

Stock Code:4950



Mutto Optronics Corporation

2021 Annual General Shareholders' Meeting

Meeting Agenda (Translation)

June 25, 2021

Note to Readers

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

Table of Contents

I. Meeting Procedure	1
II. Meeting Agenda	2
1. Report Items	3
2. Matters for Ratification	3
3. Extempore Motions	3
4. Meeting Adjourned	3
III. Attachment	4
1. Business Report	4
2. Audit Committee's Review Report	7
3. Independent Auditors' Report and 2020 Financial Statements	8
4. Statement of Deficit Compensated	27
IV. Appendix	28
1. Articles of Incorporation	28
2. Rules and Procedures of Shareholders' Meeting	34
3. The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate	38
4. Shareholdings of All Directors	38

I. MUTTO OPTRONICS CORPORATION

2021 ANNUAL SHAREHOLDERS' MEETING PROCEDURE

1. Call the Meeting to Order

2. Chairman's Address

3. Report Items

4. Matters for Ratification

5. Extempore Motions

6. Meeting Adjourned

II. MUTTO OPTRONICS CORPORATION 2021 ANNUAL SHAREHOLDERS' MEETING AGENDA

Time: 9:00 a.m. Friday, June 25, 2021

Place: B1, No. 85, Sec. 4, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan
(GIS NTU Convention Center, Meeting Room Alexander)

Attendance: All shareholders or their proxy holders

Chairman: Liaw, Shiou-Yuh, Chairman of the Board of Directors

1. Call the Meeting to Order

2. Chairman's Address

3. Report Items

- (1) 2020 business report
- (2) Audit Committee's review report on the 2020 financial statements

4. Matters for Ratification

- (1) Ratification of 2020 business report and financial statements
- (2) Ratification of the proposal for 2020 deficit compensation

5. Extempore Motions

6. Meeting Adjourned

Report Items

1. 2020 business report

Please refer to the Pages 4~6, Attachment 1 for 2020 business report

2. Audit Committee's review report on the 2020 financial statements

Please refer to the Page 7, Attachment 2 for the Audit Committee's review report on the 2020 financial statements

Matters for Ratification

1. Ratification of 2020 business report and financial statements

- (1) The Company's 2020 financial statements were audited by independent auditors, Pei-De Chen and Wen-Chin Lin, of Deloitte & Touche.
- (2) The Audit Committee have reviewed the 2020 business report and financial statements to complete their review report.
- (3) The above-mentioned business report, review report and financial statements please refer to Pages 4~6, Attachment 1, Page 7, Attachment 2 and Pages 8~26, Attachment 3.

Resolution:

2. Ratification of the proposal for 2020 deficit compensation

- (1) The Company's 2020 net loss after-tax is NT\$191,419,028. After plus unappropriated retained earnings of prior years NT\$0, the deficit yet to be compensated at the end of 2020 will be NT\$191,419,028. Because of deficit, the Company did not distribute shareholder dividends and compensation of directors and employees.
- (2) 2020 statement of deficit compensated please refer to Page 27, Attachment 4.

Resolution:

Extempore Motions

Meeting Adjourned

III. Attachment

Attachment 1

Mutto Optronics Corporation

Business Report

1. Operating Performance in 2020

1.1 2020 Business plan execution and achievement

The current main business of the Company is the manufacture and sales of stainless steel kitchen utensils and refined cutlery set. The consolidated net income in 2020 was NT\$101,541 thousand, which was decrease NT\$76,859 thousand comparing with the consolidated net income of NT\$178,400 thousand in 2019. The main reason is due to the customers are still have to deplete the previous inventory in 2020 and the market growth is sluggish and affected by COVID-19. Also, the capacity utilization is too low resulted in a gross loss from operations NT\$7,119 thousand and a net operating loss NT\$56,603 thousand in 2020.

In addition, the Company held ample cash after disposal of the optronics industry in 2014 and applied it into the investments of overseas corporate bonds. At the end of 2020, the market value of the Company's holding position was NT\$65,792 thousand, the related interest income was NT\$17,980 thousand, the interest expense of leverage operation was NT\$2,107 thousand, the loss on disposal of investments was NT\$67,237 thousand, and the proposed expected credit loss of bonds was NT\$86,652 thousand, the net loss of bond investments amounted to NT\$138,010 thousand.

Besides, coupled with gain on financial asset at fair value through profit or loss NT\$13,707 thousand, the exchange losses of US dollar depreciation NT\$23,009 thousand, the net other non-operating revenue NT\$11,891 thousand and the income tax benefit NT\$605 thousand, the annual after-tax net loss amounted to NT\$191,419 thousand.

1.2 Budget implementation

As the Company does not need to prepare 2020 financial prediction, it is not applicable.

1.3 Financial revenue and expense and profitability analysis

Item		2019	2020	Increase (decrease) in amount
Financial structure (%)	Debt ratio	49.37	18.37	(31.00)
	Ratio of long-term capital to property, plant and equipment	2,206.80	2,248.22	41.42
Solvency (%)	Current ratio	199.27	760.37	561.10
	Quick ratio	180.31	653.05	472.74
Profitability (%)	Return on total assets	(28.19)	(27.08)	1.11
	Return on stockholders' equity	(55.21)	(46.31)	8.90
	Profit ratio	(209.96)	(188.51)	21.45

Item		2019	2020	Increase (decrease) in amount
	Earnings per share(NT\$)	(8.18)	(4.18)	4.00

1.4 Research and development

The Company is devoted to the improvement of product manufacturing processes and innovative design, continuously providing customers with best service and creating the maximum value for shareholders since it has been established. In the future, we will continue to proceed the development and investment of prospective technology and innovative application based on the technical business capabilities of the entire management to optimize the competitiveness of the Company consistently.

2. Business Plan for 2020

2.1 Business policy and important production and sales policies

2.1.1 Operations of existing market

The subsidiary Shanghai Sihe Stainless Steel Products Co., Ltd., relocated to another subsidiary, Nantong Sihe Stainless Steel Products Co., Ltd, at the end of October 2017 to proceed its manufacture and operation. It has been focused on the development and manufacture of stainless steel cutlery for years to provide customers with excellent quality products and enhances the dependence of the customers with its abundant mass production experience. In addition to actively developing new customers, we will consistently be developing the high additional value products to avoid price competition with the competitors. Also, we maintain good partnerships with up- and downstream suppliers actively to have fully cooperation and make the product cost become more competitive. The Company will mainly focus on the development of new products, improving the yield and production efficiency at present stage. Also, will constantly reviewing the products and their developing trends to meet the market demands and approaching to the high-growth product supply chain.

2.1.2 Actively development of new customers

The ratio of sales to customer A to total net sales is over 90%. We actively developed new customers this year and won their approval, and we will gradually reduce the risks of high concentration of sales.

2.2 Sales volume forecast and the basis thereof

The sales volume forecast of the Company in 2021 for the stainless steel kitchen cutlery is 4,848 thousand sets based on the future market overview and add project. It's rise substantially.

3. Business future development strategy, the effect of external competition, the legal environment, and the overall business environment

In addition to continuous delving into the improvement of production processes to improve production efficiency and reduce production cost, the Company will focus on the development of automation production and rationally distributing the products to be self-made or outsourcing as the principle to maximize the profits. Also, we will actively program other operating projects based on the technical business capabilities of the entire management to ensure the interests of all shareholders.

Looking forward to 2021, the United States and China signed Phase 1 trade deal at the beginning of the year, and the political and economic risks have fallen. The global economy is expected to gradually recover. In January 2021, the World Bank released the "Global Economic Prospects" which stated that the widespread vaccination of the COVID-19 epidemic and investment are the two key factors for maintaining global economic growth. It predicted an economic growth rate of 4% this year. However, there remains a high level of uncertainty in the forecasts which will be determined by the epidemic control conditions in different countries. In view of the changes in the prices of commodities as countries print cash in response to the epidemic, the Company will continue to monitor the changes in the environment and adjust development plans in advance.

In response to the market demand and customer service requirements, the Company set up the Optoelectronic Business Division to return to the touch panel market. We target the medium to large panels and focus on 15.6" to 43" products as our main markets. We also specialize in sports and fitness equipment, medical equipment, boats, yachts, and special applications that require high-brightness displays. We have set up a demonstration plant Zhubei City, Hsinchu County, which focuses on full-lamination touch screen. We plan to start production in small batches and complete related certification in the second quarter.

The Optoelectronic Business Division uses its expertise in touch screens to focus on product applications with high brightness, waterproof, dust resistance, anti-corrosion, and heat dissipation, and optical-grade full-lamination process. With comprehensive management of the supply chain, we plan to obtain certification from numerous end-customers by the second half of the year to power future business growth.

Audit Committee's Review Report

The Board of Directors has submitted the Company's 2020 business report, financial statements (including consolidated and parent company only financial statements), and proposal for deficit compensation. The independent auditors Pei-De Chen and Wen-Chin Lin of Deloitte & Touche have audited the financial statements and issued audit reports relating to the financial statements. The Audit Committee audited the aforementioned business report, financial statements, and proposal for deficit compensation and found no unconformities. 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 General Meeting of shareholders for ratifications.

Mutto Optronics Corporation

Chairman of the Audit Committee



Bruce Ho

March 29, 2021

Independent Auditors' Report and 2020 Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mutto Optronics Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company 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 the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

The Impairment Loss for Financial Assets at Fair Value Through Other Comprehensive Income

The consolidated balances of financial assets at fair value through other comprehensive income amounted to \$65,792 thousand, and 17% of total consolidated assets, as of December 31, 2020. For a summary of the significant accounting policies on financial assets at fair value through other comprehensive income impairment, refer to Notes 4, 5, 7 and 9 to the consolidated financial statements. The management considers the historical default loss rate provided by the external rating agencies, the current financial position of the debtor and the forecast of the industry to measure the expected credit loss of debt instruments for a 12-month period or the duration. As it is significant that the impairment loss involve subjective judgment and assessment of the management, we determine that the impairment loss for financial assets at fair value through other comprehensive income financial assets as the key audit matters.

Our main audit procedures performed in respect of the Group's assessment of financial assets at fair value through other comprehensive income financial assets for impairment included the following:

1. Obtain the ending evaluation details of the fair value provided by the intermediary financial institution, re-calculate its correctness and analyze whether the abnormal fluctuations at the fair value caused by change in the credit risk.
2. Understand whether the management regularly evaluates the performance, operation profile, financial structure and future trends of the relevant investment targets in accordance with the provisions of the internal control system in order to understand whether the investment targets may cause defaults resulting in expected credit losses.
3. Examine whether the management assesses the impairment of the investment target in accordance with the expected credit losses.

Other Matter

We have also audited the parent company only financial statements of Mutto Optronics Corporation 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 audit committee, are responsible for overseeing the Company'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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company 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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse

consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Pei-De Chen and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 2021

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

MUTTO OPTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 162,502	42	\$ 29,150	3
Financial assets at fair value through profit and loss (Note 4 and 28)	29,599	8	18,169	2
Financial assets at fair value through other comprehensive income (Notes 4, 5, 7 and 28)	65,792	17	708,269	70
Financial assets at amortized cost (Notes 4, 8 and 28)	1	-	54,075	5
Accounts receivable (Notes 4, 5 and 10)	37,457	10	43,798	4
Other receivables (Note 4)	1,832	-	15,686	2
Inventories (Notes 4 and 11)	26,447	7	49,127	5
Prepayments	13,269	3	24,017	2
Other current assets	<u>9,121</u>	<u>2</u>	<u>18,290</u>	<u>2</u>
Total current assets	<u>346,020</u>	<u>89</u>	<u>960,581</u>	<u>95</u>
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 5 and 13)	14,047	4	23,152	2
Right-of-use assets (Notes 4 and 14)	18,649	5	12,006	1
Intangible assets (Notes 4, 5, 15 and 16)	292	-	5,014	1
Deferred income tax assets (Note 4)	3,538	1	2,611	-
Refundable deposits (Note 4)	<u>4,330</u>	<u>1</u>	<u>5,662</u>	<u>1</u>
Total non-current assets	<u>40,856</u>	<u>11</u>	<u>48,445</u>	<u>5</u>
TOTAL ASSETS	<u>\$ 386,876</u>	<u>100</u>	<u>\$ 1,009,026</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loan (Notes 17 and 28)	\$ -	-	\$ 421,900	42
Accounts payable	13,827	4	20,270	2
Other payables	23,418	6	28,728	3
Lease liabilities (Notes 4 and 14)	8,110	2	9,588	1
Other current liabilities	<u>152</u>	<u>-</u>	<u>1,465</u>	<u>-</u>
Total current liabilities	<u>45,507</u>	<u>12</u>	<u>482,041</u>	<u>48</u>
NON-CURRENT LIABILITIES				
Provisions (Note 18)	18,187	4	11,938	1
Deferred income tax liabilities (Note 4)	427	-	105	-
Lease liabilities (Notes 4 and 14)	6,947	2	2,415	-
Other non-current liabilities	<u>-</u>	<u>-</u>	<u>1,608</u>	<u>-</u>
Total non-current liabilities	<u>25,561</u>	<u>6</u>	<u>16,066</u>	<u>1</u>
Total liabilities	<u>71,068</u>	<u>18</u>	<u>498,107</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 20 and 24)				
Common stock	457,790	118	457,790	46
Capital surplus	55,178	14	452,600	45
Accumulated deficit				
Legal reserve	-	-	-	-
Accumulated deficit	(191,419)	(49)	(391,222)	(39)
Other equity	<u>(5,741)</u>	<u>(1)</u>	<u>(8,249)</u>	<u>(1)</u>
Total equity	<u>315,808</u>	<u>82</u>	<u>510,919</u>	<u>51</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 386,876</u>	<u>100</u>	<u>\$ 1,009,026</u>	<u>100</u>

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

MUTTO OPTRONICS CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)	\$ 101,541	100	\$ 178,400	100
OPERATING COSTS (Notes 11 and 21)	<u>108,660</u>	<u>107</u>	<u>195,370</u>	<u>109</u>
GROSS LOSS	<u>(7,119)</u>	<u>(7)</u>	<u>(16,970)</u>	<u>(9)</u>
OPERATING EXPENSES (Notes 4 and 21)				
Selling expenses	4,258	4	17,709	10
General and administrative expenses	39,192	39	99,831	56
Research and development expenses	<u>6,034</u>	<u>6</u>	<u>27,831</u>	<u>16</u>
Total operating expenses	<u>49,484</u>	<u>49</u>	<u>145,571</u>	<u>82</u>
LOSS FROM OPERATIONS	<u>(56,603)</u>	<u>(56)</u>	<u>(162,541)</u>	<u>(91)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 21)				
Interest income (Note 9)	19,373	19	51,370	29
Other income	10,307	10	6,394	3
Other gains and losses (Note 9)	(75,411)	(74)	(188,770)	(106)
Finance costs	(2,997)	(3)	(16,188)	(9)
Expected credit loss (Notes 4 and 9)	<u>(86,693)</u>	<u>(85)</u>	<u>(69,438)</u>	<u>(39)</u>
Total non-operating income and expenses	<u>(135,421)</u>	<u>(133)</u>	<u>(216,632)</u>	<u>(122)</u>
LOSS BEFORE INCOME TAX	(192,024)	(189)	(379,173)	(213)
INCOME TAX BENEFIT (Notes 4 and 22)	<u>605</u>	<u>1</u>	<u>4,612</u>	<u>3</u>
NET LOSS FOR THE YEAR	<u>(191,419)</u>	<u>(188)</u>	<u>(374,561)</u>	<u>(210)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	<u>-</u>	<u>-</u>	<u>(10,741)</u>	<u>(6)</u>

(Continued)

MUTTO OPTRONICS CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising from the translation of the foreign operations	\$ 3,091	3	\$ (9,794)	(6)
Unrealized gain(loss) on investments in debt instruments at fair value through other comprehensive income (Note 9)	<u>(583)</u>	<u>(1)</u>	<u>58,288</u>	<u>33</u>
Other comprehensive income (loss) for the year, net of income tax	<u>2,508</u>	<u>2</u>	<u>37,753</u>	<u>21</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (188,911)</u>	<u>(186)</u>	<u>\$ (336,808)</u>	<u>(189)</u>
LOSS PER SHARE (Note 23)				
Basic	<u>(\$ 4.18)</u>		<u>(\$ 8.18)</u>	
Diluted	<u>(\$ 4.18)</u>		<u>(\$ 8.18)</u>	

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

(Concluded)

MUTTO OPTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity		
	Common Stock	Capital Surplus	Retained Reserve			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
			Legal Reserve	Accumulated Deficit	Total				
BALANCE AT JANUARY 1, 2019	\$ 457,790	\$ 628,079	\$ 28,589	\$ (205,910)	\$ (177,321)	\$ 3,379	\$ (65,941)	\$ (62,562)	\$ 845,986
Effect of retrospective application	-	-	-	(101)	(101)	-	-	-	(101)
ADJUSTED BALANCE AT JANUARY 1, 2019	457,790	628,079	28,589	(206,011)	(177,422)	3,379	(65,941)	(62,562)	845,885
Appropriation of 2018 earnings									
Legal reserve	-	-	(28,589)	28,589	-	-	-	-	-
Capital surplus reduction to make up for deficit	-	(177,321)	-	177,321	177,321	-	-	-	-
Net loss for the year ended December 31, 2019	-	-	-	(374,561)	(374,561)	-	-	-	(374,561)
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(9,794)	47,547	37,753	37,753
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(374,561)	(374,561)	(9,794)	47,547	37,753	(336,808)
Share-based payment	-	1,842	-	-	-	-	-	-	1,842
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	(16,560)	(16,560)	-	16,560	16,560	-
BALANCE AT DECEMBER 31, 2019	457,790	452,600	-	(391,222)	(391,222)	(6,415)	(1,834)	(8,249)	510,919
Capital surplus reduction to make up for deficit	-	(391,222)	-	391,222	391,222	-	-	-	-
Net loss for the year ended December 31, 2020	-	-	-	(191,419)	(191,419)	-	-	-	(191,419)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	3,091	(583)	2,508	2,508
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(191,419)	(191,419)	3,091	(583)	2,508	(188,911)
Share-based payment	-	(6,200)	-	-	-	-	-	-	(6,200)
BALANCE AT DECEMBER 31, 2020	\$ 457,790	\$ 55,178	\$ -	\$ (191,419)	\$ (191,419)	\$ (3,324)	\$ (2,417)	\$ (5,741)	\$ 315,808

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

MUTTO OPTRONICS CORPORATION AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (192,024)	\$ (379,173)
Adjustments for:		
Depreciation expenses	20,347	36,193
Amortization expenses	427	10,686
Expected credit loss	86,693	69,438
Net profit on financial assets at fair value through profit or loss	(13,707)	(1,507)
Finance costs	2,997	16,188
Interest income	(19,373)	(51,370)
(Reversal of) compensation costs of share-based payments	(6,200)	1,842
(Gain) loss on disposal of property, plant and equipment	(1,314)	2,291
Loss (gain) on disposal of financial assets, net	67,231	(13,777)
Impairment loss recognized on non-financial assets	-	196,519
Provision for decline in value of inventories	19,711	32,870
Net loss (gain) on foreign currency exchange	20,652	16,123
Gain on lease modification	(57)	(7)
Changes in operating assets and liabilities		
Accounts receivable	(2,694)	9,329
Other receivables	498	(16,634)
Inventories	3,338	(3,349)
Prepayments and other current assets	19,924	10,892
Accounts payable	(4,222)	(1,071)
Other payables	355	(722)
Other current liabilities	(1,394)	(147)
Cash inflow generated from (used in) operations	1,188	(65,386)
Interest received	738	1,421
Interest paid	(348)	(3,688)
Income tax paid	(17)	(108)
Net cash inflow from (used in) operating activities	<u>1,561</u>	<u>(67,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(249,390)
Proceeds from disposal of financial assets at fair value through other comprehensive income	477,291	493,126
Acquisition of financial assets at amortized cost	-	(9,274)
Proceeds from disposal of financial assets at amortized cost	53,299	-
Acquisition of financial assets at fair value through profit or loss	(41,983)	-
Proceeds from disposal of financial assets at fair value through profit or loss	41,949	-
Acquisition of property, plant and equipment	(3,408)	(5,560)
Proceeds from disposal of property, plant and equipment	6,783	508

(Continued)

MUTTO OPTRONICS CORPORATION AND SUBSIDIARIES

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

	<u>2020</u>	<u>2019</u>
Decrease in refundable deposits	775	1,597
Acquisition of intangible assets	(49)	(978)
Proceeds from disposal of intangible assets	4,347	-
Acquisition of right-of-use assets	(4,277)	-
Interest received	25,446	58,030
Interest paid	<u>(2,804)</u>	<u>(13,204)</u>
Net cash generated from investing activities	<u>557,369</u>	<u>274,855</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loan	(416,628)	(199,385)
Guarantee deposits refunded	-	(2,707)
Payment of the principal portion of lease liabilities	<u>(3,450)</u>	<u>(5,152)</u>
Net cash used in financing activities	<u>(420,078)</u>	<u>(207,244)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(5,500)</u>	<u>7</u>
NET INCREASE (DECREASE) IN CASH	133,352	(143)
CASH AT THE BEGINNING OF THE YEAR	<u>29,150</u>	<u>29,293</u>
CASH AT THE END OF THE YEAR	<u>\$ 162,502</u>	<u>\$ 29,150</u>

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

Independent Auditors' Report and **2020 Parent Company Only Financial Statements**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Mutto Optronics Corporation

Opinion

We have audited the accompanying financial statements of Mutto Optronics Corporation (the "Company") which comprises the balance sheet as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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 and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for opinion

We conducted our audits of the financial statements for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Zheng-Shen-Zi Order No. 1090360805 as approved by the Financial Supervisory Commission on February, 25, 2020 and generally accepted auditing standards in the Republic of China, and our audits of the financial statements for the year ended December 31, 2019 in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's parent company only financial statements for the year

ended December 31, 2020 are stated as follows:

The Impairment Loss for Financial Assets at Fair Value Through Other Comprehensive Income from Investments Accounted under Equity Method

Subsidiaries of the Company engage mainly in investing in debt instruments. The management considers the historical default loss rate provided by the external rating agencies, the current financial position of the debtor and the forecast of the industry to measure the expected credit loss of debt instruments for a 12-month period or the duration. As it is significant that the impairment loss involve subjective judgment and assessment of the management, we determine that the impairment loss for financial assets at fair value through other comprehensive income financial assets as the key audit matters.

Our main audit procedures performed in respect of the Company's assessment of financial assets at fair value through other comprehensive income financial assets for impairment included the following:

1. Obtain the ending evaluation details of the fair value provided by the intermediary financial institution, re-calculate its correctness and analyze whether the abnormal fluctuations at the fair value caused by change in the credit risk.
2. Understand whether the management regularly evaluates the performance, operation profile, financial structure and future trends of the relevant investment targets in accordance with the provisions of the internal control system in order to understand whether the investment targets may cause defaults resulting in expected credit losses.
3. Examine whether the management assesses the impairment of the investment target in accordance with the expected credit losses.

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

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

The engagement partners on the audit resulting in this independent auditors' report are Pei-De Chen and Wen-Chin Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29 , 2021

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

MUTTO OPTRONICS CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2020		2019	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 20,887	5	\$ 3,188	-
Financial assets at amortized cost (Notes 4, 7 and 21)	1	-	53,875	8
Accounts receivables (Note 4 and 8)	36,317	8	241	-
Other receivables (Notes 4 and 20)	176	-	276	-
Prepayments and other current assets	<u>5,113</u>	<u>1</u>	<u>5,228</u>	<u>1</u>
Total current assets	<u>62,494</u>	<u>14</u>	<u>62,808</u>	<u>9</u>
NON-CURRENT ASSETS				
Investments accounted for under equity method (Notes 4, and 9)	365,405	85	597,144	89
Right-of-use assets (Notes 4 and 10)	1,672	-	5,626	1
Intangible assets (Note 4)	2	-	75	-
Deferred income tax assets (Notes 4 and 5)	2,418	1	2,418	1
Refundable deposits (Note 4)	<u>858</u>	<u>-</u>	<u>1,269</u>	<u>-</u>
Total non-current assets	<u>370,355</u>	<u>86</u>	<u>606,532</u>	<u>91</u>
TOTAL ASSETS	<u>\$ 432,849</u>	<u>100</u>	<u>\$ 669,340</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loan (Notes 10 and 21)	\$ -	-	\$ 49,050	7
Accounts payable (Note 20)	44,235	10	228	-
Other payables	11,137	3	4,577	1
Other payables to related parties (Notes 20)	59,666	14	98,934	15
Lease liabilities (Notes 4 and 10)	1,477	-	3,011	-
Other current liabilities	<u>99</u>	<u>-</u>	<u>101</u>	<u>-</u>
Total current liabilities	<u>116,614</u>	<u>27</u>	<u>155,901</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Deferred income tax liabilities (Note 4)	427	-	105	-
Lease liabilities (Notes 4 and 10)	<u>-</u>	<u>-</u>	<u>2,415</u>	<u>1</u>
Total non-current liabilities	<u>427</u>	<u>-</u>	<u>2,520</u>	<u>1</u>
Total liabilities	<u>117,041</u>	<u>27</u>	<u>158,421</u>	<u>24</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 ,13 and 17)				
Common stock	457,790	106	457,790	68
Capital surplus	55,178	13	452,600	68
Accumulated deficit				
Legal reserve	-	-	-	-
Accumulated deficit	(191,419)	(44)	(391,222)	(59)
Other equity	<u>(5,741)</u>	<u>(2)</u>	<u>(8,249)</u>	<u>(1)</u>
Total equity	<u>315,808</u>	<u>73</u>	<u>510,919</u>	<u>76</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 432,849</u>	<u>100</u>	<u>\$ 669,340</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

MUTTO OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)	\$ 48,037	100	\$ 249	100
OPERATING COSTS (Note 20)	<u>45,238</u>	<u>94</u>	<u>237</u>	<u>95</u>
GROSS PROFIT	<u>2,799</u>	<u>6</u>	<u>12</u>	<u>5</u>
OPERATING EXPENSES (Notes 4 and 14)				
Selling expenses	10,272	22	-	-
General and administrative expenses	<u>13,136</u>	<u>27</u>	<u>22,417</u>	<u>9,003</u>
Total operating expenses	<u>23,408</u>	<u>49</u>	<u>22,417</u>	<u>9,003</u>
LOSS FROM OPERATIONS	<u>(20,609)</u>	<u>(43)</u>	<u>(22,405)</u>	<u>(8,998)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 14)				
Interest income	510	1	1,367	549
Other income	2,048	4	139	56
Other gains and losses	1,673	4	973	391
Finance costs	(472)	(1)	(791)	(318)
Share of loss of subsidiaries accounted for under equity method	<u>(174,247)</u>	<u>(363)</u>	<u>(353,849)</u>	<u>(142,108)</u>
Total non-operating income and expenses	<u>(170,488)</u>	<u>(355)</u>	<u>(352,161)</u>	<u>(141,430)</u>
LOSS BEFORE INCOME TAX	(191,097)	(398)	(374,566)	(150,428)
INCOME TAX (EXPENSE) BENEFIT (Notes 4, 5 and 15)	<u>(322)</u>	<u>-</u>	<u>5</u>	<u>2</u>
NET LOSS FOR THE YEAR	<u>(191,419)</u>	<u>(398)</u>	<u>(374,561)</u>	<u>(150,426)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of subsidiaries accounted for under equity method	-	-	<u>(10,741)</u>	<u>(4,314)</u>
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive income (loss) of subsidiaries accounted for under equity method	<u>2,508</u>	<u>5</u>	<u>48,494</u>	<u>19,476</u>

(Continued)

MUTTO OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
Other comprehensive loss for the year, net of income tax	<u>2,508</u>	<u>5</u>	<u>37,753</u>	<u>15,162</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ (188,911)</u>	<u>(393)</u>	<u>\$ (336,808)</u>	<u>(135,264)</u>
LOSS PER SHARE (Note 16)				
Basic	<u>\$ (4.18)</u>		<u>\$ (8.18)</u>	
Diluted	<u>\$ (4.18)</u>		<u>\$ (8.18)</u>	

The accompanying notes are an integral part of the parent company only financial statements.

(Concluded)

MUTTO OPTRONICS CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity		
	Common Stock	Capital Surplus	Legal Reserve	Retained Reserve		Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
				Accumulated Deficit	Total				
BALANCE AT JANUARY 1, 2019	\$ 457,790	\$ 628,079	\$ 28,589	\$ (205,910)	\$ (177,321)	\$ 3,379	\$ (65,941)	\$ (62,562)	\$ 845,986
Effect of retrospective application	-	-	-	(101)	(101)	-	-	-	(101)
ADJUSTED BALANCE AT JANUARY 1, 2019	457,790	628,079	28,589	(206,011)	(177,422)	3,379	(65,941)	(62,562)	845,885
Appropriation of 2018 earnings									
Legal reserve	-	-	(28,589)	28,589	-	-	-	-	-
Capital surplus reduction to make up for deficit	-	(177,321)	-	177,321	177,321	-	-	-	-
Net loss for the year ended December 31, 2019	-	-	-	(374,561)	(374,561)	-	-	-	(374,561)
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	(9,794)	47,547	37,753	37,753
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(374,561)	(374,561)	(9,794)	47,547	37,753	(336,808)
Share-based payment	-	1,842	-	-	-	-	-	-	1,842
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	(16,560)	(16,560)	-	16,560	16,560	-
BALANCE AT DECEMBER 31, 2019	457,790	452,600	-	(391,222)	(391,222)	(6,415)	(1,834)	(8,249)	510,919
Capital surplus reduction to make up for deficit	-	(391,222)	-	391,222	391,222	-	-	-	-
Net loss for the year ended December 31, 2020	-	-	-	(191,419)	(191,419)	-	-	-	(191,419)
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	3,091	(583)	2,508	2,508
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(191,419)	(191,419)	3,091	(583)	2,508	(188,911)
Share-based payment	-	(6,200)	-	-	-	-	-	-	(6,200)
BALANCE AT DECEMBER 31, 2020	<u>\$ 457,790</u>	<u>\$ 55,178</u>	<u>\$ -</u>	<u>\$ (191,419)</u>	<u>\$ (191,419)</u>	<u>\$ (3,324)</u>	<u>\$ (2,417)</u>	<u>\$ (5,741)</u>	<u>\$ 315,808</u>

The accompanying notes are an integral part of the parent company only financial statements.

MUTTO OPTRONICS CORPORATION

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (191,097)	\$ (374,566)
Adjustments for:		
Depreciation expenses	2,865	1,300
Amortization expenses	73	189
Finance costs	472	791
Interest income	(510)	(1,367)
(Reversal of) compensation costs of share-based payments	(6,200)	1,842
Share of loss of subsidiaries accounted for under equity method	174,247	353,849
Net gain on foreign currency exchange, net	(2,794)	(1,102)
Gain on lease modification	(6)	-
Changes in operating assets and liabilities		
Accounts receivable	(37,443)	(248)
Other Receivables	171	4,676
Prepayments and other current assets	38	211
Accounts payable	45,670	236
Other payables	6,800	873
Other current liabilities	(2)	(5)
Cash used in operations	(7,716)	(13,321)
Interest received	533	1,371
Interest paid	(348)	(772)
Income tax paid	(17)	(108)
Net cash used in operating activities	<u>(7,548)</u>	<u>(12,830)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	-	(9,274)
Disposal of financial assets at amortized cost	53,099	-
Proceeds from capital reduction of investments accounted for under equity method	60,000	-
Decrease in refundable deposits	411	1,033
Net cash generated from (used in) investing activities	<u>113,510</u>	<u>(8,241)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) Increase in short-term loan	(49,050)	8,050
(Decrease) Increase in other payables to related parties	(35,607)	15,456
Payment of the principal portion of lease liabilities	(3,010)	(1,618)
Net cash generated from financing activities	<u>(87,667)</u>	<u>21,888</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(596)</u>	<u>(44)</u>
NET INCREASE IN CASH	<u>17,699</u>	<u>773</u>
CASH AT THE BEGINNING OF THE YEAR	<u>3,188</u>	<u>2,415</u>
CASH AT THE END OF THE YEAR	<u>\$ 20,887</u>	<u>\$ 3,188</u>

The accompanying notes are an integral part of the parent company only financial statements.

Mutto Optronics Corporation

2020 Statement of Deficit Compensated

Unit: NT\$

Item	Amount
Unappropriated retained earnings of prior years	0
Plus: Net loss of 2020	(191, 419, 028)
Deficit yet to be compensated	(191, 419, 028)

IV. Appendix

Appendix 1

Mutto Optronics Corporation

Articles of Incorporation

Chapter I General Provisions

Article 1 The Company shall be incorporated as a company limited by shares, under the Company Act of the Republic of China. The name of the Company shall be 牧東光電股份有限公司.

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

1. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
2. CB01010 Machinery and Equipment Manufacturing
3. CB01990 Other Machinery Manufacturing Not Elsewhere Classified
4. CC01080 Electronic Parts and Components Manufacturing
5. CC01990 Electrical Machinery, Supplies Manufacturing
6. CE01030 Photographic and Optical Equipment Manufacturing
7. CK01010 Footwear Manufacturing
8. CO01010 Tableware Products Manufacturing
9. CQ01010 Die Manufacturing
10. C104020 Bakery Food Manufacturing
11. C301010 Yarn Spinning Mills
12. C302010 Knit Fabric Mills
13. C303010 Non-woven Fabrics Mills
14. C305010 Printing, Dyeing, and Finishing Mills
15. C306010 Outerwear Knitting Mills
16. C307010 Apparel, Clothing Accessories and Other Textile Product Manufacturing
17. C399990 Other Textile Products Manufacturing
18. C801120 Manmade Fiber Manufacturing
19. C805050 Industrial Plastic Products Manufacturing
20. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
21. F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
22. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
23. F119010 Wholesale of Electronic Materials
24. F201010 Retail sale of Agricultural Products
25. F201020 Retail sale of Husbandry Products
26. F203010 Retail sale of Food and Grocery
27. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products
28. F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures
29. F206020 Retail Sale of Articles for Daily Use
30. F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
31. F218010 Retail Sale of Computer Software
32. F219010 Retail Sale of Electronic Materials

33. F399040 Retail Business Without Shop
34. F399990 Retail sale of Others
35. F401010 International Trade
36. F401021 Restrained Telecom Radio Frequency Equipments and Materials Import
37. F501030 Coffee/Tea Shops and Bars
38. F501060 Restaurants
39. F601010 Intellectual Property
40. H701010 Residence and Buildings Lease Construction and Development
41. H701020 Industrial Factory Buildings Lease Construction and Development
42. H701050 Public Works Construction and Investment
43. H701060 New County and Community Construction and Investment
44. H701080 Reconstruction within the renewal area
45. H703090 Real Estate Commerce
46. H703100 Real Estate Rental and Leasing
47. I103060 Management Consulting Services
48. I301010 Software Design Services
49. I301020 Data Processing Services
50. I301030 Digital Information Supply Services
51. I401010 General Advertising Services
52. I501010 Product Designing
53. IE01010 Telecommunications Number Agencies
54. IZ13010 Internet Identify Services
55. IZ15010 Marketing Research and Opinion Poll
56. IZ99990 Other Industry and Commerce Services Not Elsewhere Classified
57. J303010 Magazine and Periodical Publication
58. J304010 Book Publishers
59. J305010 Audio Tape and Record Publishers
60. J399010 Software Publication
61. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3 The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital, and the Company may provide endorsement and guarantee and act as a guarantor.

Article 4 The Company shall have its head office in Taipei, Taiwan, Republic of China and shall, where necessary and with a resolution to do so by the Board of Directors ("Board") and upon approval of government authorities in charge, set up branch offices at various locations within and without the territory of the Republic of China.

Article 5 Public announcements of the Company shall be made in accordance with the Article 28 of the Company Act of the Republic of China.

Chapter II Capital Stock

Article 6 The total capital stock of the Company shall be in the amount of 1,000,000,000 New Taiwan Dollars, divided into 100,000,000 shares with a par value of Ten New Taiwan Dollars, and may be paid-up in installments. A total of 7,000,000 shares among the above total capital stock of the Company with a par value of Ten New Taiwan Dollars per share shall be retained for the issuance of employee stock options, which may be issued from time to time upon the approval of the Board.

- Article 7** (Deleted)
- Article 8** Share certificates of the Company shall be issued only if they bear the names of the shareholders, be signed by or affixed with the personal seals of three or more Directors of the Company, and be duly signed and authenticated in accordance with regulations of the Republic of China. After becoming a public company, the Company may issue shares without printing share certificate(s), but shall register the issued shares with a centralized depositary.
- Article 9** All stock affairs of the Company shall follow the “Regulations Governing the Administration of Shareholder Services of Public Companies” issued by the competent authority.
Registration of share transfers shall be suspended for a 60-day period immediately prior to a general meeting of the shareholders; for a 30-day period immediately prior to an extraordinary meeting of the shareholders; and for a 5-day period immediately prior to the record date for distribution of dividend, bonuses or other benefits.
- Chapter III Shareholders' Meetings**
- Article 10** Shareholders’ meetings of the Company are of two types, namely: (1) general meetings and (2) extraordinary meetings. General meetings shall be convened, by the Board, within 6 months after the close of each fiscal year. Extraordinary meetings shall be convened when necessary in accordance with the relevant laws.
Notices shall be sent to all shareholders for the convening of shareholders’ meetings, at least thirty 30 days in advance, in case of general meetings; and at least fifteen 15 days in advance, in case of extraordinary meetings. The date, place, and the proposal(s) for convening any such meeting shall be clearly stated in the notices sent out to the shareholders.
- Article 11** If a shareholder is unable to attend a meeting, he/she is entitled to appoint a proxy to attend and vote on behalf of the shareholder at a shareholders’ meeting by completing and submitting to the Company a form prescribed by the Company stating the scope of authorization, and be signed by or affixed with the personal seals of the shareholder.
The rules of the shareholder appointing a proxy to attend, on his/her behalf, at a shareholders’ meeting shall be in accordance with Article 177 of the Company Act. After the Company publicly issued the shares, the above rules shall be also in accordance with the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” issued by the competent authority.
- Article 12** Except under the circumstances set forth in Articles 157 and 179 of the Company Act, shareholders of the Company shall be entitled to one vote for each share held at the shareholders’ meeting.
- Article 13** Unless otherwise provided by the Company Act, all resolutions of a shareholders’ meeting of the Company shall be adopted, at a meeting attended by shareholders holding at least 50% of the issued capital stock, by more than 50% of the shareholders attending the meeting.

Article 14 A resolution of a shareholders meeting of the Company for applying for an approval of ceasing its status as a public company, shall be adopted by a majority of the shareholders present who represent two-thirds or more of the total number of its outstanding shares. In the event the total number of shares represented by the shareholders present at a shareholders' meeting of the Company is less than the percentage of the total shareholdings required above, the resolution shall be adopted by two-third of the voting rights exercised by the shareholders present at the shareholders' meeting who represent a majority of the outstanding shares of the Company.

Chapter IV Directors and Supervisors

Article 15 According to Article 14-2 of the Securities and Exchange Act, the Company shall have 5 to 9 Directors, including at least three independent directors. The Board is authorized to determine the number of Directors. Directors shall be elected by adopting candidate nomination system, and by the shareholders at the shareholders' meeting among the list of candidates. The tenure of the offices of the Directors shall be 3 years and the Directors shall be eligible for re-elections.

The professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors shall be in accordance with the relevant laws.

After the Company publicly issued the shares, the aggregate shareholding percentage of all of the Directors shall be subject to the relevant laws issued by the competent securities authority.

Article 15-1 Regardless of the Company's profit or loss, the Board is authorized to decide the compensation to directors, according to his/her contribution to the operation and involvement in the operation of the Company, and comparing to domestic and foreign peer's levels.

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

Article 15-2 The Company shall establish an Audit Committee, which shall consist of all independent directors. The first Audit Committee established on the date which independent directors first elected in accordance with preceding Article. Since the date of establishment of the Audit Committee, the provisions of the Supervisors have ceased to apply. The tenure of Supervisors who have been elected shall ends on the date of the provisions of the Supervisors have ceased to apply.

Article 16 The Board is consists of all Directors. The Chairman shall be elected from amongst the Directors by a simple majority of the Directors present at the Board meetings attended by at least two thirds of all the Directors. The Chairman shall have the authority to represent the Company. If any Director attends the Board meeting by video conference, it is deemed that such Director has participated in person.

Article 16-1 Except in accordance with Articles 203 and 204 of the Company Act, the notice of the Board meetings may be made and delivered by email or facsimile. Except for the first meeting of each term of the Board which shall be convened by the Director who received the largest number of votes at the election of Directors, Board meetings shall be convened by the Chairman. The first meeting of each term of the Board shall be convened within 15 days after the re-election, and the remaining Board meetings are convened by the Chairman every three months. Unless otherwise provided for in the

Company Act, all resolutions of the Board shall be adopted by a simple majority of the Directors present at the Board meetings attended by at least 50% of all the Directors. A notice of the Board meeting shall set forth the subject(s) to be discussed at the meeting and shall be given to each director at least 7 days prior to the meeting date. In the case of emergency, a Board meeting may be convened at any time. The notice of the Board meeting may be made and delivered by email or facsimile, after obtaining a prior consent from the recipient(s) thereof.

Article 17 In case the Chairman is on leave or absent or unable to perform his duties for any reasons, the proxy rules shall be in accordance with Article 208 of the Company Act.

Article 17-1 If a Director is unable to attend the meeting, he/she shall be entitled to authorize another Director to represent him at the meeting by executing a power of attorney stating therein the scope of authorization with respect to each matter proposed to be dealt with at the meeting, however, a Director attending the meeting shall not be authorized to represent more than one absent Directors at the meeting.

Article 18 (Deleted)

Chapter V Managers

Article 19 The Company may have one or more managerial personnel whose appointment, discharge, and the remuneration shall be determined by the Board.

Chapter VI Accounting

Article 20 The fiscal year of the Company shall begin on 1 January and end on 31 December of each year. After the end of each fiscal year, the Board shall prepare (1) Business Report; (2) Financial Statements; and (3) Proposal for Distribution of Profits or Deficit Compensation, and present to the shareholders at the general meeting of the shareholders for ratifications.

Article 21 Distribution of the dividends and bonuses shall be effected in proportion to the number of shares held by each shareholder accordingly. However, the Company shall not pay dividends or bonuses to shareholders when there are no earnings.

Article 22 If the Company has profits in a fiscal year, it shall set aside 1% to 10% of the profits as employee compensation and not more than 3% of the profits as director compensation.

Above employee compensation, distributed in the form of shares or in cash shall be approved by the Board. Qualification requirements of employees, including the employees of parents or subsidiaries of the Company meeting certain specific requirements approved by the Board, entitled to receive shares or cash.

The distribution of employee and director compensation shall be submitted to the shareholders' meeting.

However, if the Company has accumulated losses, it shall first reserve a certain amount for offsetting losses, then allocate for the employee and director compensation proportionally from the remaining amount according to the first paragraph.

Chapter VII Supplementary Provisions

- Article 23** In the event that the Company, according to the final settlement, earns profits in a fiscal year, such profits shall first be set aside to pay taxes, then allocate them in the following sequence:
- (1) Offset losses
 - (2) After deducting the item in the preceding paragraph, set aside 10 percent for legal reserve
 - (3) Set aside for special reserve in accordance with the laws
- Any further remaining profits plus undistributed earnings of the previous year and adjustment amount of current year shall be distributed in accordance with the proposal submitted by the Board, for approval at a shareholders' meeting.
- The distribution amount in the preceding paragraph shall not be less than 10 percent of the distributable net profit.
- The dividend distribution policy of the Company shall depend on the current and future investment environment, fund demand, domestic and foreign competition situation, and capital budget, etc., and taking into the shareholders' interest, balancing dividends and the long-term financial planning of the Company. The Board shall submit a proposal for distribution of profits for approval at a shareholders' meeting every year. The Company's annual cash dividends are at least 10 percent of the total dividends.
- Article 23-1** The special reserve set aside for specified purposes shall be reversed into the retained earnings if the appropriating purpose has been completed or the reason for appropriating has disappeared, and be allocated in the sequence in accordance with Article 23.
- Article 24** Matters not specifically provided for in these Articles of Incorporation shall be governed by the Company Act.
- Article 25** The Articles of Incorporation were agreed to and signed on October 20, 2008.
The first amendment was made on August 21, 2009.
The second amendment was made on November 28, 2009.
The third amendment was made on April 9, 2010.
The fourth amendment was made on September 24, 2010.
The fifth amendment was made on June 22, 2011.
The sixth amendment was made on June 28, 2012.
The seventh amendment was made on June 24, 2013.
The eighth amendment was made on November 11, 2013.
The ninth amendment was made on June 23, 2014.
The tenth amendment was made on June 29, 2015.
The eleventh amendment was made on June 28, 2016.
The twelfth amendment was made on June 22, 2017.
The thirteenth amendment was made on June 25, 2019.

Mutto Optronics Corporation
Rules and Procedures of Shareholders' Meeting

- Article 1** Except as otherwise provided by law, regulation, or Articles of Incorporation, the Company's shareholders' meeting (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
- Article 2** The Meeting shall be held at the Company's headquarter or at a place that is both convenient for shareholders to attend and suitable for holding the Meeting. The Meeting shall start not earlier than 9:00 a.m. or later than 3:00 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.
- Article 3** The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.
The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the Meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.
Shareholders and their proxies (collectively, "shareholders") shall attend the Meeting based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.
The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.
- Article 4** The number of shares representing shareholders present at the Meeting shall be calculated based on the submitted attendance cards. The presence of shareholders in the Meeting and their voting thereof shall be calculated in accordance with the number of shares.
- Article 5** If a shareholder is unable to attend the Meeting, he/she is entitled to appoint a proxy to attend and vote on behalf of the shareholder at the Meeting by completing and submitting to the Company a form prescribed by the Company stating the scope of authorization. Unless otherwise provided by the Company Act, the rules of the shareholder appointing a proxy to attend, on his/her behalf, at the Meeting shall be in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" issued by the competent securities authority of R.O.C..
- Article 6** If the Meeting is convened by the board of directors, the board chairman shall preside at the Meeting. In case the chairman is on leave of absence, or cannot exercise his powers and authority, the chairman shall designate a director to act in lieu of him. If the chairman does not designate a director, the directors shall elect one from among themselves to act in lieu of the chairman.

When a director serves as chair, as referred to in the preceding paragraph, the director shall be one who has held that position for six months or more and who understands the financial and business conditions of the Company. The same shall be true for a representative of a juristic person director that serves as chair.

If the Meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 7 The Company may appoint designated counsel, Certified Public Accountant or other relevant persons to attend the Meeting.
The staff in charge of handling the affairs of the Meeting shall wear identification cards or arm bands.

Article 8 The entire proceedings of the Meeting shall be tape recorded or videotaped and these tapes shall be archived for a minimum of one year.

Article 9 The chairman shall call the Meeting to order at the time scheduled for the Meeting when the attending shareholders represent 50 percent or more of the total number of issued shares. The chairman may postpone the start time for the Meeting if the number of represented shares has not yet constituted the quorum at the time of the Meeting. The number of postponement shall be limited to a maximum of two times and each postponement shall not exceed thirty minutes. If after two postponements no quorum can yet be constituted but the number of represented shares is more than one third of the total issued shares, tentative resolutions may be made in accordance with Article 175 of the Company Act. If during the process of tentative resolutions the number of represented shares becomes sufficient to constitute the quorum, the Chairman may call the Meeting to order and submit the tentative resolutions to the Meeting for approval.

Article 10 If the Meeting is convened by the board of directors, the agenda of the Meeting shall be set by the board of directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the scheduled agenda. If the Meeting is convened by any person other than the board of directors, the provision set forth in the preceding paragraph shall be applicable. Unless otherwise resolved at the Meeting, the chairman shall not adjourn the Meeting until the discussion items (including extraordinary motions) listed on the agenda have been resolved. After the Meeting is adjourned, the shareholders shall not appoint another chairman to continue the Meeting at the same place or at a new location.

Article 11 When a shareholder present at the Meeting wishes to speak, the shareholder shall first fill out a slip, specifying therein the key points of the speech, the shareholder's serial number, and the name of the shareholder. The chairman shall determine the sequence of speeches by the shareholders. If any shareholder present at the Meeting submits a slip for speech but does not speak, no speech shall be deemed to have been made by such shareholder. In case there is a discrepancy between the contents of the speech and the contents specified on the slip, the contents of actual speech shall prevail. While a shareholder is speaking, other shareholders shall not interrupt the speech unless the shareholders have obtained prior consent of the chairman and the speaking shareholder. Otherwise, the chairman shall stop such interruption.

- Article 12** A shareholder shall not speak more than two times for each discussion item, unless with the prior consent from the chairman, and each speech shall not exceed 5 minutes. In case the speech of a shareholder violates the rules in the preceding paragraph or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.
- Article 13** Any legal entity designated as proxy by a shareholder to be present at the Meeting may appoint only one representative to attend the Meeting. If an institutional shareholder designates two or more representatives to attend the Meeting, only one representative may speak for each discussion item.
- Article 14** After the speech of a shareholder, the chairman may respond in person or appoint an appropriate person to respond.
- Article 15** When the chairman considers that the discussion item has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution.
- Article 16** The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman. The person supervising the casting of votes shall be a shareholder.
Vote counting for the proposals or elections of the Meeting shall be conducted in public at the place of the Meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and recorded in the Meeting minutes.
- Article 17** The election of directors or supervisors at the Meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.
The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the supervising personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.
- Article 18** Unless otherwise specified for in the Company Act or the Articles of Incorporation of the Company, resolutions shall be adopted by a majority vote at the Meeting. The resolution is deemed to have been adopted if no objection is heard in response to the chairman's inquiry. Such a resolution is equivalent to a decision duly resolved through voting.
- Article 19** In case of an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and determine the sequence of voting. If any one of them has been resolved, the other(s) shall be deemed vetoed and no further voting is necessary.
- Article 20** The chairman may direct disciplinary or security personnel to assist in maintaining the order of the Meeting. Such disciplinary or security personnel shall wear badges marked "Disciplinary Personnel" for identification purpose.

- Article 21** Except the shares prescribed in Article 157 and Article 179 of the Company Act, a shareholder shall be entitled to one vote for each share held.
The shares shall have no voting power under any of the following circumstances:
(1) The shares of the Company that are held by the Company itself in accordance with the laws.
(2) The shares of a holding company that are held by its subordinate company, where the total number of voting shares or total shares equity held by the holding company in such a subordinate company represents more than one half of the total number of voting shares or the total shares equity of such a subordinate company.
(3) The shares of a holding company and its subordinate company that are held by another company, where the total number of the shares or total shares equity of that company held by the holding company and its subordinate company directly or indirectly represents more than one half of the total number of voting shares or the total share equity of such a company.
- Article 22** 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, that shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.
- Article 23** Matters relating to the resolutions of the Meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairman and a copy distributed to each shareholder within 20 days after the conclusion of the Meeting. The meeting minutes may be produced and distributed in electronic form.
The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement.
- Article 24** When the Meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the Meeting temporarily suspended and announce a time when, in view of the circumstances, the Meeting will be resumed.
If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the Meeting may adopt a resolution to resume the Meeting at another venue.
A resolution may be adopted at the Meeting to defer or resume the Meeting within 5 days in accordance with Article 182 of the Company Act.
- Article 25** These Rules and Procedures, and any amendments hereto, shall be implemented after adoption by shareholders meetings.

Appendix 3

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate

The Company did not distribute any stock dividend this year, and is therefore not applicable.

Appendix 4

Mutto Optronics Corporation

Shareholdings of All Directors

1. As the Company's supervisors were replaced by the Audit Committee, the minimum holding requirement of supervisors no longer applies. The Company has elected more than 2 independent directors, so the minimum shareholding proportion requirement of all non-independent directors calculated in accordance with relevant laws is 8%. The minimum holding requirement of the present seventh directors is as follows:

The number of issued common stock is 46,284,750 shares.

The minimum holding requirement of all directors is 3,702,780 shares.

2. As of April 27, 2021, the beginning day of the stock book closure period of 2021 shareholders' meeting, the shares held by all directors are as follows:

Title	Name	Current shareholding	
		Shares	%
Chairman	Long Yi International Co., Ltd. Representative: Shiou-Yuh Liaw	320,000	0.69%
Director	Long Yi International Co., Ltd. Representative: Jui - His Cheng	320,000	0.69%
Director	Ing-Ker International Co., Ltd. Representative: Chiu-Chi Liu	1,200,000	2.59%
Director	Chaozheng Investment Co., Ltd. Representative: Kuo-Huei Ning	200,000	0.43%
Director	Yuelai Investment Co., Ltd. Representative: Fu-Chuan Chien	1,000,000	2.16%
Independent Director	Mao-Wei Hung	0	0 %
Independent Director	Wei-Chyun Yan	0	0 %
Independent Director	Bruce Ho	0	0 %
Total (Note)		2,720,000	5.87%

Note: The number of shares held by independent directors is not included in the calculation of the total shareholding of all directors.