

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2021 and 2020 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

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

The Board of Directors and Shareholders

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Tongtai Machine & Tool Co., Ltd. (the "Company") and its subsidiaries as of March 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and related notes, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for Modified Conclusion**

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated statements were not reviewed. As of March 31, 2021 and 2020, the combined total assets of these non-significant subsidiaries were NT\$5,721,406 thousand and NT\$6,990,361 thousand, representing 35% and 41%, respectively, of the consolidated total assets; the combined total liabilities of these non-significant subsidiaries were NT\$3,815,914 thousand and NT\$4,495,634 thousand, representing 35% and 40%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2021 and 2020, the amounts of the combined comprehensive loss of these non-significant subsidiaries were NT\$72,645 thousand and NT\$21,489 thousand, representing 80% and 12%, respectively, of the consolidated total comprehensive loss. In addition, as disclosed in Note 12 to the consolidated financial statements, the total carrying amounts of the investments accounted for using the equity method were NT\$7,705 thousand and NT\$18,892 thousand as of March 31, 2021 and 2020, respectively; the share of loss of associates accounted for using the equity method were NT\$66 thousand and NT\$613 thousand for the three months ended March 31, 2021 and 2020, respectively. The amounts of the related equity-method investments were based on the equity-method investees' unreviewed financial statements for the same reporting periods.

### **Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity-method investees's as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors' report are Jui-Hsuan Hsu and Chao-Chun Wang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 6, 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 review such consolidated financial statements are those generally applied in the Republic of China.*

*The English version of independent auditors' review report and consolidated financial statements are not reviewed nor audited by independent auditors.*

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

# TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2021 (Reviewed)		December 31, 2020 (Audited)		March 31, 2020 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,754,863	11	\$ 1,703,291	11	\$ 1,419,099	8
Financial assets at fair value through profit or loss - current (Note 7)	107,193	1	113,843	1	13,986	-
Notes receivable, net (Note 9)	372,712	2	363,182	2	189,338	1
Accounts receivable, net (Note 9)	2,808,730	17	2,857,406	18	3,404,098	20
Accounts receivable - related parties (Notes 9 and 32)	6,218	-	5,178	-	7,984	-
Other receivables (Note 32)	126,350	1	230,558	1	86,915	1
Current tax assets	8,797	-	8,372	-	21,290	-
Inventories (Note 10)	5,597,648	34	5,015,672	31	5,638,980	33
Other financial assets - current (Notes 13 and 33)	151,935	1	313,317	2	873,781	5
Other current assets	<u>462,473</u>	<u>3</u>	<u>350,752</u>	<u>2</u>	<u>297,031</u>	<u>2</u>
Total current assets	<u>11,396,919</u>	<u>70</u>	<u>10,961,571</u>	<u>68</u>	<u>11,952,502</u>	<u>70</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	151,589	1	146,203	1	146,039	1
Investments accounted for using the equity method (Note 12)	7,705	-	7,771	-	18,892	-
Property, plant and equipment (Notes 14 and 33)	3,271,911	20	3,323,037	21	3,279,309	19
Right-of-use assets (Note 15)	608,032	4	624,337	4	649,296	4
Investment properties (Notes 16 and 33)	225,311	2	228,931	2	232,958	2
Intangible assets (Note 17)	54,517	-	59,228	-	83,593	1
Deferred tax assets	534,102	3	511,357	3	383,278	2
Refundable deposits	24,976	-	23,613	-	31,367	-
Long-term notes and accounts receivable (Note 9)	6,269	-	4,097	-	8,545	-
Net defined benefit assets (Note 4)	1,490	-	1,490	-	1,465	-
Other financial assets - non-current (Notes 13 and 33)	59,781	-	73,056	1	127,186	1
Other non-current assets (Note 9)	<u>46,508</u>	<u>-</u>	<u>44,374</u>	<u>-</u>	<u>62,828</u>	<u>-</u>
Total non-current assets	<u>4,992,191</u>	<u>30</u>	<u>5,047,494</u>	<u>32</u>	<u>5,024,756</u>	<u>30</u>
<b>TOTAL</b>	<u>\$ 16,389,110</u>	<u>100</u>	<u>\$ 16,009,065</u>	<u>100</u>	<u>\$16,977,258</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18 and 33)	\$ 2,644,071	16	\$ 2,567,753	16	\$ 3,114,521	18
Short-term bills payable (Note 18)	99,975	1	249,816	2	446,751	3
Financial liabilities at fair value through profit or loss - current (Note 7)	7,378	-	11,372	-	4,212	-
Contract liabilities - current (Note 24)	1,452,860	9	1,330,503	8	1,193,559	7
Notes payable (Note 19)	76,347	-	59,754	-	107,710	1
Accounts payable (Note 19)	1,965,874	12	1,362,224	9	1,435,323	8
Accounts payable - related parties (Notes 19 and 32)	77,038	1	64,825	-	89,128	1
Other payables (Notes 20 and 32)	717,883	4	718,441	5	658,870	4
Current tax liabilities	28,150	-	38,187	-	29,025	-
Provisions - current (Note 21)	102,998	1	102,527	1	107,377	1
Lease liabilities - current (Note 15)	39,749	-	47,364	-	44,672	-
Current portion of long-term bank borrowings (Notes 18 and 33)	1,701,164	10	1,888,558	12	1,023,841	6
Other current liabilities	<u>19,740</u>	<u>-</u>	<u>35,037</u>	<u>-</u>	<u>78,285</u>	<u>-</u>
Total current liabilities	<u>8,933,227</u>	<u>54</u>	<u>8,476,361</u>	<u>53</u>	<u>8,333,274</u>	<u>49</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term bank borrowings (Notes 18 and 33)	1,337,143	8	1,320,736	8	2,116,184	12
Deferred tax liabilities	73,927	-	70,785	-	77,315	-
Lease liabilities - noncurrent (Note 15)	573,705	4	581,102	4	602,891	4
Net defined benefit liabilities (Note 4)	97,650	1	99,350	1	88,198	1
Guarantee deposits received	<u>3,280</u>	<u>-</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current liabilities	<u>2,085,705</u>	<u>13</u>	<u>2,072,030</u>	<u>13</u>	<u>2,884,588</u>	<u>17</u>
Total liabilities	<u>11,018,932</u>	<u>67</u>	<u>10,548,391</u>	<u>66</u>	<u>11,217,862</u>	<u>66</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)</b>						
Ordinary shares	<u>2,548,265</u>	<u>15</u>	<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>1,194,096</u>	<u>7</u>	<u>1,194,096</u>	<u>7</u>
Retained earnings						
Legal reserve	731,144	4	731,144	5	725,249	4
Special reserve	89,749	1	89,749	-	133,443	1
Unappropriated earnings	<u>273,679</u>	<u>2</u>	<u>350,103</u>	<u>2</u>	<u>643,181</u>	<u>4</u>
Total retained earnings	<u>1,094,572</u>	<u>7</u>	<u>1,170,996</u>	<u>7</u>	<u>1,501,873</u>	<u>9</u>
Other equity	( <u>41,957</u> )	<u>-</u>	( <u>30,440</u> )	<u>-</u>	( <u>142,118</u> )	( <u>1</u> )
Total equity attributable to owners of the Company	<u>4,794,976</u>	<u>29</u>	<u>4,882,917</u>	<u>30</u>	<u>5,102,116</u>	<u>30</u>
<b>NON-CONTROLLING INTERESTS (Note 23)</b>	<u>575,202</u>	<u>4</u>	<u>577,757</u>	<u>4</u>	<u>657,280</u>	<u>4</u>
Total equity	<u>5,370,178</u>	<u>33</u>	<u>5,460,674</u>	<u>34</u>	<u>5,759,396</u>	<u>34</u>
<b>TOTAL</b>	<u>\$ 16,389,110</u>	<u>100</u>	<u>\$ 16,009,065</u>	<u>100</u>	<u>\$16,977,258</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' reviewed report dated May 6, 2021)

## TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

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

Amount	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 24 and 32)	\$ 1,835,719	100	\$ 1,761,102	100
OPERATING COSTS (Notes 10, 25 and 32)	<u>1,507,365</u>	<u>82</u>	<u>1,457,352</u>	<u>83</u>
GROSS PROFIT	<u>328,354</u>	<u>18</u>	<u>303,750</u>	<u>17</u>
OPERATING EXPENSES (Notes 9, 25 and 32)				
Selling and marketing expenses	180,685	10	167,775	10
General and administrative expenses	152,853	8	144,984	8
Research and development expenses	60,931	3	87,737	5
Expected credit gain	( <u>1,459</u> )	<u>-</u>	( <u>2,679</u> )	<u>-</u>
Total operating expenses	<u>393,010</u>	<u>21</u>	<u>397,817</u>	<u>23</u>
LOSS FROM OPERATIONS	( <u>64,656</u> )	( <u>3</u> )	( <u>94,067</u> )	( <u>6</u> )
NON-OPERATING INCOME AND EXPENSES (Notes 12, 25 and 32)				
Interest income	1,740	-	7,463	1
Other income	26,010	1	16,000	1
Other gains and losses	( 37,358 )	( 2 )	( 33,301 )	( 2 )
Finance costs	( 23,860 )	( 1 )	( 28,292 )	( 2 )
Share of loss of associates	( <u>66</u> )	<u>-</u>	( <u>613</u> )	<u>-</u>
Total non-operating income and expenses	( <u>33,534</u> )	( <u>2</u> )	( <u>38,743</u> )	( <u>2</u> )
LOSS BEFORE INCOME TAX	( 98,190 )	( 5 )	( 132,810 )	( 8 )
INCOME TAX BENEFIT (Notes 4 and 26)	( <u>19,512</u> )	( <u>1</u> )	( <u>13,743</u> )	( <u>1</u> )
NET LOSS FOR THE PERIOD	( <u>78,678</u> )	( <u>4</u> )	( <u>119,067</u> )	( <u>7</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)

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	\$ 5,386	-	(\$ 34,225)	( 2)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	( 21,430)	( 1)	( 24,953)	( 1)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>4,226</u>	<u>-</u>	<u>4,905</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	( <u>11,818</u> )	( <u>1</u> )	( <u>54,273</u> )	( <u>3</u> )
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	( \$ <u>90,496</u> )	( <u>5</u> )	( \$ <u>173,340</u> )	( <u>10</u> )
NET LOSS ATTRIBUTABLE TO:				
Owners of the Company	( \$ 76,424)	( 4)	( \$ 132,438)	( 8)
Non-controlling interests	( <u>2,254</u> )	<u>-</u>	<u>13,371</u>	<u>1</u>
	( \$ <u>78,678</u> )	( <u>4</u> )	( \$ <u>119,067</u> )	( <u>7</u> )
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	( \$ 87,941)	( 5)	( \$ 186,286)	( 11)
Non-controlling interests	( <u>2,555</u> )	<u>-</u>	<u>12,946</u>	<u>1</u>
	( \$ <u>90,496</u> )	( <u>5</u> )	( \$ <u>173,340</u> )	( <u>10</u> )
LOSS PER SHARE (Note 27)				
Basic	( \$ 0.30)		( \$ 0.52)	
Diluted	( 0.30)		( 0.52)	

(Concluded)

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

(With Deloitte & Touche auditors' reviewed report dated May 6, 2021)

**TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES**

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

	Equity Attributable to Owners of the Company										
	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Equity Operations	Other Equity		Total Equity Attributable to Owners of the Company	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Other Equity			
BALANCE AT JANUARY 1, 2021	\$ 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
Net loss for the three months ended March 31, 2021	-	-	-	-	( 76,424)	-	-	-	( 76,424)	( 2,254)	( 78,678)
Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	( 16,903)	5,386	( 11,517)	( 11,517)	( 301)	( 11,818)
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	( 76,424)	( 16,903)	5,386	( 11,517)	( 87,941)	( 2,555)	( 90,496)
BALANCE AT MARCH 31, 2021	\$ 2,548,265	\$ 1,194,096	\$ 731,144	\$ 89,749	\$ 273,679	(\$ 135,001)	\$ 93,044	(\$ 41,957)	\$ 4,794,976	\$ 575,202	\$ 5,370,178
BALANCE AT JANUARY 1, 2020	\$ 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
Net profit (loss) for the three months ended March 31, 2020	-	-	-	-	( 132,438)	-	-	-	( 132,438)	13,371	( 119,067)
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	( 19,623)	( 34,225)	( 53,848)	( 53,848)	( 425)	( 54,273)
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	( 132,438)	( 19,623)	( 34,225)	( 53,848)	( 186,286)	12,946	( 173,340)
Changes in percentage of ownership interests in subsidiaries (Note 28)	-	3,838	-	-	-	-	-	-	3,838	-	3,838
Adjustment of non-controlling interests (Note 23)	-	-	-	-	-	-	-	-	-	( 63,149)	( 63,149)
BALANCE AT MARCH 31, 2020	\$ 2,548,265	\$ 1,194,096	\$ 725,249	\$ 133,443	\$ 643,181	(\$ 157,535)	\$ 15,417	(\$ 142,118)	\$ 5,102,116	\$ 657,280	\$ 5,759,396

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' reviewed report dated May 6, 2021)

## TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	(\$ 98,190)	(\$ 132,810)
Adjustments for:		
Depreciation expense	76,475	78,520
Amortization expense	10,974	13,628
Expected credit profit	( 1,459)	( 2,679)
Net gain on fair value change of financial assets and liabilities designated as at fair value through profit or loss	( 483)	( 855)
Finance costs	23,860	28,292
Interest income	( 1,740)	( 7,463)
Share of loss of associates	66	613
Gain on disposal of property, plant and equipment	( 134)	( 1,002)
Impairment loss recognized on nonfinancial assets	15,753	28,363
Recognition of provisions	23,498	34,623
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	3,139	1,280
Notes receivable and long-term notes and accounts receivable	( 11,451)	( 2,383)
Accounts receivable	52,138	284,231
Accounts receivable - related parties	( 1,040)	( 2,481)
Other receivables	16,031	( 6,018)
Inventories	( 608,930)	( 56,091)
Other current assets	( 111,721)	53,407
Contract liabilities	122,357	192,323
Notes payable	16,593	( 11,167)
Accounts payable	603,650	( 38,874)
Accounts payable - related parties	12,213	15,780
Other payables	( 7,088)	( 60,631)
Provisions	( 21,754)	( 38,643)
Advance received	( 15,297)	( 9,258)
Net defined benefit liabilities	( 1,700)	( 1,476)
Cash generated from operations	95,760	359,229
Interest received	1,688	9,417
Interest paid	( 23,688)	( 29,874)
Income taxes paid	( 6,327)	( 1,823)
Net cash generated from operating activities	<u>67,433</u>	<u>336,949</u>

(Continued)



## TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 16,989	\$ -
Acquisition of property, plant and equipment	( 11,526 )	( 24,757 )
Proceeds from disposal of property, plant and equipment	58,614	1,405
Decrease (increase) in refundable deposits	( 1,363 )	2,326
Acquisition of intangible assets	( 1,025 )	( 1,101 )
Acquisition of investment properties	-	( 299 )
Proceeds from disposal of investment properties	13,494	-
Decrease (increase) in other financial assets	174,657	( 101,671 )
Increase in other non-current assets	( <u>4,620</u> )	( <u>5,092</u> )
Net cash generated from (used in) investing activities	<u>245,220</u>	<u>( 129,189 )</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	656,756	547,428
Repayments of short-term borrowings	( 558,838 )	( 429,079 )
Increase (decrease) in short-term bills payable	( 149,841 )	205,069
Proceeds from long-term bank borrowings	230,780	108,125
Repayments of long-term bank borrowings	( 382,984 )	( 213,928 )
Proceeds from (refund of) guarantee deposits received	3,223	( 1,791 )
Repayment of principle of lease liabilities	( 12,285 )	( 12,314 )
Decrease in non-controlling interests	<u>-</u>	<u>( 59,311 )</u>
Net cash generated from (used in) financing activities	<u>( 213,189 )</u>	<u>144,199</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES</b>		
	( <u>47,892</u> )	( <u>22,549</u> )
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	51,572	329,410
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>1,703,291</u>	<u>1,089,689</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 1,754,863</u>	<u>\$ 1,419,099</u>

(Concluded)

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' reviewed report dated May 6, 2021)

# TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED March 31, 2021 AND 2020 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

Tongtai Machine & Tool Co., Ltd. (the “Company”) was incorporated in January 1969. It is mainly engaged in the manufacturing and selling of machine tools, computer components, computer numerical control lathes and cutting centers.

The Company’s shares have been listed on the Taiwan Stock Exchange since September 15, 2003.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Company’s board of directors and approved for issue on May 6, 2021.

### 3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company and its subsidiaries’ accounting policies:

Amendment to IFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021”

The Company and its subsidiaries elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Refer to the Summary of Significant Accounting Policies in the consolidated financial statements for the year ended December 31, 2020 for the relevant accounting policies of the practical expedient.

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

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

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

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

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

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Company and its subsidiaries are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on their financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRSs annual financial statements.

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

Refer to Note 11, Table 6 and Table 7 for the detail information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policy and basis of preparation in the consolidated financial statements for the year ended December 31, 2020.

1) Retirement benefits

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

2) Taxation

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

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company and its subsidiaries consider the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2020.

## 6. CASH AND CASH EQUIVALENTS

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand	\$ 22,936	\$ 6,113	\$ 5,390
Checking accounts and demand deposits	1,664,169	1,637,041	1,368,290
Cash equivalents			
Time deposits with original maturities of less than three months	67,758	60,137	30,179
Bonds with repurchase agreements	-	-	15,240
	<u>\$ 1,754,863</u>	<u>\$ 1,703,291</u>	<u>\$ 1,419,099</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets			
Swap contracts	\$ 5,513	\$ 3,332	\$ -
Cross-currency swap contracts	475	-	-
Foreign exchange forward contracts	-	509	-
Non-derivative financial assets			
Mutual funds	70,180	16,683	-
CNY floating rate financial products	31,025	93,319	13,986
	<u>\$ 107,193</u>	<u>\$ 113,843</u>	<u>\$ 13,986</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities			
Cross-currency swap contracts	\$ 5,459	\$ 11,280	\$ 2,992
Foreign exchange forward contracts	1,919	92	-
Swap contracts	-	-	1,220
	<u>\$ 7,378</u>	<u>\$ 11,372</u>	<u>\$ 4,212</u>

- a. At the balance sheet date, outstanding cross-currency swap contracts not accounted for by hedge accounting were as follows:

Notional Amounts (In Thousands)	Maturity Date	Range of interest Rates Paid (%)	Range of Interest Rates Received
<u>March 31, 2021</u>			
USD2,000 / NTD60,000	2021.05	0.8	1M Libor+1
USD2,000 / NTD59,600	2021.05	0.8	1M Libor+ 0.95
USD2,000 / NTD56,300	2022.02	0.9	1M Libor+ 0.55
<u>December 31, 2020</u>			
USD2,000 / NTD60,140	2021.02	0.92	1M Libor+ 0.48
USD2,000 / NTD60,000	2021.05	0.8	1M Libor+1
USD2,000 / NTD59,600	2021.05	0.8	1M Libor+ 0.95
<u>March 31, 2020</u>			
USD4,000 / NTD123,600	2020.05	0.9	USD Libor 3M+ 0.5
USD2,000 / NTD60,140	2021.02	0.92	USD Libor 1M+ 0.48

- b. At the balance sheet date, outstanding swap contracts and foreign exchange forward contracts not accounted for by hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2021</u>			
Swap contracts	NTD/CNY	2021.04~2021.06	NTD201,063 / CNY47,780
Foreign exchange forward	USD/NTD	2021.04~2021.07	USD4,192 / NTD119,202
Foreign exchange forward	USD/CNY	2021.05~2021.07	USD3,730 / CNY24,317
<u>December 31, 2019</u>			
Swap contracts	NTD/CNY	2021.06	NTD80,119 / CNY19,500
Foreign exchange forward	USD/NTD	2021.04	USD4,000 / NTD113,888
Foreign exchange forward	USD/CNY	2021.01~2021.03	USD8,230 / CNY53,749
<u>March 31, 2020</u>			
Swap contracts	CNY/NTD	2019.06~2019.12	CNY26,000 / NTD110,887

The Company and its subsidiaries entered into cross-currency swap contracts, swap contracts and foreign exchange forward contracts to manage exposures to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. For the three months ended March 31, 2021 and 2020, the Company and its subsidiaries recognized gain on cross-currency swap contracts, swap contracts and foreign exchange forward contracts not accounted for by hedge accounting in the amounts of NT\$2,774 thousand and NT\$467 thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

For the three months ended March 31, 2021, the Company entered into mutual funds financial products and recognized loss in the amounts of NT\$4,066 thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

For the three months ended March 31, 2021 and 2020, the subsidiaries entered into CNY floating rate financial products and recognized gain of NT\$1,775 thousand and NT\$388 thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Investment in equity instruments</u>			
Domestic investments			
Listed shares	\$ 119,319	\$ 113,838	\$ 94,094
Unlisted shares	<u>32,270</u>	<u>32,365</u>	<u>51,945</u>
	<u>\$ 151,589</u>	<u>\$ 146,203</u>	<u>\$ 146,039</u>

## 9. NOTES AND ACCOUNTS RECEIVABLE, LONG-TERM NOTES AND ACCOUNTS RECEIVABLE, AND OVERDUE RECEIVABLE, NET

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Notes receivable (operating)			
Gross carrying amount at amortized cost	\$ 377,260	\$ 368,017	\$ 197,991
Less: Unrealized interest revenue	<u>4,548</u>	<u>4,835</u>	<u>8,653</u>
	<u>\$ 372,712</u>	<u>\$ 363,182</u>	<u>\$ 189,338</u>
Accounts receivable			
Gross carrying amount at amortized cost	\$ 3,230,143	\$ 3,294,974	\$ 3,772,680
Less: Allowance for impairment loss	<u>421,413</u>	<u>437,568</u>	<u>368,582</u>
	<u>\$ 2,808,730</u>	<u>\$ 2,857,406</u>	<u>\$ 3,404,098</u>
Accounts receivable - related parties			
Gross carrying amount at amortized cost	<u>\$ 6,218</u>	<u>\$ 5,178</u>	<u>\$ 7,984</u>
Long-term notes and accounts receivable (operating)			
Gross carrying amount at amortized cost	\$ 6,269	\$ 16,994	\$ 14,120
Less: Allowance for impairment loss	<u>-</u>	<u>12,897</u>	<u>5,575</u>
	<u>\$ 6,269</u>	<u>\$ 4,097</u>	<u>\$ 8,545</u>
Overdue receivable (included in other noncurrent assets)			
Gross carrying amount at amortized cost	\$ 72,889	\$ 73,088	\$ 82,048
Less: Allowance for impairment loss	<u>72,889</u>	<u>73,088</u>	<u>82,048</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The credit period of the Company and its subsidiaries' receivables depends on customer classification and product category. The Company and its subsidiaries make prudent assessment of all their customers. The counterparties are creditworthy companies; as a result, the significant credit risk is unexpected. In order to minimize credit risk, the management of the Company and its subsidiaries have delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company and its subsidiaries review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company and its subsidiaries' credit risk were significantly reduced.

The Company and its subsidiaries apply the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all notes and accounts receivables. The expected credit losses on notes and accounts receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company and its subsidiaries' historical credit loss experience do not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company and its subsidiaries' different customer base.

The Company and its subsidiaries write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after the recourse procedures. For accounts receivable that have been written off, the Company and its subsidiaries continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivables based on the Company and its subsidiaries' provision matrix. :

March 31, 2021

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>366 to 720 Days</u>	<u>Over 721 Days</u>	<u>Individual Identification</u>	<u>Total</u>
Gross carrying amount	\$ 2,341,531	\$ 253,621	\$ 173,274	\$ 52,903	\$ 92,361	\$ 272,544	\$ 264,888	\$ 237,109	\$ 3,688,231
Loss allowance (Lifetime ECL)	( 14,849)	( 20,350)	( 18,198)	( 3,830)	( 9,795)	( 100,214)	( 164,262)	( 162,804)	( 494,302)
Amortized cost	<u>\$ 2,326,682</u>	<u>\$ 233,271</u>	<u>\$ 155,076</u>	<u>\$ 49,073</u>	<u>\$ 82,566</u>	<u>\$ 172,330</u>	<u>\$ 100,626</u>	<u>\$ 74,305</u>	<u>\$ 3,193,929</u>

December 31, 2020

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>366 to 720 Days</u>	<u>Over 721 Days</u>	<u>Individual Identification</u>	<u>Total</u>
Gross carrying amount	\$ 2,199,800	\$ 418,765	\$ 160,649	\$ 106,933	\$ 128,488	\$ 245,745	\$ 218,648	\$ 274,388	\$ 3,753,416
Loss allowance (Lifetime ECL)	( 13,981)	( 33,625)	( 14,468)	( 12,114)	( 11,734)	( 89,225)	( 162,842)	( 185,534)	( 523,553)
Amortized cost	<u>\$ 2,185,819</u>	<u>\$ 385,140</u>	<u>\$ 146,181</u>	<u>\$ 94,819</u>	<u>\$ 116,754</u>	<u>\$ 156,490</u>	<u>\$ 55,806</u>	<u>\$ 88,854</u>	<u>\$ 3,229,863</u>

March 31, 2020

	<u>Not Past Due</u>	<u>1 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 270 Days</u>	<u>271 to 365 Days</u>	<u>366 to 720 Days</u>	<u>Over 721 Days</u>	<u>Individual Identification</u>	<u>Total</u>
Gross carrying amount	\$ 2,299,580	\$ 516,135	\$ 283,580	\$ 101,579	\$ 99,178	\$ 299,097	\$ 167,768	\$ 299,253	\$ 4,066,170
Loss allowance (Lifetime ECL)	( 13,423)	( 41,501)	( 27,566)	( 10,734)	( 10,480)	( 82,156)	( 101,311)	( 169,034)	( 456,205)
Amortized cost	<u>\$ 2,286,157</u>	<u>\$ 474,634</u>	<u>\$ 256,014</u>	<u>\$ 90,845</u>	<u>\$ 88,698</u>	<u>\$ 216,941</u>	<u>\$ 66,457</u>	<u>\$ 130,219</u>	<u>\$ 3,609,965</u>



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

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of period	\$523,553	\$456,718
Recognition	( 1,459 )	( 2,679 )
Written off	( 25,538 )	( 474 )
Effects of foreign currency exchange differences	( <u>2,254</u> )	<u>2,640</u>
Balance, end of period	<u><u>\$494,302</u></u>	<u><u>\$456,205</u></u>

## 10. INVENTORIES

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Raw materials	\$ 2,042,584	\$ 1,775,063	\$ 2,063,455
Supplies	185,580	185,211	178,536
Work-in-progress	2,332,769	2,027,666	2,493,369
Finished goods	934,468	927,632	888,791
Merchandise	56,516	68,731	4,993
Inventory in transit	<u>45,731</u>	<u>31,369</u>	<u>9,836</u>
	<u><u>\$ 5,597,648</u></u>	<u><u>\$ 5,015,672</u></u>	<u><u>\$ 5,638,980</u></u>

The cost of inventories recognized as operating costs for the three months ended March 31, 2021 and 2020 was NT\$1,507,365 thousand and NT\$1,457,352 thousand, respectively, which included write-downs of inventories and unallocated manufacturing overhead as follows.

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Write-downs of inventories	\$ 15,753	\$ 28,363
Unallocated manufacturing overhead	-	2,787

Unallocated production overhead included the related expenses incurred during the shutdown period due to the impact of COVID-19.

## 11. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

<b>Investor</b>	<b>Investee</b>	<b>Nature of Activities</b>	<b>Proportion of Ownership</b>			<b>Remark</b>
			<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>	
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited (Union Top)	General investment	100	100	100	Important subsidiary
	Honor Seiki Co., Ltd. (Honor Seiki)	Sales and manufacturing of equipment	54	54	54	Note

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2021	December 31, 2020	March 31, 2020	
	Quick-Tech Machinery Co., Ltd. (Quick-Tech)	Sales and manufacturing of equipment	52	52	52	
	Chin-Jig Technology Co., Ltd. (Chin-Jig)	Sales of mold and equipment	70	70	70	
	Tongfong Auto Tech Co., Ltd. (Tongfong)	Sales of electric automation equipment	99	99	99	
	Asia Pacific Elite Corp. (APEC)	Sales and manufacturing of equipment	99	99	99	
	Tongtai Europe B.V. (TTE)	Sales of merchandise	100	100	100	
	Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	Manufacturing and processing of metal part	60	60	60	
	Tong-Tai Seiki USA, Inc. (TSU)	Sales of equipment	100	100	100	
	Tongtai Machine Tool (MFG) Sdn. Bhd. (TMM)	Sales and manufacturing of equipment	100	100	100	
	Tong Tai Machinery Co., Ltd. (TTM)	Sales of customized machine	100	100	100	
	Tongtai Seiki Vietnam Co., Ltd. (TTVN)	Sales of customized machine	100	100	100	
	Tongtai Machine Tool (SEA) Sdn. Bhd. (TTS)	Sales of customized machine	52	52	52	
	Tongtai Machine & Tool Japan Co., Ltd. (TTJP)	Sales and manufacturing of equipment	100	100	100	
	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines (PCI-SCEMM)	Sales, manufacturing and maintenance of equipment	100	100	100	
	Tongan GmbH (Tongan)	General investment	100	100	100	
	Tongtai Mexico S.A.DE C.V (TTGMX)	Sales and maintenance of machine tools	100	100	100	
Union Top	Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	Manufacturing of digital control machine and system	100	100	100	Important subsidiary
	Shanghai Tong-Tai-Shin Trading Co., Ltd. (Shanghai Tong-Tai-Shin)	International trade	100	100	100	
	Tong-Yu Machine Tool (Shanghai) Co., Ltd. (Shanghai Tong-Yu)	Sales and maintenance of machine tools	100	100	100	
Great Pursuit Limited	Great Pursuit Limited	General investment	55	55	55	
	Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd. (Hao-Tern-Shin)	Sales and manufacturing of printed circuit board	100	100	100	
Chin-Jig	Time Trade International Limited (Time Trade)	General investment	100	100	100	
Time Trade	Chin-Jig Precision Machine (Shanghai) Co., Ltd. (Shanghai Chin-Jig)	Sales and manufacturing of mold and equipment	100	100	100	
PCI-SCEMM	TTGroup France	Sales of merchandise	100	100	100	
Tongan	Mbi-group Beteiligung GmbH (MBI)	General investment	100	100	100	
MBI	HPC Produktions GmbH (HPC)	Sales, manufacturing and maintenance of machine tools	100	100	100	
	Anger Machining GmbH (Anger)	Sales, manufacturing and maintenance of equipment	100	100	100	
Anger	Anger Machining Inc. (Anger - US)	Sales and maintenance of machine tools	100	100	100	
	Anger Service Deutschland GmbH (Anger - DE)	Sales and maintenance of machine tools	100	100	100	
TTJP	SKTD Co., Ltd. (SKTD)	Sales and maintenance of machine tools	98.73	98.73	98.73	

(Concluded)

Note: In March 2020, Honor Seiki purchased treasury shares which resulted in the changes in the Company's percentage of ownership interests in Honor Seiki. (Refer to Note 28)

The financial statements of the non-significant subsidiaries were based on the subsidiaries' financial statements which have not been reviewed for the same periods.

b. Details of subsidiaries that have material non-controlling interests

Name of subsidiary	Percentage of Ownership and Voting Rights of Non-controlling Interests		
	March 31, 2021	December 31, 2020	March 31, 2020
Honor Seiki	46%	46%	46%

Names, locations, and related information of investees Honor Seiki please refer to Table 6.

Name of subsidiary	Profit Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated, Non-controlling Interests		
	2021	2020	March 31, 2021	December 31, 2020	March 31, 2020
	Honor Seiki	<u>\$ 1,206</u>	<u>\$15,242</u>	<u>\$549,847</u>	<u>\$548,641</u>

Honor Seiki's financial information below represents amounts before intragroup eliminations.

	March 31, 2021	December 31, 2020	March 31, 2020
Current assets	\$ 1,496,070	\$ 1,396,872	\$ 1,936,732
Non-current assets	887,533	886,669	725,090
Current liabilities	( 896,162)	( 758,981)	( 1,172,345)
Non-current liabilities	( 293,058)	( 332,797)	( 277,151)
Equity	<u>\$ 1,194,383</u>	<u>\$ 1,191,763</u>	<u>\$ 1,212,326</u>
Equity attributable to			
Owner of the Company	\$ 644,536	\$ 643,122	\$ 654,219
Non-controlling interests	<u>549,847</u>	<u>548,641</u>	<u>558,107</u>
	<u>\$ 1,194,383</u>	<u>\$ 1,191,763</u>	<u>\$ 1,212,326</u>

	For the Three Months Ended March 31	
	2021	2020
Revenue	<u>\$ 190,903</u>	<u>\$ 274,056</u>
Profit for the period	\$ 2,620	\$ 31,277
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>\$ 2,620</u>	<u>\$ 31,277</u>

Profit attributable to

(Continued)

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Owners of the Company	\$ 1,414	\$ 16,035
Non-controlling interests of Honor Seiki	<u>1,206</u>	<u>15,242</u>
	<u>\$ 2,620</u>	<u>\$ 31,277</u>
Total comprehensive income attributable to	\$ 1,414	\$ 16,035
Owners of the Company	<u>1,206</u>	<u>15,242</u>
Non-controlling interests of Honor Seiki	<u>\$ 2,620</u>	<u>\$ 31,277</u>
Net cash inflow (outflow) from		
Operating activities	( \$ 24,247 )	( \$ 60,554 )
Investing activities	159,334	( 9,925 )
Financing activities	( <u>117,130</u> )	<u>46,294</u>
Net cash inflow (outflow)	<u>\$ 17,957</u>	( <u>\$ 24,185</u> )
		(Concluded)

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>March 31,</b>	<b>December 31,</b>	<b>March 31,</b>
	<b>2021</b>	<b>2020</b>	<b>2020</b>
Associates that are not individually material			
Printin3d DigiTech Co., Ltd.	\$ 7,705	\$ 7,771	\$ 9,019
Cyber Laser Taiwan Co., Ltd. (“Cyber”)	-	-	8,990
SOLIDCAMTAIWAN CO., LTD.	<u>-</u>	<u>-</u>	<u>883</u>
	<u>\$ 7,705</u>	<u>\$ 7,771</u>	<u>\$ 18,892</u>
	<b>For the Three Months Ended March 31</b>		
	<b>2021</b>	<b>2020</b>	
The Company and its subsidiaries’ share of			
Net loss for the period	( \$ 66 )	( \$ 613 )	
Other comprehensive income	<u>-</u>	<u>-</u>	
Total comprehensive income	<u>( \$ 66 )</u>	<u>( \$ 613 )</u>	

The Company recognized impairment loss amounted of NT\$7,841 thousand of the associate, Cyber, due to the recoverable amount was lower than the carrying amount for the year ended December 31, 2020.

The subsidiary Quick-Tech has disposed the investment, SOLIDCAMTAIWAN CO., LTD., in December, 2020 with the sale price amounted of NT\$1,000 thousand and recognized the disposal gain with NT\$58 thousand.

Names, locations, and related information of associates please refer to Table 6.

The investments accounted for using the equity method and the share of loss and other comprehensive income of those investments for the three months ended March 31, 2021 and 2020 were based on the associates’ financial statements which have not been reviewed for the same periods

### 13. OTHER FINANCIAL ASSETS

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Current</u>			
Pledged deposits and time deposits	\$ 136,358	\$ 264,437	\$ 865,140
Time deposits with original maturities more than three months	-	38,794	-
Restricted time deposits	710	734	6,746
Restricted deposits	<u>14,867</u>	<u>9,352</u>	<u>1,895</u>
	<u>\$ 151,935</u>	<u>\$ 313,317</u>	<u>\$ 873,781</u>
<u>Non-current</u>			
Pledged deposits and time deposits	\$ 42,820	\$ 53,156	\$ 108,668
Deposits for projects	<u>16,961</u>	<u>19,900</u>	<u>18,518</u>
	<u>\$ 59,781</u>	<u>\$ 73,056</u>	<u>\$ 127,186</u>

Refer to Note 33 for information relating to other financial assets pledged as collateral.

### 14. PROPERTY, PLANT AND EQUIPMENT

#### For the Three Months Ended March 31, 2021

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2021	\$ 968,825	\$ 2,940,903	\$ 1,294,819	\$ 171,846	\$ 185,019	\$ 552,061	\$ 1,068	\$ 6,114,541
Additions	-	2,629	6,234	1,482	677	3,809	175	15,006
Disposals	-	( 518)	( 5,416)	( 1,634)	( 396)	( 34,364)	-	( 42,328)
Reclassifications	-	-	13,154	-	3	-	-	13,157
Effects of foreign currency exchange difference	( 1,949)	( 16,624)	( 20,355)	( 982)	( 5,879)	( 4,734)	( 51)	( 50,574)
Balance at March 31, 2021	<u>966,876</u>	<u>2,926,390</u>	<u>1,288,436</u>	<u>170,712</u>	<u>179,424</u>	<u>516,772</u>	<u>1,192</u>	<u>6,049,802</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	-	1,220,324	923,501	134,263	156,796	356,620	-	2,791,504
Depreciation	-	26,744	17,563	2,312	3,417	9,942	-	59,978
Disposals	-	( 518)	( 4,918)	( 1,398)	( 396)	( 34,364)	-	( 41,594)
Reclassifications	-	-	-	-	3	-	-	3
Effects of foreign currency exchange difference	-	( 5,204)	( 17,131)	( 771)	( 5,138)	( 3,756)	-	( 32,000)
Balance at March 31, 2021	<u>-</u>	<u>1,241,346</u>	<u>919,015</u>	<u>134,406</u>	<u>154,682</u>	<u>328,442</u>	<u>-</u>	<u>2,777,891</u>
Carrying amount at December 31, 2020	<u>\$ 968,825</u>	<u>\$ 1,720,579</u>	<u>\$ 371,318</u>	<u>\$ 37,583</u>	<u>\$ 28,223</u>	<u>\$ 195,441</u>	<u>\$ 1,068</u>	<u>\$ 3,323,037</u>
Carrying amount at March 31, 2021	<u>\$ 966,876</u>	<u>\$ 1,685,044</u>	<u>\$ 369,421</u>	<u>\$ 36,306</u>	<u>\$ 24,742</u>	<u>\$ 188,330</u>	<u>\$ 1,192</u>	<u>\$ 3,271,911</u>

#### For the Three Months Ended March 31, 2020

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2020	\$ 908,875	\$ 2,966,157	\$ 1,190,170	\$ 170,291	\$ 174,592	\$ 514,216	\$ 2,758	\$ 5,927,059
Additions	-	1,095	9,989	-	546	3,825	122	15,577
Disposals	-	( 24,512)	( 2,024)	( 468)	( 172)	( 6,070)	-	( 33,246)
Reclassifications	-	-	( 3,535)	-	-	-	-	( 3,535)
Effects of foreign currency exchange difference	( 1,423)	( 12,482)	( 6,883)	( 1,005)	( 1,605)	( 1,932)	( 11)	( 25,341)
Balance at March 31, 2020	<u>907,452</u>	<u>2,930,258</u>	<u>1,187,717</u>	<u>168,818</u>	<u>173,361</u>	<u>510,039</u>	<u>2,869</u>	<u>5,880,514</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Accumulated depreciation and impairment								
Balance at January 1, 2020	-	1,143,956	861,612	124,870	137,185	318,330	-	2,585,953
Depreciation	-	28,832	14,155	2,614	3,969	11,549	-	61,119
Disposals	-	(24,512)	(2,024)	(282)	(172)	(5,853)	-	(32,843)
Reclassifications	-	-	(413)	-	-	-	-	(413)
Effects of foreign currency exchange difference	-	(3,469)	(5,675)	(707)	(1,285)	(1,475)	-	(12,611)
Balance at March 31, 2020	-	<u>1,144,807</u>	<u>867,655</u>	<u>126,495</u>	<u>139,697</u>	<u>322,551</u>	-	<u>2,601,205</u>
Carrying amount at March 31, 2020	<u>\$ 907,452</u>	<u>\$ 1,785,451</u>	<u>\$ 320,062</u>	<u>\$ 42,323</u>	<u>\$ 33,664</u>	<u>\$ 187,488</u>	<u>\$ 2,869</u>	<u>\$ 3,279,309</u>

(Concluded)

The subsidiary Anger evaluated that the estimated future cash inflows from machinery and equipment had declined due to unsatisfactory operating conditions, and the estimated recoverable amount was lower than the carrying amount. As a result, the subsidiary Anger has been recognized impairment loss in previous years. The accumulated impairment as of March 31, 2021, December 31, 2020 and March 31, 2020 was NT\$28,501 thousand, NT\$29,812 thousand and NT\$28,287 thousand, respectively.

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

#### Buildings

Main structure	35-60 years
Mechanical and electrical facilities	5-35 years
Engineering system	2-35 years
Air conditioning system and decoration	2-35 years
Machinery and equipment	2-13 years
Transportation equipment	2-15 years
Office equipment	3-10 years
Other equipment	2-15 years

Property, plant and equipment pledged by the Company and its subsidiaries as collateral for bank borrowings are described in Note 33.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

Carrying amounts	March 31, 2021	December 31, 2020	March 31, 2020
Land	\$ 485,308	\$ 489,464	\$ 503,328
Buildings	92,375	100,894	102,967
Machinery	16,724	18,900	22,633
Transportation equipment	<u>13,625</u>	<u>15,079</u>	<u>20,368</u>
	<u>\$ 608,032</u>	<u>\$ 624,337</u>	<u>\$ 649,296</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Additions to right-of-use assets	<u>\$ 2,557</u>	<u>\$ -</u>
Depreciation charge for right-of-use assets		
Land	\$ 4,095	\$ 4,867
Buildings	5,093	4,660
Machinery	1,373	1,737
Transportation equipment	<u>2,917</u>	<u>3,259</u>
	<u>\$ 13,478</u>	<u>\$ 14,523</u>

b. Lease liabilities

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<u>Carrying amounts</u>			
Current	<u>\$ 39,749</u>	<u>\$ 47,364</u>	<u>\$ 44,672</u>
Non-current	<u>\$ 573,705</u>	<u>\$ 581,102</u>	<u>\$ 602,891</u>

Range of discount rate for lease liabilities (%) was as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Land	2.16~2.48	2.16~2.48	2.16~2.48
Buildings	1.17~2.88	1.17~2.88	1.42~2.88
Machinery	1.45~2.88	1.45~2.88	1.45~2.88
Transportation equipment	1.05~4.10	1.05~4.10	1.05~5.65

c. Material lease activities and terms

The Company is leasing the land of Kaohsiung Luke plant from the management of Southern Taiwan Science Park. The lease period will expire in June 2039. The Company does not have a bargain purchase option to acquire the leased land at the expiration of the lease period.

The subsidiary Suzhou Tong-Yu is leasing land from the China government. The lease is recorded as land use rights with useful life of 50 years until July 2059.

The subsidiary Shanghai Chin-Jig is leasing its location from non-related parties. The lease period will expire in December 2020.

The subsidiary PCI is leasing its location from non-related parties. The lease period will expire in December 2027.

Because of the market conditions severely affected by COVID-19 in 2020, the Company negotiated with the lessor, the management of Southern Taiwan Science Park, for rent concessions for land lease. The lessor agreed to provide unconditional 20% rent reduction from January 1, 2020 to June 30, 2020 and the Company recognized the impact of rent concessions presented in other income.

d. Other lease information

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Expenses relating to short-term leases and low-value asset leases	<u>\$ 6,088</u>	<u>\$ 7,188</u>
Total cash outflow for leases	<u>( \$ 21,949 )</u>	<u>( \$ 23,271 )</u>

The Company and its subsidiaries lease certain buildings, transportation equipment and office equipment which qualify as short-term leases and low-value asset leases. The Company and its subsidiaries have elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

## 16. INVESTMENT PROPERTIES

### For the Three Months Ended March 31, 2021

Cost	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2021	\$ 77,550	\$ 226,927	\$ 304,477
Effects of foreign currency exchange differences	<u>-</u>	<u>( 766 )</u>	<u>( 766 )</u>
Balance at March 31, 2021	<u>77,550</u>	<u>226,161</u>	<u>303,711</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2021	-	75,546	75,546
Depreciation	-	3,019	3,019
Effects of foreign currency exchange differences	<u>-</u>	<u>( 165 )</u>	<u>( 165 )</u>
Balance at March 31, 2021	<u>-</u>	<u>78,400</u>	<u>78,400</u>
Balance at December 31, 2020	<u>\$ 77,550</u>	<u>\$ 151,381</u>	<u>\$ 228,931</u>
Carrying amount at March 31, 2021	<u>\$ 77,550</u>	<u>\$ 147,761</u>	<u>\$ 225,311</u>

### For the Three Months Ended March 31, 2020

Cost	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance at January 1, 2020	\$ 81,840	\$ 217,045	\$ 298,885
Additions	-	299	299
Effects of foreign currency exchange differences	<u>-</u>	<u>( 1,160 )</u>	<u>( 1,160 )</u>
Balance at March 31, 2020	<u>81,840</u>	<u>216,184</u>	<u>298,024</u>

(Continued)



For the Three Months Ended March 31, 2020

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation</u>			
Balance at January 1, 2020	-	62,384	62,384
Depreciation	-	2,878	2,878
Effects of foreign currency exchange differences	-	( 196 )	( 196 )
Balance at March 31, 2020	-	65,066	65,066
Carrying amount at March 31, 2020	<u>\$ 81,840</u>	<u>\$ 151,118</u>	<u>\$ 232,958</u> (Concluded)

The abovementioned investment properties were leased out for 2 to 15 years. The leases do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Year 1	\$ 9,826	\$ 9,826	\$ 6,452
Year 2	8,557	8,748	6,058
Year 3	5,430	5,400	5,821
Year 4	5,550	5,520	5,430
Year 5	5,670	5,640	5,550
Year 6 onwards	<u>48,000</u>	<u>49,440</u>	<u>53,670</u>
	<u>\$ 83,033</u>	<u>\$ 84,574</u>	<u>\$ 82,981</u>

The above items of investment properties are depreciated on a straight-line basis over the following estimated useful lives:

**Buildings**

Main structure	10-35 years
Engineering system	10 years

The investment properties of the Company and its subsidiaries are located at Hunei District in Kaohsiung City and Shanghai City in China. The fair value of the investment properties was assessed by the management of the Company and its subsidiaries based on the actual price registration information of nearby area or market evidence of transaction prices categorized as Level 3 input. Professional independent valuers were not involved in the fair value assessment. The fair value as of March 31, 2021, December 31, 2020 and March 31, 2020 are NT\$448,162 thousand, NT\$448,162 thousand and NT\$412,254 thousand.

All of the Company and its subsidiaries' investment properties are held under freehold interests.

Investment properties pledged by the Company and its subsidiaries as collateral for bank borrowings are described in Note 33.

## 17. INTANGIBLE ASSETS

### For the Three Months Ended March 31, 2021

Cost	Computer Software	Goodwill	Patents	Others	Total
Balance at January 1, 2021	\$ 272,545	\$ 13,731	\$ 3,907	\$ 8,297	\$ 298,480
Additions	1,025	-	-	-	1,025
Disposals	( 7,964)	-	-	-	( 7,964)
Effects of foreign currency exchange differences	( 7,519)	-	( 172)	( 552)	( 8,243)
Balance at March 31, 2021	<u>258,087</u>	<u>13,731</u>	<u>3,735</u>	<u>7,745</u>	<u>283,298</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2021	216,255	11,989	3,563	7,445	239,252
Amortization expenses	5,232	-	38	216	5,486
Disposals	( 7,964)	-	-	-	( 7,964)
Effects of foreign currency exchange differences	( 7,332)	-	( 157)	( 504)	( 7,993)
Balance at March 31, 2021	<u>206,191</u>	<u>11,989</u>	<u>3,444</u>	<u>7,157</u>	<u>228,781</u>
Balance at December 31, 2020	<u>\$ 56,290</u>	<u>\$ 1,742</u>	<u>\$ 344</u>	<u>\$ 852</u>	<u>\$ 59,228</u>
Carrying amount at March 31, 2021	<u>\$ 51,896</u>	<u>\$ 1,742</u>	<u>\$ 291</u>	<u>\$ 588</u>	<u>\$ 54,517</u>

### For the Three Months Ended March 31, 2020

Cost	Computer Software	Goodwill	Patents	Others	Total
Balance at January 1, 2020	\$ 259,768	\$ 13,731	\$ 3,748	\$ 8,278	\$ 285,525
Additions	1,101	-	-	-	1,101
Disposals	( 764)	-	-	-	( 764)
Effects of foreign currency exchange differences	( 1,177)	-	( 39)	79	( 1,137)
Balance at March 31, 2020	<u>258,928</u>	<u>13,731</u>	<u>3,709</u>	<u>8,357</u>	<u>284,725</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2020	187,335	-	2,672	5,743	195,750
Amortization expenses	6,556	-	185	422	7,163
Disposals	( 764)	-	-	-	( 764)
Effects of foreign currency exchange differences	( 1,048)	-	( 28)	59	( 1,017)
Balance at March 31, 2020	<u>192,079</u>	<u>-</u>	<u>2,829</u>	<u>6,224</u>	<u>201,132</u>
Carrying amount at March 31, 2020	<u>\$ 66,849</u>	<u>\$ 13,731</u>	<u>\$ 880</u>	<u>\$ 2,133</u>	<u>\$ 83,593</u>

The Company acquired Quick-Tech in previous year and recognized goodwill of NT\$11,989 thousand. Due to the performance of Quick-Tech did not turn out as expected, and the recoverable amount was lower than the carrying amount, impairment losses of NT\$11,989 thousand was recognized for the year ended December 31, 2020.

The recoverable amount of Quick-Tech was determined based on a value in use calculation that used the cash flow projections in the financial budgets approved by management covering a 5-year period; the discount rate was 4.85%. Other key assumptions included budgeted revenue and budgeted gross margin. Such assumptions were based on the past performance of the cash-generating unit and management's expectations of market development.

The above items of intangible assets are amortized on a straight-line basis over the following estimated useful lives:

Computer software	1-10 years
Patents	3-8 years
Others	5-8 years

## 18. BORROWINGS

### a. Short-term borrowings

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Bank loans	\$ 2,333,812	\$ 2,294,199	\$ 2,350,654
Secured borrowings	259,440	233,111	751,589
Letters of credit	50,819	40,443	12,278
	<u>\$ 2,644,071</u>	<u>\$ 2,567,753</u>	<u>\$ 3,114,521</u>
Annual interest rate (%)	0.00~4.60	0.54~4.79	0.85~4.96

### b. Short-term bills payable

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Commercial paper	\$ 100,000	\$ 250,000	\$ 447,000
Less: Unamortized discounts	25	184	249
	<u>\$ 99,975</u>	<u>\$ 249,816</u>	<u>\$ 446,751</u>
Annual interest rate (%)	0.90~1.04	0.90~1.10	0.57~1.15

The above commercial paper was secured by Mega Bills Finance Corporation, International Bills Finance Corporation, Taching Bill Finance Ltd., Dah Chung Bills Finance Corp. and China Bills Finance Corporation.

c. Long-term borrowings

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Bank loans			
Due on various dates through September 2030	\$ 1,252,568	\$ 1,351,291	\$ 1,568,966
Mortgage loans			
Due on various dates through May 2040	<u>1,785,739</u>	<u>1,858,003</u>	<u>1,571,059</u>
	3,038,307	3,209,294	3,140,025
Less: Current portion	<u>1,701,164</u>	<u>1,888,558</u>	<u>1,023,841</u>
	<u>\$ 1,337,143</u>	<u>\$ 1,320,736</u>	<u>\$ 2,116,184</u>
Annual interest rate (%)	0.45~2.75	0.45~2.75	0.798~2.75

- 1) The subsidiaries MBI and Anger entered into a loan agreement with CTBC Bank. The loan agreement stipulated that the net worth of subsidiaries, Tongan, MBI and Anger included in the reviewed consolidated financial statements for six months ended June 30 and audited annual consolidated financial statements for the year ended December 31 should meet certain amount. The bank will check compliance with the loan agreement every six months.
- 2) The subsidiaries MBI and Anger entered into a loan agreement with Taipei Fubon Bank. The loan agreement stipulated that specified financial ratios and amounts should be met based on the Company and the subsidiaries audited annual consolidated financial statements. The subsidiaries MBI and Anger should meet certain amount of net worth based on the audited annual consolidated financial statements. The bank will check compliance with the loan agreement annually. If the subsidiaries breach the contract, the bank management could increase the interest rate by 0.25% on the first time of breach, and immediately terminate the credit line on the second time of breach in accordance with the agreement. The subsidiaries MBI and Anger have entered a new loan agreement with Taipei Fubon Bank in August 2020, and there is no longer stipulated specified financial ratio and amount as abovementioned.
- 3) The Company entered into a facility agreement of NT\$1 billion with O-Bank for medium and long-term loans and guarantee the issuance of commercial paper until July 2023. The Company might not change the chairman during the contract period and the facility agreement stipulated that specified financial ratios and amounts should be met based on the Company and its subsidiaries' reviewed consolidated financial statements for six months ended June 30 and audited annual consolidated financial statements.

The consolidated financial statements for the year ended December 31, 2020 breached the contract; therefore, the long-term borrowings were all classified as current portion of long-term bank borrowings. The Company has obtained the waiver letter from O-Bank in March, 2021.

## 19. NOTES PAYABLE AND ACCOUNTS PAYABLE

All of the Company and its subsidiaries' notes payable and accounts payable (included related parties) are generated from operating and unsecured to the creditors.

The Company and its subsidiaries have financial risk management policies to ensure that all payables are paid within the agreed credit terms.

## 20. OTHER PAYABLES

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Salaries and incentive bonus	\$ 221,992	\$ 250,722	\$ 213,825
Commission and service fee	155,964	168,448	138,553
Employee compensation and remuneration of directors	53,251	55,805	86,002
Insurance	86,025	74,025	37,642
Pension	29,250	28,959	33,196
Purchases of equipment	37,432	31,074	33,168
Others	<u>133,969</u>	<u>109,408</u>	<u>116,484</u>
	<u>\$ 717,883</u>	<u>\$ 718,441</u>	<u>\$ 658,870</u>

## 21. PROVISIONS

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Current			
Warranties	<u>\$ 102,998</u>	<u>\$ 102,527</u>	<u>\$ 107,377</u>
		<b>For the Three Months Ended March 31</b>	
		<b>2021</b>	<b>2020</b>
Balance, beginning of period	\$ 102,527		\$ 111,884
Recognized	23,498		34,623
Paid	( 21,754 )		( 38,643 )
Effects of foreign currency exchange differences	( <u>1,273</u> )		( <u>487</u> )
Balance, end of period	<u>\$ 102,998</u>		<u>\$ 107,377</u>

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Company and its subsidiaries' obligations for warranties under local sale of goods legislation. The estimate was made on the basis of historical warranty trends and may vary with actual as a result of new materials, altered manufacturing processes or other events affecting product quality.

## 22. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Company and its subsidiaries' defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2020 and 2019, the amounts was NT\$574 thousand and NT\$925 thousand for the three months ended March 31, 2021 and 2020, respectively.

## 23. EQUITY

### a. Ordinary Shares

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Numbers of shares authorized (in thousands)	400,000	400,000	400,000
Amount of shares authorized	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Numbers of shares issued and fully paid (in thousands)	254,827	254,827	254,827
Amount of shares issued	<u>\$ 2,548,265</u>	<u>\$ 2,548,265</u>	<u>\$ 2,548,265</u>

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

### b. Capital surplus

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)			
Additional paid-in capital	\$ 960,854	\$ 960,854	\$ 960,854
Conversion of bonds	222,593	222,593	222,593
Interest compensation	<u>5,577</u>	<u>5,577</u>	<u>5,577</u>
	<u>1,189,024</u>	<u>1,189,024</u>	<u>1,189,024</u>
May be used to offset a deficit only			
Expired employee stock warrants	1,234	1,234	1,234
Changes in percentage of ownership interests in subsidiaries	<u>3,838</u>	<u>3,838</u>	<u>3,838</u>
	<u>5,072</u>	<u>5,072</u>	<u>5,072</u>
	<u>\$ 1,194,096</u>	<u>\$ 1,194,096</u>	<u>\$ 1,194,096</u>

Note: The capital surplus could be used to offset a deficit and distributed as cash dividends or transferred to capital when the Company has no deficit (limited to a certain percentage of the Company's paid-in capital and once a year).

### c. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Company's dividend policy takes into consideration the entire corporate environment, the growth of industry, long-term financial planning for sustainable development, and stable business development. In the planning of dividend distribution, the Company performs the following steps:

- 1) Determine the best capital budget.
- 2) Determine the need for capital loan to satisfy the best capital budget.
- 3) Determine how much capital could be raised from retained earnings.
- 4) Determine the funds needed to maintain the profitable operations of the Company. After the operations are funded, dividends could be distributed to shareholders. In principle, cash dividends should not be less than 50% of the total dividends distributed.

Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

In March 2021, the board of directors of the Company proposed to recover the net loss in 2020 from the undistributed earnings in the previous year, and will not distribute earnings. The proposal is subject to the resolution in the shareholders' meeting to be held in June 2021.

The appropriation of earnings for 2019 had been approved in the shareholder's meeting in June 2020. The appropriation and dividend per share was as follows:

	<b>For the Year Ended December 31, 2019</b>	
	<b>Appropriation of Earnings</b>	<b>Dividend Per Share (NT\$)</b>
Legal reserve	\$ 5,895	
Reversed of Special reserve	( 43,694 )	
Cash dividends	<u>50,965</u>	<u>\$ 0.2</u>
	<u>\$ 13,166</u>	

d. Special reserve

On the first-time adoption of IFRSs, the Company transferred retained earnings to special reserve due to IFRSs adjustments. The Company reversed special reserve to retained earnings of NT\$89,749 thousand.

e. Other equity

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

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Balance, beginning of period	( \$ 118,098 )	( \$ 137,912 )
Recognized for the period		
Exchange differences on translating foreign operations	( 21,129 )	( 24,528 )
Income tax	<u>4,226</u>	<u>4,905</u>
Balance, end of period	<u>( \$ 135,001 )</u>	<u>( \$ 157,535 )</u>

2) Unrealized gain and loss on financial assets at FVTOCI

	<u>For the Three Months Ended March 31</u>	
	2021	2020
Balance, beginning of period	\$ 87,658	\$ 49,642
Recognized for the period		
Unrealized gain and loss - equity instruments	<u>5,386</u>	<u>( 34,225 )</u>
Balance, end of period	<u>\$ 93,044</u>	<u>\$ 15,417</u>

f. Non-controlling interests

	<u>For the Three Months Ended March 31</u>	
	2021	2020
Balance, beginning of period	\$ 577,757	\$ 707,483
Attributable to non-controlling interests:		
Share in profit (loss) for the period	( 2,254 )	13,371
Exchange difference on translating foreign operations	( 301 )	( 425 )
Purchase of treasury stock by subsidiaries	-	( 56,291 )
Dividend distributed by subsidiaries	-	( 3,020 )
Decrease in non-controlling interests	<u>-</u>	<u>( 3,838 )</u>
Balance, end of period	<u>\$575,202</u>	<u>\$657,280</u>

## 24. OPERATING REVENUE

a. Contract balances

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>	<u>January 1, 2020</u>
Notes and accounts receivable, long-term notes and accounts receivables	<u>\$3,193,929</u>	<u>\$3,229,863</u>	<u>\$3,609,965</u>	<u>\$3,889,293</u>
Contract liabilities				
Sales of goods	<u>\$1,452,860</u>	<u>\$1,330,503</u>	<u>\$1,193,559</u>	<u>\$1,001,236</u>

b. Disaggregation of revenue

	<u>Reportable Segments</u>			
	<u>Machine Manufacturer</u>	<u>Component Manufacturer</u>	<u>Others</u>	<u>Total</u>
<u>For the Three Months Ended March 31, 2021</u>				
Revenue from sale of goods	\$1,662,717	\$ 58,195	\$ 23,991	\$1,744,903
Revenue from maintenance and rebuilding services	<u>81,227</u>	<u>-</u>	<u>9,589</u>	<u>90,816</u>
	<u>\$1,743,944</u>	<u>\$ 58,195</u>	<u>\$ 33,580</u>	<u>\$1,835,719</u>
<u>For the Three Months Ended March 31, 2020</u>				
Revenue from sale of goods	\$1,476,743	\$ 111,272	\$ 13,427	\$1,601,442
Revenue from maintenance and rebuilding services	<u>146,963</u>	<u>-</u>	<u>12,697</u>	<u>159,660</u>
	<u>\$1,623,706</u>	<u>\$ 111,272</u>	<u>\$ 26,124</u>	<u>\$1,761,102</u>



## 5. LOSS BEFORE INCOME TAX

The following items were included in loss before income tax:

### a. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest income	\$ 11,815	\$ -
Rental income	5,411	7,126
Others	<u>8,784</u>	<u>8,874</u>
	<u>\$ 26,010</u>	<u>\$ 16,000</u>

### b. Other gains and losses

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Net foreign exchange loss	( \$ 36,921 )	( \$ 11,160 )
Gain on financial instruments at fair value through profit or loss	483	855
Depreciation expense	( 3,572 )	( 3,413 )
Gain on disposal of property, plant and equipment	134	1,002
Compensation expense	-	( 19,836 )
Others	<u>2,518</u>	<u>( 749 )</u>
	<u>( \$ 37,358 )</u>	<u>( \$ 33,301 )</u>

The components of net foreign exchange loss were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange gain	\$ 14,280	\$ 29,650
Foreign exchange loss	<u>( 51,201 )</u>	<u>( 40,810 )</u>
Net foreign exchange loss	<u>( \$ 36,921 )</u>	<u>( \$ 11,160 )</u>

### c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest on bank loans	\$ 19,815	\$ 24,213
Interest on lease liabilities	3,576	3,769
Others	<u>469</u>	<u>310</u>
	<u>\$ 23,860</u>	<u>\$ 28,292</u>

d. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Depreciation and amortization expenses		
Property, plant and equipment	\$ 59,978	\$ 61,119
Right-of-use assets	13,478	14,523
Investment properties	3,019	2,878
Intangible assets	5,486	7,163
Others	<u>5,488</u>	<u>6,465</u>
	<u>\$ 87,449</u>	<u>\$ 92,148</u>
 An analysis of depreciation by function		
Operating costs	\$ 44,257	\$ 42,950
Operating expenses	28,646	32,157
Non-operating expenses	<u>3,572</u>	<u>3,413</u>
	<u>\$ 76,475</u>	<u>\$ 78,520</u>
 An analysis of amortization by function		
Operating costs	\$ 7,035	\$ 8,497
Operating expenses	<u>3,939</u>	<u>5,131</u>
	<u>\$ 10,974</u>	<u>\$ 13,628</u>

e. Operating expenses directly related to investment properties

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Direct operating expenses of investment properties that generated rental income	<u>\$ 3,019</u>	<u>\$ 2,878</u>

f. Employee benefits

	<b>For the Three Months Ended March 31</b>	
Short-term employee benefits	<u>\$ 421,521</u>	<u>\$ 428,128</u>
Post-employment benefits		
Defined contribution plans	26,124	28,988
Defined benefit plans (Note 22)	<u>574</u>	<u>925</u>
	<u>26,698</u>	<u>29,913</u>
	<u>\$ 448,219</u>	<u>\$ 458,041</u>
 Analysis of employee benefits by function		
Operating costs	\$ 284,239	\$ 292,130
Operating expenses	<u>163,980</u>	<u>165,911</u>
	<u>\$ 448,219</u>	<u>\$ 458,041</u>

To be in compliance with the Company Act, the Company distributed employees' compensation and remuneration of directors and supervisors at the rates no less than 1% and no higher than 5%, respectively, of the pre-tax profit before deduction for employees' compensation and remuneration of directors. Because of the net operating loss for the three months ended March 31, 2021 and 2020, employees' compensation and remuneration of directors were not accrued.

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

The employees' compensation and remuneration of directors and supervisors (all in cash) for the year ended December 31, 2019 which have been approved by the Company's board of directors in March 2020 were NT\$3,894 thousand and NT\$944 thousand, respectively.

The employees' compensation for the year ended December 31, 2019 have not been paid. There was no difference between the actual amounts of remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2019.

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

## 26. INCOME TAX

- a. Major components of income tax benefit recognized in profit or loss are as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Current tax		
In respect of the current year	\$ 533	(\$ 2,344)
Adjustments for prior years	( 4,668 )	( 3,019 )
	( 4,135 )	( 5,363 )
Deferred tax		
In respect of the current year	( 15,377 )	( 8,380 )
	<u>( \$ 19,512 )</u>	<u>( \$ 13,743 )</u>

- b. Income tax recognized directly in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Deferred tax		
In respect of the current period		
Translation of foreign operations	( \$ 4,226 )	( \$ 4,905 )

- c. Income tax assessments

The income tax returns of the Company and the subsidiaries (included Tong-Yeh, APEC and Quick-Tech) through 2018 have been assessed by the tax authorities. The income tax returns of the subsidiaries (included Tongfong and Honor Seiki) through 2019 have been assessed by tax authorities.

**27. LOSS PER SHARE**

The net loss and weighted average number of ordinary shares outstanding in the computation of loss per share were as follows:

Net loss for the period

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Attributable to owners of the Company	( \$ <u>76,424</u> )	( \$ <u>132,438</u> )

Weighted average number of ordinary shares outstanding (in thousands of shares)

	<b>For the Three Months Ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Weighted average number of ordinary shares in computation of basic loss per share	<u>254,827</u>	<u>254,827</u>

The dilutive loss per share for the three months ended March 31, 2021 and 2020 was the same as the basic loss per share because the operating result was net loss and, therefore, no earnings distribution and no potential dilutive shares from earnings distribution.

Since the Company offered to settle the compensation paid to employees by cash or shares, the Company assumed that the entire amount of the compensation would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

**28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

In March, 2020, the subsidiary Honor Seiki acquired its outstanding common shares and accounted for as treasury shares and the Company’s percentage of ownership of Honor Seiki increased from 51% to 54%. The transaction was accounted for as equity transaction since the Company did not cease to have control over the subsidiary, and increased capital surplus by NT\$3,838 thousand.

## 29. NON-CASH TRANSACTIONS

For the three months ended March 31, 2021 and 2020, the Company and its subsidiaries entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Three Months Ended March 31	
	2021	2020
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	\$ 15,006	\$ 15,577
Decrease (Increase) of payable for equipment	( 6,358 )	298
Increase of prepayment for equipment	<u>2,878</u>	<u>8,882</u>
Cash paid	<u>\$ 11,526</u>	<u>\$ 24,757</u>
Proceeds from disposal of property, plant and equipment	\$ 868	\$ 1,405
Decrease of other receivables	<u>57,746</u>	<u>-</u>
Cash received	<u>\$ 58,614</u>	<u>\$ 1,405</u>

## 30. CAPITAL MANAGEMENT

The Company and its subsidiaries manage their capital to ensure that, as a whole, they will be able to continue as going concerns; they use operating capital effectively and optimize debt and equity balance.

The key management personnel of the Company and its subsidiaries reviews the capital structure periodically. As part of the review, the key management personnel considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company and its subsidiaries may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The capital structure of the Company and its subsidiaries consists of net debt and equity. It is the policy of the Company and its subsidiaries to monitor and comply with the terms of loan agreements (refer to Note 18).

## 31. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, the Company and its subsidiaries believe the carrying amounts of financial asset and liabilities recognized in the consolidated financial statements approximate their fair values.

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<b>March 31, 2021</b>				
Financial assets at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 475	\$ -	\$ 475
Swap contracts	-	5,513	-	5,513
CNY floating rate financial products	-	-	31,025	31,025
Mutual funds	<u>70,180</u>	<u>-</u>	<u>-</u>	<u>70,180</u>
	<u>\$ 70,180</u>	<u>\$ 5,988</u>	<u>\$ 31,025</u>	<u>\$ 107,193</u>
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 119,319	\$ -	\$ -	\$ 119,319
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>32,270</u>	<u>32,270</u>
	<u>\$ 119,319</u>	<u>\$ -</u>	<u>\$ 32,270</u>	<u>\$ 151,589</u>
Financial liabilities at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 5,459	\$ -	\$ 5,459
Foreign exchange forward contracts	<u>-</u>	<u>1,919</u>	<u>-</u>	<u>1,919</u>
	<u>\$ -</u>	<u>\$ 7,378</u>	<u>\$ -</u>	<u>\$ 7,378</u>
<b>December 31, 2020</b>				
Financial assets at fair value through profit or loss - current				
Swap contracts	\$ -	\$ 3,332	\$ -	\$ 3,332
Foreign exchange forward contracts	-	509	-	509
CNY floating rate financial products	-	-	93,319	93,319
Mutual funds	<u>16,683</u>	<u>-</u>	<u>-</u>	<u>16,683</u>
	<u>\$ 16,683</u>	<u>\$ 3,841</u>	<u>\$ 93,319</u>	<u>\$ 113,843</u>
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 113,838	\$ -	\$ -	\$ 113,838
Domestic unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,365</u>	<u>\$ 32,365</u>
	<u>\$ 113,838</u>	<u>\$ -</u>	<u>\$ 32,365</u>	<u>\$ 146,203</u>
Financial liabilities at fair value through profit or loss - current				
Cross-currency swap contract	\$ -	\$ 11,280	\$ -	\$ 11,280
Foreign exchange forward contracts	<u>-</u>	<u>92</u>	<u>-</u>	<u>92</u>
	<u>\$ -</u>	<u>\$ 11,372</u>	<u>\$ -</u>	<u>\$ 11,372</u>
<b>March 31, 2020</b>				
Financial assets at fair value through profit or loss - current				
CNY floating rate financial products	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,986</u>	<u>\$ 13,986</u>
Financial assets at FVTOCI - non-current				
Domestic listed shares	\$ 94,094	\$ -	\$ -	\$ 94,094
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>51,945</u>	<u>51,945</u>
	<u>\$ 94,094</u>	<u>\$ -</u>	<u>\$ 51,945</u>	<u>\$ 146,039</u>
Financial liabilities at fair value through profit or loss - current				
Swap contracts	\$ -	\$ 1,220	\$ -	\$ 1,220
Cross-currency swap contract	<u>-</u>	<u>2,992</u>	<u>-</u>	<u>2,992</u>
	<u>\$ -</u>	<u>\$ 4,212</u>	<u>\$ -</u>	<u>\$ 4,212</u>

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2021 and 2020.

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

For the three months ended March 31, 2021

Financial assets	Non-derivatives Financial Assets at FVTPL	Equity Instruments Financial Assets at FVTOCI	Total
Balance, beginning of period	\$ 93,319	\$ 32,365	\$ 125,684
Purchase	21,880	-	21,880
Disposal	( 84,919 )	-	( 84,919 )
Change in fair value recognized in profit or loss	1,775	-	1,775
Change in fair value recognized in other comprehensive income	-	( 95 )	( 95 )
Effect of foreign currency exchange difference	( 1,030 )	-	( 1,030 )
Balance, end of period	<u>\$ 31,025</u>	<u>\$ 32,270</u>	<u>\$ 63,295</u>

For the three months ended March 31, 2020

Financial assets	Non-derivatives Financial Assets at FVTPL	Equity Instruments Financial Assets at FVTOCI	Total
Balance, beginning of period	\$ 18,456	\$ 58,692	\$ 77,148
Purchase	-	-	-
Disposal	( 4,698 )	-	( 4,698 )
Change in fair value recognized in profit or loss	388	-	388
Reclassification	-	( 7,170 )	( 7,170 )
Change in fair value recognized in other comprehensive income	-	423	423
Effect of foreign currency exchange difference	( 160 )	-	( 160 )
Balance, end of period	<u>\$ 13,986</u>	<u>\$ 51,945</u>	<u>\$ 65,931</u>

3) Valuation techniques and input applied for the purpose of measuring Level 2 fair value measurement.

Derivative instruments used the quoted price of bank as the basis of the fair values.

4) Valuation techniques and assumptions applied for the purpose of measuring Level 3 fair value measurement.

If there are no market price for reference, fair values were estimated by assessment approach.

For unlisted shares, fair values were determined based on the net worth of companies. For CNY floating rate financial products, fair values were estimated on the basis of expected rate of return.

c. Categories of financial instruments

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<b>Financial assets</b>			
Financial assets at FVTPL	\$ 107,193	\$ 113,843	\$ 13,986
Financial assets at amortized cost (1)	5,311,834	5,573,698	6,148,313
Financial assets at FVTOCI			
Equity instruments	151,589	146,203	146,039
<b>Financial liabilities</b>			
Financial liabilities at FVTPL	7,378	11,372	4,212
Financial liabilities at amortized cost (2)	8,622,775	8,232,164	8,992,328

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, other financial assets (current and non-current), refundable deposits, and long-term notes and accounts receivable.

2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables, long-term borrowings (including those due in one year) and deposits received.

d. Financial risk management objectives and policies

The Company and its subsidiaries' major financial instruments include equity investments, notes and accounts receivable, notes and accounts payable, short-term and long-term borrowings, short-term bills payable and lease liabilities. The Finance Department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company and its subsidiaries through internal risk reports which analyze exposures by degree and magnitude of risks. These risks are market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Company and its subsidiaries minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company and its subsidiaries' policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company and its subsidiaries do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company and its subsidiaries' activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (refer to (a) below), interest rates (refer to (b) below) and other price (refer to (c) below).

There has been no change to the Company and its subsidiaries' exposure to market risks or the manner in which these risks are managed and measured.



a) Foreign currency risk

The Company and its subsidiaries are exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilizing swap contract, cross-currency swap contract, and foreign exchange forward contracts.

The carrying amounts of significant foreign currency monetary assets and liabilities at the balance sheet date are disclosed in Note 35.

The Company and its subsidiaries are mainly exposed to the USD, CNY and EUR. The following table details the Company and its subsidiaries' sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 3%. The sensitivity analysis included only outstanding foreign currency denominated monetary items.

	USD Impact		CNY Impact		EUR Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31	
	2021	2020	2021	2020	2021	2020
Pre-tax profit or loss (Note)	(\$ 6,378)	(\$39,630)	(\$63,854)	(\$59,277)	(\$ 5,904)	(\$ 7,137)

Note: These were mainly attributable to the exposure of the USD, CNY and EUR (including cash and cash equivalent, accounts receivable and payable (including related parties), other receivable, other payable and short-term and long-term borrowings), which were not hedged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Foreign currency sales change according to customer order and business cycle.

b) Interest rate risk

The Company and its subsidiaries are exposed to interest rate risk because the Company and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Company and its subsidiaries by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Company and its subsidiaries' financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Fair value interest rate risk			
Financial assets	\$ 6,269	\$ 4,097	\$ 8,545
Financial liabilities	1,110,072	1,139,048	1,565,280
Cash flow interest rate risk			
Financial liabilities	3,706,030	3,606,163	3,561,666

The sensitivity analysis below was determined based on the Company and its subsidiaries' exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. The interest rates change of 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been 1% higher/lower and all other variables were held constant, the Company and its subsidiaries' pre-tax profit would have been higher/lower by NT\$9,265 thousand and NT\$8,904 thousand for the three months ended March 31, 2021 and 2020, respectively.

c) Other price risk

The Company and its subsidiaries are exposed to equity price risk through their investments in mutual funds, and domestic listed shares.

If domestic listed shares equity prices and mutual funds had been 1% higher/lower, the pre-tax other comprehensive income for the three months ended March 31, 2021 and 2020 would have been higher/lower by NT\$1,193 thousand and NT\$941 thousand, as a result of the changes in fair value of financial assets at FVTOCI respectively; the pre-tax loss for the three months ended March 31, 2021 would have been lower/higher by NT\$702 thousand as a result of the changes in fair value of financial assets at FVTPL.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company and its subsidiaries. As of the balance sheet date, the Company and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

The Company and its subsidiaries adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company and its subsidiaries' exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Except for the following customer, the Company and its subsidiaries did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company and its subsidiaries' concentration of credit risk in receivables (including notes and accounts receivable, long-term notes and accounts receivable, overdue receivables and other receivables) by customer was as follows:

<b>Customer</b>	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Company A	<u>\$627,159</u>	<u>\$678,599</u>	<u>\$832,642</u>

3) Liquidity risk

The Company and its subsidiaries manage liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company and its subsidiaries' operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following table details the Company and its subsidiaries' remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company and its subsidiaries can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate at the end of the balance sheet date.

### March 31, 2021

	<u>1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
Non-interest bearing liabilities	\$ 2,837,142	\$ -	\$ -	\$ 2,837,142
Interest bearing liabilities	4,486,329	1,084,247	327,649	5,898,225
Finance lease liabilities	<u>57,766</u>	<u>166,870</u>	<u>611,144</u>	<u>835,780</u>
	<u>\$ 7,381,237</u>	<u>\$ 1,251,117</u>	<u>\$ 938,793</u>	<u>\$ 9,571,147</u>

Further information for maturity analysis of lease liabilities was as follows:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>20+ Years</u>
Lease liabilities	<u>\$ 57,766</u>	<u>\$ 166,870</u>	<u>\$ 126,092</u>	<u>\$ 118,166</u>	<u>\$ 115,377</u>	<u>\$ 251,509</u>

### December 31, 2020

	<u>1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
Non-interest bearing liabilities	\$ 2,205,244	\$ 57	\$ -	\$ 2,205,301
Interest bearing liabilities	4,754,126	1,059,783	338,952	6,152,861
Finance lease liabilities	<u>46,797</u>	<u>148,295</u>	<u>618,942</u>	<u>814,034</u>
	<u>\$ 7,006,167</u>	<u>\$ 1,208,135</u>	<u>\$ 957,894</u>	<u>\$ 9,172,196</u>

Further information for maturity analysis of lease liabilities was as follows:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>20+ Years</u>
Lease liabilities	<u>\$ 46,797</u>	<u>\$ 148,295</u>	<u>\$ 128,369</u>	<u>\$ 118,318</u>	<u>\$ 115,028</u>	<u>\$ 257,227</u>

### March 31, 2020

	<u>1 Year</u>	<u>1-5 Years</u>	<u>5+ Years</u>	<u>Total</u>
Non-interest bearing liabilities	\$ 2,291,031	\$ -	\$ -	\$ 2,291,031
Interest bearing liabilities	4,641,444	1,895,888	276,794	6,814,126
Finance lease liabilities	<u>60,827</u>	<u>173,442</u>	<u>657,890</u>	<u>892,159</u>
	<u>\$ 6,993,302</u>	<u>\$ 2,069,330</u>	<u>\$ 934,684</u>	<u>\$ 9,997,316</u>

Further information for maturity analysis of lease liabilities was as follows:

	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>10-15 Years</u>	<u>15-20 Years</u>	<u>20+ Years</u>
Lease liabilities	<u>\$ 60,827</u>	<u>\$ 173,442</u>	<u>\$ 148,149</u>	<u>\$ 118,115</u>	<u>\$ 117,242</u>	<u>\$ 274,384</u>

## 32. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and its subsidiaries and other related parties are disclosed below:

- a. The name of the related parties and their relationships with the Company and its subsidiaries

Related Party Name	Relationship
Contrel Technology Co., Ltd.	Other related parties
F.S.E Corporation	Other related parties
Ever Lumin Incorporation	Other related parties
Shiang Jen Co., Ltd. (Shiang Jen)	Other related parties
Hao Shiang Co., Ltd.	Other related parties (was liquidated in August 2020)
San Shin Co., Ltd. (San Shin)	Other related parties
Sysco Machinery Corporation	Other related parties
Dong Ying Investment Co., Ltd.	Other related parties
Sheng Li Machine Industry Co., Ltd.	Other related parties
Pt Tong - Tai Seikindo Utama	Substantial related party

- b. Sales of goods

Account Item	Related Party Type	For the Three Months Ended March 31	
		2021	2020
Revenues from sales	Other related parties	<u>\$ 3,310</u>	<u>\$ 4,849</u>

Sales to related parties are made at arm's length and the collection terms have no material difference with unrelated parties.

- c. Purchase of goods

Related Party Type	For the Three Months Ended March 31	
	2021	2020
Other related parties	<u>\$ 41,894</u>	<u>\$ 51,307</u>

The purchase prices and payment term have no material difference with unrelated parties.

- d. Receivables from related parties

Account Item	Related Party Type	March 31,	December	March 31,
		2021	31, 2020	2020
Accounts receivable - related parties	Other related parties	<u>\$ 6,218</u>	<u>\$ 5,178</u>	<u>\$ 7,984</u>
Other accounts receivable	Other related parties	<u>\$ 452</u>	<u>\$ 18,238</u>	<u>\$ 441</u>

e. Payables to related parties

<u>Account Item</u>	<u>Related Party Type</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable - related parties	Other related parties	<u>\$ 77,038</u>	<u>\$ 64,825</u>	<u>\$ 89,128</u>
Other accounts receivable	Other related parties	<u>\$ 1,806</u>	<u>\$ 1,064</u>	<u>\$ 3,723</u>

f. Other transactions with related parties

1) Commission expense (recognized as selling and marketing expenses)

<u>Related Party Type</u>	<u>For the Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Other related parties	<u>\$ 103</u>	<u>\$ 1,123</u>

2) Rental income

<u>Related Party Type</u>	<u>For the Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Other related parties		
Shiang Jen	\$ 1,290	\$ 1,260
Others	<u>1</u>	<u>1</u>
	<u>\$ 1,291</u>	<u>\$ 1,261</u>

The above rent was determined by negotiation and collected according to the contract. The contract price is comparable to the prices of similar contracts in the area.

h. Compensation of key management personnel

	<u>For the Three Months Ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 3,482	\$ 4,079
Post-employment benefits	<u>60</u>	<u>100</u>
	<u>\$ 3,542</u>	<u>\$ 4,179</u>

### 33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Company and its subsidiaries' assets mortgaged or pledged as collateral for short-term and long-term borrowings, lease of land at Southern Science Industrial Park, and banker's guarantee were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Property, plant and equipment	\$ 2,025,542	\$ 2,039,240	\$ 1,747,194
Investment properties	146,333	148,143	150,900
Other financial assets (including current and noncurrent portion)	<u>194,755</u>	<u>327,679</u>	<u>982,449</u>
	<u>\$ 2,366,630</u>	<u>\$ 2,515,062</u>	<u>\$ 2,880,543</u>

### 34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 15, significant commitments and contingencies of the Company and its subsidiaries as of March 31, 2021 were as follows:

- a. Unused letters of credit in the amount of NT\$103,166 thousand.
- b. For sales bidding, export tariff and commodity tax, the Company and its subsidiaries entered into credit facility agreements with banks for commitment amount of NT\$92,628 thousand.

### 35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

March 31, 2021	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<b>Monetary foreign currency assets</b>				
USD	\$ 43,364	28.535	(USD:NTD)	\$ 1,237,392
EUR	7,049	33.48	(EUR:NTD)	236,001
CNY	499,418	4.344	(CNY:NTD)	2,169,472
<b>Non-monetary foreign currency assets</b>				
Investment accounted for using the equity method				
USD	178	28.535	(USD:NTD)	5,073
EUR	3,388	33.48	(EUR:NTD)	113,425
MRY	6,922	6.573	(MRY:NTD)	45,493
JPY	62,403	0.2577	(JPY:NTD)	16,081
<b>Monetary foreign currency liabilities</b>				
USD	32,567	28.535	(USD:NTD)	929,299
USD	3,346	0.852	(USD:EUR)	95,478
CNY	9,436	4.344	(CNY:NTD)	40,990
EUR	1,171	33.48	(EUR:NTD)	39,205
<b>December 31, 2020</b>				
<b>Monetary foreign currency assets</b>				
USD	55,863	28.48	(USD:NTD)	1,590,978
CNY	490,508	4.377	(CNY:NTD)	2,146,954
EUR	8,774	35.02	(EUR:NTD)	307,265
<b>Non-monetary foreign currency assets</b>				
Investment accounted for using the equity method				
USD	179	28.48	(USD:NTD)	5,099
EUR	5,348	35.02	(EUR:NTD)	187,297
MRY	6,993	6.79	(MRY:NTD)	47,477
JPY	82,884	0.2763	(JPY:NTD)	22,901

(Continued)

December 31, 2020	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<b>Monetary foreign currency assets</b>				
USD	\$ 55,863	28.48	(USD:NTD)	\$ 1,590,978
CNY	490,508	4.377	(CNY:NTD)	2,146,954
EUR	8,774	35.02	(EUR:NTD)	307,265
<b>Non-monetary foreign currency assets</b>				
Investment accounted for using the equity method				
USD	179	28.48	(USD:NTD)	5,099
EUR	5,348	35.02	(EUR:NTD)	187,297
MRY	6,993	6.79	(MRY:NTD)	47,477
JPY	82,884	0.2763	(JPY:NTD)	22,901
<b>Monetary foreign currency liabilities</b>				
USD	25,982	28.48	(USD:NTD)	739,967
USD	3,346	0.813	(USD:EUR)	95,294
CNY	9,441	4.377	(CNY:NTD)	41,323
EUR	410	35.02	(EUR:NTD)	14,358
<b>March 31, 2020</b>				
<b>Monetary foreign currency assets</b>				
USD	65,649	30.225	(USD:NTD)	1,984,241
EUR	7,367	33.24	(EUR:NTD)	244,879
CNY	473,057	4.255	(CNY:NTD)	2,012,858
<b>Non-monetary foreign currency assets</b>				
Investment accounted for using the equity method				
USD	456	30.225	(USD:NTD)	13,786
EUR	9,415	33.24	(EUR:NTD)	312,938
MRY	7,131	6.718	(MRY:NTD)	47,907
JPY	77,794	0.2788	(JPY:NTD)	21,689
<b>Monetary foreign currency liabilities</b>				
USD	18,598	30.225	(USD:NTD)	562,125
USD	3,346	0.909	(USD:MYR)	101,133
CNY	8,682	4.255	(CNY:NTD)	36,942
EUR	210	33.24	(EUR:NTD)	6,980

(Concluded)

For the three months ended March 31, 2021 and 2020, net foreign exchange gains and losses were loss of NT\$36,921 thousand and gain of NT\$11,160 thousand, respectively. It is impractical to disclose net foreign exchange gains or losses by each significant foreign currency due to the variety of the foreign currency transaction and functional currencies.

### 36. ADDITIONAL DISCLOSURES

- a. Following are the additional disclosures required by the Securities and Futures Bureau for the Company:

- 1) Financial provided: Please see Table 1 attached;
  - 2) Endorsement/guarantee provided: Please see Table 2 attached;
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint venture): Please see Table 3 attached;
  - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
  - 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
  - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
  - 7) Total purchase from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None;
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
  - 9) Information about the derivative financial instruments transaction: Please see Note 7;
  - 10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 5 attached;
  - 11) Names, locations, and related information of investees over which the Company and its subsidiaries exercises significant influence (excluding information on investment in Mainland China): Please see Table 6 attached;
- b. Information on investment in Mainland China
- 1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached;
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None;
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Please see Table 5 attached;
    - c) The amount of property transactions and the amount of the resultant gains or losses: None;



- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.
- c. Information of major shareholders: Please see Table 8 attached.

### 37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reported segments of the Company and its subsidiaries were as follows:

- Machine Manufacturer Segment: Including the Company, Suzhou Tongyu, Honor Seiki、APEC, Quick-Tech, PCI-SCEMM and Anger, which are engaging in the manufacturing and selling of machine tools and after-sales service.
- Component Manufacturer Segment: Including Tongfong, Tong-Yeh, Shanghai Chin-Jig, HPC and SKTD, mainly engage in sales and manufacturing of parts, mold and maintenance of machine tool.
- Others: Apart from the aforementioned segments, mainly engage in sales of machines, and holding investment and so on.

a. Segment revenues and operating results

	Machine Manufacturer	Component Manufacturer	Others	Adjustment and Elimination	Total
<u>For the Three Months Ended March 31, 2021</u>					
Revenues from external customers	\$ 1,743,944	\$ 58,195	\$ 33,580	\$ -	\$ 1,835,719
Inter-segment revenues	<u>137,559</u>	<u>44,726</u>	<u>19,128</u>	<u>(201,413)</u>	<u>-</u>
Segment revenues	<u>\$ 1,881,503</u>	<u>\$ 102,921</u>	<u>\$ 52,708</u>	<u>(\$ 201,413)</u>	<u>\$ 1,835,719</u>
Segment profit (loss)	(\$ 53,947)	(\$ 7,494)	(\$ 6,915)	\$ 3,700	(\$ 64,656)
Interest income	3,586	21	194	(2,061)	1,740
Financial costs	(24,031)	(384)	(1,506)	2,061	(23,860)
Share of the profit (loss) of associates and subsidiaries	(69,669)	-	(82,785)	152,388	(66)
Other non-operating income and expenses	<u>(8,861)</u>	<u>6,717</u>	<u>(6,371)</u>	<u>(2,833)</u>	<u>(11,348)</u>
Profit (loss) before income tax	(152,922)	(1,140)	(97,383)	153,255	(98,190)
Income tax expense (benefit)	<u>(19,816)</u>	<u>175</u>	<u>129</u>	<u>-</u>	<u>(19,512)</u>
Net profit (loss) for the period	<u>(\$ 133,106)</u>	<u>(\$ 1,315)</u>	<u>(\$ 97,512)</u>	<u>\$ 153,255</u>	<u>(\$ 78,678)</u>
<u>For the Three Months Ended March 31, 2020</u>					
Revenues from external customers	\$ 1,623,706	\$ 111,272	\$ 26,124	\$ -	\$ 1,761,102
Inter-segment revenues	<u>154,996</u>	<u>86,721</u>	<u>24,668</u>	<u>(266,385)</u>	<u>-</u>
Segment revenues	<u>\$ 1,778,702</u>	<u>\$ 197,993</u>	<u>\$ 50,792</u>	<u>(\$ 266,385)</u>	<u>\$ 1,761,102</u>
Segment profit (loss)	(\$ 97,889)	\$ 4,273	(\$ 3,501)	\$ 3,050	(\$ 94,067)
Interest income	9,203	10	74	(1,824)	7,463
Financial costs	(27,176)	(490)	(2,450)	1,824	(28,292)
Share of the profit (loss) of associates and subsidiaries	(66,369)	-	(68,337)	134,093	(613)
Other non-operating income and expenses	<u>(9,437)</u>	<u>1,131</u>	<u>(6,636)</u>	<u>(2,359)</u>	<u>(17,301)</u>
Profit (loss) before income tax	(191,668)	4,924	(80,850)	134,784	(132,810)
Income tax expense (benefit)	<u>(14,957)</u>	<u>1,194</u>	<u>20</u>	<u>-</u>	<u>(13,743)</u>
Net profit (loss) for the period	<u>(\$ 176,711)</u>	<u>\$ 3,730</u>	<u>(\$ 80,870)</u>	<u>\$ 134,784</u>	<u>(\$ 119,067)</u>

Segment profit represented the profit from operations earned by each segment and was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
<u>Segment assets</u>			
Machine Manufacturer	\$ 18,779,509	\$ 18,627,964	\$ 19,342,223
Component Manufacturer	503,138	511,420	513,093
Others	1,532,869	1,623,255	1,974,189
Adjustment and Elimination	( <u>4,426,406</u> )	( <u>4,753,574</u> )	( <u>4,852,247</u> )
	<u>\$ 16,389,110</u>	<u>\$ 16,009,065</u>	<u>\$ 16,977,258</u>
<u>Segment liabilities</u>			
Machine Manufacturer	\$ 11,346,882	\$ 11,030,961	\$ 11,369,178
Component Manufacturer	261,486	264,291	293,419
Others	604,988	599,140	720,915
Adjustment and Elimination	( <u>1,194,424</u> )	( <u>1,346,001</u> )	( <u>1,165,650</u> )
	<u>\$ 11,018,932</u>	<u>\$ 10,548,391</u>	<u>\$ 11,217,862</u>

**TABLE 1**

**TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

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

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 4)	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits	Note
													Item	Value			
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	\$ 263,040	\$ 130,320	\$ 130,320	1~1.7	Note 1	\$ -	Operating capital	\$ -		\$ -	\$ 479,498	\$ 958,995	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Other receivables - related party	Yes	71,338	71,338	35,669	1.7	Note 1	-	Acquiring Building	-		-	479,498	958,995	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	451,980	451,980	200,880	1.7	Note 1	-	Operating capital	-		-	479,498	958,995	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	130,594	65,631	65,631	1~1.7	Note 1	-	Operating capital	-		-	479,498	958,995	Note 2
0	Tongtai Machine & Tool Co., Ltd.	mbi-groupBeteiligung GmbH	Other receivables - related party	Yes	20,622	20,088	8,370	1.15	Note 1	-	Operating capital	-		-	479,498	958,995	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial(Samoa) Limited	Other receivables - related party	Yes	212,925	-	-	1.19~1.7	Note 1	-	Operating capital	-		-	479,498	958,995	Note 2
0	Tongtai Machine & Tool Co., Ltd.	SKTD Co., Ltd	Other receivables - related party	Yes	10,864	5,154	5,154	1~1.7	Note 1	-	Operating capital	-		-	479,498	958,995	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Other receivables - related party	Yes	120,000	60,000	54,500	1~1.5	Note 1	-	Operating capital	-		-	479,498	958,995	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Other receivables - related party	Yes	30,000	30,000	-	-	Note 1	-	Operating capital	-		-	479,498	958,995	Note 3
1	Union Top	Quick-Tech Machinery Co., Ltd.	Other receivables - related party	Yes	19,225	19,225	-	-	Note 1	-	Operating capital	-		-	99,618	199,235	Note 3
1	Union Top	Tongtai Machine Tool (SEA) Sdn. Bhd.	Other receivables - related party	Yes	13,805	13,805	13,805	1.2	Note 1	-	Operating capital	-		-	99,618	199,235	Note 3
2	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	6,874	6,696	5,153	1.18~1.5	Note 1	-	Operating capital	-		-	41,478	82,955	Note 3

Note 1: The need for short-term financing.

Note 2: According to the "Procedures for Lending Funds to Other Parties" established by the Company, the aggregate lending amount and the amount lending to any individual entity having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending and shall not exceed 20% of the net worth of the Company. The aggregate lending amount and the amount lending to any individual entity for short-term financing shall not exceed 20% and 10% of the net worth of the Company.

Note 3: According to the "Procedures for Lending Funds to Other Parties" established by the subsidiaries, the aggregate lending amount and the amount lending to any individual entity having business relationship with the Company shall not exceed the total transaction amount between the parties during the period of 12 months prior to the time of lending and shall not exceed 20% of the net worth of the Company. The aggregate lending amount and the amount lending to any individual entity for short-term financing shall not exceed 20% and 10% of the net worth of the Company.

Note 4: All the transactions had been eliminated when preparing consolidated financial statements.

## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/Guarantee Provider	Endorsee/Guarantee		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement /Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	The Company owns directly or indirectly over 50% ownership of the investee company	\$ 1,438,493	\$ 28,535	\$ 28,535	\$ -	\$ -	0.60	\$ 2,397,488	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	The Company owns directly or indirectly over 50% ownership of the investee company	1,438,493	30,933	30,132	-	-	0.63	2,397,488	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	The Company owns directly or indirectly over 50% ownership of the investee company	1,438,493	494,838	440,295	276,504	-	9.18	2,397,488	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteiligung GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,438,493	68,740	56,649	56,649	-	1.18	2,397,488	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,438,493	649,593	537,354	531,328	-	11.21	2,397,488	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,438,493	245,000	235,000	149,809	-	4.90	2,397,488	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,438,493	17,185	16,740	16,740	-	0.35	2,397,488	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,438,493	10,000	10,000	-	-	0.21	2,397,488	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	The Company owns directly or indirectly over 50% ownership of the investee company	1,438,493	201,780	192,070	87,490	-	4.01	2,397,488	Y	-	-	

Note: According to the "Procedures for Making Endorsements and Guarantees" established by the Company, the ceilings on the amounts to make endorsements/guarantees are as follows,

1. For Tongtai Machine & Tool Co., Ltd.,
  - (1) The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.
  - (2) The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.
2. For Tongtai Machine & Tool Co., Ltd. and subsidiaries,
  - (1) The ceilings on the amounts for the aggregate amounts to the entities shall not exceed 50% of the net worth of the Company.
  - (2) The ceilings on the amounts for any individual entity to the entities shall not exceed 30% of the net worth of the Company.
- (3) Except for (1) and (2), the total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business amount between such party and the Company for the twelve-month period immediately before the extension of endorsement/guarantee (the business amount refers to purchase amount or sales amount of the goods between the parties, whichever is higher).

## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2021

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

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	March 31, 2021				Note	
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value		
Tongtai Machine & Tool Co., Ltd.	Common stock Contrel Technology Co., Ltd.	Same president	Financial assets at fair value through other comprehensive income - non current	6,849,178	\$ 108,217	4	\$ 108,217		
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non current	1,520,000	15,591	19	15,591		
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non current	280,000	11,102	1	11,102		
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non current	295,371	10,699	4	10,699		
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non current	229,729	5,980	1	5,980		
							<u>\$ 151,589</u>	<u>\$ 151,589</u>	
	Common stock YI XIANG Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non current	75,000	\$ -	14	\$ -		
	Mutual funds Allianz Global Investors Preferred Securities and Income Fund	-	Financial assets at fair value through profit or loss - current	350,000	\$ 16,557		\$ 16,557		
	UBS (TW) Bond Fund – Fixed Income Fund of Funds		Financial assets at fair value through profit or loss - current	100,000	27,755		27,755		
	Cathay Asia-Pacific Income Balanced Fund		Financial assets at fair value through profit or loss - current	2,105,263	25,868		25,868		
						<u>\$ 70,180</u>	<u>\$ 70,180</u>		
CHIN-JIG CO., LTD (SHANGHAI)	QIAN YUAN - 2020.86 wealth management products	-	Financial assets at fair value through profit or loss - current		\$ 8,864		\$ 8,864		
	Qianyuan-Hengying (90 days) periodic open net value product	-	Financial assets at fair value through profit or loss - current		22,161		22,161		
							<u>\$ 31,025</u>	<u>\$ 31,025</u>	

## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
MARCH 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 3)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Amount		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	\$ 261,109 (Note 1)	0.32	\$ -	-	\$202,712	\$ -
	Anger Machining GmbH	Subsidiary	205,990 (Note 2)	-	-	-	1,710	-

Note 1: Including accounts receivable amounted of NT\$130,526 thousand and other receivable amounted of NT\$130,583 thousand. Other receivable was excluded in the calculation turnover rate.

Note 2: Including accounts receivable amounted of NT\$1,700 thousand and other receivable amounted of NT\$204,290 thousand. Other receivable was excluded in the calculation turnover rate.

Note 3: All the transactions had been eliminated when preparing consolidated financial statements.

## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2021  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			% of Total Operating Revenues or Assets
				Financial Statement Accounts	Amount	Payment Terms	
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Sales	\$ 46,576	Based on contracts	2.54
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Sales	18,312	Based on contracts	1.00
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Parent to subsidiary	Other receivable	54,590	Based on contracts and BOD resolution	0.33
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Accounts receivable	130,526	Based on contracts	0.80
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Other receivable	130,583	Based on contracts and BOD resolution	0.80
0	Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Parent to subsidiary	Other receivable	35,920	Based on contracts and BOD resolution	0.22
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other receivable	204,290	Based on contracts and BOD resolution	1.25
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other receivable	65,670	Based on contracts and BOD resolution	0.40
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Accounts receivable	49,064	Based on contracts	0.30

## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
Tongtai Machine & Tool Co., Ltd.	Tongfong Auto Tech Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	\$ 13,974	\$ 13,974	1,499,000	99.00	\$ 51,801	\$ 5,468	\$ 5,464	Note
Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Taichung City	Sales and manufacturing of equipment	409,238	409,238	14,515,414	99.00	96,750	1,780	2,036	Note
Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Tainan City	Sales and manufacturing of equipment	80,582	80,582	6,238,800	52.00	( 8,196 )	( 9,765 )	( 4,993 )	Note
Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Kaohsiung City	Sales and manufacturing of equipment	100,731	100,731	18,253,424	54.00	532,297	2,620	1,414	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Yeh Precision Co., Ltd.	Kaohsiung City	Sales of electric automation equipment	14,476	14,476	1,052,898	60.00	31,317	2,443	1,466	Note
Tongtai Machine & Tool Co., Ltd.	Chin-Jig Technology Co., Ltd.	Taipei City	Sales of mold and equipment	27,971	27,971	2,799,000	70.00	52,781	1,615	1,130	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine & Tool Japan Co., Ltd.	Japan	Sales and manufacturing of equipment	31,561	31,561	889	100.00	16,081	( 5,485 )	( 5,485 )	Note
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	24,585	( 689 )	( 689 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co., Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	15,624	( 1,025 )	( 1,025 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (SEA) Sdn. Bhd.	Malaysia	Sales of customized machine	5,107	5,107	520,000	52.00	8,718	( 481 )	( 250 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Machine Tool (MFG) Sdn. Bhd.	Malaysia	Sales and manufacturing of equipment	71,952	71,952	8,500,000	100.00	36,775	( 223 )	( 223 )	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	71,667	71,667	100	100.00	5,073	( 36 )	( 36 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Mexico ,S.A. DE C.V.	Mexico	Sales and maintenance of machine tools	10,155	10,155	65,999	100.00	6,938	7	7	Note
Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	France	Sales, manufacturing and maintenance of machine tools	182,200	182,200	1,000,000	100.00	377,315	( 19,634 )	( 19,634 )	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	( 33,574 )	( 6,413 )	( 6,413 )	Note
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Samoa	General investment	560,867	560,867	16,465,400	100.00	979,375	936	936	Note
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	597,771	597,771	35,000	100.00	( 230,316 )	( 42,857 )	( 42,857 )	Note
Tongtai Machine & Tool Co., Ltd.	Cyber Laser Taiwan Co., Ltd.	Tainan City	Machine and manufacturing of electronic component	20,000	20,000	2,000,000	33.00	-	-	-	Note
Tongtai Machine & Tool Co., Ltd.	Printin3d DigiTech Co., Ltd.	Taoyuan City	Development of 3D printer of digital Implantology	10,000	10,000	1,000,000	40.00	7,705	( 165 )	( 66 )	Note
Union Top Industrial (Samoa) Limited	Great Pursuit Limited	Samoa	General investment	40,054	40,054	-	55.00	-	-	-	Note
Chin-Jig Technology Co., Ltd.	Time Trade Internation Limited	Samoa	General investment	32,771	32,771	-	100.00	72,177	2,521	2,521	Note
PCI-SCEMM	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	1,193	( 541 )	( 541 )	Note
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	611,202	611,202	-	100.00	( 215,923 )	( 43,185 )	( 42,740 )	Note
Mbi-group Beteiligung GmbH	HPC Produktions GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	1,215	1,215	-	100.00	54,876	( 6,147 )	( 6,147 )	Note
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	\$ 595,855	\$ 595,855	-	100.00	( \$ 170,140 )	( \$ 37,155 )	( \$ 37,155 )	Note
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	( 3,972 )	( 6 )	( 6 )	Note
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	1,404	98	98	Note
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	98.73	10,436	( 5,601 )	( 5,530 )	Note

Note: All the transactions had been eliminated when preparing consolidated financial statements.



## TONGTAI MACHINE &amp; TOOL CO., LTD. AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment (Note 2)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2021 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2021	Accumulated Repatriation of Investment Income as of March 31, 2021	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	\$ 68,712	Investments through a holding company registered in a third region	\$ 68,712	\$	\$	\$ 68,712	( \$ 1,074 )	100.00	( \$ 1,074 )	\$ 98,041	\$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	713,375	Investments through a holding company registered in a third region	713,375			713,375	5,474	100.00	5,474	1,141,564	53,223	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	5,707	Investments through a holding company registered in a third region	5,707			5,707	( 656 )	100.00	( 656 )	8,992	8,972	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	71,338	Investments through a holding company registered in a third region	39,235			39,235	-	55.00	-	-	-	Note 4
Chin-Jig Precision Machine (Shanghai) Co., Ltd.	Sales and manufacturing of mold and equipment	15,694	Investments through a holding company registered in a third region	15,694			15,694	2,521	70.00	1,765	50,524	47,997	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2021 (Note 1)	Investment Amount Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
Tongtai Machine & Tool Co., Ltd.	\$ 827,029	\$ 827,029	\$ 2,876,986
Chin-Jig Technology Co., Ltd.	15,694	15,694	45,257

Note 1: The amounts were calculated based on the foreign exchange rate as of March 31, 2021.

Note 2: The basis for recognition of investment income (loss) of Suzhou Tongyu Machine Tool Co., Ltd. was based on the financial statements reviewed and attested by R.O.C. parent company's CPA while the others were based on the financial statements which have not been reviewed for the same periods.

Note 3: The limit on investment in Mainland China pursuant to "Principle of investment or Technical Cooperation in Mainland China" shall not exceed 60% of their net worth.

Note 4: All the transactions had been eliminated when preparing consolidated financial statements.

**TABLE 8****TONGTAI MACHINE & TOOL CO., LTD.  
INFORMATION OF MAJOR SHAREHOLDERS  
MARCH 31, 2021**

Name of The Major Shareholder	Shares	
	Number of Shares Owned	Percentage of Ownership (%)
San Shin Investment Co., Ltd.	20,776,889	8.15

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Company's common shares (only ones that have completed dematerialized registration and delivery) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the financial statements may differ from the Company's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Company's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.