Federal Corporation

Individual Financial Statements for the year ended December 31, 2020 and 2019 and independent Auditors Report

(Stock : 2102)

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Individual Financial Statements
for the year ended December 31, 2020 and 2019 and independent Auditors' Report
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REPORT OF INDEPENDENT AUDITORS REPORT

(2021)No. Finance-Audit-report20004601

To the Board of Directors and Stockholders of Federal Corporation,

Opinion

We have audited the accompanying individual balance sheets of Federal Corporation which comprise the balance sheets as of December 31, 2020 and 2019, and the individual statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the individual financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors please refer to the Other matter section, the accompanying individual financial statements present fairly, in all material respects, the individual financial position of the Federal Corporation as of December 31, 2020 and 2019, and its individual financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards ("IFRS"),.

Basis of Opinion

We conducted our audits in 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. ; for the audits conducted in 2019 was in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Financial Supervisory Commission letter dated 25 February 2020 No. Financial-Supervisory-Securities-Auditing-1090360805 and the ROC Generally Accepted Accounting Principles (ROC GAAP) .Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, 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 financial statements for the year ended 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audited items in the Federal Company's individual financial statements for 2020 are as follows:

Key Audit Item 1: Valuation of net realizable value of inventories

Description

Please refer to Notes 4 (12), 5 and 6 (5) to the financial statements for the accounting policies, significant accounting estimates and uncertainties in assumptions regarding the valuation of inventories and accounting entries.

The Federal Company's main business is the design, development and sale of various types of tires. The Federal Company measures its inventories at the lower of cost or net realizable value, with inventories older than a specified period at the net realizable value of similarly sized items.

Because tires are the primary product sold by the Federal Company and management's assessment of their net realizable value involves subjective judgment, which has a significant impact on the valuation of inventories, we consider the assessment of net realizable value of inventories to be our key audit matters.

Response to the audit procedures

The procedures that we have performed at the specific level described in the critical review above are summarized as follows.

1. To obtain information about the Company's policy for recording allowance for losses on inventories and to compare it with the financial statements for the same period.
2. To understand the inventory management process, review its annual inventory plan and participate in the annual inventory count, and verify the inventory details to evaluate the effectiveness of management in segregating and controlling obsolete inventories.
3. To obtain a statement of net realizable value of inventories as of the end of the financial reporting period, to sample sources of information such as selling prices of commodities or purchase prices used for net realizable value, and to recalculate the inventory allowance for impairment loss to confirm that such accounting estimates have been performed in a manner consistent with its policies.

Key Audit Item 2: Accuracy of sales revenue cut-off

Description

Please refer to Notes 4(26) and 6(19) to the individual financial statements for the accounting policies and accounting entries related to revenue recognition.

Sales to customers involve different types of transaction terms. Sales to customers are recognized as revenue based on the transfer of significant risks and rewards of the goods shipped to the buyer based on the transaction terms agreed upon by the individual customer, particularly whether the significant risks and rewards of the goods shipped prior to the end of the reporting period are transferred to the buyer based on the agreed upon transaction terms. Therefore, we consider the correctness of the sales revenue cutoff to be one of the critical items to be audited.

Response to the audit procedures

The procedures that we have performed at the specific level described in the key audit items above are summarized as follows.

1. To understand and evaluate the operating procedures and relevant internal controls over sales revenue
2. To review the details of post-period sales returns to confirm that there were no significant abnormal sales returns.
3. Perform cut-off tests on sales revenue transactions for the period immediately preceding or following the end of the financial reporting period, including the reconciliation of purchase orders, customer orders and customs declarations, and review the terms of the transactions to confirm that revenue is recognized in the appropriate period.
4. To perform the balance confirmation test for accounts receivable as of the end of the financial reporting period to confirm that the accounts receivable and sales revenue are recorded in the correct period to meet the point of revenue recognition.

Management's and Governance's Responsibility for the Individual Financial Statements

Management's responsibility is to prepare individual financial statements in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations and Interpretations issued by the Financial Supervisory Commission, and to maintain such internal control relevant to the preparation of individual financial statements as is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, management's responsibility also includes assessing the ability of the Federal Company to continue as a going concern, the disclosure of related matters, and the adoption of the going concern basis of accounting, unless management intends to liquidate the Federal Company or cease operations, or there is no practical alternative to liquidation or discontinuation of operations.

The governance unit (audit committee) of the Federal Company has the responsibility for overseeing the financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit performed in accordance with auditing standards generally accepted in the

ROC, we exercise professional judgment and maintain professional skepticism throughout the audit. We are also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditors' report to the related disclosures in the financial statements, 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate auditing evidence of the financial information of the constituent entities of the Company to express our opinions on the individual financial statements. We are responsible for the guidance, supervision and execution of the Company's audits and we are responsible for providing auditing opinions with the Company.

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 2019 financial statements 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.

PricewaterhouseCoopers Taiwan

DU, Pei-ling
CPA
LIN, Jung-Yao

The Ex-Securities and Futures Commission, Ministry of Finance
Approved-certified No.:(84) No.
Taiwan-Financial-Securities-VI-13377
(85) No. Taiwan-Financial-Securities-VI-68702

March 26, 2021

Federal Corporation
Individual Balance Sheets

(In thousands of New Taiwan Dollars)

	Assets	Note	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current Assets					
1100	Cash and cash equivalents	6(1)	$ 774,103	5	$ 310,020	2
1110	Financial assets at fair value through profit or loss - current	6(2)	45,038	-	663	-
1136	Financial assets at amortized cost - current	6(1) and 8	1,156	-	611	-
1150	Net Notes Receivable	6(4)	2,441	-	2,781	-
1170	Net Accounts Receivable	6(4)	960,232	7	683,685	5
1180	Net accounts receivable – related party	7	646,970	5	441,589	4
1200	Other Receivables		1,856	-	590	-
1220	Tax Assets		161	-	-	-
130X	Inventories	6(5)	649,093	5	825,405	7
1410	Prepayments		117,945	1	93,637	1
1460	Pending sale of noncurrent Assets net	6(6)	429,966	3	437,467	3
1470	Other Current Assets		172,472	1	-	-
11XX	**Total current assets**		3,801,433	27	2,796,448	22
	Non Current Assets					
1517	Financial assets at fair value through other comprehensive income or loss －Non Current	6(3)	391,450	3	267,077	2
1550	Investments accounted for using the equity method	6(7)	2,994,327	22	3,056,560	24
1600	Property, Plant and Equipment	6(8) and 8	6,396,230	46	6,461,985	50
1755	Right-of-use Assets	6(9)	9,396	-	17,809	-
1780	Intangible Assets	6(10)	10,531	-	18,661	-
1840	Deferred tax assets	6(26)	98,853	1	112,804	1
1920	Refundable Deposits	7 and 8	12,965	-	11,781	-
1990	Other Non Current Assets－Other	6(十一)	169,194	1	104,040	1
15XX	**Total noncurrent assets**		10,082,946	73	10,050,717	78
1XXX	**Total Assets**		$ 13,884,379	100	$ 12,847,165	100

(Continued)

Federal Corporation
Individual Balance Sheets

(In thousands of New Taiwan Dollars)

	Liabilities and Equity	Note	December 31 2020 Amount	%	December 31 2019 Amount	%
	Current Liabilities					
2100	Short-term loans	6 (12)	$ 926,441	7	$ 467,933	4
2130	Liabilities Contract－Current	6 (19)	32,320	-	23,271	-
2170	Accounts Payable		293,643	2	247,460	2
2180	Accounts Payable－Related party	7	68	-	1,328	-
2200	Other Payables	6 (13)	567,452	4	385,451	3
2220	Other Payables－Related party	7	11,973	-	12,010	-
2280	Lease Liabilities－Current		6,416	-	9,316	-
2320	Long-term Liabilities due within one year or one business cycle	6 (14)	297,593	2	123,810	1
2399	Other Current Liabilities－Other		248,187	2	48,199	-
21XX	**Current Liabilities Total**		2,384,093	17	1,318,778	10
	Non Current Liabilities					
2540	Long-term Loans	6 (14)	3,805,271	28	4,051,918	32
2580	Lease Liabilities－Non Current		3,079	-	8,614	-
2640	Defined Benefit Liabilities－Non Current	6 (15)	145,852	1	145,408	1
2645	Deposits received		2,659	-	2,657	-
25XX	**Total noncurrent liabilities**		3,956,861	29	4,208,597	33
2XXX	**Liabilities Total**		6,340,954	46	5,527,375	43
	Equity					
	Capital stock	6 (16)				
3110	Common Stock		4,733,292	34	4,733,292	37
	Capital Surplus	6 (17)				
3200	Capital Surplus		156,764	1	156,764	1
	Retained earnings	6 (18)				
3310	Legal reserve		732,944	5	732,944	6
3320	Appropriated Retained Earnings		1,911,517	14	1,911,517	15
3350	Unappropriated earnings(Losses to be covered)		30,708	-	(60,228)	(1)
	Other equity					
3400	**Other equity**		161,235	1	28,536	-
3500	Capital stock	6 (16)	(183,035)	(1)	(183,035)	(1)
3XXX	**Equity Total**		7,543,425	54	7,319,790	57
	Significant Contingent Liabilities and Unrecognized Contractual Commitments	9				
	Significant events after the reporting period	11				
3X2X	**Total Liabilities and Equity**		$ 13,884,379	100	$ 12,847,165	100

The accompanying notes to the individual financial statements are an integral part of these individual financial statements and should be read in conjunction with these individual financial statements.

Chairman：Shu-Jam Ma　　President：Chong-Yi Chen　　Accounting Manager: Xin-Yu Lee

Federal Corporation
Individual Income Statements

(In Thousands of New Taiwan Dollars)
(Except Earnings per Share (loss) in NT$)

	Item	Note	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenues	6 (19) and 7	$ 5,399,165	100	$ 4,274,885	100
5000	Operating costs	5, 6 (24), (25) and 7	(4,209,110)	(78)	(3,699,089)	(87)
5950	Operating gross revenues		1,190,055	22	575,796	13
	Operating expenses	6 (24 (25) and 7				
6100	Marketing expenses		(610,194)	(11)	(589,032)	(14)
6200	Administration expenses		(204,657)	(4)	(187,476)	(4)
6300	R&D expenses		(123,761)	(2)	(109,800)	(2)
6450	Expected credit impairment gain (loss)		2,556	-	(25,254)	(1)
6000	Total operating expenses		(936,056)	(17)	(911,562)	(21)
6900	Operating income(loss)		253,999	5	(335,766)	(8)
	Non-operating income and expenses					
7100	Interest incomes	6(20)	876	-	1,180	-
7010	Other incomes	6(21) and 7	12,994	-	11,699	-
7020	Other gains and loss	6(22)	(66,391)	(2)	(21,485)	-
7050	Financial costs	6(23)	(64,011)	(1)	(77,406)	(2)
7070	Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method	6(7)	(12,039)	-	(259,153)	(6)
7000	Total non-operating income and expenses		(128,571)	(3)	(345,165)	(8)
7900	**Income (loss) before tax**		125,428	2	(680,931)	(16)
7950	Tax (expenses) gains	6(26)	(13,951)	-	11,368	-
8200	**Net income (loss)**		$ 111,477	2	($ 669,563)	(16)
	Other comprehensive income(net)					
	Items that are not reclassified to profit or loss					
8311	Re-measurement on defined benefit plans	6(15)	($ 19,050)	-	($ 5,686)	-
8316	Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income or loss	6(3)	124,373	2	11,951	-
8330	Share of other comprehensive income or loss of subsidiaries, affiliates and joint ventures recognized under the equity method - not reclassified to profit or loss		(1,491)	-	(3,975)	-
8310	Total items not reclassified to profit or loss		103,832	2	2,290	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of financial statements of foreign operating institutions		8,326	-	(52,290)	(1)
8300	**Other comprehensive income(net)**		$ 112,158	2	($ 50,000)	(1)
8500	**Total comprehensive income**		$ 223,635	4	($ 719,563)	(17)
	Basic Earnings per share(loss)	6(27)				
9750	Basic Earnings per share(loss)		$ 0.24		($ 1.46)	
	Diluted Earnings per share (loss)	6(27)				
9850	Diluted Earnings per share (loss)		$ 0.24		($ 1.46)	

The accompanying notes are an integral part of these individual financial statements and should be read in conjunction with these individual financial statements..

Chairman：Shu-Jam Ma　　President：Chong-yi Chen　　Accounting Manager：Xin-Yu Lee

FEDERAL CORPORATION
INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

Expressed in thousands of New Taiwan dollars

				Retained earnings			Other equity			
	Note	Share capital-common stock	Capital Surplus	Legal Reserve	Special Reserve	(Accumulated deficit) Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on valuation of financial assets at fair value through other comprehensive Income	Treasury Stocks	Total Equity
2019										
January 1, 2019 Balance		$ 4,733,292	$ 145,746	$ 732,944	$ 1,911,517	$ 618,996	($ 168,802)	$ 237,677	($ 183,035)	$ 8,028,335
net loss		-	-	-	-	(669,563)	-	-	-	(669,563)
Other comprehensive income		-	-	-	-	(9,661)	(52,290)	11,951	-	(50,000)
Total comprehensive income		-	-	-	-	(679,224)	(52,290)	11,951	-	(719,563)
Results from gift receiving	6(17)	-	11,018	-	-	-	-	-	-	11,018
December 31, 2019 Balance		$ 4,733,292	$ 156,764	$ 732,944	$ 1,911,517	($ 60,228)	($ 221,092)	$ 249,628	($ 183,035)	$ 7,319,790
2020										
January 1, 2020 Balance		$ 4,733,292	$ 156,764	$ 732,944	$ 1,911,517	($ 60,228)	($ 221,092)	$ 249,628	($ 183,035)	$ 7,319,790
Net Income		-	-	-	-	111,477	-	-	-	111,477
Other comprehensive income		-	-	-	-	(20,541)	8,326	124,373	-	112,158
Total comprehensive income		-	-	-	-	90,936	8,326	124,373	-	223,635
December 31, 2020 Balance		$ 4,733,292	$ 156,764	$ 732,944	$ 1,911,517	$ 30,708	($ 212,766)	$ 374,001	($ 183,035)	$ 7,543,425

The accompanying notes are an integral part of these individual financial statements and should be read in conjunction with these individual financial statements..

Chairman：Shu-Jam Ma　　President：Chong-yi Chen　　Accounting Manager：Xin-Yu Lee

FEDERAL CORPORATION
INDIVIDUAL STATEMENTS OF CASH FLOWS

Expressed in thousands of New Taiwan dollars

	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before tax		$ 125,428	($ 680,931)
Adjustments			
Income and expense items			
Net loss on valuation of finance assets and liabilities at fair value through profit or loss	6(2)(22)	(1,290)	1,802
Expected credit loss impairment (benefit) loss		(2,555)	25,254
Share of profit or loss of subsidiaries recognized under the equity method	6(7)	12,039	259,153
Depreciation on Property, Plant and Equipment	6(8)(24)	413,713	442,526
Deprecation on Right-of-use Assets	6(9)(24)	7,654	8,968
Amortization expense on Intangible Assets	6(10)(24)	8,130	10,223
Amortization expense on Other Non Current Assets	6(24)	74,190	123,399
Disposal loss of Property, Plant and Equipment	6(22	40	4,712
Interest income	6(20)	(876)	(1,180)
Dividend income	6(3)(21)	(6,324)	(6,324)
Interest expense	6(23)	64,011	77,406
Net changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial Assets at fair value through profit or loss -Current		1,915	(2,406)
Notes Receivable		340	(19)
Accounts Receivable		(136,703)	54,987
Accounts Receivable – Related party		(115,884)	(122,124)
Other receivables		(1,291)	51
Inventories		3,840	(40,293)
Prepayments		(28,744)	37,676
Net change in liabilities related to operating activities			
Contract Liabilities		9,049	2,351
Accounts Payable		46,184	63,923
Accounts Payable – Related party		(1,261)	372
Other Payable		106,823	34,392
Other Payable –Related party		(37)	1,768
Other Current Liabilities-Other		(26,798)	4,074
Net defined benefit Liabilities		(18,606)	(45,979)
Net cash flow from operating activities		532,987	253,781
Interest received		826	1,191
Dividends received		6,324	6,324
Cash dividends received from investments recognized under the equity method		34,996	17,380
Interest paid		(65,226)	(77,512)
Income Tax Refunds		12	131
Net cash flows from operating activities		509,919	201,295

(Continued)

FEDERAL CORPORATION
INDIVIDUAL STATEMENTS OF CASH FLOWS

Expressed in thousands of New Taiwan dollars

	Note	2020	2019
Investment activities cash flows			
Increase in financial assets measured at amortized cost		($ 545)	($ 300)
Acquisition of financial assets at fair value through profit or loss		(45,000)	-
Return of shares in liquidation of equity-method investee company	6(7)	29,673	-
Acquisition of Property, Plant and Equipment	6(28)	(280,812)	(190,632)
Proceeds of Property, Plant and Equipment disposal		-	1,700
Decrease in Refundable Deposits		5,065	9,042
Increase in Refundable Deposits		(6,249)	(1,825)
Other noncurrent assets – increase in others		(125,786)	(16,736)
Net Cash outflow from investment activities		(423,654)	(198,751)
Cash flows from financing activities			
Increase in short-term borrowings	6(29)	458,508	17,726
Proceeds from Long-term Loans	6(29)	115,969	-
Repayments from Long-term Loans	6(29)	(188,833)	(62,702)
Deposits received decrease		(18)	(833)
Deposits received increase		20	951
Repayments of Lease principal	6(29)	(7,828)	(9,083)
Results of receiving a gift	6(17)	-	11,018
Net cash flow (out) from Financing Activities		377,818	(42,923)
Increase (decrease) in cash and cash equivalents		464,083	(40,379)
Beginning cash and cash equivalents balance		310,020	350,399
Ending cash and cash equivalents balance		$ 774,103	$ 310,020

The accompanying notes are an integral part of these individual financial statements and should be read in conjunction with these individual financial statements..

Chairman：Shu-Jam Ma President：Chong-yi Chen Accounting Manager：Xin-Yu Lee

FEDERAL CORPORATION

INDIVIDUAL FINANCIAL STATEMENTS WITH NOTES

THE YEARS ENDED DECEMBER 31, 2020 AND 2019

Expressed in thousands of NTD

(Except as otherwise noted)

1. HISTORY AND ORGANIZATION

Federal Corporation (hereinafter "the Company") was established in November 1955 and renamed from its former name Tayfeng Rubber Industries Co., Ltd in October 1964. The Company is mainly engaged in the manufacturing and sale of automobile tires and rubber. The Company's shares have been listed and traded on the Taiwan Stock Exchange since July 1979.

2. DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on 26 March 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) 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 FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Board Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’ January	January 1, 2020
2020Amendments to IFRS 3, ‘Definition of a business’ January	January 1, 2020
2020Amendments to IFRS 9, IAS 39 and IFRS7 ,‘Interest rate benchmark reform’ January	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 Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows.	January 1, 2021
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9' Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, January 1, 2021 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

(3) 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
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 noncurrent'	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 Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting polices 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 Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers",

(2) Basis of preparation

1. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
   (1) Financial Assets and Liabilities at fair value through profit or loss (including derivative instruments).
   (2) Financial assets at fair value through other comprehensive income.
   (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.
2. The preparation of financial statements, in conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3)Foreign currency translation

The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

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 recognized 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 retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized 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 recognized 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 recognized 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 based on the nature of those transactions 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 subsidiaries, associates and jointly arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(4)Classification of current and non-current items

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 realized, 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 realized within 12 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 pay off liabilities more than 12 months after the balance sheet date.

Terms of an asset that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within 12 months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 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

(5)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 (including time deposits with contract period of less than 12 months) are classified as cash equivalents.

(6)Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

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

1. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

i. The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

ii. The assets' contractual cash flows represent solely payments of principal and interest.

On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

iii. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8)Financial assets at amortized cost

1. A financial asset is one that also meets the following criteria.

(1) The financial asset is held under an operating model whose objective is to collect the contractual cash flows.

(2) The contractual terms of the financial asset generate cash flows at a specific date, solely for the purpose of paying principal and interest on the outstanding principal amount.

2. The Company uses trade date accounting for financial assets measured at amortized cost in accordance with trading practice.

3. The Company measures financial assets at fair value plus transaction costs on initial recognition, and subsequently recognizes interest income and impairment losses over the liquidity period using the effective interest method under the amortization procedure, and recognizes the gain or loss in profit or loss when derecognized.

4. Time deposits held by the Company that do not meet the cash equivalents are measured at the investment amount because of the short holding period and the effect of discounting is not significant.

(9)Accounts and notes receivable

A. Accounts and notes receivable entitle the Company 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.

(10).Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost, at each reporting date, the Company recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes 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 Company recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of Financial Assets

Financial assets are derecognized when the Company's contractual rights to receive cash flows from the financial assets lapse.

(12) Inventories

Inventories are measured at the lower of cost or net realizable value and are inventoried on a perpetual basis, with cost determined by the weighted-average method. The cost of finished goods and work-in-process includes raw materials, direct labor, other direct costs and production-related manufacturing costs, but excludes borrowing costs. The lower of cost or net realizable value is determined on a line-by-line basis. Net realizable value is the estimated selling price in the ordinary course of business, less related variable selling expenses.

(13) Pending sale of Non Current Assets (or disposal Companies)

When the carrying amount of a noncurrent asset (or disposal Company) is recovered principally through a sale transaction rather than through continued use, and it is highly probable that the asset will be sold, it is classified as an asset held for sale and is measured at the lower of its carrying amount or fair value less costs to sell.

(14) Investments/subsidiaries accounted for using the equity method

1. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.

2. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.

3. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

4. According to Rules Governing the Preparation of Financial Statements by Securities Issuers, profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. 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 audited, 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: ◦ The estimated useful lives of property, plant and equipment are as follows: Buildings: 8～50 years, Machinery equipment: 2~25 years, transportation equipment: 5-11 years, Operating Equipment: 2~13 years and other equipment: 2-13 years.

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

A. Leases are recognized 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 Company. For short-term leases or leases of low- value assets, lease payments are recognized 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 fixed payments, less any lease incentives receivable; and amounts expected to be payable by the lessee under residual value guarantees.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is re-measured and the amount of re-measurement is recognized 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;

(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 recognized as an adjustment to the right-of-use asset.

(17)Intangible assets

Computer software and copyright are stated at cost and amortized on a straight-line basis over its estimated useful life of 5 years.

(18)Impairment of Non Financial Assets

The Company 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 recognized 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 recognizing 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 amortized historical cost would have been if the impairment had not been recognized.

(19)Borrowings

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

(20)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.

(21)Financial liabilities at fair value through profit or loss

1. Financial liabilities designated as at fair value through profit or loss on initial recognition. A financial liability is designated as at fair value through profit or loss on initial recognition when it meets one of the following criteria.

(1) it is a hybrid (combined) contract; or

(2) eliminates or significantly reduces the measurement or recognition inconsistency; or

(3) is an instrument that is managed and evaluated on a fair value basis in accordance with a written risk management policy.

2. The Company recognizes the related transaction costs at fair value through profit or loss upon initial recognition and subsequently recognizes the gain or loss at fair value through profit or loss.

(22) Derecognition of financial liabilities

The Company derecognizes financial liabilities upon the performance, cancellation or maturity of the obligations contained in the contracts.

(23)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 recognized as expense in that period when the employees render service.

B. Pensions

1. Defined contribution plan

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

2. Defined benefit plan

   i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

   ii. Re-measurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

   iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' and directors' remuneration

Employees' remuneration and directors' remuneration are recognized 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 employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24)Income tax

A. The tax expense for the year comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized 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 operates and generates 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. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

D. 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 operates and generates 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. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

E. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition 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 and associates, except where the timing of the reversal of the temporary difference is controlled by the Company 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 realized or the deferred tax liability is settled.

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

G. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and there is an intention to settle or realize the assets and liabilities simultaneously on a net basis; deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and the deferred income tax assets and liabilities are levied by the same taxable entity or by different taxable entities with the intention to settle or realize the assets and liabilities simultaneously. Deferred income tax assets and liabilities are offset when each entity intends to settle or realize the assets and liabilities on a net basis.

(25)Share Capital

1. The incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction from Equity, net of income taxes.

2. When the Company repurchases outstanding shares, the consideration paid includes any incremental costs directly attributable to the issuance of new shares or stock options and is recognized as a deduction from Equity, net of income taxes. Upon subsequent issuance of repurchased shares, the difference between the consideration received and the carrying amount, net of any directly attributable incremental costs and income tax effects, is recognized as an adjustment to stockholders' equity.

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(26)Revenue recognition

Sales of goods

1. The Company manufactures and sells tire-related products, and sales revenue is recognized when control of the products is transferred to the customer, i.e., when the products are delivered to the customer, the customer has discretion over the access and price of the products sold, and the Company has no outstanding performance obligations that may affect the acceptance of the products by the wholesaler. Delivery of merchandise occurs when the product is delivered to the designated location, the risk of obsolescence and loss has been transferred to the wholesaler, and the customer accepts the product in accordance with the sales contract or when there is objective evidence that all acceptance criteria have been met.

2. Sales revenue is recognized at the contract price less estimated sales tax, sales returns, volume discounts and discounts. Revenue is recognized to the extent that it is highly probable that there will be no material reversal in the future and is updated on each

balance sheet date. Discounts on sales related to estimated sales payable to customers as of the balance sheet date are recognized as a refund liability. The collection terms of sales transactions are usually due 45 to 120 days after the shipment date. The Company does not adjust the transaction price to reflect the time value of money because the time lag between the transfer of the promised goods or services to the customer and the customer's payment does not exceed one year.

3. The Company provides a standard warranty on the products sold and has a refund obligation for product defects, for which a liability provision is recognized at the time of sale.

4. Accounts receivable are recognized when the goods are delivered to the customer because the Company has an unconditional right to the contract price from that point onward and only requires time to collect the consideration from the customer.

(27) Government grants

Government grants are recognized at fair value when there is reasonable assurance that the enterprise will comply with the conditions attached to the government grant and that the grant will be received. If the nature of the government grant is to compensate the Company for expenses incurred, the government grant is recognized in profit or loss on a systematic basis in the period in which the related expenses are incurred.

5.CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Company'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. These estimates and assumptions have the risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year. There are no instances of uncertainty in the Company's significant accounting judgments. Please refer to the following description of the uncertainty of significant accounting estimates and assumptions.

Critical accounting assumptions and estimates

1 Valuation of Accounts Receivable

As the Company's accounts receivable are estimated to be doubtful based on historical experience and other known reasons or objective evidence of doubtful accounts, the assessment of accounts receivable may not result in the collection of the current deductions recorded as accounts receivable. This allowance for doubtful accounts is based on the probability of future collection and is therefore subject to significant change.

As of December 31, 2010, the carrying amount of the Company's accounts receivable was $960,232.

2. Evaluation of inventory

As inventories are to be denominated at a low cost and net realizable value, the Company must use judgment and estimation to determine the net realized value of the balance sheet's daily inventory. As a result of rapid technological changes, the Company assesses the amount of balance sheet daily inventory due to normal wear and tear, obsolete or marketable sales value and dilutes inventory costs to a net realized value. This inventory evaluation is based primarily on estimates of product demand for a specific period in the future and may result in significant changes.

As at 31 December 2020, the book value of the Company's inventory was $649,093.

6.DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020		December 31, 2019	
Cash in hand and petty cash	$	200	$	200
Checking accounts and demand deposits		47,698		282,838
Time deposits		155,786		-
Cash equivalents- Repurchase Notes		570,419		26,982
	$	774,103	$	310,020

1. The Company has good credit quality with financial institutions, and the Company has dealt with several financial institutions to diversify credit risk, so the possibility of default is expected to be low.
2. The Company provides cash and cash equivalents as pledges of security, please refer to Note 8.
3. As of December 31, 2020 and 2019, the Company classifies fixed deposits older than three months as financial assets carried at amortized cost - current at $1,156 and $611, respectively, in accordance with IFRS 9.

(2) Financial assets – current at fair value through profit or loss

Item	December 31, 2020		December 31, 2019	
Current Item：				
Financial assets mandatorily measured at fair value through profit or loss				
Beneficiary certificates	$	45,000	$	-
Forward Exchange		-		663
		45,000		663
Valuation adjustment		38		-
Total	$	45,038	$	663

1. The Company recognized net profit of $1,290 and ($1,802) in relation to financial assets at fair value through profit or loss for the years ended December 31, 2020 and 2019, respectively.
2. Information on the nature of transactions and contracts of non-hedging derivative financial instruments is described as follows:

	December 31, 2020		
Financial Product	Notional principal		Expiry date
Presale Forward Exchange Contract	USD	-	-

	December 31, 2019		
Financial Product	Notional principal		Expiry date
Presale Forward Exchange Contract	USD	1,500	2020/1/6~2020/1/15

The forward foreign exchange transactions signed by the Company are pre-sale (selling US dollars to buy Taiwan dollars) and are to avoid the exchange rate risk of import and export prices, but no risk-averse accounting is applicable.

3. The Company has not pledged financial assets measured at fair value through profit or loss.
4. The risks associated with financial assets measured at fair value through profit and loss should be described in Note 12 (2).

(3)Financial assets at fair value through other comprehensive income or loss

Item	December 31, 2020	December 31, 2019
Non Current Item：		
Equity Instrument		
Unlisted, OTC, and Emerging stocks	$ 17,449	$ 17,449
Valuation adjustment	374,001	249,628
Total	$ 391,450	$ 267,077

1. The breakdown of the recognized profits and losses and consolidated profits and losses of financial assets at fair value through other comprehensive profits and losses is as follows:

	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 124,373	$ 11,951
Dividend income recognized in profit or loss	$ 6,324	$ 6,324

2. The Company has not pledged financial assets measured at fair value through other comprehensive income or loss as collateral.

(4)Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes Receivable	$ 2,441	$ 2,781
Accounts Receivable	$ 1,020,981	$ 746,989
Less: Allowance for loss	(60,749)	(63,304)
	$ 960,232	$ 683,685

1. The ageing analysis of accounts receivable is as follows.

	December 31, 2020	December 31, 2019
Not past due	$ 872,431	$ 614,848
Up to 30 days	89,822	46,449
31 to 90 days	3,432	489
91 to 180 days	-	12,530
181 to 365 days	-	37,978
Over 365 days	55,296	34,695
	$ 1,020,981	$ 746,989

The above aging analysis was based on past due date.

2. As of December 31, 2020 and 2019, the balances of accounts receivable and notes receivable were generated from customer contracts, and the balance of receivables from customer contracts was $766,688 as of January 1, 2012.

3. As of December 31, 2020 and 2019, the Company's notes receivable were not past due.

4. Without considering the collateral held or other credit enhancements, the most significant amount of exposure to credit risk for the Company's notes receivable as of December 31, 2020 and 2019 is $2,441 and $2,781, respectively; the most significant amount of exposure to credit risk for the Company's accounts receivable as of December 31, 2020 and 2019 is $960,232 and $683,685 respectively.

5. The Company's notes and accounts receivable are not pledged.

6. Please refer to Note 12(2) for the credit risk information of accounts receivable and notes receivable.

(5)Inventories

1. Details of inventory are as follows.

	December 31, 2020	December 31, 2019
Raw Materials	$ 168,853	$ 202,318
Materials	79,103	64,586
Work in process	93,885	92,010
Finished Products	249,258	414,547
Merchandise Inventories	2,073	5,617
In-transit inventories	59,981	62,023
	653,153	841,101
Less: Allowance for reduction of inventory to market	(4,060)	(15,696)
Total	$ 649,093	$ 825,405

2. The cost of inventories recognized as expense for the year:

	2020	2019
Cost of goods sold	$ 4,221,141	$ 3,698,619
(Gain on reversal) of inventories	(11,636)	(2,486)
Other	(395)	1,009
	$ 4,209,110	$ 3,697,142

(1) The Company had a reversal benefit in 2020 and 2019 due to the de-stocking of inventory tires.

(2) Other inventory-related gains and losses represent the proceeds from the sale of downgraded inventory, inventory gains and losses, and inventory obsolescence.

(6)Pending Sale of Non Current Assets

On November 13, 2019, the Board of Directors resolved to dispose of 100% of the shares of Tai-Xin Construction Co., Ltd. and reclassify the related investment using the equity method as a non-current asset held for sale.

Assets of disposal Companies pending sale:

	December 31, 2020	December 31, 2019
Investments accounted for using the equity method	$ 429,966	$ 437,467

(7)Investments accounted for using the equity method.

1.Investment details：

Investee Companies	December 31, 2020		December 31, 2019	
	Shareholding %	Book value	Shareholding %	Book value
FEDEREX MARKETING CO., LTD. (Federex)	100%	$ 213,315	100%	$ 225,698
Tai Xin Construction Co., Ltd. (Tai Xin)	100%	-	100%	-
Tai Cheng Development Co., Ltd. (Tai Cheng)	100%	1,630,242	100%	1,627,166
Federal International Holding Inc.(FIH)	100%	1,333,805	100%	1,337,743
Highpoint Trading Ltd. (Highpoint)	-	-	100%	48,988
		3,177,362		3,239,595
Less: Shares of the Company held by subsidiaries are treated as treasury stock		(183,035)		(183,035)
		$ 2,994,327		$3,056,560

For information on our subsidiaries, please refer to Note 4(3) to our consolidated financial statements for the year ended December 31, 2020.

2. The gain (loss) of shares recognized using the equity method in 2020 and 2019 were as follows

Attributable to the owners of the parent company.	2020	2019
Federex	($ 10,892)	($ 9,514)
Tai-xin	(7,501)	(8,793)
Tai-Cheng	19,053	17,753
FIH	(12,379)	(277,715)
Highpoint	(320)	19,116
	($ 12,039)	($ 259,153)

3. The investment in Tai-xin Construction Co., Ltd. using the equity method was reclassified as a non-current asset held for sale on November 13, 2019; please refer to Note 6(6).
4. Highpoint, an investment under the equity method, was liquidated on December 26, 2019 by resolution of the board of directors (acting as the shareholders' meeting) from May 2020, and the liquidation process was completed on October 19, 2020, with the return of shares amounting to $29,673.

(8)Property, Plant and Equipment

	Land	Buildings	Machinery Equipment	Transportation Equipment	Operating Equipment	Other equipment	Under construction	Total
January 1, 2020								
cost	$1,410,176	$1,267,284	$6,021,362	$ 161,529	$ 248,080	$1,040,815	$ 251,338	$ 10,400,584
Accumulated depreciation	-	(69,431)	(2,779,232)	(74,950)	(139,696)	(875,290)	-	(3,938,599)
	$1,410,176	$1,197,853	$3,242,130	$ 86,579	$ 108,384	$ 165,525	$ 251,338	$ 6,461,985
2020								
January 1	$1,410,176	$1,197,853	$3,242,130	$ 86,579	$ 108,384	$ 165,525	$ 251,338	$ 6,461,985
Additions	-	-	9,094	4,616	2,197	146,011	195,302	357,220
Disposals	-	-	-	-	(40)	-	-	(40)
Transfer	-	1,749	175,325	5,326	10,220	-	(201,842)	(9,222)
Depreciation	-	(28,569)	(258,350)	(21,676)	(25,277)	(79,841)	-	(413,713)
December 31	$1,410,176	$1,171,033	$3,168,199	$ 74,845	$ 95,484	$ 231,695	$ 244,798	$ 6,396,230
December 31, 2020								
cost	$1,410,176	$1,269,033	$6,181,954	$ 171,471	$ 236,003	$1,178,690	$ 244,798	$ 10,692,125
Accumulated depreciation	-	(98,000)	(3,013,755)	(96,626)	(140,519)	(946,995)	-	(4,295,895)
	$1,410,176	$1,171,033	$3,168,199	$ 74,845	$ 95,484	$ 231,695	$ 244,798	$ 6,396,230

	Land	Buildings	Machinery Equipment	Transportation Equipment	Operating Equipment	Other equipment	Under construction	Total
January 1, 2019								
cost	$1,410,176	$1,250,936	$5,898,028	$ 129,981	$ 175,792	$ 950,106	$ 622,405	$ 10,437,424
Accumulated depreciation	-	(41,931)	(2,668,200)	(56,638)	(124,314)	(807,886)	-	(3,698,969)
	$1,410,176	$1,209,005	$3,229,828	$ 73,343	$ 51,478	$ 142,220	$ 622,405	$ 6,738,455
2019								
January 1	$1,410,176	$1,209,005	$3,229,828	$ 73,343	$ 51,478	$ 142,220	$ 622,405	$ 6,738,455
Additions	-	-	-	148	-	140	196,024	196,312
Disposals	-	-	(6,412)	-	-	-	-	(6,412)
Transfer	-	16,348	325,713	32,569	78,048	90,569	(567,091)	(23,844)
Depreciation	-	(27,500)	(306,999)	(19,481)	(21,142)	(67,404)	-	(442,526)
December 31	$1,410,176	$1,197,853	$3,242,130	$ 86,579	$ 108,384	$ 165,525	$ 251,338	$ 6,461,985
December 31, 2019								
cost	$1,410,176	$1,267,284	$6,021,362	$ 161,529	$ 248,080	$1,040,815	$ 251,338	$ 10,400,584
Accumulated depreciation	-	(69,431)	(2,779,232)	(74,950)	(139,696)	(875,290)	-	(3,938,599)
	$1,410,176	$1,197,853	$3,242,130	$ 86,579	$ 108,384	$ 165,525	$ 251,338	$ 6,461,985

1. The amount of property, plant and equipment borrowing costs capitalization and the interest rate range.

	2020	2019
Capitalization amount	$ -	$ 855
Capitalized interest rate range	-	1.43%~1.71%

2. For information on guarantees provided by property, plant and equipment, please refer to Note 8.

(9)Leasing arrangements－lessee

1. The subject assets of the Company's leases include land, buildings and buses, and the lease agreements are usually for periods ranging from 1 to 50 years. The leases are negotiated on an individual basis and contain various terms and conditions, with no restrictions except that the leased assets cannot be used as collateral for loans.
2. Some of the buildings and business vehicles leased by the Company do not exceed 12 months, and the subject assets leased are office equipment with low value and are not recognized as right-of-use assets.
3. The carrying value of the right-of-use assets and the depreciation expense recognized were as follows.

	December 31, 2020	December 31, 2019
	Book Amount	Book Amount
Buildings	$ 2,928	$ 9,376
Transportation Equipment (Office Vehicle)	6,468	8,433
	$ 9,396	$ 17,809
	2020	2019
	Depreciation	Depreciation
Buildings	$ 2,928	$ 4,688
Transportation Equipment (Office Vehicle)	4,726	4,280
	$ 7,654	$ 8,968

4. The additions to the Company's right-of-use assets for 2020 and 2019 are $2,836 and $4,096 respectively.
5. The information on income and expense accounts relating to lease contracts is as follows:

	2020	2019
Items affecting profit or loss		
Interest expense of lease liabilities	$ 177	$ 317
Expense for short-term lease contract	60,247	61,815
Expense for low-value lease assets	1,241	1,043

6. For the years ended December 31, 2020 and 2019, the Company’s total cash outflow for leases was $$69,301 and $71,934, respectively.

(10) Intangible Assets

	Computer software	
	2020	2019
At January 1		
Cost	$ 106,653	$ 104,074
Accumulated amortization and impairment	(87,992)	(77,769)
	$ 18,661	$ 26,305
At January 1	$ 18,661	$ 26,305
Transfer	-	2,579
Amortization expense	(8,130)	(10,223)
December 31	$ 10,531	$ 18,661
December 31		
Cost	$ 106,653	$ 106,653
Accumulated amortization and impairment	(96,122)	(87,992)
	$ 10,531	$ 18,661

1. Intangible Assets amortization details as follows:

	2020	2019
Administration expenses	$ 8,130	$ 10,223

2. The Company has not provided guarantees with intangible assets.

(11)Other Non Current Assets

	December 31, 2020	December 31, 2019
Prepayment for Equipment	$ 123,992	$ 22,295
Un-amortization expense	42,696	79,240
Other assets-Other	2,506	2,505
	$ 169,194	$ 104,040

(12) Short-term

Borrowings	December 31, 2020	Interest rate range	December 31, 2019	Interest rate range
Bank credit loan	$ 360,464	0.90%~0.99%	$ -	-
Bank purchase loan	565,977	0.70%~1.85%	467,933	1.85%~3.41%
	$ 926,441		$ 467,933	

(13)Other Payables

	December 31, 2020	December 31, 2019
Equipment payable	$ 145,996	$ 69,588
Salaries payable	88,032	76,793
Bonus payable	58,410	27,190
Transportation payable	101,289	69,074
Other	173,725	142,806
	$ 567,452	$ 385,451

Other payables - other is a summary of other payables with a single account balance not exceeding 5% of the account balance.

(14)Long-term Loans

	December 31, 2020	December 31, 2019
Bank Guaranteed Loans		
Plant construction and purchase of equipment	$ 4,102,864	$ 4,175,728
Less: Long-term loans due within one year or one business cycle	(297,593)	(123,810)
	$ 3,805,271	$ 4,051,918
Borrowing interest rate	1.12%~1.52%	1.43%~1.71%

1. In January 2018, the Company re-signed a long-term loan contract with Hua Nan Bank for a term of 20 years with a total credit amount of $3,250,000 and borrowed $3,250,000 to repay all the long-term loans listed in the account, with the outstanding amount of $3,250,000 as of December 31, 2020 and 2019; and repay the principal by installments as agreed. The principal is repayable by installments.

   In June 2020, the Company entered into a long-term loan agreement with Hua Nan Bank with a term of 10 years and a total credit facility of $2,541,000, and borrowed $115,969. As of December 31, 2020, the outstanding amount was $115,969, and the principal was repaid in installments as scheduled.
2. In May 2018, the Company entered into a long-term loan contract with Bank SinoPac with a term of 7 years and a total credit amount of $400,000, with outstanding amounts of $257,118 and $314,284 as of December 31, 2020 and 2019, respectively; the principal is repayable by installments.
3. In May 2018, the Company entered into a long-term loan agreement with Shin Kong Commercial Bank for a term of 7 years with a total credit amount of $300,000, with outstanding amounts of $152,000 and $217,000 as of December 31, 2020 and 2019, respectively; the principal is repayable by installments.
4. In October 2018, the Company entered into a long-term loan agreement with Chang Hwa Commercial Bank, for a term of 7 years with a total credit amount of $400,000, with outstanding amounts of $327,777 and $394,444 as of December 31, 2020 and 2019, respectively, and the principal is repayable by installments.
5. Please refer to Note 8 for the guarantee of the above long-term loans.

(15)Pensions

1.Defined benefit plan

(1) The Company and its domestic subsidiaries operate a defined benefit pension plan, in accordance with the Labor Standards Law, which covers all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 10% of employees' monthly salaries and wages to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.
Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make a lump-sum withdrawal of the difference before the end of March of the following year.

(2) The amounts recognized in the balance sheet are as follows: ：

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 285,232)	($ 264,907)
Fair value of plan assets	139,380	119,499
Net defined benefit liability	($ 145,852)	($ 145,408)

(3) Movements in net defined benefit liabilities are as follows

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance			
At January 1 2020	($ 264,907)	$ 119,499	($ 145,408)
Current service cost	(4,181)	-	(4,181)
Interest (expense) income	(1,831)	854	(977)
Past service cost	-	-	-
	(270,919)	120,353	(150,566)
Remeasurements:			
Return on plan assets (not including the amount included in interest income or expense)	-	3,974	3,974
Change in demographic assumptions	(2)	-	(2)
Change in financial assumptions	(11,941)	-	(11,941)
Experience adjustments	(11,081)	-	(11,081)
	(23,024)	3,974	(19,050)
Pension fund contribution	-	23,764	23,764
Paid pension	8,711	(8,711)	-
Balance at December 31	($ 285,232)	$ 139,380	($ 145,852)

	Present value of defined benefit obligations		Fair value of plan assets		Net defined benefit li abilities	
2019						
Balance at January 1	($	276,898)	$	91,197	($	185,701)
Current Service Cost	(	4,575)		-	(	4,575)
Interest (expense) income	(	2,735)		941	(	1,794)
Past service cost		2,325		-		2,325
	(	281,883)		92,138	(	189,745)
Remeasurements:						
Return on plan assets (not including the amount included in interest income or expense)		-		3,785		3,785
Change in demographic assumptions	(	486)		-	(	486)
Change in financial assumptions	(	8,400)		-	(	8,400)
Experience adjustments	(	585)		-	(	585)
	(	9,471)		3,785	(	5,686)
Pension fund contribution		-		50,023		50,023
Paid pension		26,447	(	26,447)		-
Balance at December 31	($	264,907)	$	119,499	($	145,408)

(4) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). Relating condition of execution is supervised by Labor Funds Supervisory Committee. With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the

government.

(5)The principal actuarial assumptions used were as follows:

	2020	2019
Discount rate	0.30%	0.70%
Future salary increases	2.00%	2.00%

The assumptions for future mortality are based on the fifth experience life table of the Taiwan life insurance industry.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 7,547)	$ 7,837	$ 7,685	($ 7,441)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 6,967)	$ 7,240	$ 7,129	($ 6,897)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(6) Expected contributions to the defined benefit pension plans of the Company and its domestic subsidiaries for the year ending December 31, 2021 amounts to $12,468.

(7) As of December 31, 2020, the weighted average duration of the retirement plan is 10 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 5,756
1-5 years	50,493
Over 5 years	236,511
	$ 292,760

2. Defined contribution plans

(1) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute 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.

(2) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2020 and 2019 were $25,249 and $24,161, respectively.

(16)Share capital

1. As of December 31, 2020, the Company has a paid-in capital of $4,733,292, divided into 473,329,000 shares, with a stated capital of $10,000,000. Each share has a par value of $10.

A reconciliation of the number of outstanding shares of the Company's common stock at the beginning and at the end of the period is as follows:

	2020 (Note)	2019 (Note)
At January 1(same as December 31)	473,329	473,329

Note: (1) The unit is thousands of shares.

(2) Before deducting the number of shares of the Company held by subsidiaries.

2. Treasury Stocks

(1) The Securities and Exchange Act stipulates that the number of shares repurchased by the Company shall not exceed 10% of the total number of issued shares, and the total

amount of shares repurchased shall not exceed the amount of retained earnings plus the share premium and realized capital surplus.

(2) The treasury stock held by the Company may not be pledged under the Securities and Exchange Act and may not be entitled to shareholders' rights until it is transferred.

(3) The breakdown of the Company's shares held by the subsidiaries as of December 31, 2020 and 2019 is as follows:

		December 31, 2020		
Name of the company holding the shares	Reason of Recovery	Shares (in 1,000)	Book Amount	Fair Value/Share
Subsidiary -Federex	Purpose of investment	7,842	$ 116,469	$ 19.70
Subsidiary- Tai Cheng	Purpose of investment	5,913	66,566	19.70

		December 31, 2019		
Name of the company holding the shares	Reason for recovery	Shares (in 1,000)	Book Amount	Fair Value/Share
Subsidiary -Federex	Purpose of investment	7,842	$ 116,469	$ 13.95
Subsidiary- Tai Cheng	Purpose of investment	5,913	66,566	13.95

(17)Capital Surplus

In accordance with the Company Act, capital surplus from the issuance of shares in excess of par value and capital surplus from gifts may be used to offset losses, and new shares or cash may be issued in proportion to the shareholders' original shares when the Company has no accumulated losses. In accordance with the Securities and Exchange Act, the total amount of the above capital surplus shall not exceed 10% of the paid-in capital each year. The Company may not use the capital surplus to supplement the capital surplus unless there is still a shortfall in the capital surplus to cover the capital deficit.

	Common Stock Premium	Treasury Stocks Transactions	Donated Assets	Total
At January 1, 2020 (same as December 31,2020)	$ 37,860	$ 107,735	$ 11,169	$156,764

	Common Stock Premium	Treasury Stocks Transactions	Donated Assets	Total
At January 1, 2019	$ 37,860	$ 107,735	$ 151	$145,746
Occurring from gift receiving	-	-	11,018	11,018
December 31	$ 37,860	$ 107,735	$ 11,169	$156,764

Dividends received as a result of a gift are unclaimed by the shareholders after five years or more.

(18)Retained earnings

1. In accordance with the Company's Articles of Incorporation, if there is any surplus in the annual final accounts, after deducting taxes, making up for prior years' deficits, setting aside 10% of the legal reserve and setting aside a special reserve in accordance with the regulations, if there is any remaining balance in the year, the Board of Directors shall give priority to the distribution of dividends to preferred shares for the year, and then the remaining balance, together with the undistributed earnings (including adjusted undistributed earnings) at the beginning of the period, shall prepare a proposal for the distribution of earnings and submit it to the Board of Directors shall prepare a proposal for the distribution of earnings and submit it to the shareholders' meeting for approval of dividend distribution.

2. The Company's dividend policy is as follows.

   The Company's industry is currently in a mature stage. Considering future capital needs and financial planning, and taking into account the interests of shareholders, the Board of Directors shall, depending on the operating conditions, prepare a proposal for the distribution of earnings between 5% and 50% and submit it to the shareholders' meeting; in the case of cash dividends, a resolution shall be made by a majority of the Board of Directors with at least two-thirds of the directors present and reported to the shareholders' meeting. Cash dividends are preferred over stock dividends, and stock dividends may be distributed at a rate of not more than 80% of the total amount of dividends; however, if there are significant investment plans and future development, the surplus may be retained.

3. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of the legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

4. Appropriated Special Retained Earnings

(1) In accordance with the regulations, the Company shall set aside a special reserve for the debit balance on other equity items at the balance sheet date before distributing earnings. When the debit balance on other equity items is reversed subsequently, the reversed amount should be included in the distributable earnings.

(2) Upon the initial adoption of IFRSs, the special reserve set aside under the letter No. Financial-Supervisory-Securities-Issusing-1010012865 dated April 6, 2012 is reversed in proportion to the original special reserve set aside when the Company subsequently uses, disposes of or reclassifies the related assets, and if the aforementioned related assets are investment properties, the land portion is reversed upon disposal or reclassification, and the portion other than land is reversed period by period during use.

5. Distribution of surplus

(1) The Company resolved at the shareholders' meeting on June 19, 2020 not to distribute earnings due to an operating loss in fiscal 2019; and resolved at the shareholders' meeting on June 17, 2019 not to distribute earnings.

(2) On March 26, 2021, the Board of Directors proposed the following distribution of earnings for 2020.

	2020	
	Amount	Earnings per share (in NTD)
Legal reserve	$ 3,071	
Appropriated Special Retained Earnings	1,591	
Cash Dividend	9,467	$ 0.02

The aforementioned proposal for the distribution of earnings for fiscal 2020 has not been resolved by the shareholders' meeting as of March 26, 2021.

(19) Operating revenue

	2020	2019
Revenue from contracts with customers	$ 5,399,165	$ 4,274,885

1. Breakdown of revenue from customer contracts:

The Company's revenue is derived from goods and services transferred at a point in time and can be subdivided into the following main geographical areas.

2020		2019	
Location	Revenue	Location	Revenue
Domestic	$ 132,725	Domestic	$ 145,005
Asia	80,713	Asia	158,310
America	4,693,457	America	3,409,345
Oceania	201,370	Oceania	242,740
Europe	201,206	Europe	204,908
Others	89,694	Others	114,577
Total	$ 5,399,165	Total	$ 4,274,885

Note: Classified by the location of the customers.

2. Contract liabilities

(1) The Company recognized contract liabilities related to customer contract revenue as follows.

	December 31, 2020	December 31, 2019	January 1, 2019
Contract Liabilities - Advance Receivables	$ 32,320	$ 23,271	$ 24,944

(2) Beginning contract liabilities recognized as revenue

	2020	2019
Opening balance of contract liabilities recognized as revenue in the current period		
Advance resembles	$ 10,601	$ 13,414

(20)Interest income

	2020	2019
Bank deposit interest	$ 876	$ 1,180

(21)Other income

	2020	2019
Dividend income	$ 6,324	$ 6,324
Other income -other	6,670	5,375
	$ 12,994	$ 11,699

(22)Other gains and loss

	2020	2019
Gain (loss) on financial assets at fair value through profit or loss	$ 1,290	($ 1,802)
Foreign exchange loss, net	(64,497)	(13,097)
Disposal loss of Property, Plant and Equipment	(40)	(4,712)
Other gains and loss	(3,144)	(1,874)
Total	($ 66,391)	($ 21,485)

(23)Financial costs

	2020	2019
Interest expense：		
Bank loans	$ 63,834	$ 77,944
Lease liabilities	177	317
Less: Financial cost capitalized that meet the criteria	-	(855)
	$ 64,011	$ 77,406

(24)Additional information on the nature of costs and expenses

	2020		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 688,783	$ 182,955	$ 871,738
Property, Plant and Equipment Depreciation	346,740	66,973	413,713
Right-of-use Assets Depreciation	422	7,232	7,654
Intangible Assets Amortization expense	-	8,130	8,130
Other Non Current Assets Amortization expense	65,240	8,950	74,190
	$ 1,101,185	$ 274,240	$ 1,375,425

	2019		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 578,843	$ 186,690	$ 765,533
Property, Plant and Equipment Depreciation	378,969	63,557	442,526
Right-of-use Assets Depreciation	317	8,651	8,968
Intangible Assets Amortization expense	-	10,223	10,223
Other Non Current Assets Amortization expense	103,224	20,175	123,399

	$ 1,061,353	$ 289,296	$ 1,350,649

(25)Employee benefit expense

	2020		
Items	Operating costs	Operating expenses	Total
Wages and salaries	$ 581,616	$ 154,175	$ 735,791
Labor and health insurance fees	55,445	14,056	69,501
Pension costs	23,242	7,165	30,407
Bonus for Directors	-	3,905	3,905
Other personnel expenses	28,480	3,654	32,134
	$ 688,783	$ 182,955	$ 871,738

	2019		
Items	Operating costs	Operating expenses	Total
Wages and salaries	$ 479,421	$ 160,628	$ 640,049
Labor and health insurance fees	49,800	15,203	65,003
Pension costs	22,967	5,238	28,205
Bonus for Directors	-	2,630	2,630
Other personnel expenses	26,655	2,991	29,646
	$ 578,843	$ 186,690	$ 765,533

Note: As of December 31, 2020 and 2019, the number of employees of the Company was 1,158 and 1,092, respectively, of which 8 and 6 were directors who were not also employees.

1.In accordance with the Company's Articles of Incorporation, the Company shall contribute no less than 1% of the employees' remuneration and no more than 3% of the directors' remuneration if there is any remaining balance after deducting accumulated losses based on the Company's profitability for the year.

2.The estimated amount of employees' compensation and directors' and supervisors' compensation for 2020 is $665, which is recorded as salary expense.

The estimated amount for 2020 is based on the profitability as of the end of the year and is estimated based on the percentage set by the Company's Articles of Incorporation (1%).

3.Information on the remuneration of employees and directors approved by the board of directors and resolved at the shareholders' meeting can be found on the Market Observation Post System.

4.The Company's shares are listed and traded on the stock exchange, therefore, the following information has been added.

(1) The average employee benefit cost of the Company is $755 and $695 in 2020 and 2019, respectively.

(2) The average salary of the Company's employees in 2020 and 2019 is $640 and $631, respectively.

(3) The change in average employee salary cost adjustment was 1.43%.

(4) The Company has set up an audit committee, so there is no need to disclose the remuneration information of the supervisors.

5.The Company's salary and compensation policy

(1) The overall compensation level of employees is based on external competitiveness and internal fairness, and is effective in attracting and retaining talents.

(2) The performance management system is linked to employee compensation to provide motivation for employee development and to drive the positive development of the company.

(3) Linking the company's long-term and short-term goals, individual time commitment, duties and overall work performance to achieve the purpose of motivating employees.

(4) To establish a compensation committee to effectively measure the overall compensation of directors and managers of the Company.

(26)Income tax

1.Components of income tax expenses (gains)：

	2020	2019
Current income tax：		
Current tax on profit of the year	$ -	$ -
Underestimation of past year income tax	-	-
Underestimation of prior year income tax		
Total current income tax	-	-
Deferred tax		
Origination and reversal of temporary differences	13,951	(11,368)
Total deferred tax	13,951	(11,368)
Income tax expense (gains)	$ 13,951	($ 11,368)

2. Reconciliation between income tax expense and accounting profit:

	2020	2019
Income tax on net income before income tax at statutory tax rate	$ 25,086	($ 136,186)
Income tax effect of items adjusted according to the law	(1,146)	(867)
Change in assessment of realizability of deferred income tax	(9,989)	27,086
Deferred income tax assets not recognized for tax losses	-	98,599
Income tax expense (gains)	$ 13,951	($ 11,368)

3. The amount of each deferred income tax asset or liability arising from temporary differences, tax losses and investment tax credits is as follows.

	2020		
	January 1	Recognized profit (loss)	December 31
Temporary differences:			
-Deferred tax assets：			
Unrealized decline in value of inventories and doubtful losses	$ 3,139	($ 2,327)	$ 812
Estimated Product Warranty Costs	5,748	2,016	7,764
Pension	35,979	(3,721)	32,258
Unused vacation bonus	4,339	242	4,581
Loss of doubtful accounts	10,279	(1,470)	8,809
Tax loss	50,756	(8,061)	42,695
Unrealized exchange loss	2,084	(630)	1,454
Other	480	-	480
Total	$ 112,804	($ 13,951)	$ 98,853

	2019		
	January 1	Recognized profit (loss)	December 31
Temporary differences:			
-Deferred tax assets：			
Unrealized decline in value of	$ 3,636	($ 497)	$ 3,139

inventories and doubtful losses			
Product Warranty Costs	2,737	3,011	5,748
Fire loss	14,845	(14,845)	-
Pension	44,709	(8,730)	35,979
Unused vacation bonus	3,273	1,066	4,339
Loss of doubtful accounts	5,363	4,916	10,279
Tax loss	26,122	24,634	50,756
Unrealized exchange loss	271	1,813	2,084
Other	480	-	480
Total	$ 101,436	$ 11,368	$ 112,804

4. Expiration dates of unused taxable loss and amounts of unrecognized deferred tax assets are as follows.

December 31, 2020				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized Deferred tax assets	Usable until
2017	$ 342,158	$ 315,213	$ 101,744	2027
2018	384,729	384,729	384,729	2028
2019	493,010	493,010	493,010	2029

December 31, 2019				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized Deferred tax assets	Usable until
2016	$ 51,351	$ 51,351	$ 28,717	2026
2017	342,158	315,213	268,901	2027
2018	384,729	384,729	384,729	2028
2019	493,010	493,010	493,010	2029

5. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(27)Earnings (loss) per share

	2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Net income for the period	$ 111,477	459,574	$ 0.24
Diluted Earnings per share			
Net income for the period	$ 111,477	459,574	

Effect of dilutive potential common stock on employee compensation	-	34	
Net income for the period attributable to common shareholders plus the effect of potential common shares	$ 111,477	459,608	$ 0.24

	2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic loss per share			
Current net loss	($ 669,563)	459,574	($ 1.46)
Diluted loss per share			
Current net loss	($ 669,563)	459,574	($ 1.46)

(28)Supplementary cash flow information

Investing activities that are only partially paid in cash.

	2020	2019
Purchase of Property, Plant and Equipment	$ 357,220	$ 196,312
Add: Beginning payable for equipment	69,588	64,763
Less: Ending payable for equipment	(145,996)	(69,588)
Less: Interest capitalized	-	(855)
Cash paid	$ 280,812	$ 190,632

(29)Changes of liabilities from financing activities

	Short-term borrowings	Long-term Loans	Lease Liabilities	Total liabilities from financing activities
January 1, 2020	$ 467,933	$4,175,728	$ 17,930	$ 4,661,591
Changes in financing cash flows	458,508	(72,864)	(7,828)	377,816
Other non-cash changes	-	-	(607)	(607)
December 31, 2020	$ 926,441	$4,102,864	$ 9,495	$ 5,038,800

	Short-term borrowings	Long-term Loans	Lease Liabilities	Total liabilities from financing activities
January 1, 2019	$ 450,207	$4,238,430	$ 22,682	$ 4,711,319
Changes in financing cash flows	17,726	(62,702)	(9,083)	(54,059)
Other non-cash changes	-	-	4,331	4,331
December 31, 2019	$ 467,933	$4,175,728	$ 17,930	$ 4,661,591

7.Related party transactions

(1)Name and relationship with related party

Name of related party	Relationship with the Company
Federal Tire (Jiang-Xi) Limited (Jiang-Xi Federal)	Subsidiary
Tai-Cheng Development Co, Ltd. (Tai-Cheng)	Subsidiary
Tai-Xin Construction Co. Ltd. (Tai-Xin)	Subsidiary
Federex International Co. Ltd. (Federex)	Subsidiary
HIGHPOINT TRADING LTD.(HTL)	Subsidiary
FEDERAL TIRE NORTH AMERICA LLC(FTNA)	Sub-subsidiary

Note: The subsidiaries mentioned in Note 7(2) of the related party transactions refer to the consolidated number of the above related parties.

(2)Material transactions with related party:

1.Operating income/Other operating income

	2020	2019
Sales：		
-FTNA	$ 1,250,934	$ 1,013,692
-other subsidiary	122,948	131,543
Service sales		
- other subsidiary	-	2,110
	$ 1,373,882	$ 1,147,345

The prices sold by the company to its subsidiaries are subject to preferential treatment depending on their sales volume and type. There is no major difference from general distributors. The credit period is approximately 90-180 days from the monthly settlement, which is also the same as general customers. Service sales are the technical service income received from subsidiaries.

2.Purchase

	2020	2019
Subsidiary	$ 4,246	$ 11,900

The Company's purchases from its subsidiaries are based on current prices and on general terms of purchase.

3.Accounts receivable

	December 31, 2020	December 31, 2019
FTNA	$ 603,178	$ 399,080
Other subsidiary	43,792	42,509
	$ 646,970	$ 441,589

The receivables from related parties are due 90 to 180 days after the transaction date and are unsecured and do not carry interest. No provision for liabilities has been made for amounts due from related parties.

4. Accounts payable

	December 31, 2020	December 31, 2019
Subsidiary	$ 67	$ 1,328

5. Other payable

	December 31, 2020	December 31, 2019
Subsidiary	$ 11,973	$ 12,010

The main factor is the payment for the purchase of property, plant and equipment from subsidiaries in 2018.

6. Revenue from management consulting services (listed as "other revenue")

	2020	2019
Subsidiary	$ 644	$ 1,227

The revenue is mainly from supporting the maintenance of information system software and computer equipment of subsidiaries.

7. Pension subsidy expenses (listed as "Operating expenses")

	2020	2019
Subsidiary	$ 1,128	$ -

When the retired employees of the subsidiaries used to work for the Company, they receive pension subsidies from the Company upon retirement, and the pension subsidy expense is $1,128 and $0 for 2020 and 2019, respectively.

8. Leasing arrangements－lessee

(1) In 2020 and 2019 The Company leases the Chung-li Plant from Tai Shing for the period from January 1 to December 31, 2020, with the following major lease terms.

	December 31, 2020	December 31, 2019
Subsidiary－Deposit guarantee	$ 5,659	$ 5,659

	2020	2019
Subsidiary－Rent expenses	$ 42,559	$ 42,552

(2) In 2020 and 2019, the Company leases parking lots for employee from Tai-Xin for the periods from July 1, 2020 to June 30, 2021 and January 1, 2017 to December 31, 2019, with the following major lease terms.

	December 31, 2020	December 31, 2019
Subsidiary－Deposit guarantee	$ 1,414	$ -

	2020	2019
Subsidiary－Rent expenses	$ 16,971	$ 16,967

9. Commission expenses (listed as "Operating expenses")

	2020	2019
Subsidiary	$ 6,390	$ 6,812

Commissions paid to subsidiaries for the Company's domestic sales

10. Endorsement guarantee situation

The Company provided endorsement guarantees for bank borrowing facilities of its subsidiaries as follows.

	December 31, 2020	December 31, 2019
Jiang-Xi Federal	$ -	$ 89,940
FTNA	-	89,940
	$ -	$ 179,880
		(USD 6,000,000)

(3)Key Management compensation

	2020	2019
Short-term employee benefits	$ 15,453	$ 25,957
Post-employment benefits	207	1,013
	$ 15,660	$ 26,970

8.Pledged assets

The Company's assets pledged as collateral are as follows:

	Book value		
Asset Item	December 31, 2020	December 31, 2019	Purpose
Financial Assets at amortized Cos -Current	$ 861	$ 611	Export Guarantee Letters
Property, Plant and Equipment			
-Land	1,410,176	1,410,176	Long-term Loans
-Buildings	1,171,033	1,197,853	Long-term Loans
-Machinery Equipment	1,952,201	1,158,274	Long-term Loans
Refundable Deposits	12,965	11,781	Participation in tender, lease deposit,and customs deposit
	$ 4,546,375	$ 3,778,084	

9.Significant Contingent Liabilities and Unrecognized Contractual Commitments

(1) Contingencies

On December 30, 2020, the Company received the preliminary anti-dumping results from the U.S. Department of Commerce (DOC) on "passenger car and light truck tires" including those from Taiwan, Korea, Thailand and Vietnam, which determined that the anti-dumping rates for Taiwan products ranged from 52.42% to 98.44%, of which the Company was a non-compulsory respondent, so the applicable weighted average rate was 88.82%. After the additional information provided by Other Compulsory Respondents, the weighted average tax rate applied by the Company was reduced to 84.83%. The U.S. Department of Commerce (DOC) is expected to finalize the final dumping rate on May 21, 2021, and the U.S. International Trade Commission (ITC) is expected to announce its final determination of material injury to U.S. domestic industry on July 21, 2021. The Company has sought the assistance of counsel to clarify the Company's situation, however, as the overall case is focused on the overall industry of the country and there is no direct access or assistance from the non-compulsory respondent companies, the Company is unable to assess the likely outcome and impact of the ITC's final determination as it has not yet been made.

For the period from January 1, 2021 to March 26, 2021, the Company deposited $75,174 in bonds with the U.S. Customs in connection with the aforementioned anti-dumping case.

(2)Commitments

As of December 31, 2019, and 2020, the outstanding amounts were $336,288 and $312,992, respectively, for the purchase of raw materials and property, plant and machinery and equipment, for which letters of credit had been signed and opened.

10.Major Disaster Losses

None.

11.Significant events after the Balance Sheet date

1. Please refer to Note 6 (19) 5 for the appropriation of earnings in fiscal 2020.

2. Please refer to Note 9 (1) for the anti-dumping case in the United States.

3. On March 26, 2021, the Board of Directors approved the spin-off of Tai Cheng Development Co., Ltd. ("Tai Cheng Development"), a 100% reinvested subsidiary of the Company, to operate its land development division (including assets, liabilities and operations) independently in accordance with the spin-off under the Business Merger and Acquisition Act, the Company Act and other related laws and regulations. (hereinafter referred to as "Development business unit") with a book value of $10,000, and establish Rong Cheng Development Co. The newly established Rong Cheng Development issued 1,000,000 shares of common stock to the sole shareholder of Tai Cheng Development (i.e. the Company) for the business value it assumed, and Tai Cheng Development correspondingly reduced its capital by $10,000 and cancelled 1,000,000 shares in addition to the issued shares. After the demerger, the Company's investment in Tai Cheng Development will be reduced to 15,000,000 shares, and the Company will invest in Rong Cheng Development and hold 1,000,000 shares.

12.Other

(1)Capital Management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern, to maintain an optimal capital structure to reduce the cost of capital and to provide remuneration to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors its capital by using a debt-to-capital ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as reported in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" plus net debt as reported in the consolidated balance sheet. As of December 31, 2020, and 2019, the Company's debt-to-capital ratios were as follows.

	December 31, 2020	December 31, 2019
Total liabilities	$ 5,029,305	$ 4,643,661
Less: Cash and cash equivalents	774,103	(310,020)
Net liabilities	5,803,408	4,333,641
Total Equity	7,543,425	7,319,790
Total capital	$ 13,346,833	$ 11,653,431
Liabilities/Equity ratio	36.02%	37.19%

(2)Financial Instruments

1. Type of Financial Instruments

	December 31, 2020	December 31, 2019
Financial Assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 45,038	$ 663
Financial assets at fair value through other comprehensive income or loss		
Investments in equity instruments selected for designation	$ 391,450	$ 267,077
Financial assets measured at amortized cost		
Cash and cash equivalents	$ 774,103	$ 310,020
Financial assets measured at amortized cost	1,156	611
Notes receivable	2,441	2,781
Accounts receivable	960,232	683,685
Accounts receivable - related parties	646,970	441,589
Other receivables	1,856	590
Guarantee deposits	12,965	11,781
	$ 2,399,723	$ 1,451,057

Financial liabilities		
Financial liabilities measured at amortized cost		
Short-term borrowings	$ 926,441	$ 467,933
Accounts payable	293,643	247,460
Accounts payable - related parties	68	1,328
Other payables	567,452	385,451
Other payables - related parties	11,973	12,010
Lease liabilities-current	6,416	9,316
Lease liabilities-non-current	3,079	8,614
Long-term loans (including those due within one year or one business cycle)	4,102,864	4,175,728
Deposits received	2,659	2,657
	$ 5,914,595	$ 5,310,497

2. Risk Management Policy

The Company's financial risk is mainly the risk associated with its investment in financial instruments. The Company adopts the most stringent control standards for the financial risk of each financial instrument investment. All financial investments and operations are thoroughly evaluated for possible market risk, credit risk, liquidity risk and cash flow risk, and the less risky ones are always selected.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. The Company operates on a multinational basis and is exposed to exchange rate risk arising from transactions with different functional currencies from those of the Company and its subsidiaries, mainly the U.S. dollar and Renminbi. The related exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

B. The Company's operations involve certain non-functional currencies (the functional currency of the Company is the New Taiwan dollar, and the functional currencies of certain subsidiaries are the U.S. dollar, Singapore dollar and Renminbi) and are therefore subject to exchange rate fluctuations.

	December 31, 2020			2020		
			Book Amount	Sensitivity analysis		
(Currency: functional currency)	Currency (in 1,000 dollars)	FX rate	(in NTD)	Changes %	Profit or loss impact	Other comprehensive income impact
Financial Assets						
Currency Item						
USD: NTD	USD 54,689	28.48	$1,557,543	1%	$ 15,575	$ -
Non Currency Item						
USD: NTD	USD 47,108	28.48	1,341,636	1%	-	13,416
Financial Liabilities						
Currency Item						
USD: NTD	USD 29,015	28.48	826,347	1%	8,263	-

	December 31, 2019			2019		
			Book Amount	Sensitivity analysis		
(Currency: functional currency)	Currency (in 1,000 dollars)	FX rate	(in NTD)	Changes %	Profit or loss impact	Currency (in 1,000 dollars)
Financial Assets						
Currency Item						
USD: NTD	USD 44,416	29.98	$1,331,592	1%	$ 13,316	$ -
Non Currency Item						
USD: NTD	USD 46,517	29.98	1,394,580	1%	-	13,946
Financial Liabilities						
Currency Item						
USD: NTD	USD 16,198	29.98	485,616	1%	4,856	-

C. The aggregate amount of the Company's monetary items that are materially affected by exchange rate fluctuations in 2020 and 2019 Recognized Total Conversion Loss (both realized and unrealized) is $64,635 及$13,097, respectively.

Price risk

A. The investments held by the Company are classified as financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income or loss in the Consolidated Statement of Assets Liabilities. The Company is not exposed to the price risk of Equity instruments as the Company's investments are classified as Financial Assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income or loss. The Company has no exposure to commodity price risk. In order to manage the price risk of Equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.

B. The Company invests mainly in Equity instruments issued by domestic companies. The prices of these Equity instruments are affected by the uncertainty of the future value of the underlying investments. If the price of these Equity instruments increases or decreases by 1%, with all other factors remaining unchanged, the impact on other comprehensive income in 2020 and 2019 would be increased or decreased by $3,990, respectively, due to gains or losses measured at fair value through other comprehensive income. The increase or decrease of $3,915 and $2,671 for 2020 and 2019, respectively, for other comprehensive income measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long-term Loans. Borrowings issued at floating rates expose the Company to Cash flow interest rate risk, partially offset by cash and cash equivalents held at floating rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. In 2020 and 2019, the Company's borrowings at floating interest rates are denominated in New Taiwan Dollars and the increase in cash outflow for each 1% increase in market interest rates is $41,029 and $41,757, respectively.

(2) Credit Risk

A. The Company's credit risk is the risk of financial loss resulting from the failure of customers or counterparties to Financial Instruments to meet their obligations under contracts, primarily due to the failure of counterparties to settle Accounts Receivable, which are paid on a collection basis, and Contract Cash flows from investments in Equity Instruments, which are classified as fair value through Other comprehensive income.

B. The Company establishes the management of credit risk from a corporate perspective. Only banks and financial institutions with an independent credit rating of at least "A" are accepted as counterparties. In accordance with the internal credit policy, each operating entity and each new customer within the Company is required to manage and analyze credit risk prior to establishing payment and delivery terms and conditions. Internal risk control is performed by considering the financial condition, past experience and other factors to assess the credit quality of customers. Individual risk limits are established by the board of directors based on internal or external ratings, and the use of credit limits is monitored regularly.

C. The Company adopts IFRS 9 to consider that the credit risk of Financial Assets has increased significantly since the original recognition when the contract amount is overdue for more than 30 days according to the agreed payment terms.

D. The Company is deemed to be in default when the contract amount is more than 90 days past due according to the contractual payment terms.

E. The Company's the Accounts Receivable to customers according to the characteristics of the customer type and uses a simplified approach to estimate the expected credit loss based on the reserve matrix and loss rate method.

F. The Company adjusted the loss rate established based on historical and current information for a specific period to estimate the allowance for losses on accounts receivable by incorporating forward-looking considerations from the Taiwan Institute of Economic Research's (TISE) Outlook Report, and the prospective matrix and loss rate method as of December 31, 2020 and 2019 are as follows :

December 31, 2020	Not overdue	30 days	Overdue 31-90 days	91-180 days
Expected loss rate	0%~0.11%	1.43%~5%	9%~21%	32%~43%
Total book value	$ 872,431	$ 89,822	$ 3,432	$ -
Allowance for loss	$ 809	$ 4,321	$ 323	$ -

December 31, 2020	181-365 days	Overdue Over 365 days	Overdue Total
Expected loss rate	50%~72%	100%	
Total book value	$ -	$ 55,296	$1,020,981
Allowance for loss	$ -	$ 55,296	$ 60,749

December 31, 2019	Not overdue	Overdue 30 days	Overdue 31-90 days	Overdue 91-180 days
Expected loss rate	0%~0.2%	0.2%~3%	13%~25%	33%~45%
Total book value	$ 614,848	$ 46,449	$ 489	$ 12,530
Allowance for loss	$ 1,436	$ 1,282	$ 69	$ 4,952

December 31, 2019	Overdue 181-365 days	Overdue Over 365days	Total
Expected loss rate	54%~72%	100%	
Total book value	$ 37,978	$ 34,695	$ 746,989
Allowance for loss	$ 20,870	$ 34,695	$ 63,304

G. the Company's condensed statement of changes in the allowance for:

	2020	2019
	Accounts Receivable	Accounts Receivable
At January 1	$ 63,304	$ 38,050
Impairment loss(Reversal)	(2,555)	25,254
December 31	$ 60,749	$ 63,304

(3) Liquidity Risk

A. Cash flow forecasts are performed by each operating entity within the Company and are compiled by the Company Finance Department. The Company Finance Department monitors the forecast of the Company's liquidity requirements to ensure that it has sufficient funds to meet its operational needs.

B. Surplus cash held by each operating entity is transferred back to the Company Finance Department when it exceeds the working capital management requirements. The Company's treasury department invests the remaining funds in interest-bearing demand deposits, time deposits, money market deposits and marketable securities in instruments with appropriate maturities or sufficient liquidity to meet the above projections and to provide adequate deployment levels. As of December 31, 2020, and 2019, the Company held money market positions of $773,903 and $309,820, respectively, and financial assets at amortized cost - current of $1,156 and $611, respectively, which are expected to generate immediate cash flow to manage liquidity risk. The Company's unutilized borrowings are expected to generate immediate cash flows to manage liquidity risk.

C. The breakdown of the Company's unutilized borrowing facilities is as follows.

	December 31, 2020	December 31, 2019
Floating interest rate		
Expires in over 1 year	$ 2,425,032	$ 111,572

D.The following table presents the Company's non-derivative financial liabilities and derivative financial liabilities settled on a net or gross basis, grouped by their respective maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date; derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date.

December 31, 2020	Within 1 year	More than 1 year
Non-derivative financial liabilities：		
Short-term borrowings	$ 928,454	$ -
Accounts Payable (including related parties)	293,711	-
Other Payables (including related parties)	579,425	-
Lease Liabilities	6,522	3,135
Long-term Loans	346,132	4,124,394
(Includes expiration within one year or one business cycle)		

December 31, 2019	Within 1 year	More than 1 year
Non-derivative financial liabilities：		
Short-term borrowings	$ 470,381	$ -
Accounts Payable (including related parties)	248,788	-
Other Payables (including related parties)	397,461	-
Lease Liabilities	9,526	8,705
Long-term Loans (Includes expiration within one year or one business cycle)	185,135	4,493,920

The Company does not expect the timing of the cash flows for the maturity analysis to occur significantly earlier or the actual amounts to be significantly different.

(3)Fair value information

1. The different levels of the inputs used in valuation techniques to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company’s investment in listed stocks, beneficiary certificates and on-the-run Taiwan central government bonds is included in Level1.

Level 2：Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investments in derivative instruments is included.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company’s investment in equity investments without an active market is included in Level 3.

2. The carrying amounts of the Company's cash and cash equivalents, Notes Receivable, Accounts Receivable, Other Receivable, short-term loans, accounts payable and other payables are reasonable approximations of their fair values.

3.For financial and non-financial instruments measured at fair value, the Company classifies them according to the nature, characteristics and risks of the assets and liabilities and the basis of the fair value hierarchy, and the related information is as follows：

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial Assets at fair value through profit or loss				
Derivatives	$ 45,038	$ -	$ -	$ 45,038
Financial Assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$391,450	$391,450

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial Assets at fair value through profit or loss				
Derivatives	$ -	$ 663	$ -	$ 663
Financial Assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$267,077	$267,077

4. The methods and assumptions used by the Company to measure fair value are described as follows.

(1) The Company uses quoted market prices as fair value inputs (i.e. Level 1), which are broken down by the characteristics of the instruments as follows.

	Open-end funds
Quoted market prices	Net value

(2) Except for the above-mentioned financial instruments with active markets, the fair values of the remaining financial instruments are obtained by valuation techniques or by referring to counterparty quotes. The fair values obtained through valuation techniques may be calculated by reference to the current fair values of other financial instruments with substantially similar conditions and characteristics, the discounted cash flow method, or other valuation techniques, including the use of models based on market information available at the date of the Consolidated Statement of Assets Liabilities (e.g., over-the-counter (OTC) reference colonial interest rate curves, Reuters' reference rate curves, and other market information). (e.g., the over-the-counter (OTC) reference yield curve, Reuters average commercial paper interest rate quotation).

(3) Derivative financial instruments are evaluated based on valuation models that are widely accepted by market users, such as the discount method and option pricing models. ◦ Forward foreign exchange contracts are usually evaluated based on current forward exchange rates.

5. There is no transfer between the first tier and the second tier in 2020 and 2019.

6. Please refer to Note 6 (3) for the changes of Level 3 in 2020 and 2019.

7. There are no transfers in and out of Level 3 in 2020 and 2019.

8. The Company's evaluation process for fair value classification in Level 3 is conducted by an external appraiser to ensure that the valuation results are reasonable by using independent sources of information that approximate market conditions, confirming that the sources are independent, reliable, consistent with Other resources and representative of executable prices.

9. The quantitative information regarding the significant unobservable inputs of the valuation model used for the Level 3 fair value measurement Item and the Sensitivity analysis of changes in significant unobservable inputs are described as follows.

	December 31, 2020 Fair value	December 31, 2019 Fair value	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of input to fair value
Non-derivative equity instrument：						
Unlisted ,non-OTC stocks	$ 391,450	$ 267,077	Comparable to listed companies	Principal-to-benefit ratio multiplier, principal-to-net ratio multiplier and enterprise value to pre-tax interest rate gains ratio multiplier		The higher the multiplier and control equity value, the higher the fair value; the higher the discount for lack of marketability, the lower the fair value

(4)Financial instruments with off-balance-sheet credit risk

	Guaranteed Amount	
	December 31, 2020	December 31, 2019
Subsidiary Guarantee Commitment	-	US$ 6,000,000

The Company provides endorsement and guarantee commitments in accordance with the "endorsement and guarantee method" and only for those investees with significant influence. As the Company has full control of their credit standing, no collateral is required. If the investees fail to perform, the potential loss is equal to the contract amount.

13.Supplementary Disclosures

(1)Significant transactions information

1. Loans to others: None
2.Provision of endorsements and guarantees to others：Please refer to Table 1 for details.。
3. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 2.
4. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of the Company’s paid-in capital: None.
5. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.
6. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.
7. 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
8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Table 4
9. Trading in derivative instruments financial products: None.
10. Significant inter-company transactions during the reporting periods: Please refer to Table 5

(2) Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Table 6.

(3) 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: None.

(4) Major shareholders information:: Please refer to Table 8.

14.Segment Information

None.

Federal Corporation

Statement of cash and cash equivalents

December 31, 2020

Statement 1 (In thousands of New Taiwan Dollars)

	Description	Amount
Cash on hand and petty cash		$ 200
Bank Deposits – New Taiwan Dollar Deposits		27,523
-Foreign currency deposits	USD 6,143,000，FX rate: 28.48	175,961
Cash equivalents - with repurchase notes		570,419
		$ 774,103

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Federal Corporation

Statement of Accounts receivable revenues

December 31, 2020

Statement 2 (In thousands of New Taiwan Dollars)

Company Name	Description	Amount	Note
A Company		$ 314,867	
B Company		259,028	
C Company		214,095	
D Company		76,201	
E Company		74,875	
F Company		70,366	
Others		11,549	The balance of each fractional customer does not exceed 5% of the balance of this account.
Subtotal		1,020,981	
Less: Allowance for doubtful accounts		(60,749)	
		$ 960,232	

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Federal Corporation
Statement of Inventory
December 31, 2020

Statement3 (In thousands of New Taiwan Dollars)

Item	Description	Amount: Cost	Amount: Net realizable value	Note
Raw Materials		$ 168,853	$ 167,510	
Materials		79,103	79,103	
Work in process		93,885	93,885	
Finished Products		249,258	251,331	
Merchandise Inventories		2,073	2,052	
In-transit inventories		59,981	59,981	
		653,153	$ 653,862	
Less: Allowance for reduction of inventory to market		(4,060)		
		$ 649,093		

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Federal Corporation

at fair value through other comprehensive income

2020

Statement 4 (In thousands of New Taiwan Dollars)

Name	Balance as of January 1, 2020		Additions		Decreases		Balance as of December 31, 2020		Provision of guarantees or pledges	Note
	Number of shares	Book value	Number of shares	Amount	Number of shares	Amount	Number of shares	Fair value		
Non-current items:										
Domestic common stocks – listed , OTC companies										
Chiuho Motor Co. Ltd.	12,522	$ 11,384	-	$ -	-	$ -	12,522	$ 11,384	None	
Valuation adjustment		152,601		58,435		-		211,036		
Ford Lio Ho Motor Company	1,370,172	6,065	-	-	-	-	1,370,172	6,065	〃	
Valuation adjustment		97,027		65,938		-		162,965		
		$ 267,077		$ 124,373		$ -		$ 391,450		

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Federal Corporation
Statement of Investment changes using the equity method
2020

Statement 5 (In thousands of New Taiwan Dollars)

Name	Balance as of January 1, 2020		Investment (loss) income	Exchange differences on translation of financial statements of foreign operating institutions	Others	Balance as of December 31, 2020			Market or net equity	Collaterals	Note
	Shares (in 1,000)	Amount				Shares	Shareholding (%)	Amount	Total	or pledges	
Federex International Co. Ltd.	19,000	$ 225,698	($ 10,892)		($ 1,491)	19,000	100	213,315	$ 258,800	none	Note1
Tai-Xin Construction Co. Ltd.	33,000	-	(7,501)	-	-	33,000	100	-	460,846	〃	Note 2
Tai-cheng development Co., Ltd.	16,000	1,627,166	19,053	-	(15,977)	16,000	100	1,630,242	1,649,275	〃	Note1
Federal International Holding Inc.	65,331	1,337,743	(12,379)	8,442	-	65,331	100	1,333,805	1,333,805	〃	-
Highpoint Trading Ltd.	1,000	48,988	(320)	(116)	(48,552)	-	-	-	-	〃	Note 3
Less: Shares of the Company held by subsidiaries are treated as treasury stock		(183,035)	-	-	-			(183,035)			
		$ 3,056,560	($ 12,039)	$ 8,326	($ 66,020)			$ 2,994,327			

Note 1: The other amount for the period includes the remeasurement of the defined benefit plan and cash dividends from the investee company.

Note 2: On November 13, 2019, the Board of Directors resolved to dispose of 100% of the shares of Tai-xin Construction Co., Ltd. and reclassify the related investment using the equity method as a non-current asset held for sale.

Note 3: On December 26, 2019, Highpoint Trading Ltd. (HTL) was liquidated by resolution of the board of directors (acting as the shareholders' meeting), and liquidation was conducted from May 2020, and the liquidation process was completed on October 19, 2020, with the return of shares amounting to $29,673.

Federal Corporation
Statement of Short-term loan
FOR THE YEAR ENDED DECEMBER 31, 2020

Statement 6

(In thousands of New Taiwan Dollars)

The type of borrowings	Balance as of December 31, 2020	Contract Period	Interest rate range	Lines of credit	Collateral	Note
Purchase loan						
First Bank, Chengdong Branch	$ 100,778	Within 180 days	0.70%~1.85%	$ 150,000	None	
Land Bank, Shih-lin Branch	118,247	〃	〃	300,000	〃	
Taiwan Business Bank, Chungli Branch	97,996	1 year	〃	150,000	〃	
Mega Bank, Cheng-chong Branch	127,958	〃	〃	160,000	〃	
Taiwan Cooperative Bank, Chunghsiao Branch	50,537	Within 180 days	〃	200,000	〃	
Hua Nan Bank, Cheng-Dong Branch	63,952	〃	〃	150,000	〃	
Changhwa Bank, Chungli Branch	6,509	〃	〃	200,000	〃	
Subtotal	565,977					
Credit loan						
The Export-Import Bank	$ 60,000	Within 180 days	0.90%~0.99%	80,000	〃	
Taiwan Business Bank, Chungli Branch	170,880	Within 365 days	〃	284,800	〃	
Changhwa Bank, Chungli Branch	129,584	Within 180 days	〃	200,000	〃	
Subtotal	360,464					
Total	$ 926,441					

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Federal Corporation
Statement of Accounts payable
For the year ended December 31, 2020

Statement 7

(In thousands of New Taiwan Dollars)

Company Name	Description	Amount	Note
A Company		$ 76,577	
B Company		45,595	
C Company		23,615	
D Company		22,044	
E Company		20,533	
F Company		16,070	
Others		89,209	The balance of each fractional customer does not exceed 5% of the balance of this account.
		$ 293,643	

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FEDERAL CORPORATION

Statement of long-term loans (including expiration (Long-term loans (includes expiration within one year or one business cycle)

DECEMBER 31, 2020

Statement 8 (In thousands of New Taiwan Dollars)

Creditors	Description	Loan Amount	Contract Period	Collateral	Note
HUA NAN COMMERCIAL BANK		$ 3,250,000	2018.02.22~2038.02.22	Note	
HUA NAN COMMERCIAL BANK		29,317	2020.06.03~2030.06.03	〃	
HUA NAN COMMERCIAL BANK		8,400	2020.07.31~2030.06.03	〃	
HUA NAN COMMERCIAL BANK		8,316	2020.09.30~2030.06.30	〃	
HUA NAN COMMERCIAL BANK		69,936	2020.06.03~2030.06.03	〃	
Bank SinoPac		257,118	2018.05.04~2025.05.04	〃	
Shin Kong Commercial Bank		152,000	2018.10.23~2025.10.23	〃	
Changhwa Commercial Bank		327,777	2018.11.09~2025.11.09	〃	
		$ 4,102,864			

Note: Please refer to Note 8 for the Company's long-term loans with property guarantees.

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FEDERAL CORPORATION

STATEMENT OF Operating Revenue

From January 1, 2020 to December 31, 2019

Statement 9 (In thousands of New Taiwan Dollars)

Item	Quantity (piece)	Amount	Note
Outer Tire	3,475,002	$ 5,675,021	
Inner tube	889	399	
Cushion Belt	797	133	
Total		5,675,553	
Less: Sales return		(228,111)	
Discount on sales		(48,277)	
Net sales revenue		5,399,165	
Add: Other operating income		-	
Total operating income		$ 5,399,165	

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Federal Corporation

Statement of cost of good sold

From January 1, 2020 to December 31, 2019

Statement 10

(In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
(1) Cost of self-made goods sold			
Inventory of raw materials at the beginning of the period		$ 202,318	
Add: Purchase of materials		2,498,109	
Gain on physical inventory for raw materials		145	
Less: Inventory of raw materials at the end of the period		(168,853)	
Transferred to other accounts		(55)	
		2,531,664	
Inventory of materials at the beginning of the period		64,586	
Add: Purchases for the period		103,145	
Transfer of work-in-progress		25,927	
Less: Inventory of materials at the end of the period		(79,103)	
Loss on physical inventory for raw materials		(199)	
Scrapping of raw materials		(1,846)	
Transferred to other accounts		(4,921)	
		107,589	
Raw materials input during the period		2,639,253	
Direct labor		493,299	
Manufacturing Costs		1,125,787	
Cost of production		4,258,339	
Add: Inventory of work-in-progress at the beginning of the period		92,010	
Current period incoming goods		10,010	
Less: Inventory of work-in-progress at the end of the period		(93,885)	
Loss on physical inventory for raw materials		(798)	
Transfer of materials		(25,927)	
Sale of work-in-progress		(49)	
Transferred to other accounts		(24,350)	
Cost of finished goods		4,215,350	
Add: Inventory of finished goods at beginning of period		414,547	
Less: Inventory of finished goods at end of period		(249,258)	
Rights to products to be returned at the end of the period		(172,472)	
Loss on physical inventory for raw materials		(61)	
Scrapping of raw materials		(639)	
Transferred to other accounts		(1,605)	

Federal Corporation
Statement of cost of good sold
From January 1, 2020 to December 31, 2019

Statement 10 (In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cost of self-made goods sold		4,205,862	

Federal Corporation

Statement of cost of good sold

From January 1, 2020 to December 31, 2019

Statement 10

(In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
(2) Cost of goods sold and purchased			
Inventory of goods at the beginning of the period		$ 5,617	
Add: Imports for the period		11,735	
Less: Inventory of goods at the end of the period		(2,073)	
Cost of goods sold and purchased		15,279	
Cost of goods sold		4,221,141	
(3) Inventory-related gains/losses			
Gain on reversal of inventories		(11,636)	
Loss on physical inventory for raw materials		913	
Scrapping of raw materials		2,485	
Income		(3,793)	
Total operating costs		$ 4,209,110	

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FEDERAL CORPORATION
Statement of Manufacturing costs
2020

Statement 11 (In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Depreciation expense		$ 346,740	
Depreciation expense of the right-to-use asset		422	
Expendable materials and fuels		74,189	
Salary		142,877	
Repair expenses		114,445	
Utilities		129,248	
various amortization		65,240	
Rental expenses		42,563	
Various purchases		31,749	
Insurance expense		23,304	
Meals		18,623	
Other expenses		129,344	Note
		$ 1,125,787	

Note: Other expenses are summarized as operating expenses with a single account balance not exceeding 5% of the balance of this account.

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FEDERAL CORPORATION
Statement of operating costs
2020

Statement 12 (In thousands of New Taiwan Dollars)

Item	Marketing	Management	R&D	Total	Note
Shipping	$ 250,845	$ -	$ -	$ 250,845	
Export fee	157,123	-	-	157,123	
Salary	61,488	48,706	43,981	154,175	
Promotion fee	12,550	-	-	12,550	
Rent expense	213	18,532	180	18,925	
Various appropriations	4,718	10,840	1,522	17,080	
Goods tax	15,905	-	-	15,905	
Service fee	992	26,246	228	27,466	
Insurance	23,140	1,314	-	24,454	
Travel expenses	2,548	1,229	609	4,386	
Depreciation expense	30,638	10,643	25,692	66,973	
Depreciation expense on right-of-use assets	-	6,767	465	7,232	
Testing fees	-	-	11,552	11,552	
Test fees	-	-	26,452	26,452	
Other expenses	50,034	80,380	13,080	143,494	Note
	$ 610,194	$ 204,657	$ 123,761	$ 938,612	

Note: Other expenses are summarized as operating expenses with a single account balance not exceeding 5% of the balance of this account.

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FEDERAL CORPORATION

Provision of endorsements and guarantees to others

January 1 to December 31 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Endorser Company Name	Endorsed by Company Name	Relationship (Note 2)	Endorsement guarantee limit for a single enterprise (Note 3)	Maximum endorsement guarantee balance for the period (Note 4)	Endorsement guarantee balance at the end of the period (Note 5)	Actual expenditures (Note 6)	Amount of endorsement guarantee by property guarantee	Ratio of accumulated endorsement guarantee to net worth of the most recent financial statements	Endorsement Guarantee Maximum Limit (Note 3)	Parent company endorsement of subsidiary (Note 7)	Subsidiary endorsement of parent company (Note 7)	Endorsement guarantee for China (Note 7)	Note
0	The Company	Federal Tire (Jiangxi) Ltd.	2	$ 3,771,713	$ 90,750	$ -	$ -	$ -	-	$ 7,543,425	Y	N	Y	
〃	〃	Federal Tire North America LLC	〃	3,771,713	90,750	-	-	-	-	7,543,425	Y	N	N	

Note 1: The description of the numbered column is as follows.

(1). The issuer fills in 0.

(2). The investee companies are numbered by company in order starting from the Arabic numeral 1.

Note 2: There are 7 types of relationships between the guarantor and the target of the endorsement, and the types can be indicated as follows

(1). (1) Companies that have business dealings.

(2). A company in which the company directly or indirectly holds more than 50% of the voting shares.

(3). A company that directly or indirectly holds more than 50% of the voting shares of the company.

(4). A company in which the Company directly or indirectly holds more than 90% of the voting shares.

(5). A company that is mutually insured under a contract between peers or co-founders based on the needs of the contracted work.

(6). A company that is guaranteed by all shareholders in proportion to their Ownership due to joint investment.

(7). Inter-company guarantee for the performance of the Presale House Sales Contract in accordance with the Consumer Protection Act.

Note 3: a. The total amount of the Company's external endorsement guarantee and the total amount of the Company's and its subsidiaries' endorsement guarantee are limited to the total amount of the Company's total shareholders' equity.

b. The limits of the Company's endorsement and guarantee for a single enterprise are as follows.

(a) For companies with business relationship: The total amount of business transactions between the two parties in the most recent year shall not exceed 50% of the total equity of the Company's shareholders. The amount of business transactions refers to the higher of the amount of purchase or sale between the two parties.

(b) From the Company to its subsidiaries: Not to exceed 50% of the Total equity of the Company's stockholders.

c. The total amount of the Company's subsidiary's external endorsement guarantee is limited to ten times the Company's most recent net financial statements.

d. The limit of endorsement by a subsidiary to a single enterprise is as follows.

(a) The parent company holding 100% of the shares of the company shall be limited to not more than ten times the net value of the company's most recent financial statements.

(b) The endorsement of other related companies is limited to the net value of the company's most recent financial statements.

(c) The amount of business transactions with Nonrelated companies shall not exceed the total amount of business transactions between the two parties in the most recent year and shall not exceed the net value of the Company's most recent financial statements (the amount of business transactions refers to the higher of the amount of imports or sales between the two parties).

Note 4: The maximum balance of the current year's endorsement and guarantee for others.

Note 5: The amount approved by the board of directors should be entered, but if the board of directors authorizes the chairman of the board of directors to make the decision in accordance with Article 12, Paragraph 8 of the Guidelines Governing the Lending of Funds and Endorsements and Guarantees to Public Companies, it refers to the amount decided by the chairman of the board of directors.

Note 6: The amount of actual expenditures of the endorsed company within the scope of using the endorsement guarantee Balance should be entered.

Note 7: Y is required to be entered only for the listed parent company's endorsement and guarantee of its subsidiary, the subsidiary's endorsement and guarantee of the listed parent company, and the endorsement and guarantee of the Mainland China.

FEDERAL CORPORATION

Holding of marketable securities at the end of the peeriod (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2020				
Held by	Type and name of securities （Note 1）	Relationship with the securities issuer （Note 2）	General ledger account	Number of Shares	Book value （Note 3）	Ownership	Fair Value	Note （Note 4）
The Company	Stock/Chiuoho Motor Co.Ltd.	-	Financial assets at fair value through other comprehensive income or loss	12,522	$ 222,420	6.32%	$ 222,420	-
〃	〃 /Ford Lio Ho Motor Company	-	〃	1,370,172	169,030	1.73%	169,030	-
〃	Beneficiary certificates/ Cathay Taiwan Money Market Fund	-	Financial Assets at fair value through profit or loss	3,593,187	45,038	-	45,038	-

Note 1: The marketable securities mentioned in this table refer to the marketable securities derived from stocks, bonds, Beneficiary certificates and the above items within the scope of IFRS 9 "Financial Instruments".

Note 2: If the issuer of marketable securities is a Relationship, the column is not filled in.

Note 3: If the securities are measured at fair value, please fill in the Balance in the Amount column after fair value adjustment and after deducting the accumulated Impairment; if the securities are not measured at fair value, please fill in the Balance in the Amount column after the original Cost of acquisition or after amortization of Cost less accumulated Impairment.

Note 4: If the listed securities are subject to restrictions due to the provision of guarantee, pledged loans or other contracts, the number of shares provided as guarantee or pledged loans, the amount of guarantee or pledged loans and the restrictions on use should be indicated in the Note column.

FEDERAL CORPORATION

Amount of acquisition or sale of goods with related parties reaching at least NT$100 million or 20 percent of the Compnay’s paid-in capital

January 1 to December 31 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transactions				Circumstances and reasons why the transaction conditions are different from those of ordinary transactions		Notes, accounts receivable (payable)		
Purchaser (seller)	Name of the counterparty	Relationship	Purchase (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes and accounts receivable (payable)	Footnote
The Company	Federal Tire North America LLC.	Sub-subsidiary of the Company	Sales	$ 1,250,934	23	Open account 180 days	Subject to sales availability	180 days	$ 603,178	37	
Federal Tire North America LLC.	"	The Company	Purchase	(1,250,934)	100	Open account 180 days	Subject to sales availability	180 days	(603,178)	(100)	

FEDERAL CORPORATION

Receivables from related parties reaching NT$100 million or 20% of the paid-in capital or more

January 1 to December 31 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Name of the counterparty	Relationship	Creditor Balance (Note 1)	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
The Company	Federal Tire North America LLC.	Sub-Subsidiary of the Company	$ 603,178	2.50	$ -	-	$ 116,596	$ -

Note 1: If the terms of the related party's transaction are different from the normal terms of the transaction, the difference and the reasons for the difference should be stated in the unit price and credit period columns.
Note 2: If there is any advance receivable (prepayment), the reasons, contract terms, amounts and differences from the general transaction type should be stated in the Footnote column

FEDERAL CORPORATION

Significant inter-company transactions during the reporting periods

January 1 to December 31 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Number. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	FEDEREX MARKETING CO., LTD.	1	Sales	$ 122,948	Note 4	2
"	〃	Federal Tire North America LLC.	〃	Sales	1,250,934	〃	22
"	〃	"	〃	Accounts Receivable	603,178	〃	4

Note 1: Information on business transactions between the parent company and subsidiaries should be indicated in the numbered column respectively, and the numbers should be completed as follows.

(1). Enter 0 for the parent company.

(2). The subsidiaries are numbered by company, starting with the Arabic numeral 1.

Note 2: There are three types of relationships with the counterparties as follows. For example, if the parent company has disclosed the transaction with the subsidiary, the subsidiary does not need to disclose the transaction repeatedly.

For subsidiary-to-subsidiary transactions, if one subsidiary has already disclosed the transaction, the other subsidiary does not need to disclose it repeatedly).

(1). Parent to subsidiary.

(2). Subsidiary to parent company.

(3). Subsidiaries to subsidiaries.

Note 3: The ratio of transaction amount to consolidated total revenue or total assets is calculated as Ending Balance to consolidated total assets for asset Liabilities Item and as cumulative Amounts to consolidated total revenue for Profit and Loss Item.

Note 4: Sales are made at normal sales prices and terms, taking into account the number of transactions and market conditions, and the collection period is not materially different from that of normal customers.

Note 5: The transaction amount is not disclosed if it does not reach 1% of total assets or total revenue.

FEDERAL CORPORATION

Names, locations and other information of investee companies (not including investees in Mainland China)

January 1 to December 31 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial Investment Amount		Shareheld as at December 31, 2020					
Name of Investor	Name of investee company	Location	Main business activities	End of current year	End of past year	Shares	Ownership (%)	Book value(Note 1)	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognized by the Company for the year ended December 31, 2020	Footnote
The Company	FEDEREX MARKETING CO., LTD.	Taiwan	Sales of various vehicle tire rims and parts	$ 190,000	$ 190,000	19,000,000	100%	$ 213,315	($ 10,893)	($ 10,893)	Subsidiary
〃	Tai Xin Construction Co., Ltd.	Taiwan	Commissioned builders to build residential and commercial buildings for lease and sale	330,000	330,000	33,000,000	100%	429,966	(7,501)	(7,501)	Subsidiary
〃	Tai Cheng Development Co., Ltd.	Taiwan	Commissioned builders to build residential and commercial buildings for lease and sale	160,000	160,000	16,000,000	100%	1,630,242	19,053	19,053	Subsidiary
〃	Federal International Holding Inc.	BVI	General Investment	2,149,877	2,149,877	65,331,062	100%	1,333,805	(12,379)	(12,379)	Subsidiary
〃	Highpoint Trading Ltd.	BVI	Sales of various types of vehicle tires	-	34,760	-	-	-	(319)	(319)	Subsidiary、(Note 2)
Federal International Holding Inc.	Amberg Investments Pte. Ltd.	Singapore	General Investment	2,072,937	2,072,937	103,494,400	100%	1,166,482	(22,781)	(22,781)	Sub-subsidiary
〃	Federal Tire North America LLC.	USA	General Investment	6,437	6,437	-	100%	53,241	9,210	9,210	Sub-subsidiary
〃	Winberg Investments Pte. Ltd.	Samoa	General Investment	3,192	3,192	-	100%	1,868	(104)	(104)	Sub-subsidiary、(Note 3)
〃	Chia Li Lai Development Ltd..	Hong Kong	Commercial buildings leasing businesses	74,566	74,566	2,000,000	100%	37,021	3,069	3,069	Sub-subsidiary

Note 1: Before deducting the amount of the Company's shares held by Ending subsidiaries as Treasury Stocks

Note 2: On December 26, 2019, Highpoint Trading Ltd. was liquidated by the board of directors (acting as the shareholders' meeting), and the liquidation process was completed on October 19, 2020.

Note 3: Winberg Investments Pte. Ltd. was liquidated by resolution of the board of directors (acting as the shareholders' meeting) on December 31, 2020, and the liquidation has not been completed as of December 31, 2020.

FEDERAL CORPORATION

Basic information on investments in Mainland China

January 1 to December 31 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland Chinae	Main business activities	Paid-in capital	Investment method （Note 1）	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net profit (loss) of investee for the yar ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 （Note 2）	Book value of investments as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
Federal Tire (Jiangxi) Ltd.	Manufacturing and sale of various tires and rubber products	$ 2,149,974	2	$2,149,974	$ -	$ -	$2,149,974	($ 22,667)	100%	($ 22,667)	$1,105,085	$ -	-
Federal Tires (Shanghai) Limited	Sales of various vehicle tire rims and parts	941	〃	-	-	-	-	(37)	-	(37)	-	-	Note 4、5

Company Name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	$ 2,149,974	$ 2,149,974	$ 4,526,055

Note 1: Investment methods are divided into the following three categories, and the labeling of each category is sufficient.

(1). Direct investment in mainland China

(2). The third-party investment company of Taifeng Tire (Jiangxi) Co., Ltd. is Amberg Investments Pte. Ltd.; Federal Tires (Shanghai) Limited is invested by Winberg Investments Pte. Ltd., which invests in mainland companies through third-party companies.

(3) Other method.

Note 2: The financial statements were audited by a certified public accountant of the parent company in Taiwan.

Note 3: The relevant figures in this table should be presented in New Taiwan dollars.

Note 4: The company invested US$30,000 from Federal International Holding Inc. of the third region to establish Federal Tire (Shanghai) Co.

Note 5: Federal Tire (Shanghai) Co., Ltd. was liquidated on September 30, 2019 by resolution of the Board of Directors (acting as the shareholders' meeting), and the liquidation process was completed on May 28, 2020.

FEDERAL CORPORATION AND SUBSIDIARIES

Major shareholders' information

December 31, 2020

Table 8

Main shareholders	Ownership (Common Stocks)	Shares Shareholdings (preferred stocks)	Shareholdings %
Nankang Rubber Tire Corp., Ltd.	93,688,000	-	19.79%
Tai Fu Investment Co Ltd.	27,692,991	-	5.85%

Note 1: (1) The information on major shareholders in this table is calculated by Tibco on the last business day of each quarter, and the total number of common and preferred shares held by shareholders of the Company that have been delivered without physical registration (including treasury shares) is 5% or more.

The number of shares recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ depending on the basis of calculation.

(2) The above information is revealed by the trustee's opening of a trust account with individual subaccounts of the trustee if the shareholder has delivered the shares to the trust. As for the shareholders' Ownership in excess of 10%, they are reported in accordance with the Securities and Exchange Act.

For information on insider ownership reporting, please refer to the Market Observation Post System.