Tongtai Machine & Tool Co., Ltd. and Subsidiaries

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Tongtai Machine & Tool Co., Ltd. as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Tongtai Machine & Tool Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Tongtai Machine & Tool Co., Ltd.

By

Jui-Hsiung Yen, Chairman
March 18, 2021

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, based on our audits and the audit reports issued by other independent auditors (refer to Other Matter paragraph below), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits of the consolidated financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. We conducted our audits of the consolidated financial statements for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants Rule No.1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020, and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Revenue recognition

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

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

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

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

1. We performed the understanding and testing the design and implementation and operating effectiveness of internal control of the sales of specific machine types.

2. We performed test of details of recorded revenue against the supporting documents including contracts, reports on completion of installation, and acceptance receipts signed by customer.

3. We obtained details of sales returns and allowances in the current year to the report date and examined if there was any abnormal sales return and allowance for adjustment, and confirmed that recorded transactions were properly authorized.

Inventory valuation

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

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

1. We participated in the physical count of inventory, and observed the physical condition of inventory and checked against the records for any identified obsolete and slow-moving inventory.

2. We obtained inventory aging report, tested the accuracy of inventory aging and evaluated compliance with the inventory accounting policies.

3. We obtained details of inventory valuation and confirmed that inventory items were stated at the lower of cost or net realizable value. We test-checked the cost and market value of inventory against the supporting documents.

Other Matter

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2021

Notice to Readers

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

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

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

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

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

(Continued)

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

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

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

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

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

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

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

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

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

(Concluded)

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

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 approved by the Company's board of directors and authorized for issue on March 18, 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 Corporation and its subsidiaries' accounting policies:

1) Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

The Company and its subsidiaries elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. Related accounting policies are stated in Note 4. Before the application of the amendment, the Company and its subsidiaries was required to determine whether the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

The Company and its subsidiaries applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 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 approved by the Company's board of directors and authorized 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 IFRSs as endorsed and issued into effect by the FSC.

b. Basis of Preparation

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

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

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

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

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

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets are realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities expected to be settled within twelve months after the reporting period; and
3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

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

Income and expenses of subsidiaries acquired during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-Company and its subsidiaries transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Refer to Note 11, Table 7 and Table 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquired entity, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Company and its subsidiaries in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed one year from the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the balance sheet date in which the combination occurs, the Company and its subsidiaries report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are stated at the historical translated amount.

For the purpose of presenting consolidated financial statements, the functional currencies of the entities associated with the Company (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

Goodwill and fair value adjustments on identifiable assets and liabilities recognized on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of balance sheet date. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

Inventories consisting of raw materials, supplies, work-in-progress, finished goods and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Raw materials and supplies are recorded at the moving-average cost, and the work-in-progress, finished goods and merchandise are recorded at cost by the specific identification method.

h. Investments in associates

An associate is an entity over which the Company and its subsidiaries have significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, investments in an associate is initially recognized at cost and adjusted thereafter to recognize the Company and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Company and its subsidiaries also recognize the changes in the Company and its subsidiaries' share of the equity of associates.

Any excess of the cost of acquisition over the Company and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized.

When the Company and its subsidiaries subscribe for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company and its subsidiaries' proportionate interest in the associate. The Company and its subsidiaries should record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company and its subsidiaries' ownership interest is reduced due to non-subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is deducted from retained earnings.

When the Company and its subsidiaries' share of losses of an associate equal or exceed its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company and its subsidiaries' net investment in the associate), the Company and its subsidiaries will discontinue recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company and its subsidiaries have incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Investment in associate is tested for impairment by treating the entire carrying amount of the investment (including goodwill) as a single asset and then compare that carrying amount with the estimated recoverable amount. Any impairment loss recognized is deducted from investment and the carrying amount of the investment is net of impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

Gains and losses resulting from upstream, downstream and sidestream transactions between and among the Company and its subsidiaries and its associates are recognized in the consolidated financial statements only to the extent of interests in the associate of entities that are not related to the Company and its subsidiaries.

i. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to the Company and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Internally generated intangible assets - research and development expenditures

Expenditure on research activities is recognized as expense in the period in which it is incurred.

An internal research and development project that has reached its development phase may be recognized as an internally-generated intangible asset if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
b) The intention to complete the intangible asset and use or sell it;
c) The ability to use or sell the intangible asset;
d) How the intangible asset will generate probable future economic benefits;
e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f) The ability to measure reliably the expenditures attributable to the intangible asset during its development.

The amount initially recognized as cost of internally generated intangible asset is the total expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, it is measured on the same basis as intangible asset acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

m. Impairment of property, plant and equipment, right-of-use asset, investment properties, intangible assets other than goodwill

At the end of each reporting period, the Company and its subsidiaries review the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Company and its subsidiaries become a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

i Financial asset at FVTPL

Financial asset classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, including cash and cash equivalents, notes and accounts receivable at amortized cost, other receivables, other financial assets, refundable deposits and long-term notes and accounts receivable, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within three months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii Investments in equity instruments at FVTOCI

On initial recognition, the Company and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables).

The Company and its subsidiaries always recognize lifetime Expected Credit Losses (ECLs) for trade receivables. For all other financial instruments, the Company and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company and its subsidiaries determine that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company and its subsidiaries):

i Internal or external information show that the debtor is unlikely to pay its creditors.

ii When a financial asset is more than 90 days past due unless the Company and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Equity instruments issued by the Company and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are carried at amortized cost using the effective interest method:

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Derivative financial instruments

The Company and its subsidiaries enter into a variety of derivative financial instruments to manage their exposure to interest rate and foreign exchange rate risks, including cross-currency swap contracts, swap contracts and foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

o. Provisions

Provisions are measured at the best estimate of the cash flows required to settle the present obligation at the end of the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products at the Company and its subsidiaries' best estimate of the expenditure required to settle the obligations.

p. Revenue recognition

The Company and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations and recognize revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of machine. Revenue from domestic sales is recognized when the installation of machine or tool is completed. Revenue from export sales is recognized according to the trade conditions or the completion date of machine installation. The customer has full discretion over the manner of distribution and price to sell the goods and bears the risks of obsolescence. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue from maintenance and rebuilding are recognized when services are provided.

q. Leasing

At the inception of a contract, the Company and its subsidiaries assess whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company and its subsidiaries allocate the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Company and its subsidiaries as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company and its subsidiaries as lessee

The Company and its subsidiaries recognize right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company and its subsidiaries use the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Government grants

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

Government grants related to income are recognized as a reduction of the related costs on a systematic basis over the periods in which the Company and its subsidiaries recognize as expenses the related costs that the grants intend to compensate.

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

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the year in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the year in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company and its subsidiaries' defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and research and development expenditure to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company and its subsidiaries' accounting policies, management is required to make judgments, estimations and assumptions that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The 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. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key sources of estimation uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Company and its subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company and its subsidiaries' historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 9. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

b. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Company and its subsidiaries use judgment and estimate to determine the net realizable value of inventory at the end of the reporting period. Since the net realizable value of inventory is mainly determined on the basis of future selling price, it might be adjusted significantly.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 6,113	$ 6,303
Checking accounts and demand deposits	1,637,041	1,083,386
Cash equivalents		
Time deposits with original maturities of less than three months	60,137	-
	$ 1,703,291	$ 1,089,689

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2020	December 31 2019
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets		
Swap contracts	$ 3,332	$ -
Foreign exchange forward contracts	509	-
Non-derivative financial assets		
Mutual funds	16,683	-
CNY floating rate financial products	93,319	18,456
	$ 113,843	$ 18,456
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities		
Cross-currency swap contracts	$ 11,280	$ 6,357
Foreign exchange forward contracts	92	-
Swap contracts	-	1,900
	$ 11,372	$ 8,257

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
December 31, 2020			
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
December 31, 2019			
USD6,000／NTD185,200	2010.02～2010.05	0.8～0.9	3M Libor+0.5
USD2,000／NTD61,680	2010.01	0.78	1M Libor+0.93

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)
December 31, 2020			
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
December 31, 2019			
Swap contracts	NTD/CNY	2010.02～2010.06	NTD168,123／CNY39,000

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 year ended December 31, 2020 and 2019, the Company and its subsidiaries recognized loss on cross-currency swap contracts, swap contracts and foreign exchange forward contracts not accounted for by hedge accounting in the amounts of NT$7,925 thousand and NT$1,493 thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

For the year ended December 31, 2020, the Company entered into mutual funds financial products and recognized gain in the amounts of NT$2,037 thousand, included in gain (loss) on financial instruments at fair value through profit or loss.

For the year ended December 31, 2020 and 2019, the subsidiaries entered into CNY floating rate financial products and recognized gain in the amounts of NT$987 thousand and NT$1,128 thousand, respectively, included in gain (loss) on financial instruments at fair value through profit or loss.

8. NOTES AND ACCOUNTS RECEIVABLE, LONG-TERM NOTES AND ACCOUNTS RECEIVABLE, AND OVERDUE RECEIVABLE, NET

	December 31	
	2020	**2019**
Notes receivable (operating)		
Gross carrying amount at amortized cost	$ 368,017	$ 197,456
Less: Unrealized interest revenue	4,835	9,851
	$ 363,182	$ 187,605
Accounts receivable		
Gross carrying amount at amortized cost	$ 3,294,974	$ 4,057,385
Less: Allowance for impairment loss	437,568	369,746
	$ 2,857,406	$ 3,687,639
Accounts receivable - related parties		
Gross carrying amount at amortized cost	$ 5,178	$ 5,503
Long-term notes and accounts receivable (operating)		
Gross carrying amount at amortized cost	$ 16,994	$ 14,076
Less : Allowance for impairment loss	12,897	5,530
	$ 4,097	$ 8,546
Overdue receivable (included in other noncurrent assets)		
Gross carrying amount at amortized cost	$ 73,088	$ 81,442
Less : Allowance for impairment loss	73,088	81,442
	$ -	$ -

Accounts receivable

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:

December 31, 2020

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 720 Days	Over 721 Days	Individual Identification	Total
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)	(89,255)	(162,842)	(185,534)	(523,553)
Amortized cost	$ 2,185,819	$ 385,140	$ 146,181	$ 94,819	$ 116,754	$ 156,490	$ 55,806	$ 88,854	$ 3,229,863

December 31, 2019

	Not Past Due	1 to 90 Days	91 to 180 Days	181 to 270 Days	271 to 365 Days	366 to 720 Days	Over 721 Days	Individual Identification	Total
Gross carrying amount	$ 2,463,905	$ 622,330	$ 252,863	$ 137,722	$ 101,781	$ 261,860	$ 180,451	$ 325,099	$ 4,346,011
Loss allowance (Lifetime ECL)	(14,580)	(42,879)	(17,741)	(14,040)	(13,011)	(71,681)	(108,634)	(174,152)	(456,718)
Amortized cost	$ 2,449,325	$ 579,451	$ 235,122	$ 123,682	$ 88,770	$ 190,179	$ 71,817	$ 150,947	$ 3,889,293

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

	For the Year Ended December 31	
	2020	2019
Balance, beginning of period	$ 456,718	$ 343,152
Recognition	99,920	142,983
Written off	(36,475)	(25,260)
Effects of foreign currency exchange differences	3,390	(4,157)
Balance, end of period	$ 523,553	$ 456,718

9. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 1,775,063	$ 1,969,284
Supplies	185,211	191,607
Work-in-progress	2,027,666	2,525,369
Finished goods	927,632	897,136
Merchandise	68,731	16,444
Inventory in transit	31,369	7,321
	$ 5,015,672	$ 5,607,161

The cost of inventories recognized as operating costs for the years ended December 31, 2020 and 2019 was NT$6,670,664 thousand and NT$8,524,115 thousand, respectively, which included write-downs of inventories and unallocated manufacturing overhead as follows.

	For the Year Ended December 31	
	2020	2019
Inventory write-downs	$ 375,352	$ 147,116
Unallocated manufacturing overhead	2,787	-

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

10. FINANCIAL ASSETS AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT

	December 31	
	2020	2019
Investment in equity instruments		
Domestic investments		
Listed shares	$ 113,838	$ 121,572
Unlisted shares	32,365	58,692
	$ 146,203	$ 180,264

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership December 31, 2020	Proportion of Ownership December 31, 2019	Remark
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited（Union Top）	General investment	100	100	Important subsidiary
	Honor Seiki Co., Ltd. (Honor Seiki)	Sales and manufacturing of equipment	54	51	Note 1
	Quick-Tech Machinery Co., Ltd. (Quick-Tech)	Sales and manufacturing of equipment	52	52	
	Chin-Jig Technology Co., Ltd.	Sales of mold and equipment	70	70	
	Tongfong Auto Tech Co., Ltd. (Tongfong)	Sales of electric automation equipment	99	99	
	Asia Pacific Elite Corp. (APEC)	Sales and manufacturing of equipment	99	99	
	Tongtai Europe B.V.（TTE）	Sales of merchandise	100	100	
	Tong-Yeh Precision Co., Ltd. (Tong-Yeh)	Manufacturing and processing of metal part	60	60	
	Tong-Tai Seiki USA, Inc.（TSU）	Sales of equipment	100	100	
	Tongtai Machine Tool (MFG) Sdn. Bhd.（TMM）	Sales and manufacturing of equipment	100	100	
	Tong Tai Machinery Co., Ltd.（TTM）	Sales of customized machine	100	100	
	Tongtai Seiki Vietnam Co., Ltd.	Sales of customized machine	100	100	
	Tongtai Machine Tool (SEA) Sdn. Bhd.（TTS）	Sales of customized machine	52	52	
	Tongtai Machine & Tool Japan Co., Ltd.（TTJP）	Sales and manufacturing of equipment	100	100	
	Process Conception Ingenierie-Societe de Construction D'equipments, De Mecanisations Et De Machines（PCI-SCEMM）	Sales, manufacturing and maintenance of machine tools	100	100	
	Tongan GmbH（Tongan）	General investment	100	100	
	Tongtai Mexico S.A.DE C.V（TTGMx）	Sales and maintenance of machine tools	100	100	
Union Top	Suzhou Tongyu Machine Tool Co., Ltd. (Suzhou Tongyu)	Manufacturing of digital control machine and system	100	100	Important subsidiary
	Shanghai Tong-Tai-Shin Trading Co., Ltd. (Shanghai Tong-Tai-Shin)	International trade	100	100	
	Tong-Yu Machine Tool (Shanghai) Co., Ltd. (Shanghai Tong-Yu)	Sales and maintenance of machine tools	100	100	
	Great Pursuit Limited	General investment	55	55	
Great Pursuit Limited	Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd. (Hao-Tern-Shin)	Sales and manufacturing of printed circuit board	100	100	
Honor Seiki	Honor Seiki International Co., Ltd.（HSI）	Sales of machine tools	-	-	Note 2
	Honor Seiki USA Corporation（HSU）	Sales of machine tools	-	-	Note 2
Chin-Jig	Time Trade International Limited（Time Trade）	General investment	100	100	
Time Trade	Chin-Jig Precision Machine (Shanghai) Co., Ltd. (Shanghai Chin-Jig)	Sales and manufacturing of mold and equipment	100	100	
TTE	Tongtai East Europe S.R.L.（TEE）	Sales of machine tools	-	-	Note 3
PCI-SCEMM	TTGroup France	Sales of machine tools	100	100	
Tongan	Mbi-group Beteiligung GmbH（MBI）	General investment	100	100	Note 4
MBI	HPC Producktions GmbH（HPC）	Sales of mold and equipment	100	100	
	Anger Machining GmbH（Anger）	Sales, manufacturing and maintenance of machine tools	100	100	
Anger	Anger Machining Inc.（Anger - US）	Sales and maintenance of machine tools	100	100	
	Anger Service Deutschland GmbH（Anger - DE）	Sales and maintenance of machine tools	100	100	
TTJP	SKTD Co., Ltd.（SKTD）	Design and development of machine tools	98.73	98.73	

Note 1: 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)

Note 2: The subsidiaries HSI and HSU were liquidated in May and November 2019, respectively.

Note 3: The subsidiary TEE was liquidated in July 2019.

Note 4: In December 2019, the subsidiary Tongan acquired all of MBI's shares from non-controlling interest. (Refer to Note 28).

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

	Percentage of Ownership and Voting Rights of Non-controlling Interests	
Name of subsidiary	**December 31, 2020**	**December 31, 2019**
Honor Seiki	46%	49%

Names, locations, and related information of investees Honor Seiki please refer to Table 7.

	Profit Allocated to Non-controlling Interests		**Accumulated, Non-controlling Interests**	
	For the Year Ended December 31		**December 31,**	
Name of subsidiary	**2020**	**2019**	**2020**	**2019**
Honor Seiki	$ 21,952	$ 55,871	$ 548,641	$ 602,994

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

	December 31	
	2020	**2019**
Current assets	$ 1,396,872	$ 1,859,299
Non-current assets	886,669	721,253
Current liabilities	(758,981)	(1,062,491)
Non-current liabilities	(332,797)	(280,720)
Equity	$ 1,191,763	$ 1,237,341
Equity attributable to		
Owner of Honor Seiki	$ 643,122	$ 634,347
Non-controlling interests of the Company	548,641	602,994
	$ 1,919,763	$ 1,237,341

	For the Year Ended December 31	
	2020	**2019**
Revenue	$ 958,816	$ 1,286,542
Profit for the year	$ 45,852	$ 114,647
Other comprehensive income for the year	(1,313)	427
Total comprehensive income for the year	$ 44,539	$ 115,074

For the Year Ended December 31

	2020	2019
Profit attributable to:		
Owners of the Company	$ 23,899	$ 58,776
Non-controlling interests of the Company	21,953	55,871
	$ 45,852	$ 114,647
Total comprehensive income attributable to:		
Owners of the Company	$ 23,192	$ 58,995
Non-controlling interests of the Company	21,347	56,079
	$ 44,539	$ 115,074
Net cash inflow (outflow) from		
Operating activities	$ 88,523	$ 90,549
Investing activities	193,800	(182,752)
Financing activities	(268,373)	(100,884)
Net cash inflow (outflow)	$ 13,950	($ 193,087)
Dividends paid to non-controlling interests	($ 15,572)	($ 58,994)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Associates that are not individually material		
Printin3d DigiTech Co., Ltd.	$ 7,771	$ 9,100
Cyber Laser Taiwan Co., Ltd. (Cyber)	-	9,397
SOLIDCAMTAIWAN CO., LTD.	-	1,008
	$ 7,771	$ 19,505

	For the Year Ended December 31	
	2020	2019
The Company and its subsidiaries' share of		
Net loss for the year	($ 2,951)	($ 2,153)
Other comprehensive income	-	-
Total comprehensive income	($ 2,951)	($ 2,153)

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.

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 7.

The investments accounted for using the equity method and the share of loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on the associates' financial statements which have been audited for the same years.

13. OTHER FINANCIAL ASSETS

	December 31 2020	December 31 2019
Current		
Pledged deposits and time deposits	$ 264,437	$790,419
Time deposits with original maturities more than three months	38,794	-
Restricted deposits	9,352	1,884
Restricted time deposits	734	7,063
	$ 313,317	$ 799,366
Non-current		
Pledged deposits and time deposits	$ 53,156	$ 79,068
Deposits for projects	19,900	20,862
	$ 73,056	$ 99,930

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

14. PROPERTY, PLANT AND EQUIPMENT

For the Year Ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost								
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	84,643	11,487	96,504	2,535	6,057	42,483	(1,734)	241,975
Disposals	(25,792)	(41,384)	(18,418)	(1,596)	(1,266)	(10,531)	-	(98,987)
Reclassifications	-	(7,913)	5,644	-	576	1,482	-	(211)
Effects of foreign currency exchange difference	1,099	12,556	20,919	616	5,060	4,411	44	44,705
Balance at December 31, 2020	968,825	2,940,903	1,294,819	171,846	185,019	552,061	1,068	6,114,541
Accumulated depreciation and impairment								
Balance at January 1, 2020	-	1,143,956	861,612	124,870	137,185	318,330	-	2,585,953
Depreciation	-	113,240	61,149	9,890	16,220	44,538	-	245,037
Disposals	-	(40,983)	(16,384)	(1,164)	(1,234)	(10,252)	-	(70,017)
Reclassifications	-	(1,085)	(413)	-	332	-	-	(1,166)
Effects of foreign currency exchange difference	-	5,196	17,537	667	4,293	4,004	-	31,697
Balance at December 31, 2020	-	1,220,324	923,501	134,263	156,796	356,620	-	2,791,504
Carrying amount at December 31, 2020	$ 968,825	$ 1,720,579	$ 371,318	$ 37,583	$ 28,223	$ 195,441	$ 1,068	$ 3,323,037

For the Year Ended December 31, 2019

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost								
Balance at January 1, 2019	$ 929,998	$ 2,948,790	$ 1,192,233	$ 168,008	$ 192,228	$ 494,175	$ 3,876	$ 5,929,308
Additions	65	21,962	43,077	3,893	8,690	60,543	819	139,049
Disposals	-	(2,655)	(10,691)	(4,063)	(18,238)	(21,482)	-	(57,129)
Reclassifications	(19,791)	20,944	(4,704)	3,800	(4,529)	(8,575)	(1,906)	(14,761)
Effects of foreign currency exchange difference	(1,397)	(22,884)	(29,745)	(1,347)	(3,559)	(10,445)	(31)	(69,408)
Balance at December 31, 2019	908,875	2,966,157	1,190,170	170,291	174,592	514,216	2,758	5,927,059
Accumulated depreciation and impairment								
Balance at January 1, 2019	-	1,034,055	828,170	115,431	145,671	313,325	-	2,436,652
Depreciation	-	119,210	61,237	11,732	16,958	43,535	-	252,672
Disposals	-	(1,939)	(9,975)	(3,845)	(17,664)	(20,321)	-	(53,744)
Reclassifications	-	788	1,632	2,348	(4,318)	(7,188)	-	(6,738)
Effects of foreign currency exchange difference	-	(8,158)	(19,452)	(796)	(3,462)	(11,021)	-	(42,889)
Balance at December 31, 2019	-	1,143,956	861,612	124,870	137,185	318,330	-	2,585,953
Carrying amount at December 31, 2019	$ 908,875	$ 1,822,201	$ 328,558	$ 45,421	$ 37,407	$ 195,886	$ 2,758	$ 3,341,106

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 recognized impairment loss in previous years. The accumulated impairment for the years ended December 31, 2020 and 2019 was NT$29,812 thousand and NT$28,595 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

	December 31	
	2020	**2019**
Carrying amounts		
Land	$ 489,464	$ 487,426
Buildings	100,894	108,292
Machinery	18,900	25,048
Transportation equipment	15,079	23,901
	$ 624,337	$ 644,667

	For the Year Ended December 31	
	2020	**2019**
Additions to right-of-use assets	$ 31,053	$ 26,946
Depreciation charge for right-of-use assets		
Land	$ 18,803	$ 20,397
Buildings	17,897	9,692
Machinery	6,944	7,237
Transportation equipment	12,798	21,835
	$ 56,442	$ 59,161

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 47,364	$ 39,812
Non-current	$ 581,102	$ 600,817

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

	December 31	
	2020	2019
Land	2.16～2.48	2.16～2.48
Buildings	1.17～2.88	1.42～2.88
Machinery	1.45～2.88	1.45～2.88
Transportation equipment	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 December 31, 2020. The Company recognized in profit or loss the impact of rent concessions of NT$1,535 thousand (presented in other income for the year ended December 31, 2020.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	$ 28,712	$ 30,394
Total cash outflow for leases	($ 91,765)	($ 96,612)

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 Year ended December 31, 2020

	Land	Buildings	Total
Cost			
Balance at January 1, 2020	$ 81,840	$ 217,045	$ 298,885
Additions	-	299	299
Disposals	(4,290)	-	(4,290)
Reclassification	-	7,913	7,913
Effects of foreign currency exchange differences	-	1,670	1,670
Balance at December 31, 2020	77,550	226,927	304,477
Accumulated depreciation			
Balance at January 1, 2020	-	62,384	62,384
Depreciation	-	11,710	11,710
Reclassification	-	1,085	1,085
Effects of foreign currency exchange differences	-	367	367
Balance at December 31, 2020	-	75,546	75,546
Carrying amount at December 31, 2020	$ 77,550	$ 151,381	$ 228,931

For the Year ended December 31, 2019

	Land	Buildings	Total
Cost			
Balance at January 1, 2019	$ 81,840	$ 220,918	$ 302,758
Effects of foreign currency exchange differences	-	(3,873)	(3,873)
Balance at December 31, 2019	81,840	217,045	298,885
Accumulated depreciation			
Balance at January 1, 2019	-	51,202	51,202
Depreciation	-	11,789	11,789
Effects of foreign currency exchange differences	-	(607)	(607)
Balance at December 31, 2019	-	62,384	62,384
Carrying amount at December 31, 2019	$ 81,840	$ 154,661	$ 236,501

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:

	December 31, 2020	December 31, 2019
Year 1	$ 9,826	$ 6,440
Year 2	8,748	6,038
Year 3	5,400	5,797
Year 4	5,520	5,400
Year 5	5,640	5,520
Year 6 onwards	49,440	55,080
	$ 84,574	$ 84,275

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 valuators were not involved in the fair value assessment. The fair value for the years ended December 31, 2020 and 2019 are NT$448,162 thousand and NT$412,254 thousand, respectively.

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 year ended December 31, 2020

	Computer Software	Goodwill	Patents	Others	Total
Cost					
Balance at January 1, 2020	$ 259,768	$ 13,731	$ 3,748	$ 8,278	$ 285,525
Additions	9,953	-	-	-	9,953
Reclassification	(576)	-	-	-	(576)
Disposals	(1,619)	-	-	-	(1,619)
Effects of foreign currency exchange differences	5,019	-	159	19	5,197
Balance at December 31, 2020	272,545	13,731	3,907	8,297	298,480
Accumulated amortization					
Balance at January 1, 2020	187,335	-	2,672	5,743	195,750
Amortization expenses	26,622	-	748	1,691	29,061
Reclassification	(332)	-	-	-	(332)
Disposals	(1,619)	-	-	-	(1,619)
Impairment losses recognized	-	11,989	-	-	11,989
Effects of foreign currency exchange differences	4,249	-	143	11	4,403
Balance at December 31, 2020	216,255	11,989	3,563	7,445	239,252
Carrying amount at December 31, 2020	$ 56,290	$ 1,742	$ 344	$ 852	$ 59,228

For the year ended December 31, 2019

	Computer Software	Goodwill	Patents	Others	Total
Cost					
Balance at January 1, 2019	$ 276,734	$ 13,731	$ 3,927	$ 8,507	$ 302,899
Additions	6,446	-	-	-	6,446
Disposals	(8,836)	-	-	(153)	(8,989)
Effects of foreign currency exchange differences	(14,576)	-	(179)	(76)	(14,831)
Balance at December 31, 2019	259,768	13,731	3,748	8,278	285,525
Accumulated amortization					
Balance at January 1, 2019	181,340	-	2,014	4,229	187,583
Amortization expenses	28,814	-	773	1,748	31,335
Disposals	(8,836)	-	-	(153)	(8,989)
Effects of foreign currency exchange differences	(13,983)	-	(115)	(81)	(14,179)
Balance at December 31, 2019	187,335	-	2,672	5,743	195,750
Carrying amount at December 31, 2019	$ 72,433	$ 13,731	$ 1,076	$ 2,535	$ 89,775

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

	December 31 2020	December 31 2019
Bank loans	$ 2,294,199	$ 2,264,437
Secured borrowings	233,111	691,619
Letters of credit	40,443	43,477
	$ 2,567,753	$ 2,999,533
Annual interest rate (%)	0.54～4.79	0.85～5.00

b. Short-term bills payable

	December 31	
	2020	**2019**
Commercial paper	$ 250,000	$ 242,000
Less: Unamortized discounts	184	318
	$ 249,816	$ 241,682
Annual interest rate (%)	0.9～1.10	1.00～1.24

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

	December 31	
	2020	**2019**
Bank loans		
Due on various dates through April 2025	$ 1,351,291	$ 1,554,163
Mortgage loans		
Due on various dates through July 2040	1,858,003	1,701,254
	3,209,294	3,255,417
Less: Current portion	1,888,558	1,041,152
	$ 1,320,736	$ 2,214,265
Annual interest rate (%)	0.45～2.75	0.99～2.88

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 Company and its subsidiaries’ consolidated financial statements breached the contract for the year ended December 31, 2019; therefore, the long-term borrowings were all classified as current portion of long-term bank borrowings. 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 while the consolidated financial statements for the year ended December 31, 2019 didn't breach the contract.

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

	December 31	
	2020	**2019**
Salaries and incentive bonus	$ 250,722	$ 259,076
Commission and service fee	168,448	175,263
Employee compensation and remuneration of directors	55,805	83,606
Insurance	74,025	39,361
Purchases of equipment	31,074	33,466
Pension	28,959	30,325
Others	109,408	100,284
	$ 718,441	$ 721,381

21. PROVISIONS

	December 31	
	2020	**2019**
Current		
Warranties	$ 102,527	$ 111,884

	Warranties	**Others**	**Total**
Balance at January 1, 2020	$ 111,884	$ -	$ 111,884
Recognized (reversed)	156,115	-	156,115
Paid	(166,670)	-	(166,670)
Effects of foreign currency exchange differences	1,198	-	1,198
Balance at December 31, 2020	$ 102,527	$ -	$ 102,527
Balance at January 1, 2019	$ 95,854	$ 3,332	$ 99,186
Recognized (reversed)	181,417	-	181,417
Paid	(163,554)	(3,276)	(166,830)
Effects of foreign currency exchange differences	(1,833)	(56)	(1,889)
Balance at December 31, 2019	$ 111,884	$ -	$ 111,884

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

a. Defined contribution plans

The Company and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan in the Republic of China. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries also make contributions in accordance with local regulations, which is a defined contribution plan.

The employees of subsidiaries Suzhou Tongyu, Shanghai Tong-tai Shin and Shanghai Chin-Jig in China make contributions in accordance with the local regulations. The subsidiaries are required to contribute a specified percentage of payroll cost to government.

b. Defined benefit plans

The Company and its domestic subsidiaries adopted the defined benefit plan under the Labor Standards Law, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and its domestic subsidiaries make contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company and its domestic subsidiaries are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company and its subsidiaries have no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 291,696	$ 299,055
Fair value of plan assets	(193,836)	(210,846)
	97,860	88,209
Less : Net defined benefit liabilities	99,350	89,674
Net defined benefit assets	($ 1,490)	($ 1,465)

Movements of net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	$ 301,075	($ 223,853)	$ 77,222
Service cost			
Current service cost	2,552	-	2,552
Interest expense (income)	3,378	(2,556)	822
Recognized in profit or loss	5,930	(2,556)	3,374
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,760)	(7,760)
Actuarial loss - changes in demographic assumptions	1,753	-	1,753
Actuarial loss - changes in financial assumptions	27,059	-	27,059
Actuarial loss - experience adjustments	(4,969)	-	(4,969)
Recognized in other comprehensive income	23,843	(7,760)	16,083
Contributions from the employer	-	(8,470)	(8,470)
Benefits paid	(31,793)	31,793	-
	(31,793)	23,323	(8,470)
Balance at December 31, 2019	299,055	(210,846)	88,209
Service cost			
Current service cost	1,766	-	1,766
Interest expense (income)	2,239	(1,715)	524
Recognized in profit or loss	4,005	(1,715)	2,290
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,853)	(6,853)
Actuarial loss - changes in demographic assumptions	2,024	(76)	1,948
Actuarial loss - changes in financial assumptions	10,119	-	10,119
Actuarial loss - experience adjustments	8,799	-	8,799
Recognized in other comprehensive income	20,942	(6,929)	14,013
Contributions from the employer	-	(6,417)	(6,417)
Contributions from plan participants	(32,071)	32,071	-
Exchange loss	(235)	-	(235)
	(32,306)	25,654	(6,652)
Balance at December 31, 2020	$ 291,696	($ 193,836)	$ 97,860

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	$ 2,219	$ 2,518
Operating expenses	71	856
	$ 2,290	$ 3,374

Through the defined benefit plans under the Labor Standards Law, the Company and its subsidiaries are exposed to the following risks:

1) Investment risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

2) Interest risk

   A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate (%)	0.35	0.8
Expected rate of salary increase (%)	2.25～2.63	2.25～2.63
Turnover rate (%)	1～30	1～30
Voluntary retirement rate (%)	5～100	5～100

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	2019
Discount rate		
0.25% increase	($ 5,233)	($ 5,875)
0.25% decrease	$ 5,370	$ 7,263
Expected rate of salary increase		
0.25% increase	$ 5,152	$ 5,810
0.25% decrease	($ 4,987)	($ 5,644)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	**2019**
The expected contributions to the plan for the next year	$ 6,832	$ 7,226
The average duration of the defined benefit obligation	9-14 years	6-12 years

23. EQUITY

a. Ordinary Shares

	December 31	
	2020	**2019**
Numbers of shares authorized (in thousands)	400,000	400,000
Amount of shares authorized	$ 4,000,000	$ 4,000,000
Numbers of shares issued and fully paid (in thousands)	254,827	254,827
Amount of shares issued	$ 2,548,265	$ 2,548,265

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

	December 31	
	2020	**2019**
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
Conversion of bonds	222,593	222,593
Interest compensation	5,577	5,577
	1,189,024	1,189,024
May be used to offset a deficit only		
Expired employee stock warrants	1,234	1,234
Changes in percentage of ownership interests in subsidiaries	3,838	-
	5,072	1,234
	$ 1,194,096	$ 1,190,258

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.

Under Rule No. 1010012865 and Rule No.1010047490 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, the Company should appropriate or reverse special reserve.

The appropriation of earnings for 2019 and 2018 had been approved in the shareholder’s meeting in June 2020 and 2019, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2019	2018	2019	2018
Legal reserve	$ 5,895	$ 31,223		
Recognized (reversed) of special reserve	(43,694)	43,694		
Cash dividends	50,965	76,448	$ 0.2	$ 0.3
	$ 13,166	$ 151,365		

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.

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	($ 137,912)	($ 84,143)
Recognized for the year		
Exchange differences on translating foreign operations	24,768	(67,181)
Income tax	(4,954)	13,412
Balance at December 31	($ 118,098)	($ 137,912)

2) Unrealized gain and loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 49,642	$ 40,449
Recognized for the year		
Unrealized gain and loss - equity instruments	(17,072)	9,193
Disposal of investments in equity instruments	55,088	-
Balance at December 31	$ 87,658	$ 49,642

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 707,483	$ 744,237
Attributable to non-controlling interests:		
Share in profit for the year	(49,933)	30,673
Exchange difference on translating foreign operations	(225)	(112)
Income tax relating to exchange difference on translating foreign operations	-	(28)
Dividend distributed by subsidiaries	(56,291)	-
Remeasurement on defined benefit plans	(18,593)	(69,781)
Effect of change in subsidiaries' ownership percentage in investees	(846)	(220)
Increase and decrease in non-controlling interests	-	2,490
Balance at January 1	(3,838)	224
Balance at December 31	$ 577,757	$ 707,483

24. OPERATING REVENUE

a. Contract balances

	December 31, 2020	December 31, 2019	December 31, 2018
Notes and accounts receivable, long-term notes and accounts receivables	$ 3,229,863	$ 3,889,293	$ 4,298,278
Contract liabilities			
Sales of goods	$ 1,330,503	$ 1,001,236	$ 1,620,772

b. Disaggregation of revenue

	Reportable Segments			
	Machine Manufacturer	Component Manufacturer	Others	Total
For the Year Ended December 31, 2020				
Revenue from sale of goods	$6,299,414	$ 412,020	$ 60,650	$6,772,084
Revenue from maintenance and rebuilding services	971,948	-	34,509	1,006,457
	$7,271,362	$ 412,020	$ 95,159	$7,778,541
For the Year Ended December 31, 2019				
Revenue from sale of goods	$9,052,461	$ 507,198	$ 300,969	$9,860,628
Revenue from maintenance and rebuilding services	1,103,197	-	36,268	1,139,465
	$10,155,658	$ 507,198	$ 337,237	$11,000,093

25. PROFIT (LOSS) BEFORE INCOME TAX

The following items were included in profit (loss) before income tax:

a. Other income

	For the Year Ended December 31	
	2020	2019
Government subsidy income	$ 204,225	$ 39,529
Rental income	19,877	15,410
Dividend income	9,432	8,642
Others	60,627	50,197
	$ 294,161	$ 113,778

Government subsidy income was mainly from the subsidy due to the COVID-19.

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange loss	($ 7,984)	($ 107,449)
Loss on financial instruments at fair value through profit or loss	(4,901)	(365)
Gain on disposal of property, plant and equipment	58,042	823
Depreciation expense	(15,490)	(14,879)
Compensation expense	(49,916)	(1,600)
Impairment loss (Notes 12 and 17)	(19,830)	-
Others	(9,063)	(28,972)
	($ 49,142)	($ 152,442)

The components of net foreign exchange loss were as follows:

	For the Year Ended December 31	
	2020	2019
Foreign exchange gain	$ 146,628	$ 108,207
Foreign exchange loss	(154,612)	(215,656)
Net foreign exchange loss	($ 7,984)	($ 107,449)

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 91,430	$111,544
Interest on lease liabilities	14,784	17,167
Interest on short-term bills	1,846	1,908
	$108,060	$130,619

d. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Depreciation and amortization expenses		
Property, plant and equipment	$ 245,037	$ 252,672
Right-of-use assets	56,442	59,161
Investment properties	11,710	11,789
Intangible assets	29,061	31,335
Others	25,723	28,188
	$ 367,973	$ 383,145
An analysis of depreciation by function		
Operating costs	$ 169,602	$ 183,513
Operating expenses	128,097	125,230
Non-operating expenses	15,490	14,879
	$ 313,189	$ 323,622
An analysis of amortization by function		
Operating costs	$ 32,278	$ 36,016
Operating expenses	22,506	23,507
	$ 54,784	$ 59,523

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2020	2019
Direct operating expenses of investment properties that generated rental income	$ 12,547	$ 12,536

f. Employee benefits

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 1,638,492	$ 1,878,522
Post-employment benefits		
Defined contribution plans	116,908	133,885
Defined benefit plans (Note 23)	2,290	3,374
	119,198	137,259
	$ 1,757,690	$ 2,015,781
Analysis of employee benefits by function		
Operating costs	$ 1,108,183	$ 1,278,380
Operating expenses	649,507	737,401
	$ 1,757,690	$ 2,015,781

g. Employees' compensation and remuneration of directors

The Articles of Incorporation of the Corporation stipulated the Company to distribute employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. Because of the net operating loss for the year ended December 31, 2020, employees' compensation and remuneration of directors were not accrued. 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.

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.

There was no difference between the actual amounts of remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018. The employees' compensation for the year ended December 31, 2019 have not been paid.

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 expense (benefit) recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ 27,607	$ 84,355
Income tax on unappropriated earnings	630	7,894
Adjustments for prior years	3,817	(461)
	32,054	91,788
Deferred tax		
In respect of the current year	(140,181)	(35,862)
Adjustments for prior years	(8,354)	(12,634)
	(148,535)	(48,496)
	($ 116,481)	$ 43,292

The reconciliation of accounting profit and income tax expense (benefit) was as follows:

	For the Year Ended December 31	
	2020	**2019**
Profit (loss) before income tax	($ 513,190)	$ 132,912
Income tax expense calculated at the statutory rate (loss carryforwards benefit)	($ 115,757)	$ 42,248
Non-deductible expenses in determining taxable income	3,183	6,245
Income tax on unappropriated earnings	630	7,894
Adjustments for prior years	(4,537)	(13,095)
	($ 116,481)	$ 43,292

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Company and its subsidiaries only deducted the amount of the unappropriated earnings that has been reinvested in capital expenditure when calculating the tax on unappropriated earnings.

In accordance with Rule No. 10904550440 issued by the Ministry of Finance of Taiwan (MOF), the Company used the losses incurred in the first quarter of 2020 to estimate losses for the first six months of 2020 and this amount is deducted from the Company's unappropriated earnings for 2018 for filing the additional tax. For the 2020 consolidated financial reporting purpose, the tax on unappropriated earnings for 2018 is measured based on the actual loss for 2020, and the current income tax payable is adjusted accordingly.

b. Income tax benefit recognized directly in equity

	For the Year Ended December 31	
	2020	2019
Deferred tax		
Change in percentage of ownership	$ -	($ 3,457)

c. Income tax benefit recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current period		
Translation of foreign operations	($ 4,954)	$ 13,384
Remeasurement on defined benefit plans	2,681	(563)
	($ 2,273)	$ 12,821

d. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 8,372	$ 19,811
Current tax liabilities		
Income tax payable	$ 38,187	$ 34,732

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Balance, End of Year
Deferred tax assets					
Temporary differences					
Write-downs of inventory	$ 111,699	$ 54,173	$ -	$ 194	$ 166,066
Allowance for bad debts	75,108	10,447	-	534	86,089
Share of loss of foreign subsidiaries	38,801	33,300	-	-	72,101
Exchange difference on translating foreign operations	34,465	14	(4,954)	-	29,525
Defined benefit plan	15,023	(756)	2,681	-	16,948
Deduction of development cost	4,306	7,841	-	-	12,147
Provisions	14,403	1,627	-	(2,446)	13,584
Loss carryforwards	-	37,439	-	-	37,439
Others	68,497	5,521	-	3,440	77,458
	$ 362,302	$ 149,606	($ 2,273)	$ 1,722	$ 511,357
Deferred tax liabilities					
Temporary differences					
Land value increment tax	$ 66,990	$ -	$ -	$ -	$ 66,990
Others	2,634	1,071	-	90	3,795
	$ 69,624	$ 1,071	$ -	$ 90	$ 70,785

For the Year Ended December 31, 2019

Deferred tax assets	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized Directly in Equity	Exchange Differences	Balance, End of Year
Temporary differences						
Write-downs of inventory	$ 84,033	$ 27,981	$ -	$ -	($ 315)	$ 111,699
Allowance for bad debts	61,124	14,853	-	-	(869)	75,108
Share of loss of foreign subsidiaries	30,683	4,661	-	3,457	-	38,801
Exchange difference on translating foreign operations	21,081	-	13,384	-	-	34,465
Defined benefit plan	16,354	(768)	(563)	-	-	15,023
Deduction of development cost	4,366	(60)	-	-	-	4,306
Provisions	12,492	2,006	-	-	(95)	14,403
Others	69,878	791	-	-	(2,172)	68,497
	$ 300,011	$ 49,464	$ 12,821	$ 3,457	($ 3,451)	$ 362,302
Deferred tax liabilities						
Temporary differences						
Land value increment tax	$ 66,990	$ -	$ -	$ -	$ -	$ 66,990
Others	1,708	968	-	-	(42)	2,634
	$ 68,698	$ 968	$ -	$ -	($ 42)	$ 69,624

f. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
Subsidiary	2020	2019
Loss carryforwards	$ 213,903	$ 321,344

The unrecognized loss carryforwards will expire through 2036.

g. Information about unused investment credits and Loss carryforwards

As of December 31, 2020, investment credits comprised of the following:

Laws and Statutes	Tax Credit Source	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Research and development expenditure	$ 12,147	2021

As of December 31, 2020, loss carryforwards comprised of the following:

Unused Amount	Expiry Year
$ 46,586	2021
12,326	2022
24,772	2023
23,032	2024
3,572	2025
290,808	Over 2027
$ 401,096	

h. Income tax assessments

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

27. EARNINGS (LOSS) PER SHARE

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

Net profit (loss) for the year

	For the Year Ended December 31	
	2020	**2019**
Attributable to owners of the Company	($ 346,776)	$ 58,947

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

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares in computation of basic earnings per share	254,827	254,827
Effect of potentially dilutive potential ordinary shares:		
Employees' compensation	-	477
Weighted average number of ordinary shares used in the computation of diluted earnings per share	254,827	255,304

The dilutive loss per share for the year ended December 31, 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.

In December 2019, the subsidiary Tongan acquired residual shares of MBI. The transaction was accounted for as equity transaction since the Company did not cease to have control over the subsidiary, reduced the capital surplus by NT$10,622 thousand and the retained earnings by NT$3,207 thousand (net of income tax of NT$3,457 thousand).

In September 2019, the Company subscribed for additional new shares of Tong-Yeh at a percentage different from its existing ownership percentage. The transaction was accounted for as equity transaction since the Company did not cease to have control over the subsidiary, and reduced the capital surplus by NT$224 thousand.

29. NON-CASH TRANSACTIONS

For the year ended December 31, 2020 and 2019, 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 Year Ended December 31	
	2020	**2019**
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	$241,975	$139,049
Decrease of payable for equipment	2,392	9,393
Increase of prepayment for equipment	3,796	1,269
Cash paid	$248,163	$149,711
Proceeds from disposal of property, plant and equipment	$ 77,808	$ 4,208
Increase of other receivables	(57,746)	-
Cash received	$ 20,062	$ 4,208
Proceeds from disposal of investment properties	$ 13,494	$ -
Increase of other receivables	(13,494)	-
Cash received	$ -	$ -

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
December 31, 2020				
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	16,683	-	-	16,683
	$ 16,683	$ 3,841	$ 93,319	$ 113,843
Financial assets at FVTOCI - non-current				
Domestic listed shares	$ 113,838	$ -	$ -	$ 113,838
Domestic unlisted shares	-	-	32,365	32,365
	$ 113,838	$ -	$ 32,365	$ 146,203
Financial liabilities at fair value through profit or loss - current				
Cross-currency swap contract	$ -	$ 11,280	$ -	$ 11,280
Foreign exchange forward contracts	-	92	-	92
	$ -	$ 11,372	$ -	$ 11,372
December 31, 2019				
Financial assets at fair value through profit or loss - current				
CNY floating rate financial products	$ -	$ -	$ 18,456	$ 18,456
Financial assets at FVTOCI - non-current				
Domestic listed shares	$ 121,572	$ -	$ -	$ 121,572
Domestic unlisted shares	-	-	58,692	58,692
	$ 121,572	$ -	$ 58,692	$ 180,264
Financial liabilities at fair value through profit or loss - current				
Cross-currency swap contract	$ -	$ 6,357	$ -	$ 6,357
Swap contracts	-	1,900	-	1,900
	$ -	$ 8,257	$ -	$ 8,257

There was no transfer between Level 1 and Level 2 for the nine months ended September 30, 2020 and 2019.

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

For the Year Ended December 31, 2020

Financial assets	Non-derivatives Financial Assets at FVTPL	Equity Instruments Financial Assets at FVTOCI	Total
Balance at January 1, 2020	$ 18,456	$ 58,692	$ 77,148
Purchase	81,358	-	81,358
Disposal	(9,408)	(16,989)	(26,397)
Change in fair value recognized in profit or loss	987	-	987
Transfer out from Level 3	-	(7,170)	(7,170)
Change in fair value recognized in other comprehensive income	-	(2,168)	(2,168)
Effect of foreign currency exchange difference	1,926	-	1,926
Balance at December 31, 2020	$ 93,319	$ 32,365	$ 125,684

For the Year Ended December 31, 2019

Financial assets	Non-derivatives Financial Assets at FVTPL	Equity Instruments Financial Assets at FVTOCI	Total
Balance at January 1, 2019	$ 46,411	$ 56,005	$ 102,416
Purchase	17,888	-	17,888
Disposal	(46,255)	-	(46,255)
Change in fair value recognized in profit or loss	1,128	-	1,128
Change in fair value recognized in other comprehensive income	-	2,687	2,687
Effect of foreign currency exchange difference	(716)	-	(716)
Balance at December 31, 2019	$ 18,456	$ 58,692	$ 77,148

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

	December 31	
	2020	**2019**
Financial assets		
Financial assets at FVTPL	$ 113,843	$ 18,456
Financial assets at amortized cost (1)	5,573,698	5,994,822
Financial assets at FVTOCI		
Equity instruments	146,203	180,264
Financial liabilities		
Financial liabilities at FVTPL	11,372	8,257
Financial liabilities at amortized cost (2)	8,232,164	8,886,226

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 Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Profit or loss (Note)	($22,672)	($35,786)	($63,169)	($55,817)	($ 8,787)	($ 7,054)

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:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 4,097	$ 8,546
Financial liabilities	1,139,048	1,566,822
Cash flow interest rate risk		
Financial liabilities	3,606,163	3,692,051

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 lower/higher by NT$36,062 thousand and NT$36,921 thousand for the years ended December 31, 2020 and 2019, 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 years ended December 31, 2020 and 2019 would have been higher/lower by NT$1,138 thousand and NT$1,216 thousand, as a result of the changes in fair value of financial assets at FVTOCI respectively; the pre-tax loss for the year ended December 31, 2020 would have been lower/higher by NT$161 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:

	December 31	
Customer	**2020**	**2019**
Company A	$ 678,599	$ 863,211

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.

For the Year Ended December 31, 2020

	Less than 1 Year	1-5 Years	5+ Years	Total
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	46,797	148,295	618,942	814,034
	$7,006,167	$1,208,135	$ 957,894	$9,172,196

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

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

For the Year Ended December 31, 2019

	Less than 1 Year	1-5 Years	5+ Years	Total
Non-interest bearing liabilities	$2,387,803	$ 1,791	$ -	$2,389,594
Interest bearing liabilities	4,341,830	1,995,227	284,038	6,621,095
Finance lease liabilities	53,912	167,060	660,688	881,660
	$6,783,545	$2,164,078	$ 944,726	$9,892,349

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

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 53,912	$ 167,060	$ 166,159	$ 113,434	$112,552	$ 268,543

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.(Hao Shiang)	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

		For the Year Ended December 31	
Account Item	Related Party Type	2020	2019
Revenues from sales	Other related parties	$ 15,347	$ 22,518

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

	For the Year Ended December 31	
Related Party Type	2020	2019
Other related parties	$ 156,195	$ 194,949

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

d. Receivables from related parties

		December 31	
Account Item	Related Party Type	2020	2019
Accounts receivable - related parties	Other related parties	$ 5,178	$ 5,503
Other accounts receivable	Other related parties	$ 18,238	$ 786

e. Payables to related parties

Account Item	Related Party Type	December 31 2020	December 31 2019
Notes payable - related parties	Other related parties	$ -	$ 38
Accounts payable - related parties	Other related parties		
	Shiang Jen	$ 38,002	$ 49,330
	Shan Shin	26,823	24,018
		$ 64,825	$ 73,348
Other accounts payable	Other related parties	$ 1,064	$ 4,031

f. Other transactions with related parties

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

Related Party Type	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Other related parties	$ 1,411	$ 5,890

2) Rental income

Related Party Type	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Other related parties		
Shiang Jen	$ 5,040	$ 4,920
Others	40	40
	$ 5,080	$ 4,960

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.

g. Compensation of key management personnel

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Short-term employee benefits	$ 15,693	$ 12,231
Post-employment benefits	402	234
	$ 16,095	$ 12,465

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:

	December 31	
	2020	2019
Property, plant and equipment	$ 2,039,240	$ 1,755,738
Investment properties	148,143	152,290
Pledged deposits (including in other financial assets)	327,679	878,434
	$ 2,515,062	$ 2,786,462

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 December 31, 2020 were as follows:

a. Unused letters of credit in the amount of NT$22,711 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$108,198 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:

December 31, 2020	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary foreign currency assets				
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
Non-monetary foreign currency assets				
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
Monetary foreign currency liabilities				
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

(Continued)

December 31, 2019	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Monetary foreign currency assets				
USD	$ 64,357	29.98	(USD:NTD)	$ 1,929,423
USD	1,112	0.893	(USD:EUR)	33,338
CNY	443,536	4.305	(CNY:NTD)	1,909,422
EUR	7,364	33.59	(EUR:NTD)	247,357
Non-monetary foreign currency assets				
Investment accounted for using the equity method				
USD	457	29.98	(USD:NTD)	13,709
EUR	10,088	33.59	(EUR:NTD)	338,856
MRY	6,927	7.033	(MRY:NTD)	48,716
JPY	90,967	0.276	(JPY:NTD)	25,107
Monetary foreign currency liabilities				
USD	20,333	29.98	(USD:NTD)	609,583
USD	5,347	0.893	(USD:MYR)	160,303
CNY	11,345	4.305	(CNY:NTD)	48,840
EUR	364	33.59	(EUR:NTD)	12,227

(Concluded)

The total foreign exchange net loss amounted to NT$7,984 thousand and NT$107,449 thousand for the years ended December 31, 2020 and 2019, respectively. It is impractical to disclose the net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions 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: Please see Table 4 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 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 6 attached;

b. 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 7 attached;

c. 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 8 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: Please see Table 6 attached;

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 4 and 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.

d. Information of major shareholders: Please see Table 9 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
For the Year Ended December 31, 2020					
Revenues from external customers	$ 7,271,362	$ 412,020	$ 95,159	$ -	$ 7,778,541
Inter-segment revenues	889,629	203,166	73,662	(1,166,457)	-
Segment revenues	$ 8,160,991	$ 615,186	$ 168,821	($ 1,166,457)	$ 7,778,541
Segment profit (loss)	($ 629,191)	($ 5,799)	($ 50,489)	$ 15,351	($ 670,128)
Interest income	29,668	79	600	(7,417)	22,930
Financial costs	(106,030)	(1,912)	(7,535)	7,417	(108,060)
Share of the profit (loss) of associates and subsidiaries	(191,588)	-	(294,589)	483,226	(2,951)
Other non-operating income and expenses	214,601	38,225	13,623	(21,430)	245,019
Profit (loss) before income tax	(682,540)	30,593	(338,390)	477,147	(513,190)
Income tax expense (benefit)	(121,843)	3,761	1,601	-	(116,481)
Net profit (loss) for the year	($ 560,697)	$ 26,832	($ 339,991)	$ 477,147	($ 396,709)
For the Year Ended December 31, 2019					
Revenues from external customers	$ 10,155,658	$ 507,198	$ 337,237	$ -	$ 11,000,093
Inter-segment revenues	898,786	246,818	87,226	(1,232,830)	-
Segment revenues	$ 11,054,444	$ 754,016	$ 424,463	($ 1,232,830)	$ 11,000,093
Segment profit (loss)	$ 227,098	$ 40,239	($ 12,374)	$ 15,678	$ 270,641
Interest income	38,162	70	1,060	(5,585)	33,707
Financial costs	(121,628)	(2,361)	(12,215)	5,585	(130,619)
Share of the profit (loss) of associates and subsidiaries	40,878	-	(136,800)	93,769	(2,153)
Other non-operating income and expenses	(40,606)	5,916	9,048	(13,022)	(38,664)
Profit (loss) before income tax	143,904	43,864	(151,281)	96,425	132,912
Income tax expense	30,895	8,227	4,170	-	43,292
Net profit (loss) for the year	$ 113,009	$ 35,637	($ 155,451)	$ 96,425	$ 89,620

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

	December 31	
	2020	2019
Segment assets		
Machine Manufacturer	$ 18,627,964	$ 19,233,910
Component Manufacturer	511,420	545,700
Others	1,623,255	2,116,433
Adjustment and Elimination	(4,753,574)	(4,974,191)
	$ 16,009,065	$ 16,921,852
Segment liabilities		
Machine Manufacturer	$ 11,030,961	$ 10,960,885
Component Manufacturer	264,291	301,587
Others	599,140	734,752
Adjustment and Elimination	(1,346,001)	(1,067,419)
	$ 10,548,391	$ 10,929,805

c. Revenues from major products and services

Revenues from major products and services of the Company and its subsidiaries were as follows:

	For the Year Ended December 31	
	2020	2019
Sales		
Machining Center	$ 3,107,575	$ 4,349,263
CNC Lathe	1,406,349	2,695,906
PCB Processing Machine	1,172,571	1,342,861
Special Purpose Machine	608,725	994,089
Others	476,864	478,509
Maintenance and rebuilding revenues	1,006,457	1,139,465
	$ 7,778,541	$ 11,000,093

d. Geographical information

The Company and its subsidiaries operate in three principal geographical areas - Taiwan, Asia and Europe.

The Company and its subsidiaries' revenues from continuing operations from external customers and information about their non-current assets by geographical location are detailed below:

	Revenues from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2020	2019	2020	2019
Taiwan	$ 900,811	$ 1,016,780	$ 3,349,220	$ 3,378,490
China	3,717,118	3,984,832	417,456	440,422
Europe	1,604,789	2,362,178	425,057	453,120
Asia	994,790	2,086,285	86,212	95,226
Others	561,033	1,550,018	1,962	370
	$ 7,778,541	$ 11,000,093	$ 4,279,907	$ 4,367,628

Non-current assets excluded financial assets, investment accounted for using the equity method, deferred tax assets, long-term notes and accounts receivables and net defined benefit assets.

e. Geographical information

No revenue from any individual customer exceeds 10% of the Company and its subsidiaries' total revenues for the years ended December 31, 2020 and 2019.

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(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.	Tongtai Machinery Co., Ltd.	Other receivables - related party	Yes	$ 77,074	$ 35,600	$ 35,600	1.7-2.7	Note 1	$ -	Acquiring Building	$		$ -	$ 488,292	$ 976,583	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Other receivables - related party	Yes	398,880	210,120	210,120	1.7	Note 1	-	Operating capital			-	488,292	976,583	Note 2
0	Tongtai Machine & Tool Co., Ltd.	SKTD Co., Ltd.	Other receivables - related party	Yes	11,152	5,526	5,526	1.7	Note 1	-	Operating capital			-	488,292	976,583	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Other receivables - related party	Yes	225,150	213,600	77,485	1.19-1.7	Note 1	-	Operating capital			-	488,292	976,583	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Other receivables - related party	Yes	129,968	65,504	65,504	1.7	Note 1	-	Operating capital			-	488,292	976,583	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Other receivables - related party	Yes	131,370	131,310	131,310	1.7	Note 1	-	Operating capital			-	488,292	976,583	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Other receivables - related party	Yes	60,000	60,000	54,500	1.5	Note 1	-	Operating capital			-	488,292	976,583	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			-	488,292	976,583	Note 2
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteilingung GmbH	Other receivables - related party	Yes	21,012	21,012	8,755	1.15	Note 1	-	Operating capital			-	488,292	976,583	Note 2
1	Union Top	Tongtai Machine Tool (Sea) Sdn. Bhd.	Other receivables - related party	Yes	6,912	-	-	3.0	Note 1	-	Operating capital			-	100,472	200,945	Note 3
1	Union Top	Quick-Tech Machinery Co., Ltd.	Other receivables - related party	Yes	19,963	19,188	-	1.19-2.7	Note 1	-	Operating capital			-	100,472	200,945	Note 3
1	Union Top	TongTai Europe B.V.	Other receivables - related party	Yes	14,079	13,779	13,779	1.2	Note 1	-	Operating capital			-	100,472	200,945	Note 3
2	PCI-SCEMM	TTGroup France	Other receivables - related party	Yes	7,016	7,004	5,375	1.5	Note 1	-	Operating capital			-	41,478	82,955	Note 3
3	Honor Seiki Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Other receivables - related party	Yes	10,000	-	-	1.7	Note 1	-	Operating capital			-	119,176	238,353	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.

TABLE 2

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	$ 1,464,875	$ 30,250	$ 28,480	$ -	$ -	0.58	$ 2,441,459	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	PCI-SCEMM	The Company owns directly or indirectly over 50% ownership of the investee company	1,464,875	31,572	31,518	18,857	-	0.65	2,441,459	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	1,464,875	527,258	496,406	196,227	-	10.17	2,441,459	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Mbi-group Beteilingung GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,464,875	70,160	70,040	59,255	-	1.43	2,441,459	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,464,875	942,038	661,878	580,457	-	13.55	2,441,459	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	The Company owns directly or indirectly over 50% ownership of the investee company	1,464,875	275,000	245,000	153,120	-	5.02	2,441,459	Y	-	-	
0	Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	The Company owns directly or indirectly over 50% ownership of the investee company	1,464,875	19,974	17,510	17,510	-	0.36	2,441,459	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	1,464,875	10,000	10,000	-	-	0.20	2,441,459	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	1,464,875	202,620	201,960	84,983	-	4.14	2,441,459	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).

TABLE 3

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(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	DECEMBER 31, 2020 Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	Note
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	$103,422	4	$103,422	
	SHIANG JEN CO., LTD.	The held company as its director	Financial assets at fair value through other comprehensive income - non current	1,520,000	16,003	19	16,003	
	World Known MFG (Cayman) Limited	-	Financial assets at fair value through other comprehensive income - non current	280,000	10,416	1	10,416	
	USYNC INC.	-	Financial assets at fair value through other comprehensive income - non current	295,371	10,382	4	10,382	
	WORLD KNOWN MFG. CO., LTD.	-	Financial assets at fair value through other comprehensive income - non current	229,729	5,980	1	5,980	
					$146,203		$146,203	
	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	$ 16,683		$ 16,683	
Suzhou Tongyu Machine Tool Co., Ltd.	Closed fund No. 13108	-	Financial assets at fair value through profit or loss - current		$ 70,813		$ 70,813	
CHIN-JIG CO., LTD (SHANGHAI)	QIAN YUAN - 2020.86 wealth management products	-	Financial assets at fair value through profit or loss - current		$ 9,003		$ 9,003	
	QIAN YUAN - HUI XIANG open-end wealth management products	-	Financial assets at fair value through profit or loss - current		13,503		13,503	
					$ 22,506		$ 22,506	

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Related Party	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Purchase/Sale Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	Sales	($ 462,011)	(6)	Comparable with ones of non-related party transactions	$ -	-	$ 275,056	9	Note
	Asia Pacific Elite Corp.	Subsidiary	Sales	(119,723)	(2)	Comparable with ones of non-related party transactions	-	-	507	-	Note
	Tongfong Auto Tech Co., Ltd.	Subsidiary	Purchases	119,232	2	Comparable with ones of non-related party transactions	-	-	(42,429)	3	Note

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

TABLE 5

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(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	Actions Taken		
Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary	$ 408,897 (Note 1)	2.17	$ -	-	$ 168,973	$ -
	Anger Machining GmbH	Subsidiary	214,442 (Note 2)	0.78	-	-	-	-

Note 1: Including accounts receivable amounted of NT$275,056 thousand and other receivable amounted of NT$133,841 thousand. Other receivable was excluded in the calculation turnover rate.
Note 2: Including accounts receivable amounted of NT$1,778 thousand and other receivable amounted of NT$212,664 thousand. Other receivable was excluded in the calculation turnover rate.
Note 3: All the transactions had been eliminated when preparing consolidated financial statements.

TABLE 6

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Operating Revenues or Assets
0	Tongtai Machine & Tool Co., Ltd.	Tongfong Auto Tech Co., Ltd.	Parent to subsidiary	Sales	$ 67,605	Based on contracts	0.87
0	Tongtai Machine & Tool Co., Ltd.	Asia Pacific Elite Corp.	Parent to subsidiary	Sales	119,723	Based on contracts	1.54
0	Tongtai Machine & Tool Co., Ltd.	Honor Seiki Co., Ltd.	Parent to subsidiary	Sales	69,667	Based on contracts	0.90
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Sales	267,647	Based on contracts	3.44
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Sales	194,364	Based on contracts	2.50
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Sales	30,356	Based on contracts	0.39
0	Tongtai Machine & Tool Co., Ltd.	Quick-Tech Machinery Co., Ltd.	Parent to subsidiary	Other receivable	54,565	Based on contracts and BOD resolution	0.34
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Accounts receivable	275,056	Based on contracts	1.72
0	Tongtai Machine & Tool Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Parent to subsidiary	Other receivable	133,841	Based on contracts and BOD resolution	0.84
0	Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Parent to subsidiary	Other receivable	35,701	Based on contracts and BOD resolution	0.22
0	Tongtai Machine & Tool Co., Ltd.	Anger Machining GmbH	Parent to subsidiary	Other receivable	212,664	Based on contracts and BOD resolution	1.33
0	Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Parent to subsidiary	Other receivable	78,406	Based on contracts and BOD resolution	0.49
0	Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Parent to subsidiary	Other receivable	66,386	Based on contracts and BOD resolution	0.41
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Sales	119,232	Based on contracts	1.53
1	Tongfong Auto Tech Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Accounts receivable	42,429	Based on contracts	0.27
2	Honor Seiki Co., Ltd.	Suzhou Tongyu Machine Tool Co., Ltd.	Subsidiary to Subsidiary	Sales	36,261	Based on contracts	0.47
3	Tong-Yeh Precision Co., Ltd.	Tongtai Machine & Tool Co., Ltd.	Subsidiary to Parent	Sales	35,210	Based on contracts	0.45
4	HPC Produktions GmbH	Anger Machining GmbH	Subsidiary to Subsidiary	Sales	38,442	Based on contracts	0.49

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	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	$ 46,336	$ 14,952	$ 14,942	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	94,715	14,390	15,402	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	(3,203)	(138,635)	(76,690)	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	530,328	45,852	23,899	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	29,851	4,496	2,698	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	52,034	(1,651)	(1,156)	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	22,901	(2,238)	(2,238)	Note
Tongtai Machine & Tool Co., Ltd.	Tong Tai Machinery Co., Ltd.	Thailand	Sales of customized machine	5,854	5,854	999,998	100.00	26,378	(4,278)	(4,278)	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Seiki Vietnam Co.,Ltd.	Vietnam	Sales of customized machine	9,054	9,054	631,080	100.00	16,509	(1,859)	(1,859)	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	9,261	2,725	1,417	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	38,216	(973)	(973)	Note
Tongtai Machine & Tool Co., Ltd.	Tong-Tai Seiki USA, Inc.	USA	Sales of merchandise	71,667	71,667	100	100.00	5,099	(8,221)	(8,221)	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	7,126	(559)	(559)	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	414,776	13,192	13,192	Note
Tongtai Machine & Tool Co., Ltd.	Tongtai Europe B.V.	Netherlands	Sales of merchandise	96,221	96,221	9,000	100.00	(30,644)	(20,679)	(20,679)	Note
Tongtai Machine & Tool Co., Ltd.	Union Top Industrial (Samoa) Limited	Samoa	General investment	560,867	560,867	16,465,400	100.00	989,528	10,497	10,497	Note
Tongtai Machine & Tool Co., Ltd.	Tongan GmbH	Austrian	General investment	597,771	597,771	35,000	100.00	(196,835)	(152,801)	(152,801)	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	-	(4,470)	(1,556)	
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	7,771	(3,322)	(1,329)	
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	70,204	2,567	2,567	Note
PCI-SCEMM	TTGroup France	France	Sales of merchandise	1,076	1,076	30,000	100.00	1,802	360	360	Note
Tongan GmbH	Mbi-group Beteiligung GmbH	Austrian	General investment	611,202	611,202	-	100.00	(181,900)	(154,157)	(152,401)	Note
Mbi-group Beteiligung GmbH	HPC Produktions GmbH	Austrian	Sales of mold and equipment	1,215	1,215	-	100.00	63,695	4,218	4,218	Note
Mbi-group Beteiligung GmbH	Anger Machining GmbH	Austrian	Sales, manufacturing and maintenance of machine tools	595,855	595,855	-	100.00	(139,730)	(158,347)	(158,347)	Note
Anger Machining GmbH	Anger Machining Inc.	USA	Sales and maintenance of machine tools	122	122	60,000	100.00	(3,958)	(2,063)	(2,063)	Note
Anger Machining GmbH	Anger Service Deutschland GmbH	Germany	Sales and maintenance of machine tools	868	868	-	100.00	1,368	474	474	Note
Tongtai Machine & Tool Japan Co., Ltd.	SKTD Co., Ltd.	Japan	Design and development of machine tools	23,203	23,203	780	98.73	16,894	(3,169)	(3,129)	Note
Quick-Tech Machinery Co., Ltd.	SCTW. Co., Ltd.	Tainan City	Software related service	-	1,000	-	-	-	(226)	(66)	

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

TABLE 8

TONGTAI MACHINE & TOOL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(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, 2019 (Note 1)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020 (Note 1)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Tong-Yu Machine Tool (Shanghai) Co., Ltd.	Sales and maintenance of machine tools	$ 68,580	Investments through a holding company registered in a third region	$ 68,580	$ -	$	$ 68,580	($ 3,319)	100.00	($ 3,319)	$ 99,860	$ -	Note 4
Suzhou Tongyu Machine Tool Co., Ltd.	Manufacturing of digital control machine and system	712,000	Investments through a holding company registered in a third region	712,000	-		712,000	9,628	100.00	9,628	1,144,761	53,223	Note 4
Shanghai Tong-Tai-Shin Trading Co., Ltd.	International trade	5,696	Investments through a holding company registered in a third region	5,696	-		5,696	(141)	100.00	(141)	9,716	8,972	Note 4
Hao-Tern-Shin Electronics (Shenzhen) Co., Ltd.	Sales and manufacturing of printed circuit board	71,200	Investments through a holding company registered in a third region	39,160	-		39,160	-	55.00	-	-	-	Note 4
Chin-Jig Precision Machine (Shanghai) Co., Ltd.	Sales and manufacturing of mold and equipment	15,664	Investments through a holding company registered in a third region	15,664	-		15,664	6,335	70.00	4,435	49,143	47,997	Note 4

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020 (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.	$ 825,436	$ 825,436	$ 2,929,750
Chin-Jig Technology Co., Ltd.	15,664	15,664	44,617

Note 1: The amounts were calculated based on the foreign exchange rate as of December 31, 2020.

Note 2: The basis for recognition of investment income (loss) is based on the financial statements reviewed and attested by R.O.C. parent company’s CPA.

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 9

TONGTAI MACHINE & TOOL CO., LTD.
INFORMATION OF MAJOR SHAREHOLDERS
December 31, 2020

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.