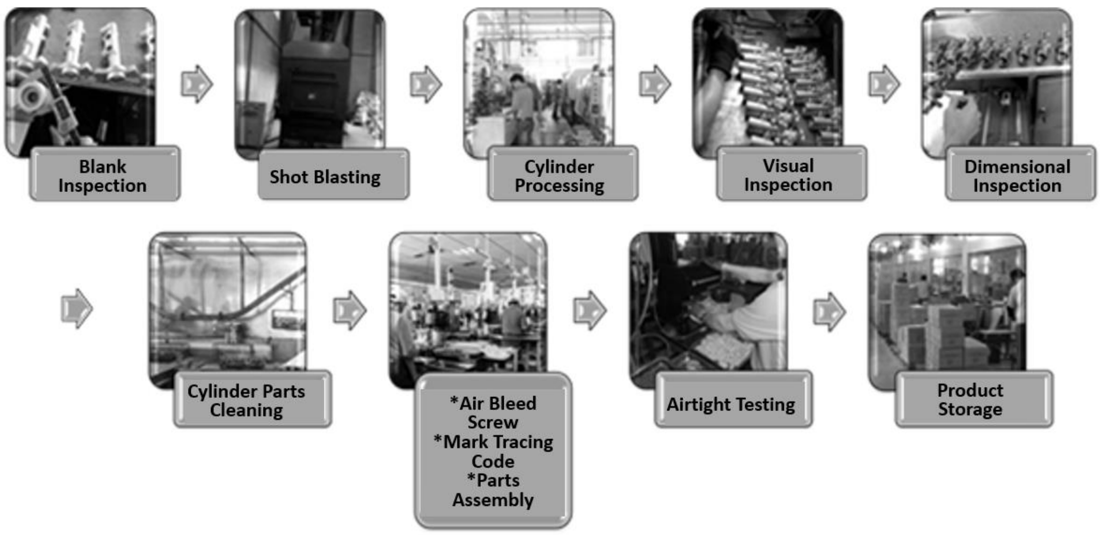
① Oil pot



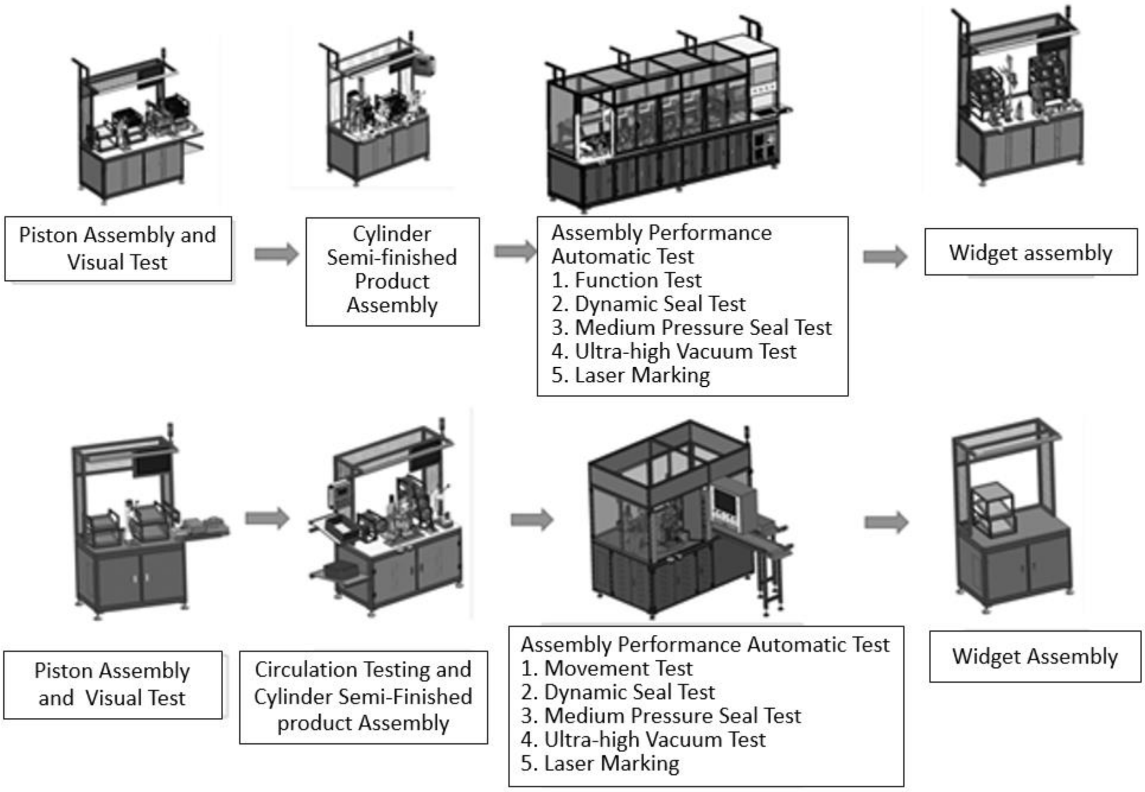
② Rubber seal



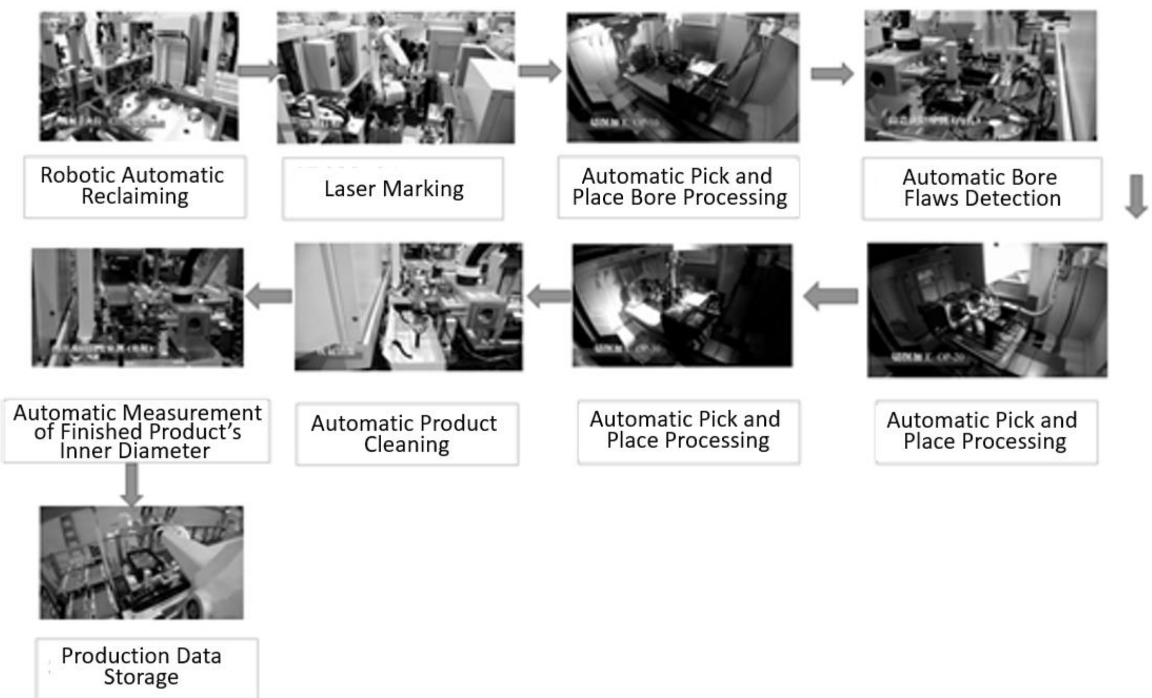
③ Processing and assembly of master cylinder and cylinder



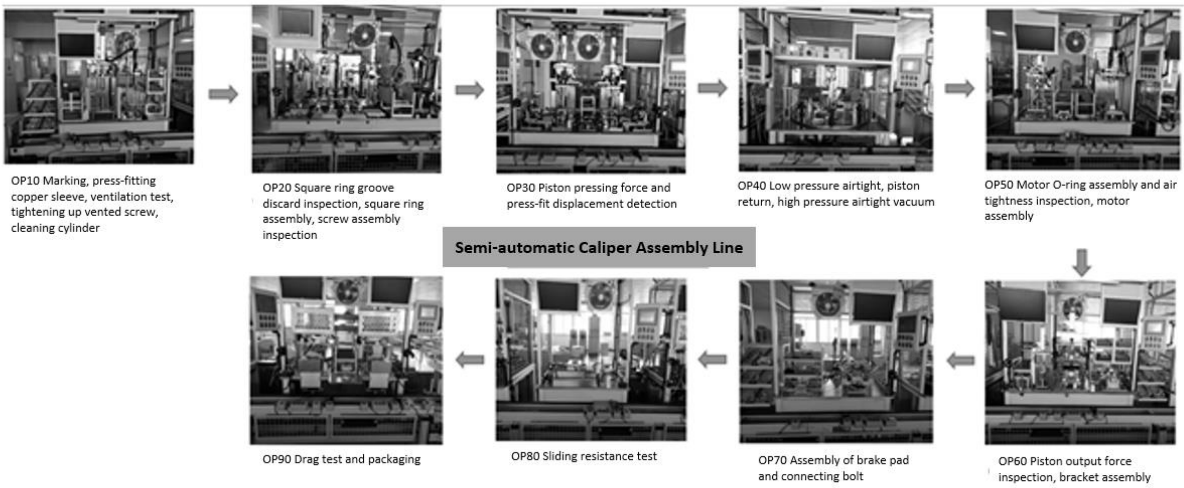
④ Assembly of Clutch master cylinder (including plastic)



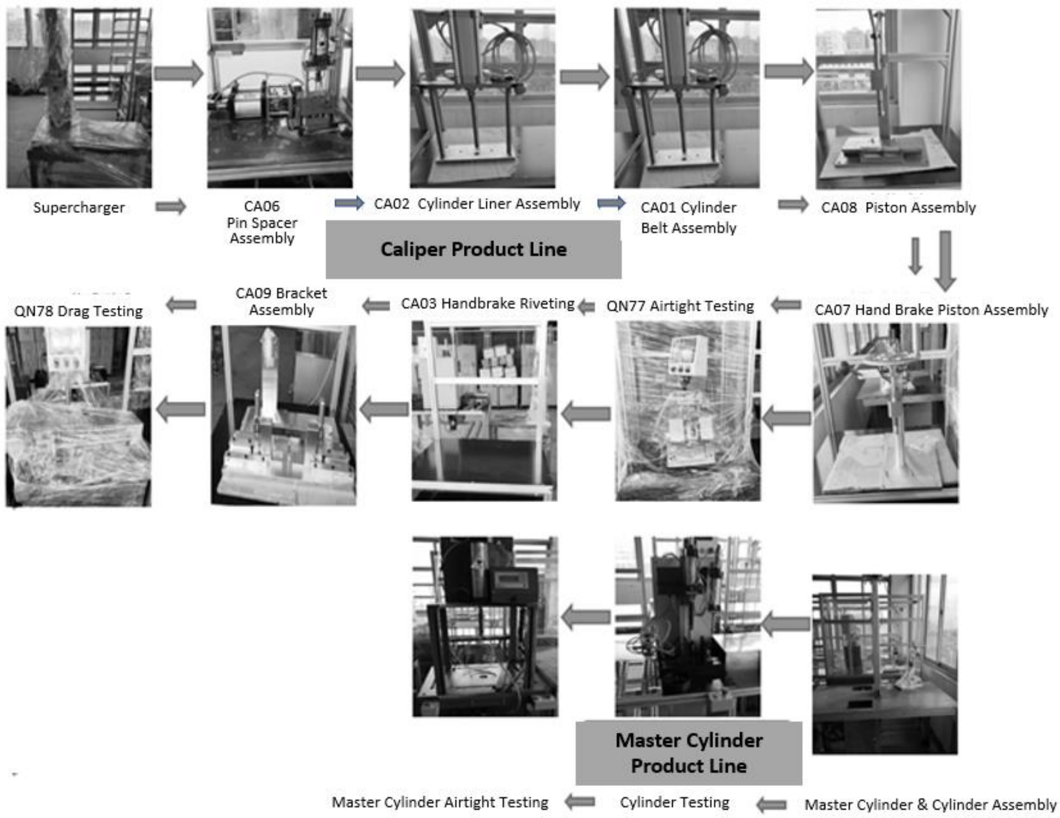
⑤ Robotic cylinder automatic processing procedure

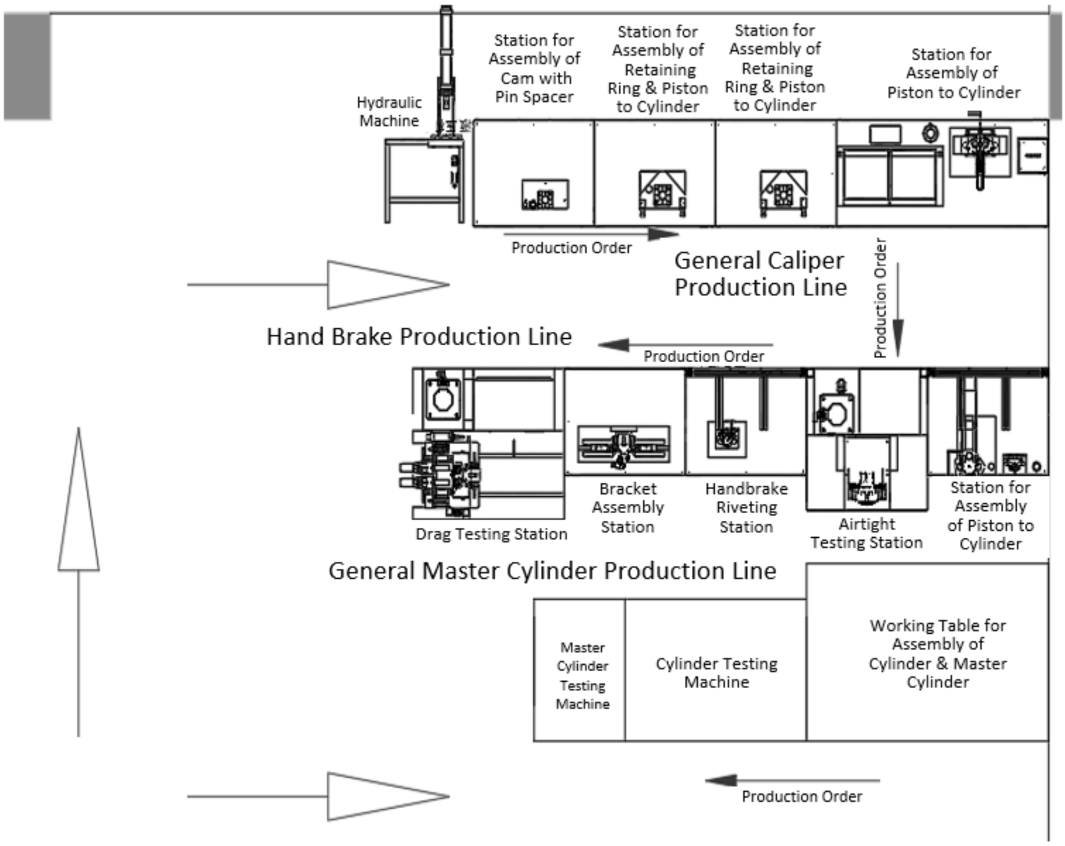


⑥ Semi-automatic caliper production line



⑦ Sample line layout





3.Supply of major raw materials

Major Raw Material	Main Supplier	Supply Status
Blank	Lingyan Yonghong & Zhejiang Winlin, etc.	Good
Cylinder	Zhejiang Antong & Xuancheng Jianlin, etc.	Good

4.Major suppliers and buyers in the past two years

(1) The names of suppliers who have accounted for more than 10% of the total annual purchase in one of the past two years, and the amount and proportion of the purchase, with explanation for the increase or decrease:

Unit: NT$ thousand

Item	2019				2020				Up to first season of 2021			
	Name	Amount	Net annual consolidated purchases Ratio (%)	Relation	Name	Amount	Net annual consolidated purchases Ratio (%)	Relation	Name	Amount	Net annual consolidated purchases Ratio (%)	Relation
1	Zhejiang Antong	102,211	11.67	None	Zhejiang Antong	86,852	10.64	None	Zhejiang Antong	28,175	11.49	None
2	Jianlin	97,775	11.16	None	Jianlin	69,201	8.48	None	Longji	27,518	11.22	None
3	Other	675,964	77.17	-	Other	660,347	80.88	-	Other	189,472	77.29	-
	Net Purchase	875,950	100.00	-	Net Purchase	816,400	100.00	-	Net Purchase	245,165	100.00	-

Reasons for the increase or decrease :

The Company's major products are brake master cylinders, brake cylinders, and brake calipers, which are primarily used to produce automotive brake systems. The main raw materials required for manufacturing are blanks, cylinders, and other spare parts. Jianlin mainly provides cylinders, and Zhejiang Antong is the supplier for oil cups, pistons, adjusting wheels, etc. required for the assembly of the complete brake master (sub) cylinder. With the increase in demand for brake master cylinders within the last two fiscal years, coupled with the high degree of cooperation and short delivery time, these two suppliers are both among the top ten suppliers of the Company.

(2) The names of the buyers who have accounted for more than 10% of the total annual sales in one of the past two years, and the amount and proportion of the sales, with explanation for the increase or decrease:

Unit: NT$ thousand

Item	2019				2020				Up to 1st season 2021			
	Name	Amount	Annual operating income ratio (%)	Relation	Name	Amount	Annual operating income ratio (%)	Relation	Name	Amount	Annual operating income ratio (%)	Relation
1	B Customer	271,620	16.69	None	B Customer	261,089	17.50	None	B Customer	76,083	19.21	None
2	Other	1,355,918	83.31	-	Other	1,230,589	82.50	-	Other	319,992	80.79	-
3	Net sales	1,627,538	100	-	Net sales	1,491,678	100	-	Net sales	396,075	100	-

Reasons for the increase or decrease :

The company's primary business is the processing, manufacturing, and trading of components for the automotive industry. Currently, the Company focuses on the related components for the automotive brake system, mainly doing business mainly with distributors of foreign auto parts industry or large chain retailers in the after-sales service market. Sales areas include America, Europe, and Asia. The company maintains a good and long-term cooperative relationship with the business partners who are well-known foreign auto parts dealers, large chain retailers and auto repair factories in the after-sales market of the auto parts industry. The amount of each sale increased or decreased depending on the operating of individual companies or the condition of the industry at the time.

5. Production in the last two years

Unit: thousand; NT$ thousand

Production Value / Main Product \ Year	2019			2020		
	Production capacity	Yield	output value	Production capacity	Yield	output value
Brake Master Cylinder	1, 803	1, 394	364, 470	2, 160	1, 741	417, 077
Brake Cylinder	8, 546	6, 482	349, 132	9, 000	6, 481	331, 973
Caliper	360	236	149, 531	365	228	142, 773
Other (note)	5, 000	1, 294	110, 925	3, 000	1, 244	92, 499
Total	15, 709	9, 406	974, 058	14, 525	9, 694	984, 322

Note: other products mainly include clutch master cylinder, clutch cylinder and other components

6. Shipments and sales in the last two years

Unit: thousand; NT$ thousand

Sales Value / Main Product \ Year	2019				2020			
	Domestic Sales		Export		Domestic Sales		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Brake Master Cylinder	26	12, 541	1, 336	647, 529	13	5, 112	1, 386	667, 079
Brake Cylinder	121	9, 428	6, 253	486, 804	87	6, 324	5, 794	413, 931
Caliper	4	4, 176	229	215, 633	2	1, 093	180	157, 044
Other(note)	159	4, 777	8, 201	246, 650	863	20, 714	9, 206	220, 381
Total	310	30, 922	16, 019	1, 596, 616	965	33, 243	16, 566	1, 458, 435

Note: other products mainly include clutch master cylinder, clutch cylinder and other components

3. Employee Information for the Past Two Years and as of the Publication of the Annual Report:

Year		2019	2020	March 21, 2021
General Staff		383	391	407
Management Staff		134	120	125
R&D Staff		31	34	25
Staff Number		548	545	564
Average Age		35. 29	35. 2	36
Average Service Years		4. 92	5. 16	5
Academic Distribution	Doctorate	−	−	−
	Master	1	1	1
	College	148	122	148

	High School	144	134	144
	Below High School	252	307	252

4. Environmental Protection Expenditure:

1. Describing the condition of the application, the payment, or the establishment for the pollution facility permit, or the pollutant discharge permit, or the payment for the pollution prevention cost, or the establishment of an environmental protection unit, in an appliance to the Law:

   The company's primary production and operation site is at Xiamen Yongyu Machinery Industry Co., Ltd., which mainly produces brake master cylinders, rubber products, etc. The exhaust gas generated during the production procedure is systematically collected and led out through a flue on the roof of the plant. The sewage treatment facilities are established for handling the production wastewater and domestic wastewater. Both of the above-mentioned emission and wastewater discharge of the Company meet the standard of environmental pollution-related regulations and are turned over to professional organizations for further treatment after collection and classification. All wastewater, scrap and exhaust gas of the Company are monitored by the local environmental protection monitoring department and are in compliance with relevant environmental protection laws and regulations. The Company has also obtained the pollutant discharge permits in accordance with the regulations.

2. List the company's investment in the main equipment for the prevention and control of environmental pollution and its use and possible benefits:

Unit: NT$ thousand; March 31, 2019

Equipment	Quantity	Obtain Date	Cost of Investment	Unreduced balance	Usage and estimation of possible benefit

Sulfur-containing waste gas treatment project	1	1999/5/1	35	19	After treatment, the sulfur-containing exhaust gas comes to the second-level discharge in the "Integrated Emission Standard of Air Pollutants" DB16297-1996.
Sewage treatment station	1	2013/8/1	68	55	The indicators of effluent after treatment by the sewage treatment station show the third-level standard in Table 1 of “Xiamen Municipal Water Pollutant Emission Control Standard” DB35/322-2011
Expansion of Sewage treatment station and construction of additional reservoirs and pipeline rectification	1	2014/3/1	23	18	In order to manage the sewage discharge in a more standardized fashion, two reservoirs are added at the sewage treatment station with sewage stations added in each of Plant2, 3, 4,5 as a countermeasure for the wastewater of the mop wash.
Shot blasting machine exhaust pipe improvement project	1	2016/3/31	31	25	Reduce the discharge of the gas containing a trace of fine iron powder to level 2 of DB16297-1996
Deoiling engine room leakage prevention project	1	2016/3/31	8.3	6.3	The project is to prevent leakage of iron scrap, aluminum scrap and grease
Reconstruction of oil removal room in Plant II	1	2019/9/6	244	163	The project is to prevent leakage of iron scrap, aluminum scrap and grease
1 set of slag remover (including oil-water separator)	1	2019/10/22	67	65	Reduce hazardous waste and waste oil treatment

3. Explain the company's efforts to improve environmental pollution in the last two years and up to before the publication of the annual report; For those who have incidents of pollution disputes, explanation is required: None.

4. Explain the total amount of damages (including compensation) during the past two years and up to before the publication of the annual report, due to environmental pollution, the amount of the penalty and the company's future response measures (including improvement measures) and the possible expenses (including the estimated amount of the possible loss, disposal, and compensation due to failure to take countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated): None.

5. Explain the impact of the current pollution conditions and of the improvements on the Company's profit, competitiveness and capital expenditures; and the estimated major environmental expenditures for the next two years: None.

5. Labor Relations:

1. List the company's employee welfare policy, advance studying, training, retirement system, and the execution status, as well as the agreement between labor and management; and the maintenance measures of various employee rights:

(1) Employee welfare:

In addition to the national health insurance and labor insurance stipulated in the Labor Standard Act, the employee' welfare measures of the Company's Taiwan subsidiary also consist of travel insurance for staffs on business trips, allocated labor individual retirement pension account to ensure the employee's relevant welfare.

The employees of the US subsidiary are subject to the provisions of the US Federal Social Security Program Rules, the Labor Law, and Retirement Plan-401K.

The employees of the mainland subsidiary are entitled to the basic pension, medical care, work injury, maternity, and unemployment benefits in accordance with local laws and regulations, and should also participate in the payment of housing provident fund.

In addition to the above basic social welfare protection, the Company's other benefits include three-holiday bonuses, staff trips, health check, year-end bonus, year-end party and lottery, and other related welfare measures.

(2) Status of staff's advanced study and training:

Education and training are one of the important fundamental projects for the company's growth and development. In order to upgrade the quality of human resources and enhance the employees' knowledge and skills, the company will organize irregular training courses (including pre-employment and on-the-job training, etc.) according to the employees' conditions and needs. Additionally, employees are required to participate in external training depending on the needs of the work or requirement of local authorities.

(3) Retirement policy and its implementation:

All subsidiaries of the Company have paid pensions to employees in accordance with local laws and regulations. Among them, Taiwan subsidiary pays 6% of the employees' pensions, while mainland subsidiary pays monthly 5 types of funds, including retirement pension, to the local social security bureaus. The US subsidiary pays a federal social security tax of 12.4% (FICA) of the employees' salary on a monthly basis based on the US Federal Social Security Program Rules and Medicare regulations, in addition to 2.9% (MEDFICA) Medicare's Hospital Tax which is shared by employers and employees. When the employee reaches the retirement age, he or she can file an application for a retirement pension from the local social welfare institution. At the same time, the company will handle the relevant retirement procedures for the retired employees according to the relevant regulations of each local government.

(4) Agreement between labor and management and various employee rights maintenance measures

The company put great importance on the employees' rights and harmonious labor and management relations. Employees can reflect their opinions through meetings, emails or telephone; it is crucial to keep the communication channels for the company and the staff unimpeded. Any measures for labor relations shall be fully communicated between employers and employees. Therefore, there has not been any major labor and management dispute over the past years.

2. Explain any loss due to labor disputes in the past two years and as of before the date of publication of the annual report and disclosed the estimated amount and

the countermeasure that may occur at the present and in the future. For those who cannot provide a reasonable estimation should state none.

So far, labor and management relations are harmonious, and there has been no labor dispute the requires coordination.

6. Important Contracts

Nature of Contract	Party	Contract Start and End Date	Major Content	Restriction
Commission Contract	Xiamen Yong Yu Machinery, Yusin Brake Corp & Agents	01/01/2021-12/31/2023	Setting of the terms and conditions of the commission payment method and calculations, and the content of nearby customer service and sales range	None
Supply Contract	Xiamen Yong Yu Machinery &Robert Bosch Gmbh Automotive Aftermarket Division	no fixed term agreement which can be terminated by written notice six months in advance	Setting of the terms for the trading conditions and the rights and obligations of both parties. As for the unit price of the actual products sold, it is subject to the order.	No disclosure of the transaction content is allowed to the third parties
Supply Contract	Xiamen Yong Yu Machinery & ZF do Brazil Ltd	.Automatically extend If no notification is received from the customer	Setting of the terms for the trading conditions and the rights and obligations of both parties. As for the unit price of the actual products sold, it is subject to the order.	No disclosure of the transaction content is allowed to the third parties
Supply Contract	Yusin Brake Corp & CWD LLC Centric Parts Qualis Automotive Stop Tech	No fixed term agreement which can be terminated by written notice six months in advance	Setting of the terms for the trading conditions and the rights and obligations of both parties. As for the unit price of the actual products sold, it is subject to the order.	No disclosure of the transaction content is allowed to the third parties
Supply Contract	Yusin Brake Corp & Delphi Lockheed Automotive Limited	No fixed term agreement which can be terminated by written notice six months in advance.	Setting of the terms for the trading conditions and the rights and obligations of both parties. As for the unit price of the actual products sold, it is subject to the order.	No disclosure of the transaction content is allowed to the third parties

Nature of Contract	Party	Contract Start and End Date	Major Content	Restriction
Purchase Contract	Xiamen Yong Yu Machinery & major suppliers	Per year contract	The company has signed a purchase contract with major suppliers. Each contract consists of the same content. The actual supply details and delivery time are still based on specific purchase orders. The remaining terms only indicate to the other party that the quality standards should be in compliance with the Company; when the goods are delivered to the Company, the Company has the obligation for inspection and inventory; and the standard deviation of the breach of contract.	None
Credit contract	Xiamen Yong Yu Machinery & Agricultural Bank of China Tongan Branch	09/17/2020-09/16/2021	The total amount of credit is RMB 21 million.	None
Leasing Contract	Yusin Brake Corp & Mega Bank Chiayi Branch	05/01/2018-04/30/2021	Lease for the office of Yongxin Brake Taiwan Branch.	None
Leasing Contract	GDM & KBSΠ EMERALD VIEW,LLC	04/01/2020-03/31/2021	Lease of the office of GDM	None
Loan Agreement	Mega International Commercial Bank Co., Ltd.	06/05/2020-06/04/2021	Operating working capital : NT$ 100 million	For general operation work, the average deposit during the loan period be at least 30% of the loan limit
Loan Agreement	BANK SINOPAC CO.LTD.	06/24/2020-06/30/2021	Operating working capital : USD 3.5 million	The use of the quota is limited to non-mainland areas, such as dividends.

Nature of Contract	Party	Contract Start and End Date	Major Content	Restriction
Loan Agreement	Cathay United Bank Company Limited	07/22/2020-07/21/2021	Operating working capital : USD 5 million	The maximum period of each loan is no more than 180 days
Loan Agreement	CTBC Bank Co., Ltd.	12/01/2020-11/30/2021	Operating working capital : USD 2 million	The export OA shall be subject to the 80% loan of the amount shown in the invoice list, which shall not be restricted by the period of trading days; each appropriation will last 120 days at most.
Loan Agreement	DBS Bank Limited	05/12/2019-05/11/2020	Operating working capital : NT$ 100 million	None

VI. Financial Profile

1. Condensed Balance Sheet and Income Statement in the Past Five Years

(1) Condensed Balance Sheet and Income Statement:

i. Condensed balance sheet

Unit:NT$ '000

Year / Item		Condensed Balance Sheets for the Past Five Years					
		2016	2017	2018	2019	2020	2021 Q1
Current assets		1,143,865	1,069,610	1,156,972	1,472,052	1,604,629	1,622,341
Property, plant, and equipment		502,696	534,221	570,893	554,231	570,018	599,484
Right-to-use assets		0	0	0	46,755	41,344	47,278
Intangible assets		5,135	19,484	32,714	21,388	15,994	13,433
Other assets		55,331	69,356	49,595	49,277	52,285	34,495
Total Assets		1,707,027	1,692,671	1,810,714	2,143,703	2,284,270	2,317,031
Current Liabilities	Beforedistribution	390,926	416,748	526,765	572,423	738,910	741,055
	Afterdistribution[1]	563,054	589,788	699,805	771,463	878,238	Not yet assigned
Non-current liabilities		24,183	14,843	13,943	26,363	20,438	24,229
Total Liabilities	Beforedistribution	415,109	431,591	540,708	598,786	759,348	765,284
	After distribution[1]	587,237	604,631	713,748	797,826	898,676	Not yet assigned
Equity attributableto parent companyowner		1,283,590	1,247,556	1,246,884	1,508,807	1,462,896	1,491,483
Capital stock		342,430	344,255	346,080	398,080	398,080	398,080
Paid-in capital		430,409	432,571	436,292	681,212	681,212	681,212
Retained Earnings	Beforedistribution	532,441	541,368	547,715	572,256	516,818	557,112
	Afterdistribution[1]	360,313	368,328	374,675	373,216	377,490	Not yet assigned
Other equity		(21,690)	(70,638)	(83,203)	(142,741)	(133,214)	(144,921)
Treasury stock		-	-	-	-		-
Non-controlling interest		8,328	13,524	22,582	36,110	62,026	60,264
Total Equity	Before distribution	1,291,918	1,261,080	1,269,466	1,544,917	1,524,922	1,551,747
	After distribution[1]	1,119,790	1,088,040	1,096,426	1,345,877	1,385,594	Not yet assigned

Note 1: Dividend distribution was passed by the Board of Directors, but has yet to be discussed by the annual shareholders' meeting.

ii. Condensed income statement

Units: NT$ for EPS; NT$ '000 for all others.

Year. / Item	Condensed Income Statements for the Past Five Years					
	2016	2017	2018	2019	2020	2021 Q1
Operating revenue	1,424,198	1,361,401	1,566,620	1,627,538	1,491,678	396,075
Gross profit	536,037	466,828	470,904	519,243	469,859	107,374
Operating income	275,373	222,485	196,720	221,583	198,886	38,531
Non-operating income or loss	26,752	(4,456)	24,146	11,590	(28,636)	9,386
Income before tax	302,125	218,029	220,866	233,173	170,250	47,917
Net income from continuing operations	245,583	188,589	181,185	193,985	139,131	39,824
Loss from discontinued operations	-	-	-	-	-	-
Net income	245,583	188,589	181,185	193,985	139,131	39,824
Other comprehensive income, net of tax	(74,854)	(46,525)	(11,857)	(44,300)	8,982	(11,061)
Total comprehensive income	170,729	142,064	169,328	149,685	148,113	28,763
Net income attributable to parent company owner	245,669	181,055	179,387	197,581	143,602	40,294
Net income attributable to non-controlling interest	(86)	7,534	1,798	(3,596)	(4,471)	(470)
Total comprehensive income attributable to parent company owner	171,051	132,107	166,822	138,043	153,129	28,587
Total comprehensive income attributable to non-controlling interest	(322)	9,957	2,506	11,642	(5,016)	176
Earnings per share	7.14	5.26	5.19	5.41	3.61	1.01

(2)Auditing CPAs and Audit Opinions for the Past Five Years

i. Auditing CPAs and audit opinions for the past five years

Year	Accounting Firm	Auditing CPAs	Opinion
2016	PwC Taiwan	Zuo-Cheng Zhang, CPA Yu-Long Wu, CPA	Unqualified opinion
2017	PwC Taiwan	Hsien-Zheng Chen, CPA Jin-Mu Hsiao, CPA	Unqualified opinion
2018	PwC Taiwan	Hsien-Zheng Chen, CPA Jin-Mu Hsiao, CPA	Unqualified opinion
2019	PwC Taiwan	Hsien-Zheng Chen, CPA Jin-Mu Hsiao, CPA	Unqualified opinion
2020	PwC Taiwan	Hsien-Zheng Chen, CPA Yiz-Hang Liang, CPA	Unqualified opinion

ii. Reasons for changes in accounting firms or auditing CPAs, if any, for the past five years, and information on the original and the succeeding firms and CPAs:Due to PwC Taiwan's internal rotation policy to maintain accountants' independence, Hsien-Zheng Chen, CPA, and Yiz-Hang Liang, CPA replaced Hsien-Zheng Chen, CPA, and Jin-Mu Hsiao, CPA as the auditing accountants from 2020 Q1 onwards.

2. Financial Analysis in the Past Five Years

Year . / Item of analysis		Financial Analysis for the Past Five Years					
		2016	2017	2018	2019	2020	2021 Q1
Financial Structure (%)	Debt-to-asset ratio	24.32	25.50	29.87	27.93	33.24	25.87
	Long-term asset as a percentage of property, plant, and equipment	261.81	238.84	224.81	283.51	271.11	277.51
Solvency Ratios (%)	Current ratio	292.60	256.66	219.64	257.16	217.16	277.98
	Quick ratio	251.45	203.39	174.48	212.99	181.48	233.54
	Interest coverage ratio	384.41	243.25	151.35	33.12	51.30	39.58
Activity Ratios	Receivables turnover (times)	3.26	2.85	2.82	2.57	2.36	2.25
	Average cash recovery rate (days)	112	128	130	142	154	162
	Inventory turnover (times)	5.05	4.35	4.40	4.04	3.42	3.31
	Payables turnover (times)	3.48	3.33	4.73	4.25	3.85	4.21
	Days sales outstanding	72	84	83	90	107	110
	Property, plant, and equipment turnover (times)	2.75	2.63	2.84	2.89	2.65	2.37
	Total asset turnover	0.81	0.80	0.89	0.82	0.67	0.63
Profitability Ratios	Return on assets (%)	14.08	11.14	10.43	10.12	6.41	7.75
	Return on equity (%)	18.40	14.77	14.32	13.79	9.06	10.34
	Income before tax as a percentage of paid-in capital	88.23	63.33	63.82	58.57	42.77	49.99
	Net profit ratio (%)	17.24	13.85	11.57	11.92	9.33	12.05
	Earnings per share (NT$)	7.14	5.26	5.19	5.41	3.61	1.05
Cash flow	Cash flow ratio (%)	49.56	59.16	14.01	85.98	24.80	11.30
	Cash flow adequacy ratio (%)	Note 2	131.13	92.84	98.34	98.41	84.14
	Cash reinvestment ratio (%)	12.13	4.71	-6.14	12.00	2.22	3.70

Year . / Item of analysis		Financial Analysis for the Past Five Years					
		2016	2017	2018	2019	2020	2021 Q1
Leverage Ratios	Degree of operatingleverage	1.25	1.26	1.38	1.87	1.52	3.17
	Degree of financial leverage	1.00	1.00	1.01	1.03	1.02	1.06
Remarks on material changes in financial ratios greater than 20% in the recent two years: (1) The interest coverage leverage increases from 33.12% to 51.30%, which is mainly due to the decline of the profit before tax. (2) The return on assets reduces from 10.12% to 6.41%, which is mainly caused by the decrease of the after-tax income in 2020 by NT$54,854,000 at 28.28% less than that in the last year. (3) The cash flow ratio decreases from 85.98% to 24.80%, which is mainly due to the reduction of the cash inflow from the operational activities by NT$178,393,000 less. .							

Note 1: The information above was certified by accountants and was derived from 2016-2020 consolidated financial statements.

Note 2: Information on net cash flow from operating activities in the past 5years was not available, and therefore was not reported above.

Note 3: The financial ratios are calculated as follows:

1. Financial structure

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

(2) *Long term capital to property, plant and equipment ratio* =
(total equity + non-current liabilities) / netproperty, plant and equipment

2. Solvency

(1) *Current ratio* = current assets / current liabilities

(2) *Quick ratio* = (current assets - inventory - prepaid expenses) / current liabilities

(3) *Interest coverage ratio* =
net profit before income tax and interest expense / interest expense in thecurrent period

3. Operating capacity

(1) *Receivables (including accounts receivable and notes receivable due to business) turnover* = net sales / average receivables for each period (including accounts receivable and notes receivable due to business)

(2) *Average cash recovery rate* = 365 / receivables turnover rate

(3) *Inventory turnover* = sales cost / average inventory

(4) *Payables (including accounts payable and notes payable due to business) turnover* =
cost of sales /average balance payable on each period (including accounts payable and notes payable due to business)

(5) *Days sales outstanding* = 365 / inventory turnover rate

(6) *Property, plant, and equipment turnover* =
net sales / net average property, plant and equipment value

(7) *Total asset turnover* = net sales / average total assets

4. Profitability

(1) *Return on assets* =
[after tax profit and loss + interest expense × (1 - tax rate)] / average totalassets

(2) *Return on equity* = after tax profit and loss / average equity

(3) *Net profit ratio* = after tax profit and loss / net sales

(4) *Earnings per share* = (profit or loss attributable to parent company owner - special dividend) / weightedaverage number of issued shares

5. Cash flow

(1) *Cash flow ratio* = net cash flow from operating activities / current liabilities.

(2) *Cash flow adequacy ratio* = net cash flow from operating activities in the last five years / (capitalexpenditure + inventory increase + cash dividend) in the last five years

(3) *Cash reinvestment ratio* = (net cash flow from operating activities - cash dividends) / (gross property, plantand equipment + long term investment + other non-current assets + working capital)

6. Leverage:

(1) *Operating leverage* =
(net operating income - changing operating costs and expenses) / operating profit.

(2) *Financial leverage* = operating profit / (operating profit - interest expense)

3. Auditor's Committee Report in recent years

To be taken from Manual 13

4. Latest Individual Financial Statement Audited and Certified by CPAs: Not applicable.

5. Latest Consolidated Financial Statements Audited and Certified by CPAs: Please see pages 113 to 171

6. If the Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report, the Impact on the Company's Financial Status Shall Be Listed: None.

VII. Review and Analysis of Financial Status and Business Results and Risk Issue

1. Financial Status

(1)Main Reasons and Impact of Material Changes in Consolidated Assets, Liabilities, and Equity in the Past Two Years:

Unit: NT$ '000

Year / Item	2019	2020	Difference	
			Amount	%
Current assets	1,472,052	1,604,629	132,577	9.01
Property, plant, and equipment	554,231	570,018	15,787	2.85
Right-to-use assets	46,755	41,344	(5,411)	(11.57)
Intangible assets	21,388	15,994	(5,394)	(25.22)
Deferred tax asset	12,678	13,609	931	7.34
Other non-current assets	36,599	38,676	2,077	5.68
Total Asset	2,143,703	2,284,270	140,567	6.56
Current liabilities	572,423	738,910	166,487	29.08
Long-term liabilities	-	-	-	-
Deferred tax liability	10,931	11,069	138	1.26
Lease liability	10,138	6,583	(3,555)	(35.07)
Other non-current liabilities	5,294	2,786	(2,508)	(47.37)
Total Liabilities	598,786	759,348	160,562	26.81
Common stock	398,080	398,080	0	-
Paid-in capital	681,212	681,212	0	-
Retained earnings	572,256	516,818	(55,438)	(9.69)
Other equity	(142,741)	(133,214)	9,527	6.67
Non-controlling interest	36,110	62,026	25,916	71.77
Total Equity	1,544,917	1,524,922	(19,995)	(1.29)

Material changes in assets, liabilities, and equity greater than 20% and NT$10 million in magnitude for the past two years, explanations, impact, and countermeasures:

(1) The current liabilities increase in the amount of NT$166,487,000, which is mainly caused by the increase of the bank loan in the amount of NT$134,578,000 in 2020.

(2) The intangible assets decrease in the amount of NT$5,394,000, which is caused by the increase of the amortized expenses in the amount of NT$12,758,000.

(3) The non-controlling interest increases in the amount of NT$25,916,000, which is mainly caused by the investment in Ou Hwa Jui Jih & Yung Yu Hsing in 2020.

(2) Impact of changes in financial status: no significant impact on financial status

(3)Future Countermeasures:In the future, the Company will continue to enhance operation performance, maintain stable profitability growth, and strengthen our financial structure.

2. Financial Performance Analysis

(1) Main Reasons of Material Changes in Operating Revenues, Operating Income, and Net Income Before Tax in the Past Two Years:

Unit: NT$ '000

Year / Item	2019	2020	Difference	
			Amount	%
Operating revenues	1,627,538	1,491,678	(135,860)	(8.35)
Operating costs	1,108,295	1,021,819	(86,476)	(7.80)
Gross profit	519,243	469,859	(49,384)	(9.51)
Operating expenses	297,660	270,973	(26,687)	(8.97)
Operating income	221,583	198,886	(22,697)	(10.24)
Non-operating income and expenses	11,590	(28,636)	(40,226)	(347.08)
Net income before tax	233,173	170,250	(62,923)	(26.99)
Income tax	39,188	31,119	(8,069)	(20.59)
Net income after tax	193,985	139,131	(54,854)	(28.28)

Analysis on material changes in financial performance greater than 20% and NT$10 million in magnitude for the past two years:
Non-operating income and expenses decreased by NT$40,226 thousand, mainly due to foreign exchange loss of NT$41,987 thousand in 2020, a decrease of NT$39,685 thousand compared to that reported in the last year.

(2) Basis for Sales Forecast:The Company's set its sales target based on sales performance in the past, predictions of major client markets in the future, expected product growth, development of new client relationships, and retention of existing ones.

(3) Impact on the Company's Future Financial Performance and Countermeasures: The industry is still in its a growing phase. The Company will closely monitor market demands at all times in order to extend market reach, develop new client relationships, increase profitability, and maintain a robust financial structure.

3. Cash Flow Analysis

(1) Analysis of Changes in Cash Flow:

Units: NT$ '000; %

Item	Cash Inflow (Outflow)		Difference	
	2019	2020	Amount	%
Operating activities	361,627	183,234	(178,393)	-49.33
Investment activities	(116,602)	(147,827)	31,225	26.78

Financing activities	171,983	(38,061)	(210,044)	-122.13

Analysis of changes in cash flow:

(1) The net cash inflow from operating activities decreased by NT$178,393 thousand, which was mainly due to the decrease of before-tax net income by NT$62,923 thousand and the difference of receivables by NT$102,770 thousand; the receivables increaded by NT$41,509 thousand more than that in the last year, which was mainly due to the sales increase of customers in North America with a longer accounting period of receivables in comparison with the customers in other areas.

(2) The amount from the investment activities increased by NT$31,225 thousand, compared to the corresponding period in the last year, which was mainly caused by the increase of the financial assets, measued as per amortized cost of Xiamen Yong Yu by NT$30,554 thousand.

(3) The cash inflow from the financing activities decreased by NT$210,044 thousand, which was mainly due to the capital increase raising by NT$291,200 thousand in 2019.

(2) Plans to Improve Liquidity: The Company is not facing any liquidity issues.We continued to turn a profit in 2019,with a healthy cash flow from operating activities that should be able to cover the cash needs for investment. Therefore, no liquidity issue should arise.

(3) Analysis of Cash Flow in the Coming Year:

Unit: NT$ '000

Beginning Cash Balance	Net Cash Flow from Operating Activities Throughout the Year	Net Cash Outflow	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plan	Financing Plan
632, 823	1, 750, 000	1, 620, 000	762, 823	-	-

Analysis of change in cash flow in the coming year:

(1) Operating activities: Mainly due to increased sales and profits.
(2) Investment activities: Mainly due to purchase of equipment, investment in new auto parts business divisions.
(3) Financing activities: Mainly due to cash dividend distribution.
(4) Plans to leverage cash deficit: Not applicable.

4. Impact of Material Capital Expenditure in the Recent Year on Financial Status

The Company’s major capital expenditure mainly includes investment in new companies, purchase of machinery and equipment. All necessary funds were either financed with our own cash or through bank loans. Based on the Company’s profitability, such expenditures will not lead to material effects on our financial status.

5. Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year

(1) Reinvestment policy in the past year:The Company focuses its attention on the main business activities. Therefore, all reinvestment plans are made to achieve better operation performance. These plans are carried out by relevant departments in compliance with our internal control policy.

(2) Main reasons for gainor loss on reinvestment:

Unit: NT$ '000 unless noted otherwise

Reinvestment Target	Reinvestment Amount	Main Reasons for Gain or Loss		Improvement Plan
		Profit/Loss in 2020	Remarks	
Xiamen YongYu Machinery	USD$19,241,000	113, 038	Decline in operating recession profits	N/A
G.D.M. Bourne, Inc.	USD $55,000	4, 080	Stable operation and profit increase	N/A
Yusin Brake Corp.	USD $220,000	34, 527	Decline in operating recession profits	N/A
Full Moon	USD $1,800,000	（8, 078）	Operating conditions are growing steadily, and it is expected to turn losses into profits in 2021	N/A

(3) Investment plans in the coming year: In addition to the existing reinvestment business, it is expected to return to Taiwan in 2020 to invest in increasing production bases and purchasing production automation equipment to expand production capacity and improve process capabilities.

6. Risks Assessment:

The Company’s main field of business is the production and distribution of brake cylinders and other parts in the automobile braking system, with the primary focus on the after-sales service market (AM).Our subsidiaries include Xiamen Yong Yu Machinery located in Fujian China, G.D.M. Bourne, Inc. in Florida, U.S., and Yusin Brake Corp. in Samoa.G.D.M. Bourne, Inc. is responsible for the Group’s business development, after-sales services, and client relations maintenance in the North America Market. One of Yusin Brake Corp.’s branch is located in Taiwan, which is mainly responsible for accepting export orders from North America, Latin American, Europe, and Southeast Asia. Xiamen Yong Yu Machinery, on the other hand, is in charge of production and manufacturing and at the same time, expanding domestic market and own-brand car factory share in China.In the following sections, we will analyze the risk factors related to macro-economic environment, sociopolitical status, business regulations, foreign exchange control, and tax laws in the Cayman Islands, Samoa, Republic of China (Taiwan), People's Republic of China, and the United States.

(1) The Cayman Islands

i. Overview of macro-economic and sociopolitical environment

The Cayman Islandsis a British Overseas Territory situated in the Caribbean Sea to the south of Miami, Florida.The Islands, being one of the major global financial hubs, haslong enjoyed political stability. The capital city, George Town, located on Grand Cayman, is the political, commercial, and financial center of the Islands. Tourism and the financial service industry contributed to the majority of its GDP.

There are five types of company registration on the Cayman Islands: ordinary company, ordinary non-resident company, exempted company, limited duration company, and foreign company. Exempted companies were mainly established by corporations and individuals around the world for financial planning and tax benefits purposes. In recent year, the Cayman government has reinforced regulations on foreign capital and passed the British Mutual Legal Assistance Treaty with the United States to prevent international criminal organizations from using the Islands for illegal activities such as drug trafficking and money laundering.

While the government is actively fighting crime, it spares no effort to protect the privacy of legitimate business. Therefore, the political and environmental environment remains stable with relatively good public security.

In sum, the Group’s holding company is registered as an exempted company in the Cayman Islands. No actual operation takes place on the Islands. Considering its long-term stable political environment and with it being the fifth largest financial center in the world, we have no reason to believe that any changes in the Islands’ micro-economic or sociopolitical environment would cause significant impact on the Company’s operating performance.

ii. Foreign exchange control, tax risks, and related regulations

The Cayman Islands do not levy tax on individual or corporate profits, income, gains, and capital appreciations, nor is there inheritance or estate tax. Except for stamp duties collected on contracts signed within the Islands, the Company will not incur any material tax expense on the Islands. Transfer of equity is exempt from stamp duties unless the Company enjoys rights to the land where it operates on. The Cayman Islands government does not imposecontrol on foreign currency exchange.

iii. Litigation risks and whether R.O.C.’s Court’s Judgment will be recognized by the government in the country of business registration or main operation

①*Litigation risks*

The Company is registered as an exempt company in the British Cayman Islands without foreign company registration withthe Ministry of Economic Affairs, R.O.C. Although public companies are prohibited from including any clause in the Articles of Incorporationthat prevents lawsuits from shareholders to maintain procedural justice, any litigation arising from the aforementioned matter shall be submitted to the jurisdiction of Taiwan Taipei District Court in the first instance. The Company appoints litigation and non-litigation agents pursuant to regulations set forth by the Taiwan Stock Exchange Corporation. However, the Court shall determine whether It has jurisdiction over certain matters on an *ad hoc* basis should investors decide to file a lawsuit against the Company. The Court may request additional information frominvestors on the relevant foreign laws in question. Accordingly, there is no guarantee that a Court Judgment will be issued for every lawsuit.

②*Risks on Court's Judgment recognition and enforcement*

The Company has received the Cayman Islands' rulings, which are briefly summarized as follows: Although the Cayman Islands has no specific law that mandates the enforcement of R.O.C. Court's rulings, the Cayman Islands Courts still acknowledge and may enforce rulings issued by foreign Courts (including R.O.C. Courts) that have jurisdiction. However, the aforementioned rulings must be the final and binding judgment, must not be related to taxes, fines, penalties, and other similar liabilities, and must not contradict Cayman Islands' policies. The Cayman Islands Courts can, in certain conditions, extend such enforcement to non-pecuniary damages, compulsory enforcement, declarations, and injunctions.

Shareholders may take legal actions on the grounds of procedural fairness within 30 days of any decisions passed by the Shareholders' meeting, and the Company may not include any clause in the Articles of Incorporation to prohibit such actions as permitted by the Cayman Islands law. In the Articles of Incorporation, the Company stipulates that any such matters can be submitted to Taiwan Taipei District Court in the first instance. However, because the Company is a registered exempt company on the Cayman Islands, if a lawsuit is filed with the Cayman Islands Courts, the Court can determine whether it has jurisdiction over the dispute. In the event that the Court decides to proceed with the case, it has the rights to issue final and binding judgment on the matter.

No specific regulations exist in the Cayman Islands' CompaniesLaw that allow litigation against company directors. Additionally, the Articles of

Incorporation is a contract between shareholders and the Company, not between shareholders and directors.Therefore, even if lawsuits are filed against directors, they shall not be personally held responsible.Nevertheless, under the Islands' Common Law, all shareholders,regardless of their shareholding percentage andlength of shareholding, have the rights to file lawsuits (including those against company directors). Once a lawsuit is filed, the Cayman Islands Courts reserve all rights to determine whether shareholders can proceed with the lawsuit. In other words, although the Articles of Incorporation allow minority shareholders to take legal action against directors, whether the lawsuits can proceed is determined by the Cayman Islands Courts.According tothe Grand Court's decisions, it determines the merits of the lawsuits based on whether the cause of action is substantial and whether the alleged actions were performed by persons in actual control of the company. The Court will issue its rulings based on facts presented, and the Articles of Incorporation is not the determining factor.

③*Legal responsibilities of directors or non-directors that have* de facto *control over the Company's personnel, finance, or business operations under the law of the country of registration*

The Cayman Islands Law does not include a precise definition of "director". In essence, directors refer to persons incharge of a company's operation. The following terms also refer to "directors".

A. "Executive" and "non-executive" directors

No substantial difference exists between executive and non-executive directors. There is no law that defines the degree of dependence of non-executive directors on executive directors. This does not mean that such dependence is not questionable. Non-executive directors should assume other responsibilities in supervision and internal control.

B. "Legal" directors and "*de facto*" directors

Legal directors are those appointed formally by the company. Other persons might also be considered *de facto* directors if they take on the duties of a director.

C. Shadow directors

Shadow directors refer to person or persons whose directions are followed by the board of directors. Unlike legal or *de facto* directors, such persons assume the duties of a director but don't usuallyidentify themselves as one. This is not to say that any person whose opinions are followed by directors becomes a shadow director. Shadow directors should assume the same responsibilities as a real director.

D. “Dummy” directors

As its name suggests, dummy directors act in another person’s stead. It also refers to those who act as the company’s consultant for a fee. Dummy directors should assume personal responsibility as a director even if they are acting for someone else. Under Caymanian law, directors should assume fiduciary duty, professional duty, duty of care, and duty of loyalty to the company they are serving. In addition, directors are responsible for any legal duties stipulated by relevant law, and under certain situations, are liablefor third-party’s (such as creditors) damages. In the event of the company’s insolvency, directors should consider creditors’ rights before making decisions.

Revisions in the Cayman Islands Companies Law include specific regulations on companies’ internal administration, registration, and filing, which are not directors’ personal responsibility. However, Caymanian law prohibits fraudulent trading. More specifically, if any business decisions are made *mala fide*in the dissolution process, the Caymanian Courts can hold the persons who perform the fraudulent act liable for the company’s damages. In most cases, members of the board would be aware of the fraudulent intention, and therefore, can potentially be held responsible. Penalties apply in the event of violation of certain law, which could be fines, a prison sentence, or both. For example, if a director unlawfully embezzles company assets or commits a breach of trust during liquidation, he shall be held personally responsible for the act. These legal consequences are not limited to the board of directors and can also be applied to anyone who acted mala fide in the process. Any persons in violation of the law are liability for damages, asset restoration, and remedies of unjust enrichment.

Except for legal directors appointed by the Company, we do not have any non-directors who are in *de facto* control of personnel, finance, or operation.

④*Risks with regard to the application of law in the event of a discrepancy between Caymanian and R.O.C. law*

The Company is incorporated in the Cayman Islands. In order to be listed in the Taiwan Stock Exchange Corporation, we have modified our Articles of

Incorporation to comply with R.O.C. law and to protect shareholders' rights.Any items not regulated by the Articles are subject to the Caymanian and R.O.C. law. Due to a variety of differences between Caymanian and R.O.C. law in terms of business operation, investors should not assume their rights under R.O.C. law will be covered by Caymanian law. Investors should have a thorough understandingor seek legal advise, if necessary, on the their rights when they invest in a Caymanian company. In the event of a discrepancy between the two legal systems, which law prevails shall be determined by the Court. If investors would like to seek enforcement of R.O.C. Courts' rulings in the Cayman Islands, or if they want to bring litigation to the Cayman Islands Courts, they shall be reminded of the risks thatthe Caymanian Courts might not acknowledge R.O.C. law and Court Judgments (including but not limited to methods of equity transference and the admissibility ofshareholding records in a Court of Law).

⑤*Shareholders' rights might be further limited in the Cayman Islands as compared with other companies in other countries*

Company affairs should comply with the Articles of Incorporation, Caymanian Companies Law (and its revisions) and common law. Shareholders' litigation against the board of directors, minority equity holders' rights of litigation, and the duty of loyalty assumed by the directors are mostly governed by Caymanian common law, which originates from limited Caymanian case law and precedents, and English law. Compared to other countries which have a clear set of regulations and precedents, Caymanian common law is influential but not obligatory.

The Company is incorporated in the Cayman Islands, and shareholders might not be able to seek enforcement against the Company, its directors or high-level management in another country. They also might not be able to deliver legal documents to the board of directors and the Company's managers or request enforcement onrulings issued by a civil court in their place of residence. For lawsuits filed against the Company's directors or high-level managers who are not a legal resident of the country, legal enforcement of civil or commercial rulings also can not be guaranteed.

(2) The United States

i. Overview of macro-economic and sociopolitical environment

The Cayman Islandsis a British Overseas Territory situated in the Caribbean Sea to the south of Miami, Florida.The Islands, being one of the major global financial hubs, haslong enjoyed political stability. The capital city, George Town, located on Grand Cayman, is the political, commercial, and financial center of the Islands. Tourism and the financial service industry contributed to the majority of its GDP.

There are five types of company registration on the Cayman Islands: ordinary company, ordinary non-resident company, exempted company, limited duration company, and foreign company. Exempted companies were mainly established by corporations and individuals around the world for financial planning and tax benefits purposes. In recent year, the Cayman government has reinforced regulations on foreign capital and passed the British Mutual Legal Assistance Treaty with the United States to prevent international criminal organizations from using the Islands for illegal activities such as drug trafficking and money laundering.

While the government is actively fighting crime, it spares no effort to protect the privacy of legitimate business. Therefore, the political and environmental environment remains stable with relatively good public security.

In sum, the Group's holding company is registered as an exempted company in the Cayman Islands. No actual operation takes place on the Islands. Considering its long-term stable political environment and with it being the fifth largest financial center in the world, we have no reason to believe that any changes in the Islands' micro-economic or sociopolitical environment would cause significant impact on the Company's operating performance.

ii. Foreign exchange control, tax risks, and related regulations

The functional currency of our Group is USD and the majority of our transactions are performed with USD. Due to regulations in the country of financial reporting, this consolidated financial statement is reported in TWD.

The U.S. has a mature and complete economic system and one of the most advanced money markets in the world. It provides a convenient platform for international transaction without any form of foreign exchange control. Therefore, the Company does not face any risks related to foreign exchange control in the United States. As for tax risks and other regulations, the Company's subsidiary must follow the U.S. corporate law and other applicable regulations. At the moment, no material risks are present, but changes in taxation and related regulations still could cause a significant impact or limitation on the Company's operation. As to its effects on individual investors, we suggest that you consult a professional for more details.

iii. Litigation risks and whether R.O.C.'s Court's Judgment will be recognized by the government in the country of business registration or main operation

The Company’s subsidiary is registered in Florida. According to the Florida Uniform Out-of-country Foreign Money-Judgment Recognition Act (Florida Satutes 55.601 to 55.607), as lon as the judgment satisfies the grounds for recognition, the Act applies to any foreign rulings (including those issued by R.O.C. Courts) that are final and conclusive and enforceable. However, the Act does not apply to taxes, fines, penalties, and the like. There is one exception, however: If the rulings were issued by a foreign jurisdiction where judgment was rendered would not give recognition to a similar judgment rendered in Florida, such rulings will not be recognized by the state.

(3) Samoa

i. Overview of macro-economic and sociopolitical environment

Samoa is a country consisting of islands in South Pacific, located between Hawaii and New Zealand, and to the west of American Somoa. Formerly known as West Samoa, it is situated in the heart of Polynesia. It was under German Empire's colony from 1900 and taken over by New Zealand in 1914 until it finally became independent in 1962. In 1997, the government amended the constitution to change the country's name from *Western Samoa* to the *Independent State of Samoa*, and designated Apia as its capital city. The Samoan society is peaceful and its political and economical environment is stable. Its official languages include Samoan and English, with the latter being prevalent on the islands.

ii. Foreign exchange control, tax risks, and related regulations

The official currency in Samoa is Samoan Tala (WST), which has a stable exchange rate. International companies enjoy tax-free benefits according to its law, so no tax risks should arise. Furthermore, the government does not impose foreign exchange control, so no foreign exchange risks should arise, either.

iii. Litigation risks and whether R.O.C.'s Court's Judgment will be recognized by the government in the country of business registration or main operation

According to the legal opinions of Samoan attorneys, although no specific Samoan law stipulates the enforcement of R.O.C. Courts' Judgment, the Samoa Supreme Court will process a request on foreign rulings if they satisfy the following criteria according to common law: (a) the foreign court has jurisdiction over the case, (b) a liquidated sum is specified, (c) the rulings are final and binding, (d) the rulings do not concern taxes owed, fines, penalties, and the like, and (e) recognition and enforcement of the rulings does not contradict natural justice or the public policies of Somoa.

(4) Republic of China

i. Overview of macro-economic and sociopolitical environment

The Republic of China is the central economic hub of the Asia Pacific region.

To its west is the second largest economy in the world—China; to its north is the third largest economy—Japan; to its east is the largest economy—the U.S.; and to its south are the ASEAN countries and India. It has an excellent location, an open and robust investment environment, and a high degree of economic freedom. According to a joint report (2021 Index of Economic Freedom) published by the Heritage Foundation and the *Wall Street Journal*, the Republic of China ranked the 6th among 184 economies around the world in 2019, up five places from last year. The high degree of economic freedom is the exact reason why the Republic of China could quickly recover from the 2008 global financial crisis. In the practical sense, the Republic of China is an island economy and is highly dependent on the global economic outlook.

Such developed countries as the EU, the U.S., and Japan have rolled out a series of supporting measures to revitalize the economy, accompanied with the proper monetary policy and the effect continues to arise.

In the domestic market, global economy recovery is expected to drive growth within Taiwan. The unemployment rate continues to decrease, the average salary sees stable growth, and total consumption is likely to reach a new high.

As far as trade is concerned, seeing that the COVID-19 pandemic tends to be relaxed and the rate of vaccination increases, the global economy in this year will grow slowly and perform better than 2020.

In sum, Yusin Brake Corp.'s branch in Taiwan is mainly responsible for accepting export orders and collecting payments from North America, Latin American, Europe, and Southeast Asia. Xiamen Yong Yu Machinery, on the other hand, is in charge of production and manufacturing. After careful evaluation, we conclude that several uncertain factors may lead to material impact on the Company's operation outcome.

ii. Foreign exchange control, tax risks, and related regulations

The Taipei Foreign Exchange Market (TPEFX) was established in 1979. Sincethe government relaxed its control on foreign exchange in 1987, New Taiwan Dollar's exchange rate is mostly determined by the market's supply and demand (the so-called "managed floating rate system").

The Republic of China imposes a variety of taxes—business tax, income tax (individual and corporate), basic income tax, estate and gift tax, and securities transaction tax, to name a few. Business tax is levied on sales, corporate income tax on operating profits, basic income tax on gains not included in income tax, estate tax on inheritance, gift tax on properties acquired without tendering consideration, and securities transaction tax on capital gains through securities trading. Securities transaction tax is levied on an individual's gains from (a) material sales of securities in the emerging stock market and certain IPO transactions in 2014, and (b) 1‰ of combined annual transaction volume in excess of NT$ 1 billion from 2018 onwards. As for profit-seeking enterprises, capital gains in the stock market are included in the calculation of basic income tax.

The Company is a holding company that reinvests its capital in its subsidiaries. Our main source of capital comes from stock issuance and bank loans, and the main use is investment in various business divisions. The subsidiary registered in the Republic of China is a branch of the Somoan parent company. According to the Republic of China tax law, remittance of earnings back to the overseas parent company is exempt from income tax, so it will not dilute the earnings distribution among shareholders.

In related regulations, the Republic of China Securities and Exchange Act has been revised to encourage foreign IPOs. No significant limitations are in place that would hinder the Company's business operations.

iii. Litigation risks and whether R.O.C.'s Court's Judgment will be recognized by the government in the country of business registration or main operation: Not applicable as the subsidiary is registered in the Republic of China.

(5) People's Republic of China

i. Overview of macro-economic and sociopolitical environment

China is the fastest growing economy in the world thanks to its expanding labor force, capital, resources, and the rapid advancement of technology driving the growth in various industries. The Chinese government is seeking to increase the level of education and urbanization while introducing plans of infrastructure and consumption upgrade. In terms of trade relations, China has actively engaged in international campaigns and organizations, reaffirming its influence over the global economy and creating more international resources. China's economy in the first quarter of 2021 substantially grows by 18.3%, due to the low base period of the last year, creating the best growth records since 1992.

decreased by 6.8% compared with the same period last year due to the impact of COVID-19 epidemic. China has not experienced any negative growth since 1976. China's strong execution has shown its positive results in the aspects of return to work, and gradually release of closure and work resumption.

In terms of law and regulations, China is still in a developing stage, and many of the economic policies it adopts are unprecedented, the outcomes of which are difficult to predict. The Chinese legal system is largely based on statutory law and its interpretation. Case law is sometimes referenced but is not legally binding. The judicial system lacks clear and objective basis in many cases and the government has discretionary authority. Compared to other more mature judicial systems, litigation in China is full of uncertainties. In addition, interpretation of the law is subject to change in accordance with the government’s policies. Many statutes provide only a general direction and the government is in charge of specifying detailed regulations, which it also frequently revises. There exists uncertainties in the interpretation and enforcement in any such statutes. In sum, future changes in the law, the legal and judicial systems could potentially give rise to uncertainties or material risks in the Company’s operations, expenses, financial status, and business outlook.

Rapid growth in the economy can accelerate capital inflow and inflation at the same time. In response, the Chinese government imposes limitations and control on bank loans for real estate purchases, especially on loans issued by state-owned banks. It is possible that the government would adopt austerity measures to foster a stable growth in the credit market and fortify the financial reform. However, austerity policies might lead to shortage of capital and, in turn, slow down economic growth in China. The aforementioned policies, if enforced, could bring about uncertainties or material risks to the Company’s operations, financial status, and business outcomes.

ii. Foreign exchange control, tax risks, and related regulations

①*Risks of foreign exchange control*

Ever since the economic reform in 1978, China has relaxed its control on foreign exchange and gradually moved towards the market mechanism. At present, RMB is convertible on current accounts but strictly limited on capital accounts.

On July 21, 2005, the People's Bank of China decided to abandon the fixed exchange rate against USD and adopted a floating rate system that values RMB against a currency basket, allowing it to fluctuate slightly. However, RMB is still undervalued as the Chinese government seeks to maintain its export competitiveness by depreciating its currency. Other countries have been pressuring China to reduce its intervention in currency valuation in hopes that the RMB will appreciate against USD.

②*Dividend distribution*

According to relevant law in the People's Republic of China, subsidiaries in the country must retain 10% of income after tax as statutory reserve pursuant to Chinese accounting standards. They also have to file tax return in accordance with relevant tax law prior to dividend distribution. At present, the Company withholds 10% income tax on distributed dividend prior to remittance.

③*Limitations on capital transfer*

The Company must seek registration and approval from the Chinese government (including State Foreign Exchange Administration and other government agencies) before transferring any capital, whether through shareholder loans or increasing capital registration, into the country. Because of the government's foreign exchange control policy, the Company might face difficulties when exchanging foreign currencies into RMB. Therefore, once funds are remitted, the Company will be limited in its market resilience and flexibility.

④*Enterprise income tax and value-added tax*

The new version of the *Law of People's Republic of China on Enterprise Income Tax* (including its enforcement regulations, hereafter "the new law") was passed in 2008 and came into effect on January 1, 2008. The new law treats local and foreign business the same, reducing incentives for shell or surrogate foreign investments. It also cuts back on tax benefits and promotes transparency in taxation. Under the new law, the standard enterprise tax rate is 25%. Foreign investments no longer enjoy the preferential rates of 24% or 18%, and domestic companies saw a tax cut from 27%. Small- to micro-enterprises now pay 20%

tax on income, whereas the rate for key high-tech enterprises is even lower at 15%. According to the *Guidelines for the Administration and Recognition of New- and Hi-tech Enterprises* issued by the Ministry of Science and Technology, Ministry of Faicnace, and State Administration of Taxation, qualifying businesses can apply for new- and high-tech enterprise status with local departments (or bureaus) of seine and technology administration in their provinces, autonomous regions, municipalities, and cities designated in the state plan. Eligible businesses can enjoy three years of tax break on enterprise income (from 25% to 15%) and can apply for review of status three months before certificate expiry. If the certificate expires, businesses have to reapply as a new applicant. Many tax benefits under the previous "Foreign Investment and Foreign Enterprise Tax Law" were canceled and the applicable tax rates were gradually adjusted to align with the new rate within five years of the effective date of the new law. In addition, controlled foreign companies (CFC) whose place of effective management (PEM) lies in China are considered "resident enterprises" and must pay 25% tax on income sourced domestically and abroad.

The Company is a holding company. Its ability to distribute stock dividend depends on the profit distribution of its major subsidiaries and the distribution plans passed by the Board of Directors. According to the new law, 10% income tax is imposed on dividends distributed by Chinese enterprises to foreign non-resident enterprise investors if the dividend income cannot be sourced directly to the registering country, even if the foreign non-resident enterprise has no operation in China. Chinese law stipulates that earnings distribution must be calculated on the basis of income after tax in accordance with the calculation method of statutory reserve set forth in the Chinese accounting standards. Additionally, subsidiaries in China must retain 10% earnings as non-distributable statutory reserve (unless total reserve exceeds 50% of registered capital), and outward remittance of dividend is subject to 10% income tax, which can fluctuate based on the exchange rate. Therefore, Chinese policies on dividend distribution and outward fund remittance can seriously limit the Company's ability and flexibility of profit sharing.

Value-added tax is governed by the *Provisional Regulations of the People's Republic of China on Value-Added Tax* (hereafter "the regulations"), passed on December 13, 1993, revised on November 5, 2008, and effectuated on January 1, 2009. The detailed rules for its implementation were first passed and effectuated on February 6, 2016. Under the regulations, individuals and businesses who engage in sales of goods, processing/manufacturing/repair labor, and importing are subject to value-added tax. Unless otherwise specified, 17% tax rate applies to the sales and import of goods. On October 30, 2017, the Chinese government revised the regulations for the second time and abolished the *Provisional Regulations of the People's Republic of China on Business Tax*, effectively replacing business tax with value-added tax. On March 5, 2019, the Ministry of Finance reduced the tax rate on sales and import of goods from 16% and 10% down to 13% and 9% respectively, effective April 1 of the same year. The applicable value-added tax rate for Xiamen Yong Yu Machinery will, therefore, become 13% from April 1, 2019 onwards.

⑤*Particularity of land and real estate in China*

Unless specified as state-owned by law, the land within the borders of the Republic of China belongs to the working people of China. According to the *Law of the People's Republic of China on Urban Real Estate Administration* (hereafter "real estate law") passed by National People's Congress, land is either state-owned or collectively owned by the Chinese people. The state can, as permitted by law, expropriate collectively owned land as state-owned.

According to the real estate law and the *Administrative Measures for Commodity Housing Leasing* (hereafter "administrative measures") passed on December 1, 2010 and effectuated on February 1, 2011, leasing parties should sign a written contract and file a registration with the competent authority. Although the *Contract Law of the People's Republic of China* and the *Interpretations on the Applicability of* Contract Law *(I)* prescribe the registration and filing of contracts, they do not clearly specify that contracts only come into effect after registration. In practice, registration does not affect the binding nature of the contracts in question, nor does it change the property rights to the subject matter of the contracts. Given that the real estate law and the administrative measures do not limit the effectiveness of contracts without registration, lease contracts remain binding whether registrations are filed or not.

⑥*Employment Contracts Law*

The Law of the People's Republic of China on Employment Contracts came into effect on January 1, 2008. It stipulates that employers must sign a written contract with its employees within one month of employment (or effective date of the law). If no written contracts are signed one year after employment date, then it is considered that an indefinite perpetual contract exists between the two parties. Under certain circumstances, employees are entitled to severance pay when the contract ends. However, if a similar or better renewal deal is rejected, employers are not required to pay economic compensations. Generally speaking, dismissed employees are entitled to one month's salary per year served, not including a specific period prior to 2008 as determined by local governments. If actual employment relation exists for more than one month yet without a written contract, dismissed employees are entitled to double the monthly salary and there is no grace period for the employers. The law does not specify whether economic compensations are required in the case of short-term indefinite employment contracts. The law also stipulates that major changes in labor compensations must be discussed and confirmed with labor unions or employee representatives. Furthermore, to protect employees' legal rights, employers must pay social security premiums, specify laborers' work schedule and holidays, and safeguard the interests of trial-period employees (such as specifying the duration and salary of trial periods). Employers should provide professional training to employees. The responsibilities of temporary laborers must be clearly defined to prevent illegal hiring of temporary labor instead of actual employees.

The Employment Contracts Law has many protective measures in place and can lead to increased operational costs for businesses that violate the rules. However, the Company has always pride itself on its treatment of employees ever since the subsidiary's inception. We provide a friendly working environment and great benefits to retain skilled employees, and we have written contracts that clearly define their responsibilities and rights. In the recent three years and as of now, there weren't any labor disputes. Nevertheless, if relevant law or its interpretation is to change in the future, it could still have an impact on the Company's business activities, operation outcomes, financial status and outlook.

⑦*Social insurance and the housing provident fund*

(a) Social insurance:

According to *Social Insurance Law of the People's Republic of China* (hereafter "social insurance law") and *Provisional Regulations on Collection and Payment of Social Insurance Premiums* ("collection regulations"), social insurance includes pension contribution, basic health insurance, injury insurance, unemployment insurance, and maternity insurance, and it is paid by state-owned businesses, collectively owned town business, foreign investments, privately owned town businesses, and other incorporated businesses. Employers should file for social insurance registration with their business license within 30 days of incorporation. The competent authority will issue a social insurance registration certificate to approved businesses.

The collection regulations require employers to begin paying premiums on January 22, 1999, but as the social insurance system is still in its early developmental stage, huge regional differences exist. As a result, each province (or municipality) has its own set of rules governing the collection of premiums, localizing the management of social security in accordance with the social security law and the collection regulations.

(b) Housing provident fund

Businesses should file for housing provident fund registration within 30 days of incorporation and should set up the fund with the entrusted bank with the certificate issued by the housing provident fund management center. Failure to do so within the time limit will lead to fines, and the management center can request reinforcement through the People's Court. The *Housing Provident Fund Management Regulations* ("management regulations"), enacted on April 3, 1999, require employers to contribute to the fund, but as the housing provident fund is still in its early developmental stage, huge regional differences exist. As a result, each province (or municipality) has its own set of rules, localizing the management of housing fund in compliance with the management regulations.

Xiamen Yong Yu Machinery has been paying social insurance premiums since its establishing, and started to contribute to the housing provident fund beginning June 2011. The Company has recognized an estimated liability covering up to three years of difference between the collection method defined by the local government and that by the State Administration of Taxation. We expect no material effects on the Company's financial statements should the premiums be collected by the State Administration of Taxation in the future.

⑧*Risks of changes in policy*

The current operation and future business outlook of the Company is highly dependent on China's political and economic environment, especially the possibility that the government may cancel or retract its policy that supports private businesses and foreign investments. Through legislation and state ownership, the Chinese government continues to exert great control over the economy, and supporting private businesses might only be an interim measure. The government may adjust its policy anytime in response to other political and socioeconomic factors, such as volatility in GDP growth, unemployment rate, inflation, or regional economic inequality—whether support for private businesses continues in the future is difficult to say. The government may limit the number of foreign laborers, impose heavier taxation on foreign investments, eliminate concessions in export processing areas, lay embargoes, or implement policies that threaten the Company's operation but benefit our competitors.

iii. Litigation risks and whether R.O.C.'s Court's Judgment will be recognized by the government in the country of business registration or main operation

Civil judgments issued by R.O.C. Courts (including rulings, mediations, payment orders, and rulings issued through arbitration) regarding matters of commerce, intellectual properties, and maritime law against persons or properties in China can be enforced within two years of final and binding judgment (but can be extended in the event of *force majeure*) in accordance with the *Provisions* and *Supplemental Provisions of the Supreme People's Court on the People's Courts' Recognition of Civil Judgments of the Relevant Courts of the Taiwan Region*. Such judgments are of equal effectiveness as judgments issued by the People's Court, with the exceptions of:

(a) non-final judgments,

(b) judgments issued in the absence of the defendants or without proper subpoenas or without adequate representation,

(c) cases that fall exclusively under the People's Court's jurisdiction,

(d) an arbitration agreement exists between the two parties,

(e) a judgment is already issued by the People's Court, or by the Court of another country and recognized by the People's Court.

(f) judgments in contradiction with One-China Policy, or

(g) judgments in violation of fundamental principles of law or against public interest.

On these ground, rulings issued by R.O.C. Courts are enforceable in China, and according related news reports, hundreds of such cases have been enforced since 1998. In sum, so long as civil rulings satisfy the aforementioned requirements without any of the exceptions, they can be enforced by the People's Court in China.

(1) Impact of changes in interest rates, foreign exchange rate, and inflation on the company's profitability and our countermeasures:

i. Interest rates:

The Company's interest expenses were respectively NT$3,385,000 in 2020 and NT$ 3,974,000 in 2019. As we continue to grow in scale and profitability, the reliance on bank loans will be reduced. Even if interest rates are to rise, no material risks would occur with regard to the Company's profitability.

ii. Exchange rates:

The majority of our sales is quoted in USD and the majority of our materials in RMB. Gains (losses) from foreign currency translation amounted to NT$ (41,987) thousand in 2020 and (2,302) thousand in 2019. As a whole, the impact of foreign exchange rates would make certain impact on the revenue and profit of the Company. The principal functional currency, USD, has not seen material volatility as of the first quarter in 2020. Nevertheless, to minimize the effects of exchange rates, the Company will closely observe the foreign exchange market at all times. With the help of online quoting systems and the assistance from financial institutions, we can make informed decisions on foreign exchange transactions. Strategically, we do our best to balance assets and liabilities in foreign currencies to minimize risks of exchange rate fluctuation. In the future, we are considering financial derivatives as a solution to achieve foreign exchange hedging. Currently, a 1% change in USD-RMB exchange rate will result in a difference of NT$7,671,000 in net income before tax.

iii. Inflation:

The Company monitors the market for inflation at all times and adjust the quotes of income and costs of procurements accordingly. Because the raw materials in the first quarter rise to a large extent, the purchase cost is increased. During the first quarter, the Company has notified the customers that the selling price will be appropriately appreciated to reflect the increased cost, resulting from the appreciation of the raw materials, which causes a material pressure on the Company's operation.

(2) Policies of engagement in high-risk and highly leveraged investments, loans to others, endorsements and guarantees, and derivative trading, main reasons for profit or loss and future countermeasures:

The Company remains steady and conservative in its operation and has never invested in high-risk and high-leverage targets. As for loans to others, endorsements and guarantees, and derivative trading, the Company has established specific rules to govern those decisions. Apart from our subsidiaries, the Group does not grant loans to others.

(3) Future R&D projects and estimated R&D expenses:

The Company’s current product development focuses on the AM market. Durin these two years, we also actively develop the OE market in China, from which we have acquired a few orders. There are numerous types of AM products. In the future, we will continue to develop new products and improve production quality and quantity to meet the demands of our clients. The Company plans to investment more than NT$ 50 million in R&D in 2021 to increase competitiveness. There are four major fields of research and development:

i. Brake caliper

Dish brake calipers are the leading product in the market. They were mainly used in high-end automobiles before, but are now becoming popular among mid- and low-end models. The Company has a limited line-up of brake calipers and plans to invest in R&D in this to field to expand market share, with the main focus on the U.S. and Chinese markets.

ii. Development of integrated brake system

The brake system is indispensable in the manufacturing of automobiles. With experience in our existing products (brake pumps, clutch pumps, and rubber components), we are actively developing other related products, such as brake hoses, center valves, hydraulic modulators, and load-sensing proportional valves, and integrating these components into a complete brake system with an acquired electronic control system to maintain our competitive advantage.

iii. Development of key technology in the manufacturing process

Apart from strengthening our foundation of our current products, we are actively researching into the technology of other products in the automobile brake system. We plan to improve and innovate our manufacturing, assembly, and testing procedures, automatize our production process, and reduce human labor and improve efficiency. Our ultimate goal is to effectively control technology, quality, and costs.

iv. Purchase of reverse engineering equipmment

The so-called “reverse engineering” refers to a 3-D measurement of existing auto components to quickly and accurately to get the contour coordinate values. After surface reconstruction, editing, and revisions, a complete blueprint can be produced to help the Company minimize measurement errors in molding and mass production. In the future, if the Company purchases 3-D measurement equipment, it will be able to significantly shorten the design cycle, accelerate product development, and stay ahead of market trends.

(4) Impact of important domestic and overseas policy and regulation changes on the financial status of the Company and countermeasures:

The Company is registered in the Cayman Islands. The branch in Taiwan is responsible for accepting the Group’s international orders and after-sale services.

Manufacturing is performed in China, and the North America subsidiary is mainly in charge of the sales and after-sales services in the United States. The manufacturing and sales of auto parts does not require a special license. The Company has always abided by law defined by the countries that we operate in. In addition, we closely monitor significant changes in policies and regulations to adapt to the business environment. Accordingly, there has been no significant risk regarding domestic or overseas policy and regulation change as of the printing date of this annual report.

(5) Impact of technological and industrial changes on the financial status of the Company and countermeasures:

The Company closely monitors the latest trends in technological and industrial development and spares no effort to improve manufacturing process by researching new materials of brake system components. The ultimate goal is to provide the most competitive products and services to extend our market reach and adapt with the industry. Accordingly, there has been no significant risk regarding technological and industrial change as of the printing date of this annual report.

(6) Impact of corporate image change on the Company's crisis management and countermeasures:

Integrity is one of our core values. Since its inception, the Company has always focused on its main field of business. We will continue to fortify internal control, increase production quality, and maintain a positive corporate image to earn the trust of our clients. Accordingly, there has been no significant risk regarding corporate image and crisis management as of the printing date of this annual report.

(7) Expected benefits and possible risks of mergers and acquisitions and countermeasures

The Company has no plans for mergers and acquisitions in the recent year and as of the printing date of this annual report. To protect shareholders' rights, the Company will follow its internal regulations on asset acquisition and carefully assess the overall benefits of such acquisitions before making a decision in the future.

(8) Expected benefits and possible risks of plant expansion and countermeasures:

To increase the scale of operation, the Company plans to expand our plants in Xiamen in 2019 for the manufacturing of brake calipers and related parts. With the newly installed automation equipment, annual production volume of brake calipers is expected to reach 500,000 units. However, the expansion of plants and equipment, and the hiring of new employees means that the Company has to bring in more profits to break even. We will continue to monitor market needs and evaluate our manufacturing capacity. As of the printing date of this annual report, the results met our expectations.

(9) Impact of concentration of purchase or sales and countermeasures: None due to a lack of concentration of the Company's purchase and sales in the recent year and up to the publishing date of this annual report.

(10) Impact of mass share transfer of or change of Directors, Supervisors or shareholders holding more than 10% of the Company's shares, the risks and countermeasures: None.

(11) The impact of the change of management on the Company, the risks and counter measures: Not applicable as the Company did not have any changes in management in the recent year and up to the publishing date of this report.

(12) Material litigation and non-litigation matters:

i. Litigation, non-litigation or administrative litigation against the Company in the past two years and as of the printing date of this annual report with judgments already made or pending. If the result may have a significant impact on the shareholders' equity or the price of the Company's shares, please disclose the fact of the dispute, the claim amount, the date of commencement of the litigation, the principal litigants and the handling of the situation: None.

ii. Litigation, non-litigation or administrative litigation in the past two years and as of the printing date of this annual report with judgments already made or pending which is related to the Company or the Company's Directors, Supervisors, General Manager, actual person in charge, shareholders holding more than 10% of the Company's shares or affiliates. If the result may have a significant impact on the shareholders' equity or the price of the Company's shares, please disclose the fact of the dispute, the claim amount, the date of commencement of the litigation, the principal litigants and the handling of the situation: None.

iii. Violations of Article 157 of Securities and Exchange Act by the Company's Directors, Supervisors, managers, and shareholders with more than 10% holding, and the Company's handling of the situation: None.

(13) Other important risks and countermeasures:

Information security: in the current era of the rise of the Internet, the information security system of enterprises is exposed to higher risks. With the continuous improvement of network attack techniques, we are also aware of the importance of information security. To properly respond to and face the threat of information security, we must do a good job in the company's information security management

A. Risk: while pursuing innovation, technology and speed, the Company should not ignore the importance of risk, and should identify the risks faced by the enterprise, and formulate risk oriented information security strategies.

B. Personnel: the internal risk of the company is often greater than the external risk, and the main risk is from the employees of the company. Therefore, it is necessary to strengthen and deepen the awareness of the employees, including internal threat management, awareness and propaganda of the culture of the company.

C. Build the control measures and analysis and response ability to prevent the risk of asset safety.

D. Asset safety accidents are likely to happen at any time, so the company must establish an immediate detection, crisis handling and response mechanism.

E. Technology and hacker technology are constantly evolving. Information security is a project that must be done at all times. Enterprises should set priorities for protecting target and resource security from the perspective of resource management.

Therefore, the company's information security management planning and strengthening are as follows:

a) Internal and external networks shall be isolated and monitored to prevent the intrusion of interested persons.

b) The internal network is divided into VLANs to separate the virtual host, database host and personal computer to facilitate management and prevent improper access to information.

c) The wireless WiFi network is built as an internal and external network isolation architecture.

d) On the network security control, firewall defense and port are used to strictly control access and record messages.

e) E-mail is sent and received in the way of internal and external e-mail with mail protection and filtering functions.

f) Remote VPN authorization management must apply for VPN login approval before opening the login.

g) Scheduled backup of virtual host.

h) Scheduled backup of database host.

In the field of information security, in addition to complying with ISO standards, implementing and strengthening resource security protection, it is more important for enterprises to build a resource security strategy and comprehensive Internet security framework consistent with the enterprise's objectives, and establish social trust in enterprises as the goal to drive the sustainable operation of enterprises.

7. Other Important Matters: None.

VIII. Other Important Matters:

1. Information about the Company’s Affiliates

(1) Organization chart

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(2) Basic data of affiliates

Affiliate	Date of establishment	Address	Paid-in capital	Major business or products
GDM	October 19, 2009	2056 Vista Parkway STE. 235 West Palm Beach, FL. 33411	USD 100 Thousand	The sales of vehicle brake master cylinder and clutch master cylinder.
Xiamen Yong Yu Machinery	October 20, 1992	Xiamen city, Fujian province, P.R.C.	USD 19,241 Thousand	The production and sales of vehicle brake master cylinder and clutch master cylinder.
Yusin Brake Corp. (Note one)	April 26, 2011	P.O. Box 1225, Apia, Samoa	USD 220 Thousand	The sales of vehicle brake master cylinder and clutch master cylinder.
Hsien Man	April 22, 2016	P.O. Box 217, Apia, Samoa	USD 1,800 Thousand	The production and sales of brake shoe

Note one: Yusin Brake Corp., Taiwan Branch is not independent legal entity.

(3) According to Article 396-3 of the Company Act presumed to have a controlling and subordinate relationship: Nil.

(4) The industries covered by the business operated by the affiliates overall:

Our major business are the production and sales of brake master cylinder, clutch master cylinder, brake caliper and brake shoe.

(5) Information about the directors, supervisors and general managers of the affiliates

As of April 4, 2020

Affiliate	Title	Name	Shareholding(Note)	
			Share	%
Xiamen Yong Yu Machinery	Chairman	Ching-Te Chi	-	Yusin holding100 %
	General Manager	Yao-Jen Hsu	-	
	Director	Chin-Lung Chen, Hara-Chi Chang, Meng-Feng Tsai	-	
	Supervisor	Tsung-Ming Lu	-	
GDM	Director	Yao-Jen Hsu	-	Yusin holding55 %
	Director	Po-Yen Chi	-	
	General Manager	Geoffrey D. M. Bourn	-	45%
Yusin Brake Corp.	Chairman	Yung-Chun Hsu	-	Yusin holding100 %
Hsien Man	Director	Ching-Te Chi, Yao-Jen Hsu	-	Yusin holding100 %

Note: There is no number for shareholding due to the organizational pattern of corporations.

(6) Overview of the operations of the affiliates

Unit: NT$ thousand, earnings per share in dollars; As of December 31, 2019

Affiliate	Capital	Total asset	Total liabilities	Total equity	Operating income	Gross profit	Net income (after tax)	Earnings per share(after tax)

Xiamen Yong Yu Machinery	573,755	1,753,791	458,941	1,294,850	1,245,857	140,154	113,038	Note
GDM	2,848	35,951	11,993	23,958	46,890	8,565	7,419	Note
Yusin Brake Corp.	6,266	702,373	602,474	99,899	1,231,211	54,705	34,527	Note
Hsien Man	77,435	101,091	62,406	38,685	61,005	(8,697)	(8,078)	Note

Note: Not the shareholding system, thus no shareholding number.

2. The consolidated financial statements with the affiliates

The entities that are required to be included in the consolidated financial statements as of December 31, 2020 and for the year then ended under the Criteria Governing the Preparation of Consolidated Affiliation Business Reports, Consolidated Business Reports, and Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard(s) No.27, "Consolidated and Separate Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Grape King Bio Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

3. Affiliated report: Nil.

2. Private securities in the past year and as of the date of publication of the annual report shall report the date and quantity approved by the shareholders' meeting and the board of directors, the basis and reasonableness of the private placement price, the method for selecting the specific persons, the reasons for the necessity of conducting the private placement, the places of the private placement, qualification requirements, subscription quantities, relationship to the company, involvement in company operations, actual subscription (or issuance) price, the discrepancy between the actual subscription (or issuance) price and the reference price, any effect of the private placement on shareholder equity, and the status of utilization of the funds, plan implementation progress, and the realization of plan benefits from the time the price of the shares or subscription has been paid up in full until the fund utilization plan: The company

3.Holding or Disposal of the Company’s Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report: Nil.

4.Other Necessary Supplementary Notes: Nil.

The resolution of shareholders’ meeting of the company on December 19, 2014 authorized the third amendment and restate articles of incorporation. The resolution of shareholders’ meeting on May 28, 2015 authorized the fourth amendment and restate articles of incorporation. The resolution of board of directors on July 30, 2015 and shareholders’ meeting on September 1, 2015 authorized the fifth amendment and restate articles of incorporation. The resolution of shareholders’ meeting on May 27, 2016 authorized the sixth amendment. The resolution of shareholders’ meeting on June 8, 2018 authorized the seventh amendme The resolution of shareholders’ meeting on June 6, 2019 authorized the eighth amendment. The resolution of shareholders’ meeting on June 2, 2020 authorized the ninth amendment. The related information of general difference between the company registered place and the protection of shareholders of the Republic of China can be searched at Foreign Issuers to Apply Primary Listing of Securities of Market Observation Post system. Except the table below listing matters which are not in coherent with the Law of Cayman Company Act, and not set according to matters of the protection of shareholders’ equity checklist, the company has set the specific contents of protecting the conduct of shareholders’ equity according to the checklist of matters of the protection of shareholders’ equity, investors can refer to on the website of the company.

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
1.	1. Shareholders' meeting shall be held at least once every year; the regular meeting of shareholders shall be convened within six months after close of each fiscal year. Shareholders' meeting shall be convened by the board of directors. 2. Shareholders' meeting shall be held within the territory of the Republic of China. Shareholders' meeting held without the territory of the Republic of China shall be approved by the resolution of the board of directors, or shareholders submit for approval by the Stock Exchange within two days after acquiring the convene permission of the competent authority. 3. Shareholders holding one percent (1%) or more of the total number of outstanding shares of a company may propose to the company a proposal for discussion at a regular shareholders' meeting. Where the number of shares of the company in the possession of the shareholder making the said proposal is less than one percent (1%) of the total number of outstanding shares, and the proposal is not the resolution of the shareholders; meeting, and in case a proposal contains more than one matter, such proposals shall not be included in the agenda. 4. Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a	1. As far as the shareholders' meeting held without the territory of the Republic of China, because of the Company Act doesn't have specific regulation of shareholders convening shareholders' meeting. Therefore, Provision 19.6 of the Articles of Incorporation doesn't have specification of shareholders shall submit and permitted by the competent authority before convening the interim shareholders' meeting. 2. In addition, if shareholders convene shareholders' meeting without the territory of the Republic of China, because the interim shareholders' meeting doesn't have to permitted by the authority, thus Provision 19.6 of the Articles of Incorporation only regulates it shall report to Stock Exchange in Taiwan and permitted beforehand, rather than the requirement of the checklist of the protection of shareholders' equity," Shareholders submit for approval by the Stock Exchange within two days after acquiring the convene permission of the competent authority." In this case, it shall not have essential impact on the shareholders' equity of the Republic of China.

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
	special meeting of shareholders within 15 days after the filing of the request, the proposing shareholders may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own. 5. The following matters shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporary motions: (1) Matters pertaining to election or discharge of directors and supervisors; (2) Alteration of the Articles of Incorporation; (3) Dissolution, merger, shares exchange, split up; (4) Enter into, amend, or terminate any contract for lease of the company’s business in whole, or for entrusted business, or for regular joint operation with others; (5) Transfer the whole or any essential part of its business or assets; (6) Accept the transfer of another’s whole business or assets, which has great bearing on the business operation of the company; (7) Private placement of issuance of securities with equity characteristics. (8) The permission of directors engaging in non-compete behaviors; (9) have the surplus profit distributable as dividends and bonuses in whole or in part distributed in the form of new shares to be issued by the	

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
	company for such purpose; (10) distribute its legal reserve and the income derived from the issuance of new shares at a premium or endowments received by the company by issuing new shares which shall be distributable as dividend shares to its original shareholders.	
2.	1. A company whose shareholders may exercise their voting power in writing or by way of electronic transmission in a shareholders' meeting shall describe in the shareholders' meeting notice the method of exercising their voting power; However, a public company satisfied with the conditions in terms of company's scale, shareholder number, shareholder structure and other essential factors stipulated by the competent authority in charge of securities affairs shall adopt the electronic transmission as one of the methods for exercising the voting power. 2. The company held shareholders' meeting without the territory of R.O.C. shall offer methods to shareholders exercising the voting power in writing or by way of electronic transmission. 3. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. 4. A shareholder intending to exercise	As far as the shareholders may exercise their voting power in writing or by way of electronic transmission, the Company Act doesn't mention whether it can be regarded as attending the meeting in person when exercising their voting power in writing or by way of electronic transmission, and related cases haven't been found yet. To make another arrangement, the Provision 25.4 of the Articles of Incorporation regulates that," A shareholders exercises he/she voting power in writing or by way of electronic transmission in shareholders' meeting under the previous regulations, is regarded as entrusting the chairman of the conference as his/her proxy who can exercise the voting power in writing or by way of being instructed via e-mail in shareholders' meeting. The chairman of the conference has the position of proxy, doesn't have the right to exercise the voting power of the shareholder of proposing the correction of the original motion and/or unmentioned or unstated matters in the writing or e-mail in shareholders' meeting. To clarify the discrepancies, the shareholder exercises the voting power outside of regarding as the interim motion/ or the correction of the original motion proposed in that shareholders' meeting, and abstains the voting power." The regulation of the company No. 26.3 regulated the substitute voting power of the chairman of the shareholders' meeting is not restricted by the regulation that it shall not be over three percent(3%) of the voting power of the whole issued shares.There is no same regulation in the Company Act about the difference mentioned above, the impact on shareholders' equity in the Republic of the China is limited.

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
	voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent. 5. After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to this Corporation, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. 6. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders meeting, the voting rights exercised by the proxy in the meeting shall prevail.	
3.	A company shall not do any of the following acts which involve in shareholders' important equity without a resolution adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. If the total number of shares represented by the shareholders present at shareholders' meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution to	1. Concerning the methods of the resolution of shareholders' meeting, besides the ordinary resolution and the prominent resolution, the company articles No. 1.1 included the definition of " Special Resolution" under the Company Act. Under the legal circumstances, in the shareholders' meeting of the company, a shareholder who is authorized to attend in person, or be voted by written proxy, or a proxy who is authorized by corporate shareholders or non-natural person shareholder attends the meeting to vote, and after counting every shareholder's voting number, the resolution to be made thereto may be adopted by two-thirds or more of the attending

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
	be made thereto may be adopted by two-thirds or more of the attending shareholders who represent a majority of the total number of its outstanding shares: 1. Enter into, amend, or terminate any contract for lease of the company's business in whole, or for entrusted business, or for regular joint operation with others; Transfer the whole or any essential part of its business or assets; Or accept the transfer of another's whole business or assets, which has great bearing on the business operation of the company. 2. Alteration of the Articles of Incorporation. 3. Any modification or alteration in the Articles of Incorporation prejudicial to the privileges of special shareholders shall be adopted in a resolution of special shareholders. 4. Have the surplus profit distributable as dividends and bonuses in whole or in part distributed in the form of new shares to be issued by the company for such purpose. 5. A resolution for dissolution, consolidation or merger, or split-up of a company.	shareholders who represent a majority of the total number of its outstanding shares. 2. The following matters shall be by way of special resolution according to the Company Act: (1) Alteration of the Articles of Incorporation According to the Company Act, alteration of the articles of incorporation shall follow the special resolution regulated by the Company Act, thus the company articles No. 12.1 changed the resolution barrier of the articles, not change to supermajority resolution under our country's regulation according to the protection of shareholders' equity checklist's requirement. On top of that, according to the company article, any alternation or the amendment of the Articles will prejudicial to any kind of the privileges of shareholders, then the related alternation or amendment of articles shall be authorized by special resolution, and shall be authorized by the special resolution convened by the shareholders. (2) Dissolution According to the Company Act, if the aggregate of the assets of a company is insufficient to satisfy its liabilities when its liabilities due and volunteers to liquidate and dissolute, the dissolution shall be the resolution of shareholders' meeting; Only when, if the company volunteers to liquidate and dissolute except for the previous paragraph, its dissolution shall under the special resolution of the Company Act, thus the resolution barrier of liquidator and dissolution are not required to amendment according to protection of shareholders' equity checklist to supermajority resolution matters under laws of our country by Provision 12.4 of the Articles of Incorporation. (3) Merger Due to the Company Act has mandatory regulation of conducting voting methods of" Merger defined by the Company Act," the company articles No. 12.3 (b) sets" Merger" expect in accordance with the Company Act definition: statutory merger and/or statutory consolidation" require special resolution." shall authorized by the supermajority resolution. The difference between the matters above and the protection of shareholders' equity checklist is, the latter shall be regulated by the supermajority resolution matters and the special resolution in the articles of the company, as the matter of the supermajority resolution. Since the difference was resulted from the regulation of the Company Act, and the articles of the company already itemized the supermajority resolution of important matters of the protection of

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
		shareholders' equity in the articles of the company, the impact on shareholders' equity is limited.
4.	1. Supervisors of a company shall be elected by the meeting of shareholders, among them at least one supervisor shall have a domicile within the territory of the Republic of China. 2. The term of office of a supervisor shall not exceed three years; but he/she may be eligible for re-election. 3. In case all supervisors of a company are discharged, the board of directors shall, within 30 days, convene a special meeting of shareholders to elect new supervisors. However, for a company whose shares are issued to the public, the special meeting of shareholders for election of supervisors shall be convened by the board of directors within 60 days. 4. Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the business and financial conditions of the company, inspect, transcribe or make copies of the accounting books and documents, and request the board of directors or managerial personnel to make reports thereon. 5. Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make a report of their findings and opinions at the meeting of shareholders. 6. In performing their functional duties of inspection, the supervisors may appoint, on behalf of the company, a practicing lawyer and a certified public accountant to conduct the examination. 7. Supervisors of a company may attend	There is no the same concept of supervisors in the Company Act, and there are audit committee in the issuance company, thus there is no related regulation of supervisors in the articles of the company.

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
	the meeting of the board of directors to their opinions. In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act. 8. Supervisor may each exercise the supervision power individually. 9. A supervisor shall not be concurrently a director, a managerial officer or other staff/employee of the company.	
5.	1. Shareholders who have been continuously holding 3% or more of the total number of the outstanding shares of the company over one year may request in writing the supervisors of the company to institute, for the company, an action against a director of the company, and shall be submitted to the jurisdiction of Taipei District Court in the first instance. 2. In case the supervisors fails to institute an action within 30 days after having received the request made by the shareholders, then the shareholders may institute the action for the company, and shall be submitted to the jurisdiction of Taipei District Court in the first instance.	Since there is no the same concept of supervisors in the Company Act, thus there is no related regulation of supervisors in the articles of the company. Referring to the Company Act of the Republic of China No. 214, the regulation of the minority of shareholders requesting the lawsuit to board of directors, the articles of the company No. 48.3" Within the scope permitted by the Law of Cayman Islands, shareholders who have been continuously holding 3% or more of the total number of the outstanding shares of the company over one year may request: (a) In writing the supervisors of the company to institute, for the company, an action against a director of the company, and shall be submitted to the jurisdiction of Taipei District Court in the first instance; or (b) In writing request the independent directors of the audit committee to bring action against the directors on behalf of the company in a court of Taipei District Court as the court of first instance; request proposed under paragraph (a) and (b) within 30 days, such as (i) Board of directors requested doesn't authorize the independent of audit committee or the independent director of audit committee authorized by board of directors who doesn't submit the jurisdiction according to (a); or (ii) The requested independent director of audit committee doesn't submit the jurisdiction according to (b), within the scope permitted by the Law of Cayman Islands, shareholders can submit the jurisdiction to board of directors of Taipei District Court in the first instance." The lawyers of Cayman remind the following paragraph according to the Law of Cayman:

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
		The Company Act doesn't permit the specific regulation of the jurisdiction procedure derived from the minority of shareholders submitting to board of directors. In addition, the articles of the company is not the contract between shareholders and directors, it is the agreement between shareholders and the company. Although the articles permitted the minority of shareholders submit derivative jurisdiction to directors, the lawyers of Cayman consider it has no restriction to directors. However, under the general acts, all shareholders(the minority shareholders included) have the rights of submitting derivative jurisdiction(submitting jurisdiction to directors included) no matter the shareholding ratio or duration of shareholding. Once the shareholder submitted to the jurisdiction, it will be determined by the Cayman courts whether the shareholder can keep conducting the procedure. In that case, though the articles of the company regulated the minority of shareholders(or shareholders having sufficient shareholding ratio or duration) can represent the company to submit the director to the jurisdiction, but whether the procedure can be conducted is depends on Cayman courts' decision. According to the related judgment by Cayman Grand Court, the suitable criterion is whether Cayman court believes an accepts it is substantive on requests proposed by plaintiff representing the company, the illegal behaviors are conducted by the controlled company, and the controlled company can have the company not submit it to the jurisdiction, when . Cayman courts examine whether approving conducting derivative lawsuit. Cayman courts will judge by the facts of individual case(Although the court may refer the regulation of the articles of the company, it is not the determined factor). According to the Law of Cayman, board of directors shall determine in the proxy of the company by the whole entity(rather than an individual director). Any director representing the company shall submit other directors to jurisdiction is authorized by the director through resolution of board of directors according to the articles. The Company Act doesn't authorize shareholders to request directors convene board of directors to pass a resolution of specific matters which are written in regulation. The Company Act doesn't ban the company from setting the articles and the related regulation of procedure of board of directors.(Including the regulation of convening board of directors).
6.	1. The responsible person of a company shall have the loyalty and shall exercise the due care of a good administrator in conducting the business operation of the company; and if he/she has acted contrary to this provision, shall be liable for the	Although the articles of the company No,48.4 has regulated" Under the circumstances of not effect directors' duties of the company according to the Company Act, directors shall be responsible to the company and do the duties of good administrators when conducting the business operation of the company. If violating and prejudicing the company, directors shall be responsible to the liability for damages. If he/she has acted contrary to this provision, shall be liable

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
	damages to be sustained by the company there-from. In case the responsible person of a company does anything for himself/herself or on behalf of another person, the shareholders' meeting may, by a resolution, consider the earnings in such an act as earnings of the company. 2. If the directors of a company has, in the course of conducting the business operations, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, they shall be liable, jointly and severally, for the damage to such other person. 3. The managers of the company and supervisors in the course of conducting the business of operations, should be responsible to the same liability for damages with the company.	for the damages to be sustained by the company there-from. In case the responsible person of a company does anything for himself/herself or on behalf of another person, the shareholders' meeting may, by a resolution, consider the earnings in such an act as earnings of the company, and request directors pay the earnings to the company. The directors and managers of the company have, in the course of conducting business operation, violated any provision of the applicable laws and/or regulations and thus caused damage to any other person, they shall be liable, jointly and severally, for the damage to such other person." The lawyers of Cayman remind the following paragraph according to the Law of Cayman: Concerning the regulation of considering directors' profits to be earnings of the company, the Cayman lawyers consider the regulation has uncertainty, thus have doubts on whether it can be conducted. For instance, whether directors violating mandatory shall be submitted to the court as the final determination and how to clarify benefits. The Cayman lawyers consider the act doesn't restrict the responsibility of directors, directors shall be responsible to every statutory responsibility according to the Company Act, the responsibility of common law and loyalty. Directors ' duties of the company can, according to the Company Act, be divided into duty under the general law(which is the professional ability, attention and diligent responsibility) and loyalty. But directors still have the legal duties under each law's regulation, and have the duty of the third person(such as creditors). If the company cannot wind up or has the concern of winding up, directors shall consider creditors' equity when conducting duties. Due to the articles of the company is the agreement between shareholders and the company, directors are not the persons involved or implicated of the company articles. All the equities of liability for damage to directors violating responsibility. Under the Company Act, generally speaking, managers or supervisors don't share the same duty to the company or shareholders with directors. But if managers or supervisors are authorized to represent the person in charge, then have the same duty with company's directors. To avoid doubtful point, the Cayman company generally regulate the responsibility and mandatory to the company and shareholders in the contract of managers or supervisors. Likewise, due to the articles of the company are agreement between shareholders and the company, managers or supervisors are not the persons involved or implicated. All the equities of liability for damage to managers or supervisors violating responsibility, shall all be regulated in the service contract. As far as the Company Act, due to the articles of the company are the agreements between shareholders and issuance company, directors(as far as serving as the directors of the issuance company)

	Matters concerning the protection of shareholders' equity	The regulation of articles and the reasons of difference
		are not persons involved in the articles of the company. The lawyers of Cayman consider the act has no restriction to directors. If the issuance company wants to make the related regulations have the contract effectiveness to directors, the lawyers of Cayman consider it shall regulate in the contract of individual directors, such as service contracts.

IX. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Owner's Equity or Share Price as Stipulated in Item 2, Paragraph 2 of Article 36 of the Securities Exchange Law: Nil.

YUSIN HOLDING CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR20000372

To the Board of Directors and Shareholders of Yusin Holding Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Yusin Holding Corp. and its subsidiaries (the "Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2020 consolidated financial statements period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements are stated as follows:

Valuation of inventory

Description

For the description of accounting policy on inventory, please refer to Note 4(12). For the accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2). For the description of allowance for inventory valuation losses, please refer to Note 6(5). As of December 31, 2020, the balances of inventories and allowance for inventory valuation losses were NT$310,426 thousand and NT$47,075 thousand, respectively.

The Group is engaged in the manufacturing and selling of vehicle's brake master cylinder and clutch master cylinder. There is a risk of inventory losing value or becoming obsolete due to returned goods or order cancellations as the production model of the Group is Build - to - Order. Inventories are stated at the lower of cost and net realisable value. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value, for inventories age over a certain period and were separately identified as obsolete and damaged, the Group recognises loss for obsolete and slow-moving inventories. As the determination of net realisable value involves subjective judgement, it results in an uncertainty when assessing the obsolete or slow-moving inventories. Additionally, since the inventory and allowance for inventory valuation losses were material to the financial statements, the valuation of inventory was identified as a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of accounting policies on inventory valuation allowance, and checked whether the Group consistently applied the policy during the financial reporting periods.

2. Obtained the net realisable value reports for each inventory; confirmed that the calculation logic has been applied consistently; sampled and tested related parameters including sources of information such as sale and purchase files.

3. Obtained an understanding of Group's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the effectiveness of the classification of obsolete inventory and internal control over obsolete inventory.

4. Verified the appropriateness of the system logic in calculating the ageing of inventories, and confirmed that the information in the reports is correct.

5. Regarding inventories wherein aging is greater than certain periods, assessed the reversal of inventory valuation and obsolescence loss and compared with the allowance for inventory valuation losses that was provided in prior year; and recalculated allowance for inventory valuation losses using the item-by-item approach based on the lower of cost and net realisable value and discussed with the management for the valuation result and the reasonableness of allowance for inventory valuation losses.

Timing of recognising sales revenue

Description

Please refer to Note 4(25) for accounting policy of revenue recognition. For the year ended December 31, 2020, the Group's sales revenue was $1,491,678 thousand.

The export sales revenue constitutes over 90% of the total Group sales revenue. Since the Group has diverse transaction terms on sales orders, contracts or other agreements with customers and the timing of goods' ownership transfer and the procedures for the revenue recognition involves manual checking of sales status and relevant documents, it may have a significant effect on the appropriateness of revenue recognition near the end of the reporting period. Therefore, sales revenue recognition needs to be adjusted at the end of the reporting period and may lead to misstatements for the cut-off of sales revenue recognition in the financial statements. Thus, we consider the timing of recognising sales revenue a key audit matter.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Obtained an understanding of the Group's sales revenue cycle, reviewed internal control process and contracts with customers in order to assess the effectiveness of managements' control of revenue recognition.

2. Performed cut-off test on sales revenue transactions, including verifying the supporting documents for ownership transfer of the transactions to ensure that the sales revenue had been recorded in the period accordingly.

3. Tested the Group's sales transactions around the year-end date to check whether sales are recorded in the proper period. Confirmed whether inventory and cost of goods sold were recorded in the proper period in order to assess the reasonableness of the sales revenue recognition.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the generally accepted auditing standards in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chen, Hsien-Cheng　　　　Liang Yi Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 12, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

YUSIN HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

			December 31, 2020		December 31, 2019	
	Assets	Notes	AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 602,269	26	$ 588,096	27
1136	Current financial assets at amortised cost	6(2), 8 and 12(2)	30,554	1	-	-
1150	Notes receivable, net		2,461	-	-	-
1170	Accounts receivable, net	6(3)(4) and 12	644,823	28	603,314	28
1200	Other receivables		34,124	2	18,049	1
130X	Inventories, net	6(5)	263,351	12	248,030	12
1470	Other current assets		27,047	1	14,563	1
11XX	**Total current assets**		1,604,629	70	1,472,052	69
	Non-current assets					
1600	Property, plant and equipment	6(6) and 8	570,018	25	554,231	26
1755	Right-of-use assets	6(7) and 8	41,344	2	46,755	2
1780	Intangible assets	6(8)	15,994	1	21,388	1
1840	Deferred income tax assets	6(25)	13,609	1	12,678	-
1915	Prepayments for business facilities		35,093	1	35,416	2
1920	Guarantee deposits paid		772	-	447	-
1990	Other non-current assets		2,811	-	736	-
15XX	**Total non-current assets**		679,641	30	671,651	31
1XXX	**Total assets**		$ 2,284,270	100	$ 2,143,703	100
	Liabilities and equity					
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 267,884	12	$ 133,306	6
2130	Current contract liabilities	6(18)	9,098	-	768	-
2150	Notes payable		237	-	187	-
2170	Accounts payable		285,867	12	244,499	12
2180	Accounts payable-related parties	7	44,125	2	36,049	2
2200	Other payables	6(11)	106,829	5	123,657	6
2230	Current income tax liabilities	6(25)	20,372	1	28,577	1
2280	Current lease liabilities		3,748	-	5,188	-
2300	Other current liabilities		750	-	192	-
21XX	**Total current liabilities**		738,910	32	572,423	27
	Non-current liabilities					
2570	Deferred tax liabilities	6(25)	11,069	1	10,931	1
2580	Non-current lease liabilities		6,583	-	10,138	-
2600	Other non-current liabilities	6(13)	2,786	-	5,294	-
25XX	**Total non-current liabilities**		20,438	1	26,363	1
2XXX	**Total liabilities**		759,348	33	598,786	28
	Equity attributable to owners of parent					
	Share capital	6(15)				
3110	Share capital		398,080	18	398,080	19
	Capital surplus	6(16)				
3200	Capital surplus		681,212	30	681,212	31
	Retained earnings	6(17)				
3310	Legal reserve		116,671	5	96,913	4
3320	Special reserve		142,741	6	83,203	4
3350	Unappropriated retained earnings		257,406	11	392,140	18
	Other equity interest					
3400	Other equity interest		(133,214)	(6)	(142,741)	(6)
31XX	**Total equity attributable to owners of parent**		1,462,896	64	1,508,807	70
36XX	**Non-controlling interests**		62,026	3	36,110	2
3XXX	**Total equity**		1,524,922	67	1,544,917	72
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,284,270	100	$ 2,143,703	100

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

YUSIN HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Years ended December 31,			
			2020		2019	
	Items	Notes	Amount	%	Amount	%
4000	**Operating revenue**	6(18)	$ 1,491,678	100	$ 1,627,538	100
5000	**Operating costs**	6(5)(23)(24) and 7	(1,021,819)	(69)	(1,108,295)	(68)
5900	**Gross profit**		469,859	31	519,243	32
	Operating expenses	6(23)(24)				
6100	Selling expenses		(91,847)	(6)	(104,792)	(7)
6200	General and administrative expenses		(126,389)	(9)	(142,256)	(8)
6300	Research and development expenses		(49,924)	(3)	(49,853)	(3)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(2,813)	-	(759)	-
6000	**Total operating expenses**		(270,973)	(18)	(297,660)	(18)
6900	**Operating profit**		198,886	13	221,583	14
	Non-operating income and expenses					
7100	Interest income	6(2)(19)	4,042	-	2,479	-
7010	Other income	6(20)	17,354	1	24,076	1
7020	Other gains and losses	6(21)	(44,453)	(3)	(7,473)	-
7050	Finance costs	6(4)(22)	(5,579)	-	(7,492)	-
7000	**Total non-operating income and expenses**		(28,636)	(2)	11,590	1
7900	**Profit before income tax**		170,250	11	233,173	15
7950	Income tax expense	6(25)	(31,119)	(2)	(39,188)	(2)
8200	**Profit for the year**		$ 139,131	9	$ 193,985	13
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8341	Financial statements translation differences of foreign operations		($ 74,496)	(5)	($ 45,451)	(3)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		83,478	6	1,151	-
8300	**Total other comprehensive income (loss) for the year**		$ 8,982	1	($ 44,300)	(3)
8500	**Total comprehensive income for the year**		$ 148,113	10	$ 149,685	10
	Profit (loss), attributable to:					
8610	Owners of the parent		$ 143,602	9	$ 197,581	13
8620	Non-controlling interests		($ 4,471)	-	($ 3,596)	-
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 153,129	10	$ 138,043	9
8720	Non-controlling interests		($ 5,016)	-	$ 11,642	1
	Basic earnings per share(In dollars)					
9750	**Total basic earnings per share**	6(26)	$	3.61	$	5.41
	Diluted earnings per share(In dollars)					
9850	**Total diluted earnings per share**	6(26)	$	3.59	$	5.39

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

YUSIN HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of parent											
			Capital surplus				Retained earnings						
	Notes	Share capital- common stock	Additional paid-in capital	Changes in ownership interests in subsidiaries	Employee share options	Others	Legal reserve	Special reserve	Undistributed retained earnings	Financial statements translation differences of foreign operations	Subtotal	Non-controlling interests	Total
For the year ended December 31, 2019													
Balance at January 1, 2019		$ 346,080	$ 433,949	$ 2,208	$ 135	$ -	$ 78,974	$ 70,638	$ 398,103	($ 83,203)	$ 1,246,884	$ 22,582	$ 1,269,466
Profit (loss) for the year		-	-	-	-	-	-	-	197,581	-	197,581	(3,596)	193,985
Other comprehensive (loss) income		-	-	-	-	-	-	-	-	(59,538)	(59,538)	15,238	(44,300)
Total comprehensive income (loss)		-	-	-	-	-	-	-	197,581	(59,538)	138,043	11,642	149,685
Distribution of 2018 earnings	6(17)												
Legal reserve		-	-	-	-	-	17,939	-	(17,939)	-	-	-	-
Special reserve		-	-	-	-	-	-	12,565	(12,565)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(173,040)	-	(173,040)	-	(173,040)
Issuance of shares	6(15)	52,000	239,200	-	-	-	-	-	-	-	291,200	-	291,200
Cash capital increase reserved for employee pre-emption	6(15)	-	-	-	5,720	-	-	-	-	-	5,720	-	5,720
Employee share options expired	6(14)	-	-	-	(525)	525	-	-	-	-	-	-	-
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	4,645	4,645
Dividend distributed to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(2,759)	(2,759)
Balance at December 31, 2019		$ 398,080	$ 673,149	$ 2,208	$ 5,330	$ 525	$ 96,913	$ 83,203	$ 392,140	($ 142,741)	$ 1,508,807	$ 36,110	$ 1,544,917
For the year ended December 31, 2020													
Balance at January 1, 2020		$ 398,080	$ 673,149	$ 2,208	$ 5,330	$ 525	$ 96,913	$ 83,203	$ 392,140	($ 142,741)	$ 1,508,807	$ 36,110	$ 1,544,917
Profit (loss) for the year		-	-	-	-	-	-	-	143,602	-	143,602	(4,471)	139,131
Other comprehensive (loss) income		-	-	-	-	-	-	-	-	9,527	9,527	(545)	8,982
Total comprehensive income (loss)		-	-	-	-	-	-	-	143,602	9,527	153,129	(5,016)	148,113
Distribution of 2019 earnings	6(17)												
Legal reserve		-	-	-	-	-	19,758	-	(19,758)	-	-	-	-
Special reserve		-	-	-	-	-	-	59,538	(59,538)	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(199,040)	-	(199,040)	-	(199,040)
Changes in ownership interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	32,225	32,225
Dividend distributed to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,293)	(1,293)
Balance at December 31, 2020		$ 398,080	$ 673,149	$ 2,208	$ 5,330	$ 525	$ 116,671	$ 142,741	$ 257,406	($ 133,214)	$ 1,462,896	$ 62,026	$ 1,524,922

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

YUSIN HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 170,250	$ 233,173
Adjustments to reconcile profit before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Expected credit losses	6(23) and 12(2)	2,813	759
Depreciation (including right-of-use assets)	6(6)(7)(23)	75,437	74,995
Loss (gain) on disposal of property, plant and equipment	6(21)	1,557	(52)
Amortisations	6(23)	20,425	13,094
Compensation cost of employee share options		-	5,720
Interest expense	6(22)	5,579	7,492
Interest income	6(19)	(4,042)	(2,479)
Impairment loss	6(8)(9)(21)	-	3,871
Changes in assets/liabilities relating to operating activities			
Changes in operating assets			
Notes receivable		(2,414)	-
Accounts receivable		(43,227)	59,543
Other receivables		(14,734)	25,321
Inventories		(11,812)	(1,445)
Other current assets		(6,725)	(35)
Net changes in liabilities to operating activities			
Contract liabilities		8,288	(9,806)
Notes payable		62	38
Accounts payable		35,846	(23,176)
Accounts payable - related parties		7,367	10,991
Other payables		(18,159)	(2,452)
Other current liabilities		533	1,303
Other non-current liabilities		(2,465)	(2,601)
Cash provided by operations		224,579	394,254
Interest received		4,042	2,479
Interest paid		(5,579)	(7,492)
Income taxes paid		(39,808)	(27,614)
Net cash provided by operating activities		183,234	361,627

(Continued)

YUSIN HOLDING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2020	Years ended December 31, 2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flow from acquisition of subsidiaries	6(27)	$ 3,504	($ 9,492)
Decrease in payables for investment		(3,569)	(2,065)
Increase in financial assets at amortised cost	6(2)	(30,554)	-
Acquisition of property, plant and equipment	6(28)	(68,090)	(64,854)
Increase in guarantee deposits paid		(341)	-
Proceeds from disposal of property, plant and equipment		-	1,133
Acquisition of intangible assets	6(9)	(7,074)	(137)
Increase in other non-current assets		(7,280)	(1,516)
Increase in prepayments for equipment		(34,423)	(39,671)
Net cash flows used in investing activities		(147,827)	(116,602)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings		637,532	133,554
Repayments of short-term borrowings		(501,170)	(76,787)
Repayments of principal portion of lease liabilities		(6,315)	(4,830)
Proceeds from issuance of shares	6(15)	-	291,200
Dividend distributed to non-controlling interests		(1,293)	(2,759)
Cash dividends paid	6(17)	(199,040)	(173,040)
Change in non-controlling interests		32,225	4,645
Net cash flows (used in) from financing activities		(38,061)	171,983
Effect of foreign exchange rate changes on cash and cash equivalents		16,827	(65,497)
Net increase in cash and cash equivalents		14,173	351,511
Cash and cash equivalents at beginning of year		588,096	236,585
Cash and cash equivalents at end of year		$ 602,269	$ 588,096

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

YUSIN HOLDING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

HISTORY AND ORGANISATION

Yusin Holding Corporation (the "Company") was incorporated in February 2011 in Cayman Islands. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in manufacturing and selling of vehicle's brake master cylinder and clutch master cylinder. The Company is the Group's ultimate parent company.

THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 8, 2021.

APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note：Earlier application from January 1, 2020 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform— Phase 2’	January 1, 2021

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
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 International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2023
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 16, ‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37, ‘Onerous contracts— cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the

"Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention:

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between company within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2020	December 31, 2019	Description
The Company	Xiamen Yougyu Machinery Co. Ltd.	Manufacturing and sales of vehicle's brake master cylinder and clutch master cylinder	100	100	Note 1
The Company	Yusin Brake Corp.(Samoa) ("Yusin Samoa")	Sales of vehicle's brake master cylinder and clutch master cylinder	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
The Company	G.D.M Bourne. Inc. (" GDM")	Agency sales of vehicle's brake master cylinder and clutch master cylinder	55	55	Note 1
The Company	Glorious Moon Limited	General investment business	100	100	Note 1
Glorious Moon Limited	Awesome Time Limited	General investment business	90	90	
Glorious Moon Limited	YCS Automative Parts Sdn Bhd ("YCS")	Manufacturing and sales of vehicle's disc brake pads and drum brake pads	70	70	
Awesome Time Limited	Xiaman Yonghuangxing Friction Material Co.,Ltd.	Manufacturing and sales of Brake Shoe	100	100	
Xiamen Yougyu Machinery Co., Ltd.	Wuhu Sanyan Machinery Company	Processing, manufacturing and sales of vehicles parts	70	70	Note 2
Xiamen Yougyu Machinery Co., Ltd.	Guangzhou Ou Hua Ruei Rih Auto Parts Co., Ltd.	Sales of vehicles parts	51	-	Note 3
Xiamen Yougyu Machinery Co., Ltd.	Yung-Yu-Shing (Xiamen) Technology Co., Ltd.	Sales of vehicles parts	70	-	Note 4

Note 1: Subsidiary of the Company.

Note 2: Xiamen Yougyu Machinery Co., Ltd. acquired 70% shares of Wuhu Sanyan Machinery Company in April 2019.

Note 3: Xiamen Yougyu Machinery Co., Ltd. acquired 51% shares of Guangzhou Ou Hua Ruei Rih Auto Parts Co., Ltd. in August 2020.

Note 4: Xiamen Yougyu Machinery Co., Ltd. established Yung-Yu-Shing (Xiamen) Technology Co., Ltd. and acquired 70% of its shares in December 2020.

C. Subsidiaries not included in the consolidated financial statements

None.

D. Adjustments for subsidiaries with different balance sheet dates

None.

E. Significant restrictions

Cash and short-term deposits of $335,236 deposited in mainland China are under local foreign exchange control which restricts the capital to be remitted outside the borders (except for normal dividend distribution).

F. Subsidiaries that have non-controlling interests that are material to the Group

None.

(4) <u>Foreign currency translation</u>

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is United States dollars (USD); however, the consolidated financial statements are presented in New Taiwan dollars (NTD) under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments including accounts receivable or contract assets that have a significant financing component and loan commitments, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	10 ~ 35 years
Machinery and equipment	5 ~ 10 years
Molding equipment	5 ~ 10 years
Transportation equipment	4 ~ 10 years
Office equipment	3 ~ 10 years
Leasehold improvements	5 years

(13) Leasing arrangements (lessee) - right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

A. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

B. Goodwill arises in a business combination accounted for by applying the acquisition method.

(15) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is / are expected to benefit from the synergies of the business combination.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(19) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' bonus and compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(21) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(24) Revenue recognition

A. The Group manufactures and sells vehicle's brake master cylinder and clutch master cylinder. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer. When the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. The contract signed between the Group and customer defines the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, therefore, the Group does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

D. Incremental costs of obtaining a contract

1. Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(26) Business combinations

The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2020, the carrying amount of inventories was $263,351.

DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 305	$ 342
Demand deposits	226,264	500,988
Time deposits	375,700	86,766
	$ 602,269	$ 588,096

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Restricted time deposits	$ 30,554	$ -

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Years ended December 31,	
	2019	2018
Interest income	$ 258	$ -

B. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $30,554 and $0, respectively.

C. Details of the Group’s financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable	$ 651,759	$ 607,545
Less: Allowance for uncollectible accounts	(6,936)	(4,231)

	$ 644,823	$ 603,314

A. The ageing analysis of accounts receivable is provided in Note 12(2).

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to $656,143.

C. There is no accounts receivable pledged to others as collateral.

D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents accounts receivable held by the Group was $644,823 and $603,314, respectively.

(4) Transfer of financial assets

A. On November 24, 2015 and February 12, 2015, the Group entered into factoring agreements with Bank of America and J. P. Morgan Bank, respectively, to sell its accounts receivable in accordance with customers' indication. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group may derecognise the transferred accounts receivable once they are overdue, and the interest expense is incurred if the Group derecognised them before their maturity date.

The information of outstanding accounts receivable transferred as of December 31, 2020 and 2019 is as follows:

December 31, 2020

Purchaser of accounts receivable	Outstanding accounts receivable transferred	Accounts receivable transferred derecognised before maturity date	Recognised accounts receivable
Bank of America	$ 389,854	$ 124,771	$ 265,083
J. P. Morgan Bank	114,430	-	114,430

December 31, 2019

Purchaser of accounts receivable	Outstanding accounts receivable transferred	Accounts receivable transferred derecognised before maturity date	Recognised accounts receivable
Bank of America	$ 394,158	$ 202,207	$ 191,951
J. P. Morgan Bank	158,236	12,772	145,464

B. Interest expense for accounts receivable transferred derecognised beforehand amounted to $837 and $1,495 (shown as 'Finance costs') for the years ended December 31, 2020 and 2019, respectively.

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 210,107	($ 42,656)	$ 167,451
Work in progress	16,232	-	16,232
Finished goods	84,087	(4,419)	79,668
	$ 310,426	($ 47,075)	$ 263,351

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 213,999	($ 36,260)	$ 177,739
Work in progress	8,945	-	8,945
Finished goods	65,035	(3,689)	61,346
	$ 287,979	($ 39,949)	$ 248,030

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	$ 1,017,189	$ 1,101,377
Loss on decline in market value	6,376	(9,430)
Loss on disposal of inventory	2,136	2,961
Others	(3,882)	(5,473)
	$ 1,021,819	$ 1,108,295

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(6) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1, 2020								
Cost	$ 349,513	$ 313,129	$ 236,307	$ 9,943	$ 11,335	$ 9,978	$ 49,823	$ 979,828
Accumulated depreciation	(90,784)	(171,360)	(145,295)	(6,332)	(8,759)	(3,067)	-	(425,597)
	$ 258,729	$ 141,769	$ 91,012	$ 3,411	$ 2,576	$ 6,911	$ 49,823	$ 554,231
2020								
Opening net book amount as at January 1	$ 258,729	$ 141,769	$ 91,012	$ 3,411	$ 2,576	$ 6,911	$ 49,823	$ 554,231
Additions	-	18,555	12,254	2,061	6,650	-	21,583	61,103
Transfers	-	51,341	2,791	-	1,988	-	(38,636)	17,484
Disposals	-	(1,108)	(435)	-	(14)	-	-	(1,557)
Depreciation charge	(8,959)	(28,572)	(25,638)	(1,119)	(2,223)	(3,008)	-	(69,5192)
Net exchange differences	3,879	2,936	830	(24)	131	75	449	8,276
Closing net book amount as at December 31	$ 253,649	$ 184,921	$ 80,814	$ 4,329	$ 9,108	$ 3,978	$ 33,219	$ 570,018
At December 31, 2020								
Cost	$ 354,900	$ 378,639	$ 249,056	$ 11,839	$ 19,239	$ 8,896	$ 33,219	$ 1,055,878
Accumulated depreciation	(101,341)	(193,718)	(168,242)	(7,510)	(10,131)	(4,918)	-	(485,860)
	$ 253,649	$ 184,921	$ 80,814	$ 4,329	$ 9,108	$ 3,978	$ 33,219	$ 570,018

	Buildings and structures	Machinery and equipment	Molding equipment	Transportation equipment	Office equipment	Leasehold improvements	Unfinished construction and equipment under acceptance	Total
At January 1, 2019								
Cost	$ 363,977	$ 311,501	$ 208,027	$ 10,568	$ 8,577	$ 1,195	$ 32,048	$ 935,893
Accumulated depreciation	(84,986)	(142,477)	(125,293)	(6,156)	(5,191)	(897)	-	(365,000)
	$ 278,991	$ 169,024	$ 82,734	$ 4,412	$ 3,386	$ 298	$ 32,048	$ 570,893
2019								
Opening net book amount as at January 1	$ 278,991	$ 169,024	$ 82,734	$ 4,412	$ 3,386	$ 298	$ 32,048	$ 570,893
Additions	-	233	28,929	1,309	680	9,128	28,132	68,411
Transfers	-	5,598	6,555	-	164	-	(8,403)	3,914
Acquired from business combinations	-	-	2,785	-	167	-	-	2,952
Disposals	-	-	(143)	(917)	(21)	-	-	(1,081)
Depreciation charge	(9,504)	(27,149)	(26,310)	(1,280)	(1,711)	(2,268)	-	(68,222)
Net exchange differences	(10,758)	(5,937)	(3,538)	(113)	(89)	(247)	(1,954)	(22,636)
Closing net book amount as at December 31	$ 258,729	$ 141,769	$ 91,012	$ 3,411	$ 2,576	$ 6,911	$ 49,823	$ 554,231
At December 31, 2019								
Cost	$ 349,513	$ 313,129	$ 236,307	$ 9,943	$ 11,335	$ 9,978	$ 49,823	$ 979,828
Accumulated depreciation	(90,784)	(171,360)	(145,295)	(6,332)	(8,759)	(3,067)	-	(425,597)
	$ 258,729	$ 141,769	$ 91,012	$ 3,411	$ 2,576	$ 6,911	$ 49,823	$ 554,231

（一）A. No interest was capitalised for property, plant and equipment.

（二）B. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(7) Leasing arrangements－lessee

A. The Group leases various assets including land, buildings and business vehicles. Land lease for 50 years. Rental contracts are typically made for periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Buildings and structures	$ 9,256	$ 13,622
Transportation equipment	97	800
Land	31,991	32,333
	$ 41,344	$ 46,755

	Year ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Buildings and structures	$ 4,385	$ 5,047
Transportation equipment	701	861
Land	832	865
	$ 5,918	$ 6,773

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $0 and $13,569, respecitvely.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,357	$ 2,023
Expense on short-term lease contracts	1,886	318
Expense on leases of low-value assets	772	24

E. For the years ended December 31, 2020 and 2019, the Group's total cash outflow for leases were $10,280 and $7,195, respectively.

F. Variable lease payments

Some of the Group's lease contracts contain variable lease payment terms, such variable lease contracts would increase total lease payments by approximately 3%.

G. Details of the Group's land pledged to others as collateral are provided in Note 8.

(8) Intangible assets

	Computer software	Goodwill	Trademarks	Total
At January 1, 2020				
Cost	$ 35,026	$ 11,195	$ -	$ 46,221
Accumulated amortisation and impairment	(18,204)	(6,629)	-	(24,833)
	$ 16,822	$ 4,566	$ -	$ 21,388
2020				
At January 1	$ 16,822	$ 4,566	$ -	$ 21,388
Additions	6,860	-	214	7,074
Amortisation charge	(12,078)	-	(27)	(12,105)
Net exchange differences	(439)	72	(4)	(363)
December 31	$ 11,165	$ 4,638	$ 191	$ 15,994
At December 31, 2020				
Cost	$ 38,652	$ 10,935	$ 218	$ 49,805
Accumulated amortisation and impairment	(27,487)	(6,297)	(27)	(33,811)
	$ 11,165	$ 4,638	$ 191	$ 15,994

	Computer software	Goodwill	Trademarks	Total
At January 1, 2019				
Cost	$ 43,614	$ 6,792	$ -	$ 50,406
Accumulated amortisation and impairment	(14,746)	(2,946)	-	(17,692)
	$ 28,868	$ 3,846	$ -	$ 32,714
2019				
At January 1	$ 28,868	$ 3,846	$ -	$ 32,714
Additions - acquired separately	137	-	-	137
Additions - acquired through business combinations	-	4,876	-	4,876
Impairment loss	-	(3,871)	-	(3,871)
Amortisation charge	(11,758)	-	-	(11,758)
Net exchange differences	(425)	(285)	-	(710)
December 31	$ 16,822	$ 4,566	$ -	$ 21,388
At December 31, 2019				
Cost	$ 35,026	$ 11,195	$ -	$ 46,221
Accumulated amortisation and impairment	(18,204)	(6,629)	-	(24,833)
	$ 16,822	$ 4,566	$ -	$ 21,388

(9) Impairment of non-financial assets (There were no such transactions on December 31, 2020)

A. The Group recognised impairment loss for the years ended December 31, 2020 and 2019. Details of such loss are as follows:

	Year ended December 31, 2018	
	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss - goodwill	($ 3,871)	$ -

B. Due to the actual growth of operating revenue after business combination of the subsidiary, YCS, was not as expected, for the years ended December 31, 2019, the operating revenue was lower than the original forecast by 29%. Based on the Group's assessment, an impairment loss of $3,871 was recognised for the goodwill in 2019 since the recoverable amount is less than the carrying amount.

The recoverable amount was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by the management covering a five-year period.

Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 246,060	0.92%~1.25%	None
Secured borrowings	21,824	4.35%	Time deposits
	$ 267,884		

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 133,306	1.50%~5.66%	None

Please refer to Note 8 for the details of collateral for the abovementioned short-term borrowing.

Other payables

	December 31, 2020	December 31, 2019
Employee benefits payable	$ 65,278	$ 70,179
Employees' compensation and remuneration for directors and supervisors	14,600	14,660
Commissions payable	8,829	9,180
Payable on machinery and equipment	4,481	11,468
Service fees payable	3,502	7,141
Payable on investments	-	4,140
Others	10,139	6,949
	$ 106,829	$ 123,657

Pensions

A. Effective July 1, 2005, the Company's subsidiary, Yusin Brake Corp. Taiwan Branch, has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"). Under the New Plan, Yusin Brake Corp. Taiwan Branch contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The Company's mainland China subsidiaries, Xiamen Yougyu Machinery Co., Ltd., Xiaman Yonghuangxing Friction Material Co., Ltd., Wuhu Sanyan Machinery Company, Guangzhou Ou Hua Ruei Rih Auto Parts Co., Ltd., Yung-Yu-Shing (Xiamen) Technology Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2019 and 2018 was 12% for both years. As the PRC was impacted by the Covid-19 pandemic in January 2020, the local government of the PRC implemented an exemption on pension contribution percentage. Pension contribution was exempted for the period from February 2020 to December 2020. Other than the monthly contributions, the Group has no further obligations.

C. The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019 were $905 and $7,533, respectively.

Other non-current liabilities

Other non-current liabilities were primarily arising from applying the deferred government grants revenue for acquisitions of equipment for research and development projects, and the balances as at December 31, 2020 and 2019 amounted to $1,693 and $3,717, respectively.

Share-based payment (There were no such transactions on December 31, 2020)

A. For the year ended December 31, 2020, the Group's share-based payment arrangements was as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee share options	2014.02.10	750 thousand shares	5 years	Minimum 2 years service
Cash capital increase reserved for employee preemption	2019.07.09	454 thousand shares	NA	Vested immediately

The share-based payment arrangements above are settled by equity.

B. Details of the share-based payment arrangements-employee share options are as follows:

	2019	
	No. of options (shares in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	10	$ 18
Options forfeited	-	-
Options exercised	-	-
Options expired	(10)	
Options outstanding at December 31	-	-
Options exercisable at December 31	-	-

C. The fair value of share options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends	Risk-free interest rate	Fair value per unit (in dollars)
Employee share options	2014.02.10	$ 26.28	$ 18	49.77% (Note)	3.875 years	$ -	1.599%	$ 13.5

Note: Expected price volatility rate was estimated by using the stock prices of the most recent period with length of this period approximate to the length of the share options' expected life and the standard deviation of return on the stock during this period.

Share capital

A. As of December 31, 2020, the Company's authorised capital was $500,000, consisting of 50,000 thousand shares of ordinary stock, and the paid-in capital was $398,080 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2020	2019
At January 1	39,808	34,608
Issuance of shares	-	5,200
At December 31	39,808	39,808

B. On March 8, 2019, the Board of Directors resolved to increase its capital by issuing common stock of 5,200 thousand shares with par value of $56 (in dollar) per share. The registration of the capital increase was completed.

Capital surplus

A. According to the Articles of Incorporation of the Company, without violating the instructions provided at the stockholders' meeting, the Board of Directors may cover the accumulated deficit and distribute earnings by capital surplus on behalf of the Company based on Cayman Islands Companies Law.

B. Details of capital surplus - share options are provided in Note 6(14).

Retained earnings

According to the previous version of the Articles of Incorporation of the Company, for the current year's earnings, if any, the Board of Directors shall consider the future capital needs in deciding the amount of dividend distribution. The amendments resolved by the stockholders at the interim stockholders' meeting on December 19, 2014 were as follows:

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be set aside in accordance with the regulations. The remaining amount, if any, along with all or part of accumulated unappropriated retained earnings of prior years, after considering the financial, business and operating factors, shall be distributed as dividends which shall be at least 15% of profit after tax of the current year in proportion to the Group's ownership based on Cayman Islands Companies Law and Regulations of Public Company. Dividends are distributed in the form of stock dividends and cash dividends, as proposed by the Board of Directors, and to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

B. As the Company operates in a volatile business environment and is in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans. According to the dividend policy adopted by the Board of Directors, at least 15% of profit after tax of the current year as of the end of the period shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of earnings for the years ended December 31, 2019 and 2018 as resolved by stockholders at the stockholders' meeting, respectively, on June 2, 2020 and June 6, 2019 are as follows:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 19,758		$ 17,939	
Special reserve	59,538		12,565	
Cash dividends	199,040	$ 5	173,040	$ 5

E. The appropriations of earnings for the year ended December 31, 2020 as proposed by the Board of Directors on March 8, 2021 are as follows:

	Year ended December 31, 2019	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	$ 143,602	
Reversal of special reserve	(9,527)	
Cash dividends paid	139,328	$ 3.5

As of March 12, 2020, the abovementioned 2020 earnings appropriation has not yet been resolved by the stockholders.

Operating revenue

	Years ended December 31,	
	2020	2019
Revenue from contracts with customers	$ 1,491,678	$ 1,627,538

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following major product lines and geographical regions:

	Year ended December 31, 2020					
	Asia	North America	Central and South America	Europe	Others	Total
Brake master cylinder	$ 78,409	$ 519,246	$ 47,592	$ 16,347	$ 10,597	$ 672,191
Brake cylinder	87,789	244,614	43,721	33,777	10,354	420,255
Clutch master cylinder	40,228	4,266	7,035	6,046	8,778	66,353
Clutch slave cylinder	28,629	4,781	5,984	6,079	5,544	51,017
Brake caliper	1,057	156,294	-	-	786	158,137
Others	96,379	6,641	467	459	19,779	123,725
	$ 332,491	$ 935,842	$ 104,799	$ 62,708	$ 55,838	$ 1,491,678

	Year ended December 31, 2019					
	Asia	North America	Central and South America	Europe	Others	Total
Brake master cylinder	$ 103,046	$ 320,019	$ 201,084	$ 12,774	$ 23,147	$ 660,070
Brake cylinder	147,869	164,392	123,927	36,251	23,793	496,232
Clutch master cylinder	60,624	988	12,700	5,008	10,876	90,196
Clutch slave cylinder	44,260	936	11,142	5,533	6,394	68,265
Brake caliper	1,179	218,228	-	-	402	219,809
Others	49,949	7,939	851	530	33,697	92,966
	$ 406,927	$ 712,502	$ 349,704	$ 60,096	$ 98,309	$ 1,627,538

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities - advance payment	$ 9,098	$ 768	$ 10,589

The contract liabilities at the beginning of the year which were recognised in revenue for the years ended December 31, 2020 and 2019 amounted to $768 and $10,583, respectively.

Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	$ 3,784	$ 2,479
Interest income from financial assets measured at amortised cost	258	-
	$ 4,042	$ 2,479

Other income

	Years ended December 31,	
	2020	2019
Grants revenue	$ 14,428	$ 23,189
Other income	2,926	887
	$ 17,354	$ 24,076

Other gains and losses

	Years ended December 31,	
	2020	2019
Losses (gains) on disposal of property, plant and equipment	$ 1,557	($ 52)
Net foreign exchange losses	41,987	2,302
Impairment losses	-	3,871
Other losses	909	1,352
	$ 44,453	$ 7,473

Finance costs

	Years ended December 31,	
	2020	2019
Interest expense	$ 3,385	$ 3,974
Interest expense on lease liabilities	1,357	2,023
Financial expense, others	837	1,495
	$ 5,579	$ 7,492

Expenses by nature

Years ended December 31,

	2020	2019
Change in inventory of finished goods and work in progress	$ 11,066	($ 8,156)
Raw materials and supplies used	771,137	844,524
Employee benefit expense	262,237	284,658
Depreciation charges on property, plant and equipment	69,519	68,222
Depreciation charges on right-of-use assets	5,918	6,773
Commission expenses	20,863	22,944
Utilities expenses	25,989	24,909
Transportation expenses	17,132	21,299
Amortisation charges on intangible assets	12,105	11,758
Service fees	12,717	12,579
Amortisation charges on other non-current assets	8,320	1,336
Expected credit loss	2,813	759
Other expenses	72,976	114,350
	$ 1,292,792	$ 1,405,955

Employee benefit expense

	Years ended December 31, 2020	2019
Wages and salaries	$ 244,936	$ 252,548
Pension costs	905	7,533
Other personnel expenses	16,396	24,577
	$ 262,237	$ 284,658

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 0.5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was both accrued at $11,000; while directors' and supervisors' remuneration was both accrued at $3,600. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated based on the distributable profit of the current year for the year ended December 31, 2020 and the Company's Articles of Incorporation.

Employees' compensation and directors' and supervisors' remuneration of 2019 resolved by the Board of Directors were in agreement with those amounts recognised in financial statements for the year ended December 31, 2019.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

Income tax

A. Income tax expense

Components of income tax expense:

	Years ended December 31, 2020	Years ended December 31, 2019
Current tax:		
Current tax on profits for the year	$ 31,170	$ 50,090
Tax on dividends	475	1,020
Payables for estimation of prior years' income tax	(1,048)	(10,009)
Effect of foreign exchange	(271)	(153)
Total current tax	30,326	40,948
Deferred tax:		
Origination and reversal of temporary differences	793	(1,760)
Total deferred tax	793	(1,760)
Income tax expense	$ 31,119	$ 39,188

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2020	Years ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	$ 31,532	$ 47,898
Expenses disallowed by tax regulation	5	149
Tax on dividends	475	1,020
Prior year income tax overestimation	(1,048)	(10,009)
Impact of change in the tax rate on temporary differences between current year and the year realised	155	130
Income tax expense	$ 31,119	$ 39,188

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for doubtful accounts	$ 530	$ 309	$ -	$ -	$ 839
Allowance for inventory loss	9,081	1,436	-	-	10,517
Deferred revenue	929	(506)	-	-	423
Unrealised expenses	110	2	-	-	112
Unrealised exchange loss	2,000	(282)			1,718
Book-tax difference on right-of-use assets	28	(28)	-	-	-
	$ 12,678	$ 931	$ -	$ -	$ 13,609
Deferred tax liabilities:					
Commission revenue	($ 6,216)	($ 374)	$ -	$ -	($ 6,590)
Book-tax difference on fixed assets	(4,715)	236	-	-	(4,479)
	($ 10,931)	($ 138)	$ -	$ -	($ 11,069)

	2019				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Deferred tax assets:					
-Temporary differences:					
Allowance for doubtful accounts	$ 134	$ 396	$ -	$ -	$ 530
Allowance for inventory loss	7,368	1,713	-	-	9,081
Deferred revenue	1,618	(689)	-	-	929
Unrealised expenses	116	(6)	-	-	110
Unrealised exchange loss	115	1,885			2,000
Book-tax difference on right-of-use assets	-	28	-	-	28
	$ 9,351	$ 3,327	$ -	$ -	$ 12,678
Deferred tax liabilities:					
Commission revenue	($ 5,844)	($ 372)	$ -	$ -	($ 6,216)
Book-tax difference on fixed assets	-	(4,715)	-	-	(4,715)
	($ 5,844)	($ 5,087)	$ -	$ -	($ 10,931)

D. On November 21, 2019, Xiamen Yougyu Machinery Co., Ltd. obtained a high-tech enterprise certificate issued by the relevant government agency. In accordance with local regulations, Xiamen Yougyu Machinery Co., Ltd. could pay its tax at the benefit tax rate of 15% from 2020 to 2019.

E. The Group has no deductible temporary difference that are not recognised as deferred tax assets for the years ended December 31, 2020 and 2019.

Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 143,602	39,808	$ 3.61
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 143,602	39,808	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	175	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 143,602	39,983	$ 3.59

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the parent	$ 197,581	36,489	$ 5.41
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 197,581	36,489	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	156	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 197,581	36,645	$ 5,39

Business combinations

A. For the years ended December 31, 2020 and 2019, the Group's mergers are as follows:

(a) On April 1, 2019, the Group acquired 70% equity interests in Wuhu Sanyan Machinery Company and obtained control over this company through cash amounting to $36,243 and payable in capital stock amounting to $18,365 (shown as other payables). This company is primarily engaged in processing, manufacturing and sales of vehicles parts in Mainland China. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to enhance the growth of the Group's business.

(b) On August 1, 2020, the Group participated in the capital increase of Guangzhou Ouhuaruiru Auto Parts Co., Ltd. by acquiring 51% equity interests through cash amounting to $12,931 and obtained control over this company. This Company is primarily engaged in sales of vehicles parts in the PRC. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to enhance the growth of the Group's business.

B. The following table summarises the consideration paid for the aforementioned subsidiary and the fair values of the assets acquired and liabilities assumed at the acquisition date:

	August 1, 2020	April 11, 2019
Purchase consideration		
Cash	$ 12,931	$ 36,243
Payable on capital stock	-	18,365
Non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets	12,555	21,314
Fair value of the identifiable assets acquired and liabilities assumed		
Cash	16,435	42,537
Accounts receivable	1,937	10,288
Inventories	13,824	1,447
Other current assets	2	27,420
Property, plant and equipment	-	2,952
Current liabilities	(6,547)	(13,598)
Total identifiable net assets	25,651	71,046
Goodwill (Gain recognised in bargain purchase transaction)	($ 165)	$ 4,876

C. The information on the acquisition date of the aforementioned subsidiary and revenue and profit/loss at the acquisition date which is the beginning of the annual reporting period is as follows:

(a) The operating revenue included in the consolidated statement of comprehensive income since April 1, 2019 contributed by Wuhu Sanyan Machinery Company was $25,587. Wuhu Sanyan Machinery Company also contributed loss before income tax of $7,425 over the same period. Had this company been consolidated from January 1, 2019, the consolidated statement of comprehensive income for the year ended December 31, 2019, would show operating revenue of $34,743 and loss before income tax of $12,907.

(b) The operating revenue included in the consolidated statement of comprehensive income since August 1, 2020 contributed by Guangzhou Ouhuaruiru Auto Parts Co., Ltd was $6,328. Guangzhou Ouhuaruiru Auto Parts Co., Ltd also contributed loss before income tax of $110 over the same period. Had this company been consolidated from January 1, 2020, the consolidated statement of comprehensive income for the year ended December 31, 2020, would show operating revenue of $14,471 and loss before income tax of $197.

Supplemental cash flow information

Investing activities with partial cash payments

	Years ended December 31, 2020	Years ended December 31, 2019
Purchase of property, plant and equipment	$ 61,103	$ 68,411
Add: Opening balance of payable on equipment	11,468	7,911
Less: Ending balance of payable on equipment	(4,481)	(11,468)
Cash paid during the year	$ 68,090	$ 64,854

Changes in liabilities from financing activities

2020	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
January 1, 2019	$ 133,306	$ 15,326	$ 148,632
Changes in cash flow from financing activities	136,362	(5,018)	131,344
Effect of foreign exchange	(1,784)	23	(1,761)
December 31, 2019	$ 267,884	$ 10,331	$ 278,215

2019	Short-term borrowings	Lease liabilities	Liabilities from financing activities-gross
January 1, 2019	$ 76,787	$ 7,779	$ 84,566
Changes in cash flow from financing activities	56,767	(6,853)	49,914
Changes in other non-cash items	-	14,932	14,932
Effect of foreign exchange	(248)	(532)	(780)
December 31, 2019	$ 133,306	$ 15,326	$ 148,632

RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Longyan Yongcheng Machinery Industry Co., Ltd.(Longyan Yongcheng)	The chairman of the Company is the director of this company
Longyan Yonghong Casting Co., Ltd. (Longyan	The chairman of the Company is the director of

Yonghong)	this company
Longyan Yongheng Aluninum Co., Ltd. (Longyan Yongheng)	Other related parties
Fujian Longji Industry and Trade Co., Ltd. (Fujian Longji)	Other related parties
Directors, supervisors, general managers and associate general managers	Key management of the Company

Significant related party transactions

A. Purchases:

	Years ended December 31,	
	2020	2019
Purchases of goods:		
Longyan Yongcheng	$ 26,773	$ 62,540
Longyan Yonghong	7,201	22,155
Longyan Yongheng	6,779	36,333
Fujian Longji	48,730	-
	$ 89,483	$ 121,028

Purchase prices and payment terms, which are based on mutual agreement, are the same as for general suppliers.

B. Payables to related parties:

	Years ended December 31,	
	2020	2019
Accounts payable:		
Longyan Yongcheng	$ 69	$ 26,313
Longyan Yonghong	3,738	1,951
Longyan Yongheng	-	7,785
Fujian Longji	40,328	-
	$ 44,125	$ 36,049

Payables to related parties are mainly arising from purchase transitions with payment term of 65 to 95 days after monthly billings.

Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 22,012	$ 22,470

PLEDGED ASSETS

The Group’s assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2020	December 31, 2019	Purpose

Restricted bank deposits (shown as current financial assets at amortised cost)	$ 30,554	$ -	Guarantee for short-term borrowings
Property, plant and equipment			
-Buildings and structures	88,268	90,190	Credit line of short-term borrowings
Right-of-use asset - Land	10,592	10,954	〃
	$ 129,414	$ 101,144	

SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

Commitments

As of December 31, 2020 and 2019, for acquisition of machinery and equipment, the Group's capital expenditure contracted for but not yet incurred was $10,196 and $7,807 respectively.

SIGNIFICANT DISASTER LOSS

None.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

(1) The appropriation of earnings for the year ended December 31, 2020 as resolved by the Board of Directors on March 8, 2021 is provided in Note 6(17).

(2) The Company purchased 10% of the shares of Horng Fuu Industrial CO., LTD. from non-related parties as approved by the Board of Directors on January 22, 2021 and the investment amount was $17,500.

OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 602,269	$ 588,096
Financial assets at amortised cost	30,554	-
Notes receivable	2,461	-
Accounts receivable	644,823	603,314
Other receivables	34,124	18,049
Guarantee deposits paid	772	447
	$ 1,315,003	$ 1,209,906

Financial liabilities				
Financial liabilities at amortised cost				
Short-term borrowings	$	267,884	$	133,306
Notes payable		237		187
Accounts payable (including related parties)		329,992		280,548
Other accounts payable		106,829		123,657
	$	704,942	$	537,698
Lease liabilities	$	10,331	$	15,326

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and MYR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's functional currency: USD; other certain subsidiaries' functional currency: USD, RMB and MYR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020				
	Foreign currency amount (in thousands)		Exchange rate		Book value
Financial assets					
Monetary items					
EUR:USD	$	349	1.2296	$	12,222
NTD:USD		26,657	0.0351		26,657

USD:RMB	26,934	6.5429	767,080
USD:MYR	108	0.2384	26
Financial liabilities			
Monetary items			
USD:RMB	24	6.5249	684
NTD:USD	179,289	0.0351	179,289
EUR:USD	6	35.0200	210

	December 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
EUR:USD	$ 500	1.1204	$ 16,795
NTD:USD	3,714	0.0334	3,714
USD:RMB	26,951	6.9762	807,991
Financial liabilities			
Monetary items			
USD:RMB	1,647	6.9762	49,377
NTD:USD	159,216	0.0334	159,216

iv. The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to $41,987 and $2,302, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
EUR:USD	1%	$ 122	$ -
NTD:USD	1%	267	-
USD:RMB	1%	7,671	-
USD:MYR	1%	-	-
Financial liabilities			
Monetary items			
USD:RMB	1%	7	-
NTD:USD	1%	1,793	-
EUR:USD	1%	2	-

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets			
Monetary items			
EUR:USD	1%	$ 168	$ -
NTD:USD	1%	37	-
USD:RMB	1%	8,080	-
Financial liabilities			
Monetary items			
USD:RMB	1%	494	-
NTD:USD	1%	1,592	-

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. On December 31, 2020 and 2019, the Group's borrowings are at variable rate and were mainly denominated in TWD, USD and RMB Dollars.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax on December 31, 2020 and 2019 would have decreased/increase by $1,346 and $1,063, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only credit level with a minimum rating of 'A' are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group, based on the historical collection experience, has determined that the default occurs when the contract payments are past due over 180 days.

v. The Group classifies customers' accounts receivable in accordance with credit quality. The Group applies the simplified approach to estimate expected credit loss under the provision matrix basis.

vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2020 and 2019, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~60 days past due
At December 31, 2020			
Expected loss rate	0.35%	4.37%	27.80%

Total book value	$ 626,169	$ 20,556	$ 982
Loss allowance	$ 2,167	$ 899	$ 273

	61~180 days past due	Over 180 days	Total
Expected loss rate	68.27%	100.00%	
Total book value	$ 1,434	$ 2,618	$ 651,759
Loss allowance	$ 979	$ 2,618	$ 6,936

	Not past due	Up to 30 days past due	31~60 days past due
At December 31, 2019			
Expected loss rate	0.20%	2.15%	7.15%
Total book value	$ 578,314	$ 20,234	$ 3,818
Loss allowance	$ 1,175	$ 436	$ 273

	61~180 days past due	Over 180 days	Total
Expected loss rate	10.75%	100.00%	
Total book value	$ 3,173	$ 2,006	$ 607,545
Loss allowance	$ 341	$ 2,006	$ 4,231

vii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2020
At January 1	$ 4,231
(Reversal of) impairment loss	2,813
Effect of foreign exchange	(108)
At December 31	$ 6,936

	2019
At January 1	$ 3,598
(Reversal of) impairment loss	759
Effect of foreign exchange	(126)

At December 31	$ 4,231

viii. The credit risk for investment in financial assets carried at amortised cost are as follows:

	December 31, 2020			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost				
- Time deposits	$ 30,554	$ -	$ -	$ 30,554

There was no assessment of individual customer as of December 31, 2019.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

iii. The Group's non-derivative financial liabilities are grouped by relevant maturity based on the remaining period at the balance sheet date to the contractual maturity date. Expect for the undiscounted contractual cash flows of short-term borrowings, notes payable, accounts payable (including related parties) and other payables are equivalent to their carrying amount and expiring within one year, the amounts of the remaining financial liabilities' undiscounted contractual cash flows are provided in the table below:

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Lease liabilities	$ 4,494	$ 3,110	$ 5,171	$ 12,775

Non-derivative financial liabilities:

December 31, 2019	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Lease liabilities	$ 6,235	$ 4,263	$ 6,784	$ 17,282

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

Fair value information

Financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

Major shareholders information

Major shareholders information: Please refer to table 9.

SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in manufacturing and selling vehicle's brake master cylinder and clutch master cylinder. The Group operates business only in a single industry. The Board of Directors who allocates resources and assesses performance of the Group and operational results as a whole, has identified that the Group has only one reportable operating segment.

Measurement of segment information

The operating segment's accounting policies are in agreement with the significant accounting policy summarised in Note 2 of financial statements. The Group's segment profit (loss) is measured with the operating income (loss), which is used as a basis for the Group in assessing the performance of the operating segments.

Information about segment profit or loss

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Years ended December 31, 2020	Years ended December 31, 2019
Revenue from external customers	$ 1,491,678	$ 1,627,538
Inter-segment revenue	-	-
Total segment revenue	$ 1,491,678	$ 1,627,538
Segment net operating revenue	$ 198,886	$ 221,583

Reconciliation for segment income (loss)

The segment net operating revenue reported to the chief operating decision-maker is measured in a manner consistent with the income and expenses shown in the statement of comprehensive income, therefore, the adjustments for profit before tax are the same as that in the statement of comprehensive income. The Group did not provide the total amount of assets and liabilities to the chief operating decision-maker for operating decisions.

Information on products and services

Revenue of the Group is mainly from sales of goods and the details of revenue on sales of goods is as follows:

	Years ended December 31, 2020	Years ended December 31, 2019
Brake master cylinder	$ 672,191	$ 660,070
Brake cylinder	420,255	496,232
Clutch master cylinder	66,353	90,196
Clutch slave cylinder	51,017	68,265
Brake caliper	158,137	219,809
Others	123,725	92,966
	$ 1,491,678	$ 1,627,538

Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Years ended December 31, 2020		Years ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Asia	$ 332,491	$ 663,029	$ 406,927	$ 654,929
North America	935,842	2,231	712,502	3,597
Central and South America	104,799	-	349,704	-
Europe	62,708	-	60,096	-
Others	55,838	-	98,309	-
	$ 1,491,678	$ 665,260	$ 1,627,538	$ 658,526

Note: Non-current assets do not include financial assets and deferred tax assets.

Major customer information

Major customer information of the Group wherein the revenues from a single customer accounting for more than 10% of the net sales revenue in consolidated statement of comprehensive income are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
	Revenue	Revenue
A	$ 261,089	$ 271,620