

Motech Inc.
Code:6244



Handbook for the 2021 Annual Meeting of Shareholders

(TRANSLATION)

Meeting Date : June 17,2021

Motech Industries Inc.
Meeting Agenda for 2021 Annual Shareholders' Meeting
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Motech Industries Inc.
Procedures of 2021 Annual Shareholders' Meeting

- I. Announce the Number of Shares Represented at the Meeting
- II. Call Meeting to Order
- III. Chairman's Opening Remarks
- IV. Report Items
- V. Proposed Resolutions
- VI. Special Motions
- VII. Meeting Adjourned

Motech Industries Inc.
Meeting Agenda for 2021 Annual Shareholders' Meeting

- I. Date and Time: 10 a.m., June 17, 2021 (Thursday)
- II. Venue: International Conference Hall at 1st Fl., No. 18, Dashun 9th Rd., Xinshi Dist., Tainan City 74145, Taiwan (Fab 5 of Motech Industries Inc., Science Park Branch)
- III. Call meeting to order (announce the number of shares represented at the meeting)
- IV. Chairman's opening remarks
- V. Report items
 - 1. 2020 operation report
 - 2. Audit Committee's review report on 2020 financial statements
 - 3. Distribution of 2020 compensation to employees and remuneration to Directors
 - 4. Execution status of the sound business plan on capital reduction for deficit compensation in 2020
 - 5. Other report items
- VI. Proposed resolutions
 - 1. 2020 operation report and financial statements
 - 2. 2020 earnings distribution
- VII. Special motions
- VIII. Meeting adjourned

Report Items

Item 1

Subject: To report the 2020 operation report

Explanation: Please refer to Attachment 1 (page 7 to 8) for the 2020 operation report.

Item 2

Subject: To report the Audit Committee's review report on 2020 financial statements

Explanation: Please refer to Attachment 2 (page 9) for the Audit Committee's review report on 2020 financial statements.

Item 3

Subject: Distribution of 2020 compensation to employees and remuneration to Directors

Explanation:

1. Pursuant to Article 19 of the Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than one percent of the balance and the remuneration to Directors shall not be higher than five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation.
2. The 2020 compensation to employees and remuneration to Directors were resolved and approved by the Board of Directors and Remuneration Committee at amounts of NT\$7,195,788 and NT\$1,427,403, respectively. The distribution is to be made in the form of cash.
3. The amount of compensation to employees paid is the same as the amount accrued in the financial statements whereas the amount of remuneration to Directors was NT\$371,544 less than the amount accrued. The difference will be accounted for as changes in accounting estimates and recognized in profit or loss of the following year.

Item 4

Subject: The execution status of the sound business plan on capital reduction for deficit compensation in 2020

Explanation:

1. The filing of capital reduction by the cancellation of 185,409,533 common shares with a par value of NT\$10 at an amount of NT\$1,854,095,330 was approved and came into effect by Official Letter No. 1090348981 issued by the Financial Supervisory Commission (FSC) on July 17, 2020 and the registration of modification was approved by Official Letter No. MOEA-Authorized-Commerce-10901150100 issued on August 13, 2020.
2. Pursuant to the directions given in the above-mentioned letters from FSC and Official Letter No. Securities-Protection-Act-1090000971 issued by Securities and Futures Investors Protection Center on March 30, 2020, the execution status and outcome of the sound business plan was presented in the table below and documented in the meeting minutes.

(In Millions of New Taiwan Dollars)

Item	2020_Actual	2020_Budget	Difference	Achievement Rate
Operating revenue, net	3,678	4,020	(342)	91.5%
Operating cost	(3,270)	(3,729)	459	87.7%
Gross profit	408	291	117	140.2%
Gross margin	11.1%	7.2%	3.9%	
Operating expenses	(418)	(465)	47	89.9%
Operating expense ratio	-11.4%	-11.6%	0.2%	
Operating income	(10)	(174)	164	5.7%
Operating margin	-0.3%	-4.3%	4.0%	
Non-operating income and expenses	135	40	95	337.5%
Income (loss) before tax	125	(134)	259	-
Income tax expense	(13)	(7)	(6)	185.7%
Net income (loss)	112	(141)	253	-

1. Operating revenue: Actual operating revenue was lower than the budget figure as customers delayed the shipment which led to decreasing revenue.
2. Gross profit: Improvement in cell efficiency led to increasing module power and the overall gross profits.
3. Operating expenses: The benefits of cost savings resulted in lower operating expenses than the budget figure.
4. Non-operating income and expenses: Income from the sales of subsidiary and plants as well as a decrease in interest expense allowed non-operating income and expenses to meet the target.
5. The Company's actual performance in 2020 had achieved the budget figures of the sound business plan.

Item 5

Other report items.

1. Pursuant to Article 172-1 of the Company Act, the Company would accept proposals submitted by shareholders holding 1% or more of the Company's total number of outstanding shares for 2021 annual shareholders' meeting up till April 12, 2021. The Company did not receive any shareholder proposals.
2. In response to the Official Letter No. 1090348981 issued by FSC on July 17, 2020 demanding an explanation of the primary reasons for difference and the achievement status of the Company's sound business plan on the issuance of common shares for cash capital increase in 2017, details are as follows:

(In Millions of New Taiwan Dollars)

Item	2018_Actual	2018_Budget	Difference	Achievement Rate
Operating revenue, net	14,187	29,414	(15,227)	48.2%
Operating cost	(16,587)	(27,481)	10,894	60.4%
Gross profit (loss)	(2,400)	1,933	(4,333)	-
Gross margin	-16.9%	6.6%	-23.5%	
Operating expenses	(1,656)	(1,420)	(236)	116.6%
Operating expense ratio	-11.7%	-4.8%	-6.9%	
Operating income (loss)	(4,056)	513	(4,569)	-
Operating margin	-28.6%	1.7%	-30.3%	
Non-operating income and expenses	(2,558)	(120)	(2,438)	2131.7%
Income (loss) before tax	(6,614)	393	(7,007)	-

(1) Primary reasons for difference:

A. Impact from external factors

- (a) Solar industry experienced severe volatility due to China's 531 solar policy in 2018. The significant external influence led to material differences between the overall business plan and the original forecasts.
- (b) In July of the same year, India government levied a custom duty of 25% on solar products.

B. Internal adjustments

- (a) Measures to streamline our organization and adjust human resources generated one-off expenses and asset impairment losses.
- (b) Collection of accounts receivables, reduction of inventory level, termination of long-term material contracts and sale of idle assets to repay bank borrowings and lower financial liabilities.

(2) Achievement status of the previous plan:

- A. Operating revenue: China's 531 policy led to plunging cell prices and the Company's reduction in cell production resulted in significant decrease in sales.
- B. Gross profit (loss): Gross loss was a result of plunging cell prices due to external factors.
- C. Operating expenses: One-off expenses increased due to streamline and human resources adjustment.
- D. Non-operating income and expenses: Recognition of impairment loss resulted in a significant increase in non-operating losses.

Proposed Resolutions

Item 1

Subject: To accept the 2020 operation report and financial statements (proposed by Board of Directors)

Explanation: 1. The Company's 2020 financial statements (including balance sheets, statements of comprehensive income, changes in shareholders' equity and cash flows) were approved by the Board of Directors and audited by independent auditors, Mr. Ming-Hong Huang and Ms Mei-Yan Chen, of KPMG with an unqualified opinion. The aforementioned financial statements together with the operation report and the earnings distribution table were reviewed by Audit Committee which then issued an Audit Committee's review report.

2. Please refer to Attachment 1 (page 7 to 8) and Attachment 3 (page 10 to 25) for the operation report and financial statements, respectively.

Resolution:

Item 2

Subject: To approve the proposal for 2020 earnings distribution (proposed by Board of Directors)

Explanation 1. Net income of the Company amounted to NT\$109,997,386 and the accumulated distributable earnings were NT\$110,812,238. The Company proposes to distribute shareholders' bonus of NT\$71,008,375. Shareholders will be entitled to receive a cash dividend of NT\$0.20 per common share (rounded to the nearest dollar). Dividends to an individual shareholder of fractional dollar amount are recognized as the Company's other incomes.

2. It is proposed that the Chairman of the Board of Directors be authorized to handle relevant matters such as setting the record date and payment date and distributing dividends for the aforementioned earnings distribution.

3. If there are changes in the total number of outstanding shares, it is proposed that the Chairman of the Board of Directors be authorized to adjust the dividend ratio based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution.

4. Please refer to Attachment 4 (page 26) for 2020 Earnings Distribution Table.

Resolution:

Special Motions

Meeting Adjourned

Motech Industries Inc.

Operation Report

To all shareholders:

Thank you all for your long-term support and encouragement.

Our streamline reforms turned our performance around and we saw positive gross profits in the first quarter of 2020 and were out of the red in the second quarter. With sequential improvement every quarter, the Company achieved profitability in 2020. We successfully expanded our domestic sales of modules in line with developments in Taiwan market. According to the statistics of the research, InfoLink, Motech ranked among the top five companies in Taiwan in terms of module sales volume in 2020. In addition to proactive cooperation with system vendors, our hard work on high-efficient modules is also crucial to our success. Moreover, we deepened our commitment on downstream power systems and channel our resources on niche products to post profits this year. Much appreciated to your support which allowed us to complete the reforms and deliver excellent results.

Due to COVID-19, several countries or regions adopted lockdown measures or temporary restriction on economic activities in 2020. The global supply chain thus suffered numerous negative impacts. IHS statistics showed a solar installed capacity of 118GW in 2020, a decline of 5% compared to 2019. We expect a significant rebound in solar demand in 2021. With the general market consensus that the pandemic can be contained along with the development of vaccines, plus governments' support on green energy and the leading development in solar energy storage, the grid-connected capacity is projected to be 158GW in 2021, a surge of 34% compared to 2020.

Taiwan's incremental PV installed capacity shrank to only 1.2GW in 2020 as a result of COVID-19, insufficient feeder lines, delayed installation progress and restrictions imposed by the Council of Agriculture on farmland. It was the first decline in the PV history, down 15% year-over-year. Looking forward to the 2021 PV market in Taiwan, the Ministry of Economic Affairs (MOEA) announced a target of 8.75GW in cumulative installed capacity with an annual installation of 3.5 GW for the year. The government has numerous measures ready to meet the challenge, including subsidies to special projects via feed-in tariffs markup, increased capacity installation obligations of certain companies through the major electricity consumer clause and cross-departmental collaboration on inventorying the available land or space for PV system installation, including the roofs of industrial, public and agricultural facilities as well as polluted land and parking lots of harbors. Furthermore, the focus will be on the promotion of "fishery and electricity symbiosis" this year. The project adds value to the aquaculture industry and assists the traditional fishery with transformation, aiming to develop diverse purposes for PV in Taiwan. In general, the solar market in Taiwan will grow alongside the global solar market in 2021.

Financial performance

The Company generated consolidate revenues of NT\$3,678 million in 2020, a decrease of 30.6% from NT\$5,297 million in 2019. Gross profit amounted to NT\$408 million, a significant increase from the gross loss of NT\$134 million in 2019. Operating loss was NT\$10 million, a huge decrease from NT\$1,044 million in the previous year while the net income was NT\$112 million, an significant increase from the net loss of NT\$1,347 million in 2019, EPS of NT\$0.31 was notably improved from

EPS of- NT\$3.72 in 2019. The results of two-year transformation were reflected in our operating performance. The Company was out of the red in 2020.

Research and development

The Company launched the next-generation N-type MoPower-360 cell with a maximum efficiency of 360W and module efficiency exceeding 21% which is above the industry average of 19.8%. The product has completed Taiwan's first Voluntary Product Certification (VPC) and passed the testing criteria of MOEA's Taiwan Excellent Photovoltaic Award. It employs TOPCon cell materials and component features which improve power generation efficiency on dawn, dusk, and cloudy days where light is dim, making it a suitable product for Taiwan's high temperature and high rainfall climate. The savings on area employed to generate the same amount of electricity is over 10%, allowing more efficient use of land on the densely populated island. The excellent generating efficiency will save the construction costs of power plants by 6% to 8% or increase power revenue by at least 10%.

Future prospects

Looking at Taiwan's PV policies and market demand in 2021, the goal of 20GW of PV installation by 2025 remains unchanged with contribution from rooftop PV increases to 8GW as ground mount PV contributes 12GW. We enjoy robust developments in the installation of rooftop PV systems through years of dedication. In addition to seizing business opportunities from major electricity consumers, we will apply our vast experience in rooftop system to the fishery and electricity symbiosis applications. PV systems with our highly efficient modules mounted over the aquaculture ponds can generate a stable electricity income. The cross-industry alliance diminishes the uncertainties of aquaculture industry brought about by uncontrollable elements. Also, the traditionally outdoor aquaculture ponds are shifting towards indoor settings where the adoption of scientific management increases production, giving the industry an opportunity to upgrade. The land owners, farmers, PV manufacturers and environmental sustainability all benefit from the arrangement which coincides with the Company's business philosophy.

The world remains committed to energy saving and carbon reduction. Major countries around the world also aim at net-zero carbon emission through carbon neutrality. Several counties have even released their zero carbon images and objectives. Under the consensus, products such as low-carbon economy, renewable energy certificate and carbon credits have emerged. The prospective of renewable energy dominated by solar power are promising. Driven by demand, the integration of our three major businesses including solar cells, modules and systems has deepened. We will continue to roll out highly-efficient solar cells and modules as well as enhance the power efficiency of downstream systems through our advantages in core technology and lower costs. The new fishery and electricity symbiosis applications further expand the economies of scale and competitiveness of our system business, providing a new growth opportunity of the Company.

Chairman: Yung-Hui Tseng

CEO: Fred Yeh

Accounting Officer: Alan Wu

Motech Industries Inc.
Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 operation report, financial statements and earnings distribution proposal. Certified Public Accountants of KPMG, Mr. Ming-Hung Huang and Ms Mei-Yen Chen, were retained by the Board to audit the financial statements and they have issued an audit report. The above-mentioned operation report, financial statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by us. Thus, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

The 2021 Annual Shareholders' Meeting

Convener of the Audit Committee: Kin-Tsau Lee

March 18, 2021



安侯建業聯合會計師事務所

KPMG

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Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

We have audited the financial statements of Motech Industries Inc. (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

In 2020, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. In 2019, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the Ruling No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China and the 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Impairment of long-term non-financial assets

Please refer to Note 4(n) “Impairment of non-financial assets” , Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty, Note 6(h) “Property, plant and equipment” of the financial statements.

The Company operates in an industry where it may experience volatility on sales price in response to the changes in the supply and demand of market and government policies. Also, the recoverable amounts of long-term non-financial assets in cash-generating units have been determined based on the discounted cash flow forecasted by the Company's management, which involved its professional judgments. Therefore, the impairment of long-term non-financial assets is one of the key matters in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: challenging the valuation methodologies, which were derived from the management , with the assistance of our own valuation specialists, in order to consider the reasonableness of methodologies; assessing the rationality of method used in measuring the recoverable amount, which is provided by the Company's management, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate; comparing the historical accuracy of judgments, including inspecting the amount of forecasted cash flow in prior year and with reference to actual cash flow to evaluate the appropriateness of the assumptions, and performing the sensitivity analysis on main assumption; reviewing the adequacy of the disclosures in respect of impairment of long-term non-financial assets; performing an inquiry from the management and identifying any event after the balance sheet date if it is able to affect the results of the impairment assessment.

2. Provisions for impairment of notes and accounts receivable

Please refer to Note 4(f) “Financial instruments” , Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” , and Note 6(b) “Notes and accounts receivable” of the financial statements.

Notes and accounts receivable of the Company were measured by their recoverability. The Company operates in an industry where it may experience volatility due to changing market conditions. Impairment assessment requires management to exercise subjective judgment in making estimations for impairment allowance on notes and accounts receivable. Therefore, the provision for impairment of notes and accounts receivable is one of the key matters when in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: obtaining the calculation of expected credit loss (ECL) on notes and accounts receivable, and assessing the appropriateness of ECL; examining the aging of notes and accounts receivable to verify the accuracy of the aging period; assessing the appropriateness and adequacy of provision for doubtful accounts made by the management based on the ECL; reviewing the adequacy of the disclosures in respect of provision for impairment of notes and accounts receivable.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 financial statements.

As part of an audit in accordance with 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 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's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.



5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2021

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
MOTECH INDUSTRIES INC.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2020</u>		<u>December 31, 2019</u>				<u>December 31, 2020</u>		<u>December 31, 2019</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,661,961	27	2,368,856	33	2100	Short-term borrowings (notes 6(l) and 6(aa))	\$ 300,000	5	50,000	1
1170	Notes and accounts receivable, net (notes 6(b) and 6(u))	401,624	7	250,854	4	2130	Current contract liabilities (notes 6(u) and 7)	52,480	1	47,560	1
1180	Accounts receivable-related parties, net (notes 6(b), 6(u) and 7)	47,394	1	26,271	-	2170	Notes and accounts payable	255,399	4	148,466	2
1200	Other receivables (note 6(c))	5,842	-	2,284	-	2180	Accounts payable-related parties (note 7)	69,966	1	152,644	2
1210	Other receivables-related parties (notes 6(c) and 7)	41,336	1	106,475	1	2200	Other payables (notes 6(v) and 6(aa))	209,827	4	209,163	3
1220	Current tax assets	887	-	1,599	-	2220	Other payables-related parties (note 7)	895	-	4,006	-
130x	Inventories (note 6(d))	595,091	10	326,423	5	2230	Current tax liabilities	-	-	4,018	-
1410	Prepayments (note 6(k))	48,267	1	60,643	1	2250	Current provisions (notes 6(o) and 6(aa))	22,549	-	9,304	-
1479	Other current assets (note 6(k))	<u>29,087</u>	<u>-</u>	<u>20,803</u>	<u>-</u>	2280	Current lease liabilities (notes 6(n) and 6(aa))	9,146	-	11,623	-
Total current assets		<u>2,831,489</u>	<u>47</u>	<u>3,164,208</u>	<u>44</u>	2320	Long-term borrowings, current portion (notes 6(m), 6(aa) and 8)	205,099	3	1,242,940	17
Non-current assets:						2399	Other current liabilities	<u>41,555</u>	<u>1</u>	<u>59,074</u>	<u>1</u>
1550	Investments accounted for using equity method (notes 6(f) and 6(g))	1,540,581	26	2,223,170	31	Total current liabilities		<u>1,166,916</u>	<u>19</u>	<u>1,938,798</u>	<u>27</u>
1600	Property, plant and equipment (notes 6(h), 7 and 8)	1,404,596	23	1,462,680	21	Non-Current liabilities:					
1755	Right-of-use assets (note 6(ii))	58,677	1	87,589	1	2540	Long-term borrowings (notes 6(m), 6(aa) and 8)	1,510,678	25	2,006,940	28
1780	Intangible assets (note 6(j))	4,249	-	1,450	-	2550	Non-current provisions (note 6(o))	63,316	1	30,781	1
1840	Deferred tax assets (note 6(q))	60,482	1	58,151	1	2570	Deferred tax liabilities (note 6(q))	60,769	1	58,151	1
1980	Other non-current financial assets (note 8)	24,663	-	35,198	1	2580	Non-current lease liabilities (notes 6(n) and 6(aa))	49,992	1	76,915	1
1990	Other non-current assets (notes 6(k) and 6(p))	<u>95,460</u>	<u>2</u>	<u>86,778</u>	<u>1</u>	2600	Other non-current liabilities	<u>60</u>	<u>-</u>	<u>103</u>	<u>-</u>
Total non-current assets		<u>3,188,708</u>	<u>53</u>	<u>3,955,016</u>	<u>56</u>	Total non-current liabilities		<u>1,684,815</u>	<u>28</u>	<u>2,172,890</u>	<u>31</u>
						Total liabilities		<u>2,851,731</u>	<u>47</u>	<u>4,111,688</u>	<u>58</u>
						Equity attributable to owners of parent (notes 6(g), 6(p), 6(q), 6(r), 6(s) and 6(t)):					
						3100	Ordinary share	3,550,419	59	5,404,704	76
						3200	Capital surplus	25,252	-	190,582	2
						3350	Unappropriated retained earnings (accumulated deficit)	110,812	2	(2,022,672)	(28)
						3400	Other equity interest	(518,017)	(8)	(564,888)	(8)
						3500	Treasury shares	-	-	(190)	-
						Total equity		<u>3,168,466</u>	<u>53</u>	<u>3,007,536</u>	<u>42</u>
Total assets		<u>\$ 6,020,197</u>	<u>100</u>	<u>7,119,224</u>	<u>100</u>	Total liabilities and equity		<u>\$ 6,020,197</u>	<u>100</u>	<u>7,119,224</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
MOTECH INDUSTRIES INC.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
	Operating Revenues (notes 6(u) and 7):				
4110	Sales revenue	\$ 3,152,476	100	3,150,023	100
4170	Less: Sales returns	2,728	-	(11,472)	-
4190	Sales discounts and allowances	(545)	-	(739)	-
	Net operating revenue	3,154,659	100	3,137,812	100
5000	Total operating costs (notes 6(d), 6(h), 6(i), 6(j), 6(n), 6(o), 6(p), 6(s), 6(v) and 7)	(2,900,915)	(92)	(3,326,784)	(106)
5910	Unrealized profit (loss) from sales	(13,318)	-	(7,865)	-
	Gross profit (loss) from operations	240,426	8	(196,837)	(6)
	Operating expenses (notes 6(b), 6(c), 6(h), 6(i), 6(j), 6(n), 6(p), 6(s), 6(v) and 7):				
6100	Selling expenses	(36,359)	(1)	(37,630)	(1)
6200	Administrative expenses	(220,150)	(7)	(327,224)	(11)
6300	Research and development expenses	(79,851)	(3)	(73,137)	(2)
6450	Losses of expected credit impairment	(9,249)	-	(87,177)	(3)
6000	Total operating expenses	(345,609)	(11)	(525,168)	(17)
	Net operating loss	(105,183)	(3)	(722,005)	(23)
	Non-operating income and expenses:				
7100	Interest income (notes 6(w) and 7)	4,335	-	19,040	1
7010	Other income (notes 6(w) and 7)	12,188	-	26,500	1
7020	Other gains and losses (notes 6(e), 6(g), 6(h), 6(k), 6(w), 6(x) and 7)	177,858	5	124,457	4
7050	Finance costs (notes 6(n) and 6(w))	(66,960)	(2)	(113,673)	(4)
7070	Share of profit (loss) of associates accounted for using equity method (note 6(f))	87,717	3	(658,629)	(21)
	Total non-operating income and expenses	215,138	6	(602,305)	(19)
7900	Profit (loss) before tax	109,955	3	(1,324,310)	(42)
7950	Less: income tax expenses (note 6(q))	42	-	6,443	-
8200	Net profit (loss)	109,997	3	(1,317,867)	(42)
8300	Other comprehensive income (notes 6(f), 6(p), 6(q) and 6(r)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	1,440	-	4,732	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(287)	-	(946)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,153	-	3,786	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(75,481)	(2)	(48,616)	(2)
8370	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	74	-	-	-
8381	Exchange differences on translation of foreign financial statements of subsidiaries and associates	121,793	4	(34,544)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	46,386	2	(83,160)	(3)
8300	Other comprehensive income	47,539	2	(79,374)	(3)
8500	Total comprehensive income	\$ 157,536	5	(1,397,241)	(45)
	Earnings per share (expressed in New Taiwan Dollars) (note 6(t))				
9750	Basic earnings per share	\$ 0.31		(3.72)	
9850	Diluted earnings per share	\$ 0.31		(3.72)	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Total other equity interest						
	Ordinary shares	Capital surplus	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Others -unearned portion of restricted stock awards	Total other equity interest	Treasury shares
							Total equity
Balance at January 1, 2019	<u>\$ 5,406,559</u>	<u>6,268,374</u>	<u>(6,783,272)</u>	<u>(481,243)</u>	<u>(7,957)</u>	<u>(489,200)</u>	<u>(380)</u>
Net loss for the year ended December 31, 2019	-	-	(1,317,867)	-	-	-	-
Other comprehensive income	-	-	3,786	(83,160)	-	(83,160)	-
Total comprehensive income	-	-	(1,314,081)	(83,160)	-	(83,160)	-
Capital surplus used to offset accumulated deficits	-	(6,074,985)	6,074,985	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(11)	-	-	-	-	-
Other changes in capital surplus	-	1,467	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	240	(304)	-	-	-	-
Share based payments	-	(6,168)	-	-	7,472	7,472	-
Retirement of treasury share	(1,855)	1,665	-	-	-	-	190
Balance at December 31, 2019	<u>5,404,704</u>	<u>190,582</u>	<u>(2,022,672)</u>	<u>(564,403)</u>	<u>(485)</u>	<u>(564,888)</u>	<u>(190)</u>
Net profit for the year ended December 31, 2020	-	-	109,997	-	-	-	-
Other comprehensive income	-	-	1,153	46,386	-	46,386	-
Total comprehensive income	-	-	111,150	46,386	-	46,386	-
Capital surplus used to offset accumulated deficits	-	(168,576)	168,576	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4	-	-	-	-	-
Capital reduction used to offset accumulated deficits	(1,854,095)	-	1,854,095	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(337)	-	-	-	-
Changes in ownership interests in subsidiaries	-	1,703	-	-	-	-	-
Share based payments	-	1,539	-	-	485	485	-
Retirement of treasury share	(190)	-	-	-	-	-	190
Balance at December 31, 2020	<u><u>\$ 3,550,419</u></u>	<u><u>25,252</u></u>	<u><u>110,812</u></u>	<u><u>(518,017)</u></u>	<u><u>-</u></u>	<u><u>(518,017)</u></u>	<u><u>-</u></u>
See accompanying notes to financial statements.							
							<u><u>3,168,466</u></u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
MOTECH INDUSTRIES INC.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 109,955	(1,324,310)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	156,837	195,400
Amortization expense	2,614	1,506
Losses of expected credit impairment	9,249	87,177
Interest expense (finance costs)	66,960	113,673
Interest income	(4,335)	(19,040)
Share-based payments	2,024	1,304
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(87,717)	658,629
Gain on disposal of property, plant and equipment	(96,016)	(20,514)
Prepayments for business facility transferred to expenses	27	-
Loss on disposal of intangible assets	-	2,245
Gain on disposal of non-current assets classified as held for sale	-	(49,571)
Gain on disposal of investments accounted for using equity method	(2,491)	-
Impairment loss on non-financial assets	-	19,009
Unrealized profit from sales	13,318	7,865
Gains on lease modification	(1,136)	-
Effect of exchange rate changes on short term borrowings	-	(764)
Total adjustments to reconcile profit (loss)	59,334	996,919
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	7,559	-
Accounts receivable	(150,553)	689,136
Accounts receivable—related parties	300,614	1,056,910
Other receivables	(12,877)	31,393
Other receivables—related parties	56,337	19,959
Inventories	(268,229)	102,647
Prepaid expenses	5,864	13,470
Prepayments	7,013	51,657
Other current assets	(4,403)	1,462
Defined benefit assets	(1,065)	(2,336)
Total changes in operating assets	(59,740)	1,964,298
Changes in operating liabilities:		
Contract liabilities	2,076	10,409
Notes and accounts payable	44,643	(1,593,639)
Accounts payable—related parties	(107,670)	(242,604)
Other payables	(23,621)	(432,189)
Other payables—related parties	(6,312)	(39,219)
Provisions	45,599	1,068
Other current liabilities	(6,177)	(11,401)
Increase (decrease) in other operating liabilities	(2,729)	2,024
Total changes in operating liabilities	(54,191)	(2,305,551)
Total changes in operating assets and liabilities	(113,931)	(341,253)
Cash inflow (outflow) generated from operations	55,358	(668,644)
Income taxes refund (paid)	(16,930)	1,417
Net cash flows from (used in) operating activities	38,428	(667,227)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(40,000)	(246,473)
Proceeds from disposal of investments accounted for using equity method	60,749	-
Proceeds from capital reduction of investments accounted for using equity method	442,289	-
Proceeds from disposal of non-current assets classified as held for sale	-	186,835
Acquisition of property, plant and equipment	(115,854)	(38,846)
Proceeds from disposal of property, plant and equipment	144,260	194,923
Decrease in refundable deposits	2,009	18,260
Decrease in other receivables due from related parties	10,000	174,075
Acquisition of intangible assets	(1,352)	(380)
Net cash inflows from business combination	122,902	103,402
Decrease in other financial assets	10,535	9,002
Increase in prepayments for business facilities	(10,938)	(3,030)
Interest received	4,334	21,017
Dividends received	1,418	1,885
Net cash flows from investing activities	630,352	420,670
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	546,599	1,211,713
Decrease in short-term borrowings	(296,599)	(2,213,369)
Proceeds from long-term borrowings	1,711,310	-
Repayments of long-term borrowings	(3,256,723)	(564,420)
Decrease in guarantee deposits received	(43)	(958)
Payment of lease liabilities	(9,939)	(10,520)
Acquisition of ownership interests in subsidiaries	(2,678)	(15,624)
Interest paid	(67,602)	(108,886)
Other financing activities	-	1,467
Net cash used in financing activities	(1,375,675)	(1,700,597)
Net decrease in cash and cash equivalents	(706,895)	(1,947,154)
Cash and cash equivalents at beginning of period	2,368,856	4,316,010
Cash and cash equivalents at end of period	\$ 1,661,961	2,368,856

See accompanying notes to financial statements.



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Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

We have audited the consolidated financial statements of Motech Industries Inc. (“the Company”) and its subsidiaries (“the Group”), 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

In 2020, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. In 2019, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the Ruling No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China and the 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 Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of long-term non-financial assets

Please refer to Note 4(n) “Impairment of non-financial assets” , Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty, Note 6(h) “Property, plant and equipment” of the consolidated financial statements.

The Group operates in an industry where it may experience volatility on sales price in response to the changes in the supply and demand of market and government policies. Also, the recoverable amounts of long-term non-financial assets in cash-generating units have been determined based on the discounted cash flow forecasted by the Group's management, which involved its professional judgments. Therefore, the impairment of long-term non-financial assets is one of the key matters in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: Challenging the valuation methodologies, which were derived from the management, with the assistance of our own valuation specialists, in order to consider the reasonableness of methodologies; assessing the rationality of method used in measuring the recoverable amount, which is provided by the Group's management, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate; comparing the historical accuracy of judgments, including inspecting the amount of forecasted of cash flow in prior year and with reference to actual cash flow to evaluate the appropriateness of the assumptions, and performing the sensitivity analysis on main assumption; reviewing the adequacy of the disclosures in respect of impairment of long-term non-financial assets; performing an inquiry from the management and identifying any event after the balance sheet date if it is able to affect the results of the impairment assessment.

2. Provisions for impairment of notes and accounts receivable

Please refer to Note 4(g) “Financial instruments” , Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty” , and Note 6(b) “Notes and accounts receivable” of the consolidated financial statements.

Notes and accounts receivable of the Group were measured by their recoverability. The Group operates in an industry where it may experience volatility due to changing market conditions. Impairment assessment requires management to exercise subjective judgment in making estimations for impairment allowance on notes and accounts receivable. Therefore, the provision for impairment of notes and accounts receivable is one of the key matters in our audit.

How the matter was addressed in our audit

Our principal audit procedures included: obtaining the calculation of expected credit loss (ECL) on notes and accounts receivable, and assessing the appropriateness of ECL; examining the aging of notes and accounts receivable to verify the accuracy of the aging period; assessing the appropriateness and adequacy of provision for doubtful accounts made by the management based on the ECL; reviewing the adequacy of the disclosures in respect of provision for impairment of notes and accounts receivable.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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 with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019		Liabilities and Equity		December 31, 2020		December 31, 2019			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$	2,343,180	31	3,694,650	39	2100	Short-term borrowings (notes 6(l) and 6(aa))	\$	300,000	4	110,000	1
1140	Current contract assets (note 6(u))		-	-	766	-	2130	Current contract liabilities (note 6(u))		53,216	-	52,261	1
1170	Notes and accounts receivable, net (notes 6(b), 6(u) and 8)		512,202	7	1,031,140	11	2170	Notes and accounts payable (note 8)		664,845	9	1,763,035	19
1200	Other receivables (notes 6(c) and 6(e))		8,572	-	72,819	1	2200	Other payables (notes 6(v) and 6(aa))		284,632	4	390,059	4
1220	Current tax assets		887	-	2,009	-	2230	Current tax liabilities		8,024	-	15,378	-
130x	Inventories (note 6(d))		726,480	10	392,847	4	2250	Current provisions (note 6(o))		33,342	-	33,190	-
1410	Prepayments (note 6(k))		84,243	1	69,864	-	2280	Current lease liabilities (notes 6(n) and 6(aa))		12,947	-	14,573	-
1476	Other current financial assets (note 8)		233,380	3	593,496	4	2320	Long-term borrowings, current portion (notes 6(m), 6(aa) and 8)		271,233	4	1,272,950	13
1479	Other current assets (note 6(k))		402,049	5	389,166	6	2399	Other current liabilities (note 6(h))		103,979	1	132,473	1
Total current assets			4,310,993	57	6,246,757	65	Total current liabilities			1,732,218	22	3,783,919	39
Non-current assets:						Non-Current liabilities:							
1550	Investments accounted for using equity method (note 6(f))		118,561	1	107,789	1	2540	Long-term borrowings (notes 6(m), 6(aa) and 8)		2,346,415	31	2,389,304	25
1600	Property, plant and equipment (notes 6(e), 6(h) and 8)		2,809,300	37	2,858,925	30	2550	Non-current provisions (note 6(o))		105,054	1	124,262	1
1755	Right-of-use assets (note 6(i))		162,168	2	176,468	2	2570	Deferred tax liabilities (note 6(q))		60,769	1	58,151	1
1780	Intangible assets (note 6(j))		4,249	-	8,870	-	2580	Non-current lease liabilities (notes 6(n) and 6(aa))		128,122	2	139,077	2
1840	Deferred tax assets (note 6(q))		60,482	1	58,151	1	2600	Other non-current liabilities (note 6(aa))		3,582	-	7,837	-
1980	Other non-current financial assets (note 8)		29,472	-	38,878	-	Total non-current liabilities			2,643,942	35	2,718,631	29
1990	Other non-current assets (notes 6(k) and 6(p))		123,000	2	113,509	1	2xxx	Total liabilities		4,376,160	57	6,502,550	68
Total non-current assets			3,307,232	43	3,362,590	35	Equity attributable to owners of parent (notes 6(g), 6(p), 6(q), 6(r), 6(s) and 6(t)):						
							3100	Ordinary share		3,550,419	47	5,404,704	56
							3200	Capital surplus		25,252	-	190,582	2
							3350	Unappropriated retained earnings (accumulated deficit)		110,812	2	(2,022,672)	(21)
							3400	Other equity interest		(518,017)	(7)	(564,888)	(6)
							3500	Treasury shares		-	-	(190)	-
							Total equity attributable to owners of parent			3,168,466	42	3,007,536	31
							36xx	Non-controlling interests		73,599	1	99,261	1
							3xxx	Total equity		3,242,065	43	3,106,797	32
Total assets		\$	7,618,225	100	9,609,347	100	Total liabilities and equity		\$	7,618,225	100	9,609,347	100

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTEC INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
	Operating Revenues (note 6(u)):				
4110	Sales revenue	\$ 3,673,794	100	5,317,056	100
4170	Less: Sales returns	5,166	-	(16,911)	-
4190	Sales discounts and allowances	(565)	-	(3,069)	-
	Net operating revenue (notes 6(t))	<u>3,678,395</u>	<u>100</u>	<u>5,297,076</u>	<u>100</u>
5000	Total operating costs (notes 6(d), 6(h), 6(i), 6(j), 6(n), 6(o), 6(p), 6(s) and 6(v))	<u>(3,270,262)</u>	<u>(89)</u>	<u>(5,430,997)</u>	<u>(103)</u>
5900	Gross profit (loss) from operations	<u>408,133</u>	<u>11</u>	<u>(133,921)</u>	<u>(3)</u>
6000	Operating expenses (notes 6(b), 6(c), 6(h), 6(i), 6(j), 6(n), 6(p), 6(s), 6(v) and 7):				
6100	Selling expenses	(67,405)	(2)	(103,081)	(2)
6200	Administrative expenses	(280,574)	(8)	(552,031)	(10)
6300	Research and development expenses	(89,302)	(2)	(180,760)	(3)
6450	Reversal of losses of expected credit impairment (losses of expected credit impairment)	19,183	1	(73,864)	(2)
	Total operating expenses	<u>(418,098)</u>	<u>(11)</u>	<u>(909,736)</u>	<u>(17)</u>
6900	Net operating loss	<u>(9,965)</u>	<u>-</u>	<u>(1,043,657)</u>	<u>(20)</u>
7000	Non-operating income and expenses:				
7100	Interest income (note 6(w))	26,015	1	20,364	1
7010	Other income (note 6(w))	11,949	-	19,101	-
7020	Other gains and losses, net (notes 6(e), 6(g), 6(h), 6(k), 6(w) and 6(x))	171,023	4	(199,824)	(4)
7050	Finance costs, net (notes 6(n) and 6(w))	(84,375)	(2)	(139,040)	(2)
7060	Share of profit of associates accounted for using equity method, net (note 6(f))	10,693	-	2,425	-
7671	Total non-operating income and expenses	<u>135,305</u>	<u>3</u>	<u>(296,974)</u>	<u>(5)</u>
7900	Profit (loss) before tax	<u>125,340</u>	<u>3</u>	<u>(1,340,631)</u>	<u>(25)</u>
7950	Less: Income tax expenses (note 6(q))	(13,398)	-	(6,324)	-
8200	Net profit (loss)	<u>111,942</u>	<u>3</u>	<u>(1,346,955)</u>	<u>(25)</u>
8300	Other comprehensive income (notes 6(f), 6(p), 6(q) and 6(r)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains on remeasurements of defined benefit plans	1,440	-	4,732	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(287)	-	(946)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>1,153</u>	<u>-</u>	<u>3,786</u>	<u>-</u>
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	46,950	1	(87,370)	(2)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	74	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	<u>47,024</u>	<u>1</u>	<u>(87,370)</u>	<u>(2)</u>
8300	Other comprehensive income	<u>48,177</u>	<u>1</u>	<u>(83,584)</u>	<u>(2)</u>
	Total comprehensive income	<u>\$ 160,119</u>	<u>4</u>	<u>(1,430,539)</u>	<u>(27)</u>
	Profit (loss) attributable to:				
8610	Owners of parent	\$ 109,997	3	(1,317,867)	(25)
8620	Non-controlling interests	1,945	-	(29,088)	-
	Comprehensive income attributable to:	<u>\$ 111,942</u>	<u>3</u>	<u>(1,346,955)</u>	<u>(25)</u>
8710	Owners of parent	\$ 157,536	4	(1,397,241)	(26)
8720	Non-controlling interests	2,583	-	(33,298)	(1)
	Earnings per share (expressed in New Taiwan Dollars) (note 6(t))	<u>\$ 160,119</u>	<u>4</u>	<u>(1,430,539)</u>	<u>(27)</u>
9750	Basic earnings per share	<u>\$ 0.31</u>		<u>(3.72)</u>	
9850	Diluted earnings per share	<u>\$ 0.31</u>		<u>(3.72)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent							Non-controlling interests	Total equity
	Other equity interest						Total equity attributable to owners of parent		
	Ordinary shares	Capital surplus	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Others- unearned portion of restricted stock awards	Total other equity interest	Treasury shares		
Balance at January 1, 2019	\$ 5,406,559	6,268,374	(6,783,272)	(481,243)	(7,957)	(489,200)	(380)	4,402,081	4,532,740
Net loss for the year ended December 31, 2019	-	-	(1,317,867)	-	-	-	-	(1,317,867)	(1,346,955)
Other comprehensive income	-	-	3,786	(83,160)	-	(83,160)	-	(79,374)	(83,584)
Total comprehensive income	-	-	(1,314,081)	(83,160)	-	(83,160)	-	(1,397,241)	(1,430,539)
Capital surplus used to offset accumulated deficits	-	(6,074,985)	6,074,985	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(11)	-	-	-	-	-	(11)	(11)
Other changes in capital surplus	-	1,467	-	-	-	-	-	1,467	1,467
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	240	(304)	-	-	-	-	(64)	(64)
Changes in non-controlling interests	-	-	-	-	-	-	-	1,900	1,900
Share-based payments	-	(6,168)	-	-	7,472	7,472	-	1,304	1,304
Retirement of treasury share	(1,855)	1,665	-	-	-	-	190	-	-
Balance at December 31, 2019	5,404,704	190,582	(2,022,672)	(564,403)	(485)	(564,888)	(190)	3,007,536	3,106,797
Net profit for the year ended December 31, 2020	-	-	109,997	-	-	-	-	109,997	111,942
Other comprehensive income	-	-	1,153	46,386	-	46,386	-	47,539	48,177
Total comprehensive income	-	-	111,150	46,386	-	46,386	-	157,536	160,119
Capital surplus used to offset accumulated deficits	-	(168,576)	168,576	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4	-	-	-	-	-	4	4
Capital reduction used to offset accumulated deficits	(1,854,095)	-	1,854,095	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(337)	-	-	-	-	(337)	(337)
Changes in ownership interests in subsidiaries	-	1,703	-	-	-	-	-	1,703	1,703
Changes in non-controlling interests	-	-	-	-	-	-	-	(28,245)	(28,245)
Share-based payments	-	1,539	-	-	485	485	-	2,024	2,024
Retirement of treasury share	(190)	-	-	-	-	-	190	-	-
Balance at December 31, 2020	\$ 3,550,419	25,252	110,812	(518,017)	-	(518,017)	-	3,168,466	3,242,065

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ 125,340	(1,340,631)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	300,884	493,220
Amortization expense	5,962	11,732
Losses (reversal of losses) of expected credit impairment	(19,183)	73,864
Interest expense (finance costs)	84,375	139,040
Interest income	(26,015)	(20,364)
Share-based payments	2,024	1,304
Share of profit of associates accounted for using equity method	(10,693)	(2,425)
Gain on disposal of property, plant and equipment	(98,436)	(19,245)
Property, plant and equipment transferred to expenses	27	4,672
Loss on disposal of intangible assets	-	2,857
Gain on disposal of non-current assets classified as held for sale	-	(253,776)
Loss on disposal of investments	14,904	-
Impairment loss (reversal of impairment loss) on non-financial assets	(5,793)	533,399
Equipment payable transferred to other income	-	(7,066)
Gains on lease modification	(1,356)	(1,192)
Effect of exchange rate changes on short-term borrowings	-	(764)
Total adjustments to reconcile profit (loss)	246,700	955,256
Changes in operating assets:		
Contract assets	766	(766)
Notes and accounts receivable	517,378	1,693,023
Other receivables	13,966	32,771
Inventories	(316,962)	34,287
Prepaid expenses	13,439	68,613
Prepayments	(27,122)	120,888
Other current assets	(9,748)	53,043
Defined benefit assets	(1,065)	(2,336)
Total changes in operating assets	190,652	1,999,523
Changes in operating liabilities:		
Contract liabilities	965	3,510
Notes and accounts payable	(1,097,832)	(1,797,291)
Other payables	(95,055)	(518,790)
Provisions	(32,217)	13,875
Other current liabilities	(21,861)	(6,935)
Other operating liabilities	(5,210)	(5,234)
Total changes in operating liabilities	(1,251,210)	(2,310,865)
Total changes in operating assets and liabilities	(1,060,558)	(311,342)
Cash outflow generated from operations	(688,518)	(696,717)
Income taxes paid	(19,629)	(4,708)
Net cash used in operating activities	(708,147)	(701,425)
Cash flows from (used in) investing activities:		
Proceeds from disposal of subsidiaries	10,282	-
Proceeds from disposal of non-current assets classified as held for sale	68,345	1,566,284
Acquisition of property, plant and equipment	(300,718)	(621,267)
Proceeds from disposal of property, plant and equipment	166,477	180,598
Decrease in refundable deposits	3,659	4,052
Acquisition of intangible assets	(1,352)	(1,452)
Acquisition of right-of-use assets	-	(24,392)
Decrease in other financial assets	370,683	95,876
Increase in prepayments for business facilities	(18,447)	(12,428)
Interest received	26,585	22,197
Net cash flows from investing activities	325,514	1,209,468
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	546,599	1,271,713
Decrease in short-term borrowings	(356,599)	(3,117,460)
Proceeds from long-term borrowings	2,264,510	59,326
Repayments of long-term borrowings	(3,307,466)	(592,868)
Decrease in guarantee deposits received	(4,278)	(15,581)
Payment of lease liabilities	(13,128)	(22,296)
Acquisition of ownership interests in subsidiaries	(2,678)	(15,624)
Interest paid	(84,441)	(134,944)
Change in non-controlling interests	(946)	15,190
Other financing activities	-	1,467
Net cash used in financing activities	(958,427)	(2,551,077)
Effect of exchange rate changes on cash and cash equivalents	(10,410)	(57,337)
Net decrease in cash and cash equivalents	(1,351,470)	(2,100,371)
Cash and cash equivalents at beginning of period	3,694,650	5,795,021
Cash and cash equivalents at end of period	\$ 2,343,180	3,694,650

See accompanying notes to consolidated financial statements.

Motech Industries Inc.
2020 Statement of Earnings Distribution

(In New Taiwan Dollars)

Item	Amount
Deficit to be compensated, beginning of period	(1,854,095,339)
Add (Less):	
Capital reduction for loss compensation	1,854,095,330
Remeasurement of the 2020 defined benefit plans	1,152,000
Difference between the actual price and carrying amount for the acquisition of subsidiary	(337,139)
Net income of 2020	109,997,386
Accumulated distributable earnings for the year	110,812,238
Appropriation and distribution:	
Legal reserve	(11,081,224)
Cash dividends to common shareholders (NT\$ 0.20 per share)	(71,008,375)
Unappropriated earnings, end of period	28,722,639

Chairman: Yung-Hui Tseng

CEO: Fred Yeh

Accounting Officer: Alan Wu

Motech Industries Inc.
Articles of Incorporation

Chapter I General Provisions

Article 1: The Company shall be incorporated under the Company Act and its name shall be 茂迪股份有限公司 in the Chinese language, and Motech Industries Inc. in the English language.

Article 2: The scope of business of the Company shall be as follows:

1. CE01010 instruments manufacturing;
2. CC01010 electric power supply, electric transmission and power distribution machinery manufacturing;
3. CC01060 wired communication equipment and apparatus manufacturing;
4. CC01070 wireless communication equipment and apparatus manufacturing;
5. CC01080 electronic parts and components manufacturing;
6. CC01090 batteries manufacturing;
7. CC01110 computers and computing peripheral equipment manufacturing;
8. D101060 self-usage power generation equipment utilizing renewable energy industry;
9. D401010 heat energy supplying;
10. FF113030 wholesale of precision instruments;
11. F213040 retail sale of precision instruments;
12. F113110 wholesale of batteries;
13. F213110 retail sale of batteries;
14. F113050 wholesale of computing and business machinery equipment;
15. F213030 retail sale of computing and business machinery equipment;
16. F119010 wholesale of electronic materials;
17. F219010 retail sale of electronic materials;
18. F113070 wholesale of telecom instruments;
19. F213060 retail sale of telecom instruments;
20. IG03010 energy technical services;
21. F401010 international trade; and
22. ZZ99999 Other than those requiring special approval, the Company may enter into other business not prohibited or limited by applicable laws and regulations.

Article 3: The Company has its head office in New Taipei City. The Company may, if necessary, set up branch offices domestically and abroad pursuant to the resolutions of the Board of Directors (the Board). The Company may provide guarantee for the outside parties due to business needs.

Article 4 Deleted

Article 4-1 The Company might invest in other companies due to business needs and act as a shareholder of limited liability pursuant to the resolutions of the Board. The total amount of the investment is not subject to the restriction on total investment amount stipulated in Article 13 of the Company Act.

Chapter II Capital Stock

Article 5 The total authorized capital of the Company shall be in the amount of NT\$10,000,000,000, divided into 1,000,000,000 common shares, at a par value of NT\$10 each. The Board is authorized to issue the unissued shares by multiple installments.

A total amount of NT\$200,000,000 divided into 20,000,000 common shares at a par value of NT\$10 each among the above total capital stock shall be reserved for exercising share subscription warrants, preferred shares with warrants or corporate bonds with warrants. The Board is authorized to issue by multiple installments.

Article 6: Parties eligible to be transferred of repurchased treasury stocks of the Company shall include employees in the controlling or affiliated companies who met certain conditions.

Parties eligible to receive employees' stock options of the Company shall include employees in the controlling or affiliated companies who met certain conditions.

Parties eligible to subscribe new shares issued by the Company shall include employees in the controlling or affiliated companies who met certain conditions.

Parties eligible to receive restricted stocks of the Company shall include employees in the controlling or affiliated companies who met certain conditions.

The Board are authorized to set the above-mentioned conditions.

Article 7: The Company's share certificates shall be registered share certificates. They are issued after being signed or sealed by no less than three Directors of the Company and certified pursuant to laws and regulations. After the Company goes public, shares may be exempted from being printed, however, they shall be registered in the central securities depository. In addition, the central securities depository may request the Company to consolidate the shares issued into larger denomination share certificates.

Article 8: Registration for transfer of shares shall be suspended sixty (60) days before the general meeting of shareholders, thirty (30) days before the extraordinary meeting of shareholders or five (5) days before the base date on which the Company decides to distribute the dividend and bonus or other benefits.

Affairs concerning shareholder services need to be handled in accordance with the Regulations Governing the Administration of Shareholder Services of Public Companies promulgated by the competent authority.

Chapter III Shareholders' Meeting

- Article 9: The shareholders' meetings of the Company are classified into two types. The general meeting shall be annually convened by the Board within six months from the end of each fiscal year in accordance with the relevant laws and regulations. The extraordinary meeting shall be convened when necessary in accordance with the relevant laws and regulations.
- Article 10: If a shareholder cannot attend a shareholders' meeting for any reason, he/she may designate a proxy to attend by submitting a power of attorney that is printed by the Company with the scope of authority clearly stated. The situation shall be handled in accordance with Article 177 of the Company Act as well as the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authorities.
- Article 10-1: The shareholders' meeting is presided by the Chairman of the Board if convened by the Board. If the Chairman is on leave or unable to exercise his/her power, the Vice Chairman of the Board shall stand proxy. If the Vice Chairman is also on leave or unable to exercise his/her power, the Chairman may appoint one of Directors to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to preside at the meeting. If the shareholders' meeting is convened by any other party entitled to convene the meeting, the convening party shall preside at the meeting. When there are two or more convening parties, they shall elect a person from among themselves to preside at the meeting.
- Article 10-2: When the Company convenes the shareholders' meeting, the shareholders may exercise their voting rights in writing or by electronic transmission. A shareholder who exercises his/her voting right in writing or by electronic transmission is deemed to have attended the shareholders' meeting in person. However, he/she shall be deemed to have waived his/her voting right in respect of any special motions and amendments to the original proposals at the shareholders' meeting. The declaration of intention by such shareholders shall be handled according to Article 177-2 of the Company Act.
- Article 11: Unless otherwise provided for in applicable laws and regulations, shareholders of the Company are entitled to one vote for each share held.
- Article 12: Unless otherwise provided for in applicable laws and regulations, resolutions of the shareholders' meeting shall be adopted by a majority vote at the meeting attended by shareholders who represent a majority of the total issued shares.
- Article 12-1: The resolutions of the shareholders' meeting shall be recorded in the minutes. The meeting minutes shall be signed or sealed by the chairman of the meeting and a copy shall be distributed to each shareholder within twenty (20) days after the conclusion of the meeting.

The aforementioned distribution may be done via public announcement.

Chapter IV Directors and Audit Committee

- Article 13: The Company shall have seven (7) to nine (9) Directors, among which should contain at least three (3) Independent Directors. The Directors have a term of three (3) years. They shall be elected at the meeting of shareholders from among the individuals of legal capacity. All Directors shall be eligible for re-election. The total shareholding ratio of all

Directors shall be in compliance with relevant regulations of competent securities authority.

Article 13-1: Directors shall be elected by the meeting of shareholders adopting the candidate nomination system from among the candidates of Directors. The professional qualifications, restrictions on shareholdings and concurrent positions held, methods of nomination and election, and other matters of Independent Directors shall be handled in compliance with relevant regulations of competent securities authority.

Article 13-2: In compliance with the Securities and Exchange Act, the Company established an Audit Committee, which consists of all Independent Directors. The Audit Committee or the members of Audit Committee shall be responsible for the responsibilities of Supervisors specified under the Company Act, the Securities and Exchange Act and other relevant regulations. The Board shall stipulate rules for Audit Committee to perform its responsibilities and other relevant tasks according to relevant laws and regulations.

Article 14: The Board is composed of Directors. The Directors shall elect a Chairman from among themselves with the consent of the majority of Directors in the Board meeting attended by Directors who represent more than two-thirds of all Directors. The Vice Chairman shall be elected with the same method. The Chairman of the Board represents the Company.

Article 15: When the Chairman is on leave or unable to exercise his/her powers for any reason, his/her proxy shall be determined in accordance with Article 208 of the Company Act.

Article 15-1: A Director may, by a power of attorney, specify the scope of authorization and appoint another Director to attend on his/her behalf any meeting of the Board. However, no Director may act as proxy for more than one other Director.

Any Director attending the meeting via video conference shall be deemed to attend the meeting in person.

The notification to convene the Board meeting should state the reasons for the meeting and be delivered to Directors seven (7) days prior to the meeting. The notification may be served to each Director via writing, e-mail, or facsimile. In case of emergency, the meeting may be convened at any time.

Article 16: Directors of the Company shall be entitled to remuneration for the performance of duties no matter whether the Company is in a loss or not. The remuneration of Directors shall take into account the value of Directors' contribution to the Company and the standard generally adopted by the enterprises of same trade, and be proposed and submitted to the Board meeting by the Remuneration Committee for discussion and approval.

If the Company makes a profit, the remuneration will be appropriated according to Article 19 herein.

Article 16-1 If a Director concurrent serves in other position of the Company, the Chairman is authorized by the shareholders' meeting to determine the remuneration for such position pursuant to internal management rules of the Company.

Article 16-2: The Company may purchase liability insurance for all Directors during their term of office to protect Directors from any potential legal liabilities arising from the performance of their duties and lower the Company's operation risk.

Chapter V Managerial Officers

Article 17 The Company may appoint a President. The appointment, dismissal and compensations of the President shall be conducted in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 18: After the close of each fiscal year, the following reports shall be prepared by the Board and submitted to the annual shareholders' meeting for acceptance:

1. Operation report;
2. Financial statements; and
3. Proposal concerning earnings distribution of deficit compensation.

Article 19: When the Company makes a profit for the year, the compensation to employees shall not be lower than one percent of the balance and the remuneration to Directors shall not be higher than five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation.

The compensation to employees can be made in the form of stock or cash. Parties eligible to receive the said compensation shall include employees in the controlling or affiliated companies who met certain conditions. The Board are authorized to set those conditions.

The distribution of compensation to employees and remuneration to Directors and related matters shall comply with the relevant laws and regulations. The distribution plan shall be approved in the Board meeting with the consent of majority of attending Directors which represents more than two-third of all Directors and be submitted to the shareholders' meeting for its approval.

Article 20: Upon the annual closing of accounts, if there is profit, the Company shall make distribution of such profit in the following sequence:

1. pay applicable taxes;
2. make up the losses for the preceding years;
3. set aside a legal reserve of ten percent of the net profit, however, this shall not apply when the legal reserve amounts to the authorized capital; and
4. set aside a special reserve as required by the Securities and Exchange Act.

The Board shall make a proposal concerning appropriation of remaining amount, along with the undistributed accumulated profit from previous years, and such proposed amount for appropriation should be no less than twenty-five percent of the total amount eligible for appropriation, and submit the proposal to meeting of the shareholders for its approval.

Article 20-1: The distribution ratio within the dividend policy is determined based on the capital needs for capital expenditure budget, financial structure and future operation plans.

The Company shall not pay dividends when there is no profit. Profits of the Company may be distributed as dividends in the form of stock or cash; however, stock dividends shall not exceed 50% of the total distribution.

In the event that the Company's earnings are far below the distributed amount in the previous year, or in consideration of the financial, business and operational conditions of the Company, the Company may distribute all or part of the reserves in accordance with applicable laws and regulations or rules of the competent authorities.

Chapter VII Supplemental Provisions

Article 21: Rules governing the organization and the procedures of the Company shall be separately stipulated by the Board.

Article 22: Matters not set forth in the Articles of Incorporation shall be subject to the Company Act and relevant laws and regulations.

Article 23: These Articles of Incorporation were enacted on April 25, 1981.

The 1st Amendment was approved on October 2, 1982.

The 2nd Amendment was approved on November 16, 1982.

The 3rd Amendment was approved on December 15, 1982.

The 4th Amendment was approved on April 22, 1983.

The 5th Amendment was approved on March 2, 1984.

The 6th Amendment was approved on March 12, 1987.

The 7th Amendment was approved on March 25, 1988.

The 8th Amendment was approved on June 30, 1990.

The 9th Amendment was approved on December 1, 1990.

The 10th Amendment was approved on November 4, 1993.

The 11th Amendment was approved on August 28, 1997.

The 12th Amendment was approved on February 3, 1998.

The 13th Amendment was approved on June 20, 1999.

The 14th Amendment was approved on January 8, 2000.

The 15th Amendment was approved on November 6, 2001.

The 16th Amendment was approved on June 10, 2002.

The 17th Amendment was approved on June 23, 2003.

The 18th Amendment was approved on June 18, 2004.

The 19th Amendment was approved on June 17, 2005.

The 20th Amendment was approved on June 9, 2006.

The 21st Amendment was approved on June 13, 2007.

The 22nd Amendment was approved on May 27, 2008.

The 23rd Amendment was approved on June 16, 2009.

The 24th Amendment was approved on January 26, 2010.

The 25th Amendment was approved on May 26, 2010.

The 26th Amendment was approved on May 30, 2011.

The 27th Amendment was approved on June 6, 2012.

The 28th Amendment was approved on June 11, 2013.

The 29th Amendment was approved on June 26, 2014.

The 30th Amendment was approved on June 15, 2015, among which, Article 13 which amends the number of Directors to 7 to 9 shall take effect upon the approval by the shareholders at the 2015 annual shareholders' meeting, while the remaining amendments shall take effect upon the expiration of the office term of the current Directors and Supervisors in June 2016.

The 31st Amendment was approved on June 13, 2016.

The 32nd Amendment was approved on June 11, 2018.

The 33rd Amendment was approved on June 17, 2019.

Motech Industries Inc.

Rules and Procedures of Shareholders' Meeting

- Article 1 Unless otherwise provided for in applicable laws and regulations, the Company shall duly convene the shareholders' meeting in accordance with the Rules specified herein.
- Article 2 The term "shareholders" used in the Rules refers to shareholders and their appointed proxies.
- Article 3 When the shareholders attend the shareholders' meeting, they shall sign on the attendance booklet or hand in the attendance cards in lieu of signing in. The number of shares in attendance shall be calculated based on the number of shares indicated by the attendance book or attendance cards handed in.
- Article 4 The attendance and voting at the shareholders' meeting shall be calculated based on the number of shares. Unless otherwise provided for in applicable laws and regulations, shareholders of the Company are entitled to one vote for each share held.
- Article 5 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 6 The shareholders' meeting is presided by the Chairman of the Board of Directors (the Board) if convened by the Board. If the Chairman is on leave or unable to exercise his/her power, the Vice Chairman of the Board shall stand proxy. If the Vice Chairman is also on leave or unable to exercise his/her power, the Chairman may appoint one of Directors to stand proxy. If the Chairman does not appoint a proxy, the Directors shall elect one person from among themselves to preside at the meeting.
- If the shareholders' meeting is convened by any other party entitled to convene the meeting, the convening party shall preside at the meeting. When there are two or more convening parties, they shall elect a person from among themselves to preside at the meeting.
- Article 7 The Company may appoint the retained Attorney(s)-at-Law, Certified Public Accountant(s) or relevant personnel to participate in a shareholder meeting as an observer. The staff involved in the shareholders' meeting affairs shall wear identification certificates or armbands.
- Article 8 The process of shareholders' meeting shall be tape-recorded or videotaped and kept for at least one year.
- Article 9 The chairman shall call the meeting to order at the time scheduled for the meeting. In the event that the meeting is attended by shareholders representing less than half of the total issued shares, the chairman may announce a postponement of the meeting, however, there may not be more than two (2) postponements in total and the total time accumulated in the postponement(s) shall not exceed one (1) hour. In the event that the meeting is attended by shareholders not up to the specified quorum but representing more than one-third of the total issued shares after two (2) postponements, a tentative resolution may be passed in accordance with Paragraph 1, Article 175 of the Company Act. In the event that the total number of shares represented by attending shareholders reaches a majority of the total

issued shares before that same shareholder meeting is adjourned, the chairman may bring the tentative resolution(s) so adopted into the shareholders' meeting to be duly resolved in accordance with Article 174 of the Company Act.

Article 10 The Board shall formulate the meeting agenda if the shareholders' meeting is convened by the Board. Relevant proposals (including special motions and amendments to the original proposals) shall be resolved by voting on a proposal-by-proposal basis. The meeting shall proceed according to the agenda which shall not be changed without a resolution of the shareholders' meeting.

The preceding Paragraph shall apply mutatis mutandis to meetings convened by any party, other than the Board, entitled to convene such meeting.

The chairman may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda (including extempore motions) stated in the preceding two Paragraphs, except by a resolution of the shareholders' meeting. After the meeting is adjourned, the shareholders shall not elect another chairman to resume such meeting at the same location or seek an alternative venue.

Article 11 An attending shareholder shall submit a speaker's slip before speaking at the shareholder meeting. The speaker's slip shall expressly describe the subject of his or her speech as well as his/her shareholder account number (or the attendance card number) and account name. The order of speaking is determined by the chairman. An attending shareholder who submits a speaker's slip but does not speak at the meeting is deemed to have not spoken.

In the event of any inconsistency between the contents of shareholder's speech and those recorded on the slip, the contents of shareholder's speech shall prevail.

When an attending shareholder is speaking at the meeting, no other shareholder shall interrupt the speaking shareholder unless otherwise permitted by the chairman and such speaking shareholder. The chairman shall stop any such violations.

Article 12 Each shareholder may only make a speech on the same proposal once. However, with the consent of chairman, he/she can make a speech again. The duration of each speech shall not exceed five (5) minutes. If the shareholder speaks in violation of the said rules or beyond the scope of agenda item, the chairman may stop the speech.

Article 13 In the event that a juristic person is designated to participate in a shareholders' meeting, that juristic person may appoint only one representative to participate in the meeting. In the event that a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one representative may speak for the same proposal.

Article 14 After the attending shareholder has spoken, the chairman may respond in person or appoint an appropriate person to respond.

Article 15 Where the chairman believes an issue has been discussed in the meeting up to the level for voting, the chairman may announce discontinuance of the discussion process and bring that issue to a vote.

Article 16 The ballot inspectors and counters for voting processes are designated by the chairman, provided that the ballot inspectors shall be shareholders. The voting results shall be announced at the meeting, and be recorded in the meeting minutes.

Article 17 When the meeting is in progress, the chairman may announce a break at his/her discretion.

- Article 18 Unless otherwise provided for in the Company Act and the Articles of Incorporation, proposals at the shareholders' meeting shall be resolved by a majority vote of the shareholders attending the meeting. The proposal shall be deemed adopted if all attending shareholders are solicited by the chairman and no objection is voiced. Its validity is the same as voted by casting ballots.
- Article 19 When there is an amendment or an alternative to a proposal, the chairman shall present the amendment or alternative together with the original proposal and decide their voting orders. When one among them is duly resolved, others are deemed to have been vetoed and no voting process is required.
- Article 20 The chairman may direct patrol personnel (or security personnel) to assist in maintaining the order of the meeting. Such patrol personnel (or security personnel) shall wear armbands marked "Patrol Personnel" while assisting in maintaining the order of the meeting.
- Article 21 When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, such a shareholder shall not vote on that item, and shall not exercise voting rights as a proxy for any other shareholder.
- Article 22 If the shareholders' meeting cannot be convened on the scheduled date or the meeting is interrupted and cannot be resumed, the Board is authorized to defer or resume the meeting within five days pursuant to Article 182 of the Company Act. The meeting deferred or resumed as stipulated in the preceding paragraph is not subject to the procedures for convening the shareholders' meeting under Article 172 of the Company Act.
- Article 23 With respect to the resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares. The number of shares with voting rights that cannot be exercised shall not be counted as part of the voting rights represented by attending shareholders.
- Article 24 When the meeting is in progress, if force majeure events occur, the chairman may decide to temporarily suspend the meeting. Once the situation is resolved, the meeting may be resumed.
- Article 25 The Rules and any amendments thereafter shall become effective upon resolution at the shareholders' meeting.

Motech Industries Inc.**Shareholding Details of Directors**

Book Closure Date: April 19, 2021

Title	Name	Date Elected	Shareholding on the Date Elected		Shareholdings on Register of Shareholders as of the Book Closure Date	
			No. of Shares	Shareholding %	No. of Shares	Shareholding %
Chairman	Yung-Hui Tseng	2019.06.17	16,109,212	2.98%	10,582,717	2.98%
Director	Chih-Kaou Lee	2019.06.17	6,123,454	1.13%	4,022,716	1.13%
Director	George Huang	2019.06.17	0	0.00%	0	0.00%
Director	Ming-Shiaw Lu	2019.06.17	3,927,062	0.73%	2,579,827	0.73%
Independent Director	Cheng-Ching Wu	2019.06.17	0	0.00%	0	0.00%
Independent Director	Kin-Tsau Lee	2019.06.17	0	0.00%	0	0.00%
Independent Director	San-Boh Lee	2019.06.17	206,000	0.04%	135,328	0.04%
Shareholdings of all Directors (Note)					17,185,260	4.84%
Minimum shareholdings of all Directors					14,201,675	4.00%

Note:

1. Pursuant to Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the shareholdings of Independent Directors elected by a public company shall not be included in the calculation of total registered shares owned by all Directors. If the public company has elected two or more Independent Directors, the shareholding of all Directors, excluding the Independent Directors, calculated at the statutory rates shall be decreased to 80 percent.
2. The minimum shareholdings of all Directors shall be 14,201,675 shares. As of April 19, 2021, the total share holdings of all Directors, excluding the Independent Directors, was 17,185,260 shares.
3. The Company has established the Audit Committee. The provision on the minimum percentage requirements for the shareholding of Supervisors does not apply.