

Stock Code: 4526

Tongtai Machine & Tool Co., Ltd.

Meeting Agenda of

2021 Annual Shareholders' Meeting

(Translation)

June 10, 2021

Notice to readers

This English-version meeting agenda is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.



東台精機股份有限公司

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Meeting Procedure

Tongtai Machine & Tool Co., Ltd.

2021 Annual Shareholders' Meeting Procedures

- I. Call the meeting to order**
- II. Chairperson's opening remarks**
- III. Report Items**
- IV. Ratification Items**
- V. Discussion Items**
- VI. Extempore Motions**
- VII. Meeting Adjourned**

Meeting Agenda
Tongtai Machine & Tool Co., Ltd.
2021 Annual Shareholders' Meeting Agenda

(Translation)

Time : 9:00 a.m., Thursday, June 10, 2021

Place : No.3, Luke 3rd. Rd., Luzhu District, Kaohsiung City, 82151, Taiwan
(the Company's Headquarters at Room A16888)

I. Call the meeting to order

II. Chairperson's opening remarks

III. Report Items

- (1) 2020 business report
- (2) 2020 Audit Committee's review report

IV. Ratification Items

Case 1 : Ratification of the 2020 Business Report and Financial Statements

Case 2 : Ratification of 2020 Deficit Compensation

V. Discussion Items

Case 1 : Discussion of revision of the Rules of Procedures for Shareholders'
Meeting

Case 2 : Discussion of releasing of the director from non-competerestrictions

VI. Extempore Motions

VII. Meeting Adjourned

Report Items

(1) The Company's 2020 Business Report

Explanation : Please refer to Attachment I (from page 7 to page 11).

(2) 2020 Audit Committee's Review Report

Explanation : Please refer to Attachment II (Page 12).

Ratification Items

Case 1 (Proposed by the Board of Directors)

Proposal : Please ratify the Company's 2020 business report and financial statements

Explanation :

1. The Company's 2020 Financial Statements were audited by independent auditors, Yu-Shiang Liu and Jui-Hsuan Hsu, of the Deloitte & Touche. The aforementioned Financial Statements, Business Report and deficit compensation have been reviewed and determined to be correct and accurate by the Audit Committee.
2. The 2020 Business Report (please refer to Attachment 1 from page 7 to page 11) and Financial Statements (please refer to Attachment 3 from page 13 to page 35) are enclosed for reference.
3. Please proceed with the ratification.

Resolution :

Case 2 (Proposed by the Board of Directors)

Proposal : Please ratify the Company's 2020 deficit compensation

Explanation :

1. The Board of Directors has drafted the Company's 2020 proposal for deficit compensation as shown in the table below in accordance with the Company's Articles of Incorporation, for your ratification.

Item	Amount
Undistributed earnings carried over from the previous year	\$ 762,453,384
Subtract: Net loss after tax in 2020	(\$346,776,138)
Subtract: Adjusted amount of actuarial gains and losses	(10,485,541)
Subtract: Adjusted amount after disposal of financial instruments	(55,087,803)
The net loss after tax of current period plus the amount of items other than the net loss after tax of current period but included in the undistributed earnings of the current year	(412,349,482)
Retained Earnings Available for Distribution	350,103,902
Distribution Item :	
Dividends - no distribution	0
Undistributed Retained Earnings at year end	350,103,902

2. Please proceed with the ratification.

Resolution :

Discussion Items

Case 1 (Proposed by the Board of Directors)

Proposal : Please discuss the amendments of the “Rules of Procedures for Shareholders’ Meeting”

Explanation :

1. In order to cope with the increase (revision) of laws and regulations and to meet the Company practical needs, the Company’s Board of Directors proposed the partial amendments of the "Rules of Procedure for Shareholders' Meeting".
2. Please see Attachment 4 for the comparison table before and after revision of the "Rules of Procedure for Shareholders' Meeting" attached to this manual (page 36).
3. Please proceed with the discussion.

Resolution :

Case 2 (Proposed by the Board of Directors)

Proposal : To release the director from non-compete restrictions

Explanation :

1. Article 209 of the Company Act stipulates that a director, who does anything for himself/herself or on behalf of another person that is within the scope of the company’s business, shall explain to the shareholders’ meeting the essential contents of such an act and secure its approval.
2. The Company has assigned director Mr. Jun-Liang Kuo, the juristic person representative of Hong Mai Co., Ltd. to served as the director of Contrel Technology Co., Ltd., and pursuant to the related law, we hereby propose to release director Mr. Jun-Liang Kuo from non-compete restrictions as the director of Contrel Technology Co., Ltd.
3. Please proceed with the discussion.

Resolution :

Extempore Motions

Meeting Adjourned

Tongtai Machine & Tool Co., Ltd. 2020 Business Report

I. 2020 Operating Result

(I) Achievements of business plan

With the outbreak of the US-China Trade and the COVID-19, the revenue of 2020 was significantly decreased than that of the previous year, resulting in losses, plus the New Taiwan dollar's appreciation against the US dollar and Chinese Renminbi (CNY). The basic loss per share for 2020 was -NT\$1.36.

1. Revenue :

Net revenue for parent company only for 2020 was NT\$3,470,253 thousand, representing a 36% decrease year over year. Net consolidated revenue for 2020 was NT\$7,778,541 thousand, representing a 29% decrease year over year.

2. Income (loss) :

Net loss attributable to shareholders of the parent for 2020 was NT\$346,776 thousand, with a decrease amounted of NT\$405,723 thousand compared to 2019.

■ Parent only (in Thousands of New Taiwan Dollars)

Item	2020	2019	YoY amount	YoY %
Net operating revenue	3,470,253	5,422,528	(1,952,275)	-36%
Realized gross profit	266,146	1,013,849	(747,703)	-74%
Operating expenses	655,491	932,534	(277,043)	-30%
Profit (loss) from operations	(389,345)	81,315	(470,660)	-579%
Profit (loss) before income tax	(465,243)	54,913	(520,156)	-947%
Net profit (loss) for the year	(346,776)	58,947	(405,723)	-688%

■ Consolidated (in Thousands of New Taiwan Dollars)

Item	2020	2019	YoY amount	YoY %
Net operating revenue	7,778,541	11,000,093	(3,221,552)	-29%
Gross profit	1,107,877	2,475,978	(1,368,101)	-55%
Operating expenses	1,778,005	2,205,337	(427,332)	-19%
Profit (loss) from operations	(670,128)	270,641	(940,769)	-348%
Profit (loss) before income tax	(513,190)	132,912	(646,102)	-486%
Net profit (loss) for the year	(396,709)	89,620	(486,329)	-543%
Net profit (loss) attributable to shareholders of the parent	(346,776)	58,947	(405,723)	-688%

(II) Budget implementation

We did not make any financial forecast for 2020.

(III) Profitability analysis

Item		2020	2019
Financial Structure	Liabilities to assets ratio (%)	65.89	64.59
	Long-term capital to property, plant and equipment ratio (%)	226.68	245.62
Profitability	ROA (%)	-1.88	1.11
	ROE (%)	-6.93	1.48
	Profit before tax to capital stock (%)	-20.14	5.22
	Net profit rate (%)	-5.10	0.81
	EPS (NT\$)	-1.36	0.23

(IV) Research and development (R&D) status

Despite the 2020 outbreak of COVID-19, the Company still focused on the applications for new industries and market development, smart manufacturing solutions and integrated resources solutions.

Concerning R&D direction, the machine tool division focused on providing intelligent manufacturing solutions, while the PCB division focused on 5G and AIoT industry.

R&D expense for 2020 (before deduction of government subsidy) was NT\$139,830 thousand, of which the machines successfully developed are as follows :

1. PCB ultra-large tabletop drilling machine – to meet the needs of 5G large-size communication board processing

The new generation of TDL-620BX ultra-large table linear motor drilling machine adopts dual-table high-strength aluminum alloy structure and high-performance linear motor system, which effectively improves the speed, accuracy and stability of the drilling machine, and provides customers with processing large-size plates up to 630x1030mm.

2. High-precision jig drilling machine-to meet the high-precision processing needs of needle probe jigs

In response to the application of 5G sheets with AIoT chips and graphics chips, the circuits are becoming more and more refined, and more and more electrical measuring fixtures are needed. The SDF-116 high-precision fixture drilling machine was specially developed to meet the needs of needle probes.

3. Vertical drilling and tapping machine-structural rigidity is strengthened, and production efficiency is further improved

The new generation of VTX drilling and tapping machine improves rigidity through structural optimization. Then, through the acceleration of the moving axis, faster tool change speed and the introduction of high-efficiency spindle motors, the production efficiency of the equipment is effectively improved. This performance improvement is accomplished without increasing the cost of

equipment manufacturing, and greatly enhances the competitiveness of the equipment under the sales niche where the added value does not increase the price.

4. Super Multi-tasking turning and milling processing machine-to achieve the purpose of intensive engineering to complete all processes in one machine

The next-generation SUPPTER TD series turning-milling compound processing machine has a low center of gravity structure and good overall rigidity. With orthogonal Y-axis design, it has excellent straightness and positioning accuracy. Equipped with a swing $\pm 90^\circ$ B-axis mechanism, it is perfectly suitable for multi-angle tilt processing. The tool magazine function can be matched with a multi-axis manipulator to change tools fast and meet the needs of multi-tools processing. The super compound processing machine completes the processing of polyhedrons and complex curved surfaces in one clamping. It completes can complete all the processes in one machine, effectively improving the processing accuracy and achieving the purpose of intensive engineering.

II. 2021 Business plan overview

(I) Business objectives

1. Increase profitability
2. Enhance product competitiveness
3. Establish sustainable management capabilities

(II) Sales forecast and sales policy

In 2020, the world was affected by the new corona virus epidemic. Together with the impact of the concurrent US-China trade war, the global economy shrank sharply, and corporate capital investment became conservative. However, starting in the third quarter of 2020, the global economic situation showed a rebound trend, and the demand for equipment has already slowly emerged. In addition, although the operation of the PCB division is also affected by the new corona virus, the demand for 5G and semiconductors is optimistic. Overall, the future operation outlook is positive. It is expected that the sales volume in 2021 will have a better growth than 2020.

(III) Important production and marketing strategies for future development

Integrate mechanical equipment and technical services as the best solution provider to assist customers in the field of smart manufacturing.

1. Production Strategy

- (1) Improve production efficiency, reduce manufacturing costs, and implement quality assurance.
- (2) Establish a smart manufacturing information center to realize data management and on-site visualization.
- (3) Integrate existing key materials and modular designs to realize the materials-sharing for multiple models to optimize inventory.

2. Sales and Marketing Strategy

- (1) Provide comprehensive solutions to customer needs and pain points.
- (2) Focus on the sales of main models and expand potential business opportunities in new application industries.

- (3) Layout for new energy vehicles, semiconductors and 5G industries.
- (4) Respond to the needs of the Chinese/Taiwan market, increase the sales ratio of customized and smart element models.
- (5) According to the needs of the Asian market, optimize the price of the machine, maintain existing customers and expand and develop new customers.
- (6) Respond to the needs of the European and American markets, the main promotion of value-added composite machines.

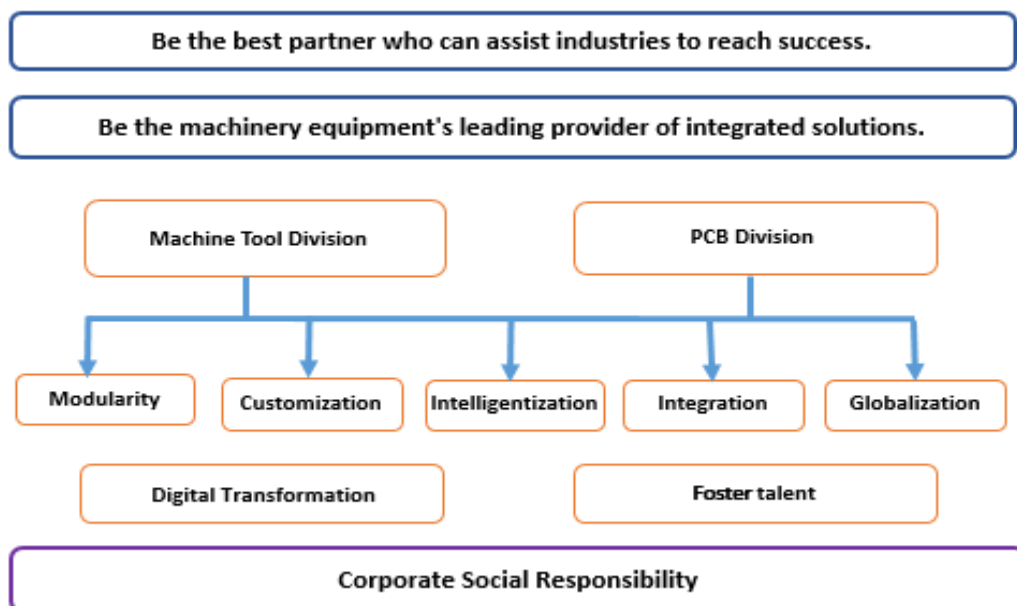
3. Product Strategy

- (1) Utilize various optional accessories and intelligent equipment, integrate marketing of all products, and provide differentiation and competitiveness.
- (2) Smart machinery (machine tool/3D printer + TMS smart element).
- (3) Smart production line (whole line/whole plant + TLM smart elements).
- (4) Smart service (CPS virtual and real integration/MOM manufacturing operation).

III. Strategies for Future Developments

Our vision is to be the best partner who can assist industries to reach success; our mission is to be the machinery equipment's leading provider of integrated solutions.

The company actively promotes digital transformation and the cultivation of key talents, promotes modular design and intelligent elements for the company's product development, and integrates the overall product lines. This strategy quickly provides for customized needs and differentiated functions in the hope that it can become a processing tool in the future. The provider of manufacturing solutions has become the best partner that customers can trust.



IV. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

(I) International exchange rate fluctuations

After the outbreak of the new corona virus (COVID-19) in early 2020, a series of negative events including lockdowns, control, disconnection, and lack of work instantly affected the momentum of the global economy instantly, bringing about a severe economic recession. Taiwan's success in fighting the epidemic, coupled with the return of Taiwanese business funds due to the US-China trade war, has led to the influx of hot money into Taiwan. The New Taiwan dollar has strengthened all the way, pushing the New Taiwan dollar to stand at 28, and the exchange rate once exceeded 27 yuan in 2021. Factors for the companies that are export-oriented and possible exchange losses, are testing competitiveness.

(II) International economic situation

The COVID-19 epidemic has been overshadowing throughout 2020. As the COVID-19 vaccines continue to come out, the impact of the epidemic is expected to gradually fade. Coupled with the obvious low base period factor in 2020, major international forecasting agencies believe that the global economic and trade growth in 2021 will be better than in 2020, but the overall performance is still difficult to return to the level before the outbreak. However, even if vaccines come out to support the recovery, whether the vaccines can effectively control the epidemic is still a highly uncertain factor in the overall economic impact.

Chairperson: Jui-Hsiung Yen

General Manager: Jui-Hsiung Yen

Accounting Manager: Tzu-Yun Ho

Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2021 business report, financial statements, and deficit compensation, of which the financial statements have been audited by independent auditors, Yu-Shiang Liu and Jui-Hsuan Hsu, of the Deloitte & Touche. The above-mentioned business report, financial statements and deficit compensation have been reviewed and determined to be correct by the Audit Committee. In accordance with Article 14-5 of the Securities and Exchange Act and Article 219 of the Company Act, this report is submitted for shareholder's examination.

Tongtai Machine & Tool Co., Ltd.

Audit Committee convener: Po-Han Wang

March 18, 2021

**Tongtai Machine & Tool Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the Years Ended
December 31, 2020 and 2019 and Independent Auditors'
Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Tongtai Machine & Tool Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Tongtai Machine & Tool Co., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports issued by other independent auditors (refer to Other Matter paragraph below), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and their consolidated 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), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audits of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants Rule No.1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other independent auditors, 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 consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in the Company and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 are as follows:

Revenue recognition

Specific machine types have different degree of customization based on the customer requirements.

For machine and tool makers, sales revenues may be recognized before the completion of machine or tool installation based on the customization requirements. As a result, we identified revenue recognition as one of the key audit matters.

Refer to Note 4 (p) to the consolidated financial statements for the related accounting policies and disclosures on revenue recognition.

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

1. We performed the understanding and testing the design and implementation and operating effectiveness of internal control of the sales of specific machine types.
2. We performed test of details of recorded revenue against the supporting documents including contracts, reports on completion of installation, and acceptance receipts signed by customer.
3. We obtained details of sales returns and allowances in the current year to the report date and examined if there was any abnormal sales return and allowance for adjustment, and confirmed that recorded transactions were properly authorized.

Inventory valuation

Inventory is material to the Company and its subsidiaries. As of December 31, 2020, inventory amounted to NT\$5,015,672 thousand, representing 31% of the Company and its subsidiaries' total assets. In addition, inventory valuation involves critical accounting estimates. Therefore, we identified the inventory valuation as one of the key audit matters. Refer to Notes 4 (g), 5 (b) and 9 to the consolidated financial statements for the related accounting policies and disclosures on inventory valuation.

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

1. We participated in the physical count of inventory, and observed the physical condition of inventory and checked against the records for any identified obsolete and slow-moving inventory.
2. We obtained inventory aging report, tested the accuracy of inventory aging and evaluated compliance with the inventory accounting policies.
3. We obtained details of inventory valuation and confirmed that inventory items were stated at the lower of cost or net realizable value. We test-checked the cost and market value of inventory against the supporting documents.

Other Matter

Certain investments in subsidiaries accounted for using the equity method were included in the consolidated financial statements as of December 31, 2020 and 2019 and for the years then ended based on financial statements audited by other independent auditors. The total of such investments amounted to NT\$1,847,763 thousand and NT\$6,288,624 thousand, representing 12% and 37% of the Company and its subsidiaries' total assets as of December 31, 2020 and 2019, respectively, and the total revenue from such subsidiaries amounted to NT\$1,156,617 thousand and NT\$3,890,827 thousand, representing 15% and 35% of the Company and its subsidiaries' total revenue for the years ended December 31, 2020 and 2019, respectively.

We have also audited the standalone financial statements of Tongtai Machine & Tool Co., Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with other matter paragraph and an unmodified opinion with emphasis of matter and other matter paragraphs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiaries' 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 Company and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 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.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Shiang Liu and Jui-Hsuan Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,703,291	11	\$ 1,089,689	6
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	113,843	1	18,456	-
Notes receivable, net (Notes 5 and 8)	363,182	2	187,605	1
Accounts receivable, net (Notes 4, 5 and 8)	2,857,406	18	3,687,639	22
Accounts receivable - related parties (Notes 4, 5, 8 and 32)	5,178	-	5,503	-
Other receivables (Note 32)	230,558	1	82,851	1
Current tax assets (Note 26)	8,372	-	19,811	-
Inventories (Notes 4, 5 and 9)	5,015,672	31	5,607,161	33
Other financial assets - current (Notes 13 and 33)	313,317	2	799,366	5
Other current assets	<u>350,752</u>	<u>2</u>	<u>350,438</u>	<u>2</u>
Total current assets	<u>10,961,571</u>	<u>68</u>	<u>11,848,519</u>	<u>70</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	146,203	1	180,264	1
Investments accounted for using the equity method (Notes 4 and 12)	7,771	-	19,505	-
Property, plant and equipment (Notes 4, 14 and 33)	3,323,037	21	3,341,106	20
Right-of-use assets (Notes 4 and 15)	624,337	4	644,667	4
Investment properties (Notes 4, 16 and 33)	228,931	2	236,501	1
Intangible assets (Notes 4 and 17)	59,228	-	89,775	1
Deferred tax assets (Notes 26)	511,357	3	362,302	2
Refundable deposits	23,613	-	33,693	-
Long-term notes and accounts receivable (Note 8)	4,097	-	8,546	-
Net defined benefit assets (Notes 4 and 22)	1,490	-	1,465	-
Other financial assets - non-current (Notes 13 and 33)	73,056	1	99,930	1
Other non-current assets (Note 8)	<u>44,374</u>	<u>-</u>	<u>55,579</u>	<u>-</u>
Total non-current assets	<u>5,047,494</u>	<u>32</u>	<u>5,073,333</u>	<u>30</u>
TOTAL	<u>\$ 16,009,065</u>	<u>100</u>	<u>\$ 16,921,852</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 33)	\$ 2,567,753	16	\$ 2,999,533	18
Short-term bills payable (Note 18)	249,816	2	241,682	1
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	11,372	-	8,257	-
Contract liabilities - current (Note 24)	1,330,503	8	1,001,236	6
Notes payable (Notes 19 and 32)	59,754	-	118,877	1
Accounts payable (Note 19)	1,362,224	9	1,474,197	9
Accounts payable - related parties (Notes 19 and 32)	64,825	-	73,348	-
Other payables (Notes 20 and 32)	718,441	5	721,381	4
Current tax liabilities (Notes 4 and 26)	38,187	-	34,732	-
Provisions (Notes 4 and 21)	102,527	1	111,884	1
Lease liabilities - current (Notes 4 and 15)	47,364	-	39,812	-
Current portion of long-term bank borrowings (Notes 18 and 33)	1,888,558	12	1,041,152	6
Other current liabilities	<u>35,037</u>	<u>-</u>	<u>87,543</u>	<u>1</u>
Total current liabilities	<u>8,476,361</u>	<u>53</u>	<u>7,953,634</u>	<u>47</u>
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Notes 18 and 33)	1,320,736	8	2,214,265	13
Deferred tax liabilities (Note 26)	70,785	-	69,624	-
Lease liabilities - noncurrent (Notes 4 and 15)	581,102	4	600,817	4
Net defined benefit liabilities (Notes 4 and 22)	99,350	1	89,674	1
Guarantee deposits received	<u>57</u>	<u>-</u>	<u>1,791</u>	<u>-</u>
Total non-current liabilities	<u>2,072,030</u>	<u>13</u>	<u>2,976,171</u>	<u>18</u>
Total liabilities	<u>10,548,391</u>	<u>66</u>	<u>10,929,805</u>	<u>65</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 23 and 28)				
Ordinary shares	<u>2,548,265</u>	<u>16</u>	<u>2,548,265</u>	<u>15</u>
Capital surplus	<u>1,194,096</u>	<u>7</u>	<u>1,190,258</u>	<u>7</u>
Retained earnings				
Legal reserve	731,144	5	725,249	4
Special reserve	89,749	-	133,443	1
Unappropriated earnings	<u>350,103</u>	<u>2</u>	<u>775,619</u>	<u>5</u>
Total retained earnings	<u>1,170,996</u>	<u>7</u>	<u>1,634,311</u>	<u>10</u>
Other equity	<u>(30,440)</u>	<u>-</u>	<u>(88,270)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	<u>4,882,917</u>	<u>30</u>	<u>5,284,564</u>	<u>31</u>
NON-CONTROLLING INTERESTS	<u>577,757</u>	<u>4</u>	<u>707,483</u>	<u>4</u>
Total equity	<u>5,460,674</u>	<u>34</u>	<u>5,992,047</u>	<u>35</u>
TOTAL	<u>\$ 16,009,065</u>	<u>100</u>	<u>\$ 16,921,852</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 24 and 32)	\$ 7,778,541	100	\$ 11,000,093	100
OPERATING COSTS (Notes 9, 22, 25 and 32)	<u>6,670,664</u>	<u>86</u>	<u>8,524,115</u>	<u>78</u>
GROSS PROFIT	<u>1,107,877</u>	<u>14</u>	<u>2,475,978</u>	<u>22</u>
OPERATING EXPENSES(Notes 8, 22, 25 and 32)				
Selling and marketing expenses	747,964	10	1,041,934	10
General and administrative expenses	640,335	8	695,206	6
Research and development expenses	289,786	4	325,214	3
Expected credit loss	<u>99,920</u>	<u>1</u>	<u>142,983</u>	<u>1</u>
Total operating expenses	<u>1,778,005</u>	<u>23</u>	<u>2,205,337</u>	<u>20</u>
PROFIT (LOSS) FROM OPERATIONS	(<u>670,128</u>)	(<u>9</u>)	<u>270,641</u>	<u>2</u>
NON-OPERATING INCOME AND EXPENSES(Notes 12, 25 and 32)				
Interest income	22,930	-	33,707	-
Other income	294,161	4	113,778	1
Other gains and losses	(49,142)	(1)	(152,442)	(1)
Finance costs	(108,060)	(1)	(130,619)	(1)
Share of loss of associates	(<u>2,951</u>)	<u>-</u>	(<u>2,153</u>)	<u>-</u>
Total non-operating income and expenses	<u>156,938</u>	<u>2</u>	(<u>137,729</u>)	(<u>1</u>)
PROFIT (LOSS) BEFORE INCOME TAX	(513,190)	(7)	132,912	1
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 26)	(<u>116,481</u>)	(<u>2</u>)	<u>43,292</u>	<u>-</u>
NET PROFIT (LOSS) FOR THE PERIOD	(<u>396,709</u>)	(<u>5</u>)	<u>89,620</u>	<u>1</u>

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 22,23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	(\$ 14,013)	-	(\$ 16,083)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(17,072)	-	9,193	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,681	-	(563)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	24,543	-	(67,293)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	(4,954)	-	13,384	-
Other comprehensive loss for the year, net of income tax	(8,815)	-	(61,362)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 405,524)	(5)	\$ 28,258	-
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	(\$ 346,776)	(4)	\$ 58,947	1
Non-controlling interests	(49,933)	(1)	30,673	-
	(\$ 396,709)	(5)	\$ 89,620	1
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	(\$ 354,520)	(4)	(\$ 2,055)	-
Non-controlling interests	(51,004)	(1)	30,313	-
	(\$ 405,524)	(5)	\$ 28,258	-
EARNINGS (LOSS) PER SHARE (Note 27)				
Basic	(\$ 1.36)		\$ 0.23	
Diluted	(1.36)		0.23	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)
(With Deloitte & Touche auditors' report dated March 18, 2021)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company					Other Equity			Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
			Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2019	\$ 2,548,265	\$ 1,201,104	\$ 694,026	\$ 89,749	\$ 887,670	(\$ 84,143)	\$ 40,449	(\$ 43,694)	\$ 5,377,120	\$ 744,237	\$ 6,121,357
Appropriation of 2018 earnings											
Legal reserve	-	-	31,223	-	(31,223)	-	-	-	-	-	-
Special reserve	-	-	-	43,694	(43,694)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(76,448)	-	-	-	(76,448)	-	(76,448)
	-	-	31,223	43,694	(151,365)	-	-	-	(76,448)	-	(76,448)
Net profit for the year ended December 31, 2019	-	-	-	-	58,947	-	-	-	58,947	30,673	89,620
Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	(16,426)	(53,769)	9,193	(44,576)	(61,002)	(360)	(61,362)
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	42,521	(53,769)	9,193	(44,576)	(2,055)	30,313	28,258
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 28)	-	(10,622)	-	-	(3,207)	-	-	-	(13,829)	-	(13,829)
Changes in percentage of ownership interests in subsidiaries (Note 28)	-	(224)	-	-	-	-	-	-	(224)	-	(224)
Adjustment of non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	(67,067)	(67,067)
BALANCE AT DECEMBER 31, 2019	2,548,265	1,190,258	725,249	133,443	775,619	(137,912)	49,642	(88,270)	5,284,564	707,483	5,992,047
Appropriation of 2019 earnings (Note 23)											
Legal reserve	-	-	5,895	-	(5,895)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(50,965)	-	-	-	(50,965)	-	(50,965)
Reversal of special reserve	-	-	-	(43,694)	43,694	-	-	-	-	-	-
	-	-	5,895	(43,694)	(13,166)	-	-	-	(50,965)	-	(50,965)
Net loss for the year ended December 31, 2020	-	-	-	-	(346,776)	-	-	-	(346,776)	(49,933)	(396,709)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(10,486)	19,814	(17,072)	2,742	(7,744)	(1,071)	(8,815)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(357,262)	19,814	(17,072)	2,742	(354,520)	(51,004)	(405,524)
Changes in percentage of ownership interests in subsidiaries (Note 28)	-	3,838	-	-	-	-	-	-	3,838	-	3,838
Adjustment of non-controlling interests	-	-	-	-	-	-	-	-	-	(78,722)	(78,722)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(55,088)	-	55,088	55,088	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 2,548,265	\$ 1,194,096	\$ 731,144	\$ 89,749	\$ 350,103	(\$ 118,098)	\$ 87,658	(\$ 30,440)	\$ 4,882,917	\$ 577,757	\$ 5,460,674

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	(\$ 513,190)	\$ 132,912
Adjustments for:		
Depreciation expense	313,189	323,622
Amortization expense	54,784	59,523
Expected credit loss	99,920	142,983
Net loss on fair value change of financial assets at fair value through profit or loss	4,901	365
Interest expense	108,060	130,619
Interest income	(22,930)	(33,707)
Dividend income	(9,432)	(8,642)
Share of the loss of associates	2,951	2,153
Loss on disposal of property, plant and equipment	(48,838)	(823)
Gain on investment properties	(9,204)	-
Impairment loss recognized on nonfinancial assets	395,182	162,503
Recognition of provisions	156,115	181,417
Others	(58)	63
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(97,173)	42,531
Notes receivable and long-term notes and accounts receivable	(178,176)	115,269
Accounts receivable	733,971	151,192
Accounts receivable - related parties	325	3,698
Other receivables	(64,010)	74,105
Inventories	206,501	1,013,314
Other current assets	(314)	(55,734)
Contract liabilities	329,267	(619,536)
Notes payable	(59,123)	(128,094)
Accounts payable	(111,973)	(529,474)
Accounts payable - related parties	(8,523)	(72,235)
Other payables	2,402	(46,325)
Provisions	(166,670)	(166,830)
Advance received	(52,506)	26,138
Net defined benefit liabilities	(4,362)	(5,096)
Cash generated from operations	1,061,086	895,911
Interest received	27,462	35,358
Dividend received	9,432	8,642

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
Interest paid	(\$ 111,010)	(\$ 129,550)
Income taxes paid	(18,792)	(143,243)
Net cash generated from operating activities	<u>968,178</u>	<u>667,118</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of investments accounted for using the equity method	1,000	-
Acquisition of property, plant and equipment	(248,163)	(149,711)
Proceeds from disposal of property, plant and equipment	20,062	4,208
Decrease (increase) in refundable deposits	10,080	(8,636)
Acquisition of intangible assets	(9,953)	(6,446)
Acquisition of investment properties	(299)	-
Decrease in other financial assets	512,923	74,281
Increase in other non-current assets	(10,485)	(20,138)
Net cash generated from (used in) investing activities	<u>275,165</u>	<u>(106,442)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	2,577,697	3,321,818
Repayments of short-term borrowings	(3,223,822)	(3,563,488)
Increase (decrease) in short-term bills payable	8,134	(88,225)
Proceeds from long-term bank borrowings	1,445,478	1,700,433
Repayments of long-term bank borrowings	(1,312,879)	(1,625,202)
Proceeds from (refund of) guarantee deposits received	(1,734)	1,413
Repayment of principle of lease liabilities	(48,269)	(49,051)
Dividends paid	(50,965)	(76,448)
Acquisition of percentage of ownership interests in subsidiaries	-	(17,286)
Decrease in non-controlling interests	(74,884)	(67,291)
Net cash used in financing activities	<u>(681,244)</u>	<u>(463,327)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>51,503</u>	<u>(80,224)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	613,602	17,125
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,089,689</u>	<u>1,072,564</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$1,703,291</u>	<u>1,089,689</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated March 18, 2021)

Tongtai Machine & Tool Co., Ltd.

**Standalone Financial Statements for the Years Ended
December 31, 2020 and 2019 and Independent Auditors'
Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Tongtai Machine & Tool Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Tongtai Machine & Tool Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2020 and 2019, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports issued by other independent auditors (refer to Other Matter paragraph below), the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2020 and 2019, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

Basis for Opinion

We conducted our audits of the standalone financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audits of the standalone financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants Rule No.1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other independent auditors, 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 standalone financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in the Company's standalone financial statements for the year ended December 31, 2020 are as follows:

Revenue recognition

Specific machine types have different degree of customization based on the customer requirements.

For machine and tool makers, sales revenues may be recognized before the completion of machine or tool installation based on the customization requirements. As a result, we identified revenue recognition as one of the key audit matters.

Refer to Note 4 (m) to the standalone financial statements for the related accounting policies and disclosures on revenue recognition.

1. We performed the understanding and testing the design and implementation and operating effectiveness of internal control of the sales of specific machine types.
2. We performed test of details of recorded revenue against the supporting documents including contracts, reports on completion of installation, and acceptance receipts signed by customer.
3. We obtained details of sales returns and allowances in the current year to the report date and examined if there was any abnormal sales return and allowance for adjustment, and confirmed that recorded transactions were properly authorized.

Inventory valuation

Inventory is material to the Company. As of December 31, 2020, inventory amounted to NT\$2,462,707 thousand, representing 23% of the Company's total assets. In addition, inventory valuation involves critical accounting estimates. Therefore, we identified the inventory valuation as one of the key audit matters. Refer to Notes 4 (e), 5 (b) and 9 to the standalone financial statements for the related accounting policies and disclosures on inventory valuation.

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

1. We participated in the physical count of inventory, and observed the physical condition of inventory and checked against the records for any identified obsolete and slow-moving inventory.
2. We obtained inventory aging report, tested the accuracy of inventory aging and evaluated compliance with the inventory accounting policies.
3. We obtained details of inventory valuation and confirmed that inventory items were stated at the lower of cost or net realizable value. We test-checked the cost and market value of inventory against the supporting documents.

Other Matter

Certain investments in subsidiaries accounted for using the equity method were included in the

standalone financial statements as of December 31, 2020 and 2019 and for the years then ended based on financial statements audited by other independent auditors. The total of such investments amounted to NT\$275,046 thousand and NT\$1,201,401 thousand, representing 3% and 11% of the Company's total assets as of December 31, 2020 and 2019, respectively, and the total share of profit (loss) of subsidiaries and associates amounted to NT\$(143,566) thousand and NT\$15,504 thousand, representing (31%) and 28% of the Company's total profit (loss) before income tax for the years ended December 31, 2020 and 2019, respectively.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

1. Identify and assess the risks of material misstatement of the standalone 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 Company and its subsidiaries' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2020 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.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Shiang Liu and Jui-Hsuan Hsu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

TONGTAI MACHINE & TOOL CO., LTD

STANDALONE BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 820,591	8	\$ 525,213	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	20,015	-	-	-
Notes receivable, net (Notes 5 and 8)	53,622	-	82,150	1
Notes receivable - related parties (Notes 5,8 and 31)	510	-	1,455	-
Accounts receivable, net (Notes 4, 5 and 8)	1,248,416	11	1,560,358	14
Accounts receivable - related parties (Notes 4, 5, 8 and 31)	312,497	3	316,962	3
Other receivables	105,714	1	20,207	-
Other receivables - related parties (Note 31)	617,594	6	377,733	3
Inventories (Notes 4, 5 and 9)	2,462,707	23	2,906,983	26
Other financial assets - current (Note 12 and 32)	-	-	130,884	1
Other current assets	57,555	1	70,231	1
Total current assets	<u>5,699,221</u>	<u>53</u>	<u>5,992,176</u>	<u>54</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	146,203	1	180,264	2
Investments accounted for using the equity method (Notes 4 and 11)	2,287,626	21	2,340,299	21
Property, plant and equipment (Notes 4, 13 and 32)	1,349,942	12	1,496,339	13
Right-of-use assets (Notes 4 and 14)	484,270	5	483,437	4
Investment properties (Notes 4, 15 and 32)	374,340	3	172,264	2
Computer software (Notes 4 and 16)	48,330	-	57,714	1
Deferred tax assets (Note 4 and 25)	383,416	4	269,127	2
Refundable deposits	4,852	-	10,213	-
Long-term notes and accounts receivable (Note 8)	4,097	-	500	-
Other financial assets - non-current (Notes 12 and 32)	53,156	1	79,068	1
Other non-current assets (Note 8)	17,374	-	28,344	-
Total non-current assets	<u>5,153,606</u>	<u>47</u>	<u>5,117,569</u>	<u>46</u>
TOTAL	<u>\$ 10,852,827</u>	<u>100</u>	<u>\$ 11,109,745</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
CURRENT LIABILITIES (Note 17)	\$ 1,306,240	12	\$ 1,506,796	14
Short-term bills payable (Note 17)	60,000	1	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	11,372	-	8,257	-
Contract liabilities - current (Notes 4, 23 and 31)	515,062	5	377,691	4
Notes payable (Note 18)	-	-	33,803	-
Notes payable - related parties (Notes 18 and 31)	-	-	38	-
Accounts payable (Note 18)	654,962	6	631,508	6
Accounts payable - related parties (Notes 18 and 31)	130,829	1	154,133	1
Other payables (Notes 19 and 31)	212,441	2	258,437	2
Current tax liabilities (Note 4 and 25)	11,916	-	13,732	-
Provisions - current (Notes 4 and 20)	18,161	-	26,251	-
Lease liabilities - current (Notes 4 and 14)	14,012	-	14,717	-
Current portion of long-term bank borrowings (Notes 17 and 32)	1,548,500	14	489,500	5
Other current liabilities	4,429	-	26,089	-
Total current liabilities	<u>4,487,924</u>	<u>41</u>	<u>3,540,952</u>	<u>32</u>
NON-CURRENT LIABILITIES				
Long-term bank borrowings (Notes 17 and 32)	635,000	6	1,633,500	15
Deferred tax liabilities (Note 4 and 25)	61,301	1	61,301	-
Lease liabilities - noncurrent (Notes 4 and 14)	479,567	4	473,330	4
Net defined benefit liabilities (Notes 4 and 21)	78,639	1	70,260	1
Credit balance for investments accounted for using the equity method (Notes 4 and 11)	227,479	2	45,838	-
Total non-current liabilities	<u>1,481,986</u>	<u>14</u>	<u>2,284,229</u>	<u>20</u>
Total liabilities	<u>5,969,910</u>	<u>55</u>	<u>5,825,181</u>	<u>52</u>
EQUITY (Notes 22 and 27)				
Ordinary shares	2,548,265	23	2,548,265	23
Capital surplus	1,194,096	11	1,190,258	11
Retained earnings				
Legal reserve	731,144	7	725,249	7
Special reserve	89,749	1	133,443	1
Unappropriated earnings	350,103	3	775,619	7
Total retained earnings	<u>1,170,996</u>	<u>11</u>	<u>1,634,311</u>	<u>15</u>
Other equity	(30,440)	-	(88,270)	(1)
Total equity	<u>4,882,917</u>	<u>45</u>	<u>5,284,564</u>	<u>48</u>
TOTAL	<u>\$ 10,852,827</u>	<u>100</u>	<u>\$ 11,109,745</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

TONGTAI MACHINE & TOOL CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019 (In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 23 and 31)	\$ 3,470,253	100	\$ 5,422,528	100
OPERATING COSTS (Notes 9, 21, 24 and 31)	<u>3,200,266</u>	<u>92</u>	<u>4,407,996</u>	<u>82</u>
GROSS PROFIT	269,987	8	1,014,532	18
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(6,240)	-	(3,300)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>2,399</u>	<u>-</u>	<u>2,617</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>266,146</u>	<u>8</u>	<u>1,013,849</u>	<u>18</u>
OPERATING EXPENSES (Notes 8, 21, 24 and 31)				
Selling and marketing expenses	317,049	9	535,381	10
General and administrative expenses	187,116	5	222,691	4
Research and development expenses	133,314	4	135,123	2
Expected credit loss (reversal gain)	<u>18,012</u>	<u>1</u>	<u>39,339</u>	<u>1</u>
Total operating expenses	<u>655,491</u>	<u>19</u>	<u>932,534</u>	<u>17</u>
PROFIT (LOSS) FROM OPERATIONS	(<u>389,345</u>)	(<u>11</u>)	<u>81,315</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 11, 24 and 31)				
Interest income	19,054	1	20,060	-
Other income	159,174	5	82,305	2
Other gains and losses	(8,114)	-	(101,791)	(2)
Finance costs	(55,720)	(2)	(66,649)	(1)
Share of profit of subsidiaries and associates	(<u>190,292</u>)	(<u>6</u>)	<u>39,673</u>	<u>1</u>
Total non-operating income and expenses	(<u>75,898</u>)	(<u>2</u>)	(<u>26,402</u>)	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX	(465,243)	(13)	54,913	1
INCOME TAX BENEFIT (Notes 4 and 25)	(<u>118,467</u>)	(<u>3</u>)	(<u>4,034</u>)	<u>-</u>
NET PROFIT (LOSS) FOR THE YEAR	(<u>346,776</u>)	(<u>10</u>)	<u>58,947</u>	<u>1</u>

(Continued)

TONGTAI MACHINE & TOOL CO., LTD.

STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21, 22 and 25)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan	(11,766)	-	2,813	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(17,072)	(1)	9,193	-
Share of the other comprehensive income (loss) of subsidiaries accounted for using the equity method	(1,073)	-	(18,676)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	2,353	-	(563)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	21,498	1	(49,198)	(1)
Share of the other comprehensive (loss) income of subsidiaries accounted for using the equity method	3,270	-	(18,013)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	(4,954)	-	13,442	-
Other comprehensive loss for the year, net of income tax	(7,744)	-	(61,002)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(\$ 354,520)	(10)	(\$ 2,055)	-
EARNINGS (LOSS) PER SHARE (Note 26)				
Basic	(\$ 1.36)		\$ 0.23	
Diluted	(1.36)		0.23	

(Concluded)

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

TONGTAI MACHINE & TOOL CO., LTD.
STANDALONE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Retained Earnings					Other Equity			Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity	
BALANCE AT JANUARY 1, 2019	\$ 2,548,265	\$ 1,201,104	\$ 694,026	\$ 89,749	\$ 887,670	(\$ 84,143)	\$ 40,449	(\$ 43,694)	\$ 5,377,120
Appropriation of 2018 earnings (Note 22)									
Legal reserve	-	-	31,223	-	(31,223)	-	-	-	-
Special reserve	-	-	-	43,694	(43,694)	-	-	-	-
Cash dividends	-	-	-	-	(76,448)	-	-	-	(76,448)
	-	-	31,223	43,694	(151,365)	-	-	-	(76,448)
Net profit for the year ended December 31, 2019	-	-	-	-	58,947	-	-	-	58,947
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(16,426)	(53,769)	9,193	(44,576)	(61,002)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	42,521	(53,769)	9,193	(44,576)	(2,055)
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition (Note 27)	-	(10,622)	-	-	(3,207)	-	-	-	(13,829)
Changes in percentage of ownership interests in subsidiaries (Note 27)	-	(224)	-	-	-	-	-	-	(224)
BALANCE AT DECEMBER 31, 2019	2,548,265	1,190,258	725,249	133,443	775,619	(137,912)	49,642	(88,270)	5,284,564
Appropriation of 2019 earnings (Note 22)									
Legal reserve	-	-	5,895	-	(5,895)	-	-	-	-
Cash dividends	-	-	-	-	(50,965)	-	-	-	(50,965)
Reversal of special reserve	-	-	-	(43,694)	43,694	-	-	-	-
	-	-	5,895	(43,694)	(13,166)	-	-	-	(50,965)
Net loss for the year ended December 31, 2020	-	-	-	-	(346,776)	-	-	-	(346,776)
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(10,486)	19,814	(17,072)	2,742	(7,744)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(357,262)	19,814	(17,072)	2,742	(354,520)
Changes in percentage of ownership interests in subsidiaries (Note 27)	-	3,838	-	-	-	-	-	-	3,838
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(55,088)	-	55,088	55,088	-
BALANCE AT DECEMBER 31, 2020	\$ 2,548,265	\$ 1,194,096	\$ 731,144	\$ 89,749	\$ 350,103	(\$ 118,098)	\$ 87,658	(\$ 30,440)	\$ 4,882,917

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

(With Deloitte & Touche auditors' report dated March 18, 2021)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	(\$ 465,243)	\$ 54,913
Adjustments for:		
Depreciation expense	148,854	154,484
Amortization expense	32,737	36,641
Expected credit loss	18,012	39,339
Net loss on fair value change of financial assets at fair value through profit or loss	6,308	1,513
Finance costs	55,720	66,649
Interest income	(19,054)	(20,060)
Dividend income	(9,432)	(8,068)
Share of loss (gain) of associates	190,292	(39,673)
Gain (loss) on disposal of property, plant and equipment	(34,763)	(270)
Gain on investment properties	(9,204)	-
Impairment loss recognized on nonfinancial assets	251,930	131,441
Unrealized gain	3,841	683
Recognition of provisions	61,964	97,163
Others	(3,784)	63
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(13,875)	13,416
Notes receivable and long-term notes receivable	25,251	99,329
Notes receivable - related parties	945	(404)
Accounts receivable	293,610	353,207
Accounts receivable - related parties	4,465	305,288
Other receivables	(19,909)	8,740
Other receivables - related parties	1,493	13,288
Inventories	215,298	775,938
Other current assets	12,676	(12,174)
Financial liabilities held for trading	(9,333)	-
Contract liabilities	137,371	(317,505)
Notes payable	(33,803)	(33,610)
Notes payable - related parties	(38)	(5,962)
Accounts payable - related parties	(23,304)	(149,012)
Other payables	(45,259)	(24,748)
Provisions	(70,054)	(85,351)
Other current liabilities	(21,660)	(13,280)

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2020	2019
Net defined benefit liabilities	(3,387)	(2,615)
Cash generated from operations	702,119	782,075
Interest received	16,582	17,650
Dividend received	9,432	8,068
Interest paid	(56,308)	(67,378)
Income taxes paid	(239)	(31,475)
Net cash generated from operating activities	<u>671,586</u>	<u>708,940</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(215,344)	(24,721)
Proceeds from disposal of property, plant and equipment	5,096	277,054
Decrease in refundable deposits	5,361	904
Increase in other receivables - related parties	(221,347)	(254,675)
Acquisition of computer software	(5,964)	(546)
Acquisition of investment properties	(883)	-
Decrease (increase) in other financial assets	156,796	(32,946)
Increase in other non-current assets	(5,946)	(14,285)
Dividends received from subsidiaries	<u>52,233</u>	<u>123,156</u>
Net cash generated from (used in) financing activities	(229,998)	<u>73,941</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	568,217	251,249
Repayments of short-term borrowings	(768,773)	(411,140)
Decrease (increase) in short-term bills payable	60,000	(200,000)
Proceeds from long-term bank borrowings	1,050,000	1,390,000
Repayments of long-term bank borrowings	(989,500)	(1,468,389)
Repayment of principle of lease liabilities	(15,189)	(14,799)
Dividends paid	(50,965)	(76,448)
Acquisition of percentage of ownership interests in subsidiaries	<u>-</u>	(11,174)
Net cash used in financing activities	(146,210)	(540,701)
NET INCREASE IN CASH AND CASH EQUIVALENTS	295,378	242,180
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>525,213</u>	<u>283,033</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>\$ 820,591</u>	<u>\$ 525,213</u>

The accompanying notes are an integral part of the standalone financial statements.
(With Deloitte & Touche auditors' report dated March 18, 2021)

(Concluded)

Tongtai Machine & Tool Co., Ltd.

Comparison Table before and after Revision of Rules of Procedures for Shareholders' Meeting

Original Article	Proposal for the Amendment Article	Reason for Amendment
<p>Article 7</p> <p>At the scheduled time for a shareholders' meeting, the chairperson shall announce the commencement of the meeting. However, when the number of shares represented by the shareholders present at the meeting fails to exceed half of the total issued and outstanding shares of the Company (the "Quorum"), the chairperson may announce that the meeting is postponed.</p> <p>(The content hereafter will be omitted)</p>	<p>Article 7</p> <p>At the scheduled time for a shareholders' meeting, the chairperson shall announce the commencement of the meeting <u>and announce the number of shares that have no right to vote and the number of shares in attendance at the same time.</u> However, when the number of shares represented by the shareholders present at the meeting fails to exceed half of the total issued and outstanding shares of the Company (the "Quorum"), the chairperson may announce that the meeting is postponed.</p> <p>(The content hereafter will be omitted)</p>	<p>To enhance the corporate governance</p>
<p>Article 21</p> <p>This Rules was agreed and signed on Apr. 26, 1998, firstly amended on Jun. 17, 2015, secondly amended on Jun. 7, 2016 and thirdly amended on Jun. 9, 2020.</p>	<p>Article 21</p> <p>This Rules was agreed and signed on Apr. 26, 1998, firstly amended on Jun. 17, 2015, secondly amended on Jun. 7, 2016, thirdly amended on Jun. 9, 2020, <u>and fourthly amended on Jun. 10, 2021.</u></p>	<p>Add the latest date of revision</p>

Tongtai Machine & Tool Co., Ltd.

Articles of Incorporation

Chapter I - General Principals

Article 1

The Company is called 東台精機股份有限公司 and is registered as a company limited by shares according to the ROC Company Act. The English name of the Company is Tongtai Machine & Tool Co., Ltd.

Article 2

The Company is engaged in the following businesses:

1. CB01010 Machinery and Equipment Manufacturing.
2. CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
3. CC01080 Electronic Parts and Components Manufacturing
4. CC01110 Computers and Computing Peripheral Equipments Manufacturing
(Operation outside Southern Taiwan Science Park only)
5. CD01030 Automobiles and Parts Manufacturing
(Operation outside Southern Taiwan Science Park only)
6. CD01040 Motor Vehicles and Parts Manufacturing
(Operation outside Southern Taiwan Science Park only)
7. CD01060 Aircraft and Parts Manufacturing
(Operation outside Southern Taiwan Science Park only)
8. CP01010 Hand Tool Manufacturing
(Operation outside Southern Taiwan Science Park only)
9. CQ01010 Die Manufacturing
(Operation outside Southern Taiwan Science Park only)
10. CE01030 Photographic and Optical Equipment Manufacturing
(Operation outside Southern Taiwan Science Park only)
11. F401010 International Trade
12. Researching , Developing Producing and Selling such Productions below:
 - (1) Printed Circuit Board Drilling Machine and Moulding Machine.
 - (2) Linear Motor Machining Center.
 - (3) High Speed Machining Center.
 - (4) Computer Numerical Control Precision Lathe.
 - (5) Flat Panel Display Manufacturing Equipments and Components.
 - (6) Concurrently with the Aforementioned Products Related to International Trade.

Article 3

The Company's headquarter is located in Southern Taiwan Science Park, Kaohsiung, Taiwan, ROC and may set up domestic or foreign branches as approved by the Board of Directors and government authorities in charge, if necessary.

Article 4

Public announcements of the Company shall be made in accordance with the Company Act and other relevant rules and regulations of the Republic of China.

Chapter II - Capital Stock

Article 5

The total capital stock of the Company shall be in the amount of NT\$4,000,000,000, divided into 400,000,000 shares with a par value of NT\$10 per share. The Board of Directors is authorized to issue the unissued shares in installments.

A total of 10,000,000 shares among the above total capital stock should be reserved for issuing employee stock options, preferred shares with warrants or corporate bond with warrants and shall be issued in installments. The Board of Directors is authorized to issue the unissued shares in installments.

Article 6

The shares of the Company shall be name-bearing share certificates and shall be affixed with the signatures or personal seals of more than three directors. Shares shall then be issued upon certification by Ministry of Economic Affairs of the Republic of China (Hereinafter referred to as competent authorities) or issuance registration authorities approved thereby.

When the Company issue new shares, should print the total issuing shares, the central securities depository business agencies shall be contacted to record them.

For shares of the Company not physically printed, the central securities depository business agencies shall be contacted to record them, shall not apply to the two preceding paragraph.

The handling stock affairs of the Company is in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies of the Republic of China.

Article 7

The register of share transfer shall not be made within sixty (60) days prior to each regular shareholders' meeting or within thirty (30) days prior to each special shareholders' meeting or within five (5) days prior to the record date for dividends, bonuses or other distributions as determined by the Company.

Article 7-1

The Board of Directors is authorized to determine qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, entitled to receive share bought by the Company, share subscription warrant, shares subscribed by employees when issuing new shares restricted stock.

Chapter III - Shareholders' Meeting

Article 8

Shareholders' meetings are of two types, namely: regular meetings and special meetings. The regular meeting of shareholders shall be convened within six months after close of each fiscal year, unless otherwise approved by the competent authority for good cause shown.

Article 9

A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. A notice to convene a special meeting of shareholders shall be given to each shareholder no later than 15 days prior to the scheduled meeting date. The notice of the shareholders meeting to be given by an issuer to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement.

Article 10

Chairman of the Board shall preside at the shareholders' meeting. When Chairman of the Board is on leave or absent, he may designate a Director to act on his behalf, and if no proxy is designated, one Director shall be elected from among the Directors to preside the meeting.

When a shareholders' meeting is convened by any person who is not a member of Board of Directors but has the convening right, he/she shall act as the Chairman of that meeting; provided, however, that if there are two or more persons having the convening right, the Chairman of the meeting shall be elected from among themselves.

Article 11

A shareholders' meeting shall only be held when shareholders representing a majority of total number of outstanding shares are present. Resolutions at a shareholders' meeting shall, unless otherwise provided for in Company Act of the Republic of China, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Article 12

Each shareholder of the Company shall have one vote per share, unless otherwise the vote is

subject to restrictions or the voting power does not exist pursuant to Paragraph 2 of Article 179 of the Company Act of the Republic of China.

When the Company holds a shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.

Article 13

In case a shareholder is unable to attend the shareholders' meeting, he/she may delegate an agent to attend and to exercise all rights at the meeting for him/her by submitting a letter of consignor signed or sealed by the shareholder himself/herself. When a person who acts as the proxy for two or more shareholders, the number of voting power represented by him/her, should be calculated according to related regulations. In addition to Company Act of the Republic of China, shall be handled in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies of the Republic of China issued by government authorities in charge.

Article 14

The resolution of the shareholders' meeting shall be recorded in the minutes, and shall be handled in accordance with Article 183 of the Company Act of the Republic of China.

Chapter IV - Directors and Audit Committee

Article 15

The Company shall have nine to fourteen Directors, who shall be nominated as candidates and elected by shareholders from a list of candidates. The term of office of a director shall not exceed three years; but he/she may be eligible for re-election.

According to Article 14-2 of Securities and Exchange Act of the Company Act of the Republic of China, the number of Independent Directors among the number of Directors in accordance with the preceding paragraph of this article shall be no less than three.

The shareholdings of all Directors should in accordance with Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies of the Republic of China.

Other matters not mentioned in Article shall be handled in accordance with relevant laws.

Article 15-1

The Company shall establish an audit committee in accordance with Article 14-4 of the Securities and Exchange Act of the Republic of China. The audit committee shall be composed of the entire number of independent directors. One of whom shall be convener, and at least

one of whom shall have accounting or financial expertise.

Members of the audit committee, power exercise act and other matters for compliance shall be handled in accordance with relevant laws. The organization rules shall be set by Board of Directors.

The Company shall establish Compensation Committee or other Functional Committees in accordance with laws or for business needs.

Article 16

The Board of Directors is constituted by directors. Chairman of the board of directors shall internally preside the shareholders' meeting and the meeting of the board of directors; and shall externally represent the Company.

Article 17

Business operations of a company shall be executed pursuant to the resolutions to be adopted by the board of directors, except for the matters the execution of which shall be effected pursuant the resolutions of the shareholders' meeting as required by Company Act of the Republic of China.

Article 18

The Board of Directors is authorized to determine the compensation for the Chairman and Directors, taking into account the extent and value of the services provided for the management of the Company and the domestic and overseas standards of the industry.

Article 19

Chairman represents all business decisions of the Company. In case the Chairman of the board of directors is on leave or absent or cannot exercise his/her power and authority for any cause, the Chairman shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting Chairman of the board of directors.

Article 20

The powers and duties of The Board of Directors are as follows:

1. Reviewing material internal rules;
2. Preparing business plans;
3. Reviewing budgets and audited financial statements;
4. Preparing surplus distribution or loss off-setting proposals;
5. Preparing proposals to increase or decrease capital;
6. Establishing, reorganizing and dissolving branch offices; and
7. Other duties and powers granted by or in accordance with the Company Act of the Republic of China or shareholders' resolutions.

Except for where a meeting of the board of directors is called in accordance with Article 203 or Article 203-1, paragraph 3 of the Company Act of the Republic of China, the Chairman should call the meeting. In case the Chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the Chairman shall designate one of the directors to act on his/her behalf. In the absence of such a designation, the directors shall elect from among themselves an acting Chairman.

Article 21

In the case that vacancies on the Board of Directors exceed, for any reason, one third of the total number of the Directors, then the Board of Directors shall convene a shareholders' meeting to elect new Directors to fill such vacancies in 60 days, rules and regulations. The new Directors shall serve the remaining term of the predecessors.

Article 22

In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

Article 23

Unless otherwise provided by the Company Act of the Republic of China, a meeting of the Board of Directors shall only be held when a majority of incumbent Directors present and a resolution shall be adopted upon consents by a majority of the Directors present. In case of absence, a Director may authorize another Director to attend a meeting of the Board of Directors by a letter of consignor, and to exercise his right to vote with respect to all matters submitted to the meeting, provided, however, each Director may not act as proxy for more than one other director.

Directors shall be notified of Board of Director meetings no later than seven days prior to the meetings. However, in case of any emergency, a Board of Directors meeting may be convened at any time.

Notifications of Board of Directors meetings may be in writing or via fax or email.

Article 24

The minutes of a board of directors meeting shall bear the signature or seal of the meeting chair; a copy of the minutes shall be distributed to each director within 20 days after the meeting.

Chapter V - Manager

Article 25

The Company shall have one general manager, and several managers. The appointment, discharge and remuneration of managerial personnel as enumerated in the preceding paragraph shall be pursuant to the Article 29 of the Company Act of the Republic of China.

Article 26

A managerial personnel of a company shall not concurrently act as a managerial personnel of another company, nor shall he/she operate, for the benefit of his/her own or others, any business which is the same as that of the Company employs him/her, unless the need of the Company business which agreed by majority of board of directors.

Chapter VI - Accounting

Article 27

Accounting personnel is working under the command of Board of Directors and the supervision of General Manager. In regards to appointing or discharging accounting personnel, must have a majority approval with at least a majority attendance.

The Company may take out liability insurance for directors with respect to liabilities resulting from exercising their duties during their terms of occupancy.

Article 28

The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.

Article 29

After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the regular shareholders' meeting for acceptance:

1. Business Report;
2. Financial Statements;
3. The surplus earning distribution or loss off-setting proposals.

Chapter VII - Appendix

Article 30

If there is any profit for a specific fiscal year, the Company should reserve for tax payments, offset accumulated losses in previous years. Legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock. When there is profit after allocation or reverse of special reserves as required by law, the remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

In response to the overall economy and the characteristics of industry growth and in compliance with the Company's long-term financial plans for sustainable operations, stable development, and in consideration of stable dividend policy, will adopt appropriate dividend policy based on investment capital needs and the extend of diluted earnings per share. The distribution procedures are as follows:

1. The optimal capital budget is determined;
2. The amount of capital required to satisfy the capital budget in preceding paragraph is determined;
3. The amount of funding required for financing to be supported by the retained earnings is determined.
4. An appropriate amount of the remaining earnings shall be retained in accordance with operational requirements before distributing dividends to shareholders. The ratio for cash dividends shall be not less than 50% of the total dividends.

Article 30-1

The Company shall transfer shares to employees at less than the average actual share repurchase price, must have obtained the consent of at least two-thirds of the voting rights present at the most recent shareholders meeting attended by shareholders representing a majority of total issued shares, in accordance with Article 10-1 and Article 13 of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies of the Republic of China.

Article 30-2

The Company shall issue employee stock warrants at less than the market price (net value per share), must have approved by shareholders meeting and in accordance with Article 56-1 and Article 76 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers of the Republic of China.

Article 30-3

If the Company is profitable, no less than 1% of the profits shall be allocated as compensation to employees and no more than 5% of the profits should be allocated as compensation to directors. While the Company has accumulated losses, the profit shall be set aside to compensate losses before distribution. The profit mentioned above is the profit before tax and before deducting the compensation to employees and directors.

The compensation being distributed to employees shall be approved by more than half of the directors at a board meeting at which two-thirds or more of the directors are present and report to the general shareholders' meeting. The Company distributes profit to employees in the form of shares or cash dividends include employees of controlling or subsidiary companies that meet certain conditions, which are to be prescribed by the Board of Directors.

Article 31

The Company shall not pay dividends or bonuses, if there is no surplus earnings according to Articles of Incorporation Article 30.

Article 32

The internal organization of the Company shall be determined by the Board of Directors.

Article 33

Any matter not covered by these Articles of Incorporation shall be subject to the Company Act and other related laws of the Republic of China.

Article 34

The Company could endorsements/guarantees for others based on business needs and principle of reciprocity in accordance of Procedures for Making Endorsements and Guarantees of the Company of the Republic of China.

Article 35

The Company could invest other companies domestic and overseas with the approval of the Board of directors. The total investment amount is not restricted pursuant to Article 13 of the Company Act of the Republic of China regarding the total amount of its investments in such other companies shall not exceed forty percent of the amount of its own paid-up capital.

Article 36

This Articles of Incorporation are agreed and signed on Dec. 1, 1968, firstly amended on May 25, 1969, secondly amended on Nov. 27, 1973, thirdly amended on Apr. 6, 1974, fourthly

amended on Apr. 6, 1976, fifthly amended on Apr. 15, 1978, sixthly amended on Oct. 24, 1979, seventhly amended on Dec. 27, 1980, eighthly amended on Aug. 5, 1981, ninthly amended on Apr. 17, 1982, tenthly amended on Aug. 21, 1983, eleventh amended on Sep. 22, 1983, twelfth amended on Dec. 8, 1983, thirteenth amended on Mar. 23, 1985, fourteenth amended on Aug. 21, 1988, fifteenth amended on Sep. 25, 1988, sixteenth amended on Mar. 21, 1990, seventeenth amended on Apr. 25, 1990, eighteenth amended on Jun. 15, 1990, nineteenth amended on Jun. 18, 1991, twentieth amended on Jun. 18, 1992, twenty-firstly amended on May 23, 1993, twenty-secondly amended on Jun. 26, 1993, twenty-thirdly amended on Aug. 15, 1994, twenty-fourthly amended on May 10, 1996, twenty-fifthly amended on Apr. 30, 1997, twenty-sixthly amended on Jun. 21, 1997, twenty-seventhly amended on Apr. 26, 1998, twenty-eighthly amended on Jun. 6, 1999, twenty-ninthly amended on Mar. 26, 2000, thirtieth amended on Apr. 20, 2000, thirty-firstly amended on Jun. 14, 2002, thirty-secondly amended on Jun. 16, 2003, thirty-thirdly amended on Jun. 14, 2005, thirty-fourthly amended on Jun. 11, 2006, thirty-fifthly amended on Jun. 14, 2007, thirty-sixthly amended on Jun. 13, 2008, thirty-seventhly amended on Jun. 16, 2009, thirty-eighthly amended on June 15, 2010, thirty-ninthly amended on June 5, 2012 and fortieth amended on June 19, 2013, and forty-firstly amended on June 18, 2014, forty-secondly amended on June 17, 2015, forty-thirdly amended on June 7, 2016, forty-fourthly amended on June 20, 2017 and forty-fifthly amended on June 6, 2019.

Tongtai Machine & Tool Co., Ltd.

Rules of Procedures for Shareholders' Meeting (Before Revisions)

Article 1

Shareholders' Meeting (the "Meeting") of Tongtai Machine & Tool Co., Ltd. (the "Company") shall be conducted in accordance with the Rules of Procedure for Shareholders' Meeting (the "Rules"). Any matter not provided in the Rules shall be handled in accordance with relevant laws and regulations.

Article 2

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically. Attendance at shareholders meetings shall be calculated based on numbers of shares.

Article 3

The Meeting shall be held at the head office of the Company or any place that is convenient to the shareholders and suitable for such meeting. The Meeting should not start earlier than 9:00 a.m. or later than 3:00 p.m.

Article 4

If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

Article 5

The Company may appoint designated counsel, CPA or other related persons to attend the Meeting. Persons handling affairs of the Meeting shall wear identification cards or badges.

Article 6

The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.

Article 7

At the scheduled time for a shareholders' meeting, the chairperson shall announce the commencement of the meeting. However, when the number of shares represented by the shareholders present at the meeting fails to exceed half of the total issued and outstanding shares of the Company (the "Quorum"), the chairperson may announce that the meeting is postponed. The postponements shall be limited to two times and the total time postponed shall not exceed one hour. If the number of shares represented by the shareholders present at the meeting fails to meet the Quorum but exceeds one third of the total number of issued and outstanding shares of the Company after the meeting has been postponed twice, a tentative resolution may be passed by a majority of those represented in accordance with Paragraph 1 of Article 175 of Taiwan Company Act. If the number of shares represented by the shareholders present at the meeting exceeds half of the total issued and outstanding shares of the Company before the end of the meeting, the tentative resolution may be re-proposed by the chairperson to be passed in the shareholders' meeting in accordance with Article 174 of Taiwan.

Article 8

If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. Votes shall be cast on each separate proposal in the agenda (including extraordinary motions and amendments to the original proposals set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply mutatis mutandis to a shareholders meeting convened by a party with the power to convene that is not the board of directors.

The chairperson may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting. When a meeting is in progress, the chairperson may announce a break based on time considerations.

Article 9

When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairperson. If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail. Unless otherwise permitted by the chairperson and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholders, otherwise the chairperson shall stop such interruption.

Article 10

Unless otherwise permitted by the chairperson, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairperson may stop the speech of such shareholder.

Article 11

If a juristic person is authorized to attend the Meeting on behalf of another shareholder, only one representative of such juristic person may attend the Meeting. If a juristic shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each proposal. After the speech of a shareholder, the chairperson may respond himself/herself or appoint an appropriate person to respond.

Article 12

When the chairperson is of the opinion that a proposal has been sufficiently discussed to be put to vote, the chairperson may announce the cease of discussion and bring the proposal to vote and schedule sufficient time for voting.

Article 13

The chairperson shall designate the persons supervising the casting of votes and the counting thereof for resolutions. The person supervising the casting of votes shall be a shareholder. The result of the resolution shall be reported on the spot and written into records.

Article 14

Except as otherwise provided in the Taiwan Company Act and in this Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

Article 15

With respect to resolutions of shareholders meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. The number of shares for which voting rights may not be exercised shall not be calculated as part of the voting rights represented by attending shareholders.

Article 16

A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Taiwan Company Act.

Article 17

If there is an amendment to or a substitute for a proposal for resolution, the chairperson shall arrange the sequence for resolution along with the original proposals. If any one of them has been adopted, the remaining proposals shall be deemed rejected and no further resolution is needed.

Article 18

The chairperson may direct disciplinary personnel (or security personnel) to maintain the order of the meeting place. Such disciplinary personnel (or security personnel) shall wear a badge marked "Disciplinary Staff".

Article 19

For matters not provided in the Rules, Taiwan Company Act, applicable laws and regulations, and the Articles of Incorporation of the Company shall apply.

Article 20

The Rules and any revisions thereof shall take effect upon approval by shareholders at the shareholders' meeting.

Article 21

This Rules was agreed and signed on Apr. 26, 1998, firstly amended on Jun. 17, 2015, secondly amended on Jun. 7, 2016 and thirdly amended on Jun. 9, 2020.

Tongtai Machine & Tool Co., Ltd.
Shareholdings of All Directors

1. The table below lists the shareholdings of all directors on the register of shareholders as of the book closure date (April 12, 2021) for the 2021 annual shareholders' meeting:

Title	Name	Current Holdings	
		Number of shares	Percentage of shares
Chairperson	Jui-Hsiung Yen	5,480,200	2.15%
Director	U-yuan Investment Ltd. Representative: Eugene Chuang	1,233,120	0.48%
Director	Hong Mai Co., Ltd. Representative: Jun-Liang Kuo	4,308,622	1.69%
Director	Jui Hsiu Investment Co., Ltd. Representative: Tsan-Jen Chen	8,918,693	3.50%
Director	San Shin Co., Ltd. Representative: Hwa-Chou Yen	7,987,080	3.13%
Director	San Shin Co., Ltd. Representative: Cheng Yen		
Director	Dong Ying Investment Co., Ltd Representative: Feng-Hui Chiou	3,534,259	1.39%
Director	Tsan Ying Investment Co., Ltd. Representative: Lu Yen	5,639,530	2.21%
Director	Yang-Kuang Tung	2,209,526	0.87%
Director	Hui-Jen Yen	1,425,047	0.56%
Independent Director	Po-Han Wang	0	0.00%
Independent Director	Shin Fann	0	0.00%
Independent Director	Ming-To Yu	0	0.00%
Total		40,736,077	15.98%

2. The Company has issued 254,826,461 shares. Pursuant to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the percentage of issued shares held by all directors shall be at least 5% and no later than 15,000,000 shares. In addition, since the Company has three independent directors, pursuant to the Paragraph 2 of the same Article, the minimum number of shares to be held shall be 80% of the amount stipulated in Paragraph 1 of Article 2. Therefore, the minimum shares held by all directors shall be at least 12,000,000 shares.

3. As of the book closure date (April 12, 2021) for the 2021 annual shareholders' meeting, a total of 40,736,077 shares were held by all directors , which meets the requirement of laws and regulations.
4. The Company has established an Audit Committee; therefore, there is no applicable information on the number of shares retained by supervisors.