TSEC Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, TSEC Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TSEC CORPORATION

By

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ELLICK LIAO
Chairman

February 26, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TSEC Corporation

Opinion

We have audited the accompanying consolidated financial statements of TSEC Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), 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 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. 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 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.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is described as follows:

Validity of Occurrence of Revenue from New Customers in the Top Ten Revenue-Contributing Section

The sales revenue from new customers in the top ten revenue-contributing section for the year ended December 31, 2020 was $2,325,025 thousand, which accounted for 50% of the Group's operating revenue, and is material to the Group's consolidated financial statements. In addition, as the management may be under pressure to achieve the financial goals, there is an increased inherent risk of fraud in revenue recognition. Thus, the risk of revenue recognition related to the actual occurrence of the sales transactions with the new customers in top ten revenue-contributing section has been identified as a key audit matter. For the related accounting policies, refer to Note 4 of the consolidated financial statements.

We understood the Group's internal controls over sales transactions with new customers in the top ten revenue-contributing section and designed corresponding audit procedures to confirm and assess the operating effectiveness of the related controls. We also performed substantive testing on the transactions with new customers in the top ten revenue-contributing section on a sample basis by inspecting third-party shipping documents, the customers' receipts of delivery, cash payments and whether there were material sales returns after the reporting period in order to confirm that the sales revenue from the new customers in the top ten revenue-contributing section are free from material misstatement.

Other Matter

We have also audited the parent company only financial statements of TSEC 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 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 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 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 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 audits resulting in this independent auditors' report are Hai-Yueh Huang and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2021

Notice to Readers

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,631,854	17	$ 433,772	6
Financial assets at fair value through profit or loss (Notes 4 and 7)	60,006	1	-	-
Accounts receivable (Notes 4, 8 and 23)	686,323	7	172,119	2
Accounts receivable from related parties (Notes 4, 23 and 31)	74,606	1	-	-
Other receivables (Notes 4 and 8)	29,097	-	29,287	-
Other receivables from related parties (Notes 4 and 31)	170	-	170	-
Current tax assets (Notes 4 and 24)	223	-	111	-
Inventories (Notes 4 and 9)	806,611	9	480,565	6
Other current assets (Notes 17 and 32)	161,290	2	196,666	3
Total current assets	3,450,180	37	1,312,690	17
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 10)	6,455	-	5,212	-
Investments accounted for using the equity method (Notes 4 and 12)	114,252	1	119,775	1
Property, plant and equipment (Notes 4, 13, 18, 28 and 32)	4,951,333	53	6,009,318	77
Right-of-use assets (Notes 4 and 14)	10,144	-	19,522	-
Investment properties (Notes 4, 15 and 32)	187,789	2	-	-
Other intangible assets (Notes 4 and 16)	1,436	-	3,047	-
Deferred tax assets (Notes 4 and 24)	220,252	2	181,050	2
Other non-current assets (Notes 16, 28 and 32)	476,604	5	200,568	3
Total non-current assets	5,968,265	63	6,538,492	83
TOTAL	$ 9,418,445	100	$ 7,851,182	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 28 and 32)	$ 514,431	5	$ 725,148	9
Short-term bills payable (Notes 18, 28 and 32)	304,155	3	27,846	-
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	1,464	-	-	-
Contract liabilities (Notes 4 and 23)	46,708	1	84,645	1
Accounts payable (Note 19)	616,254	7	386,398	5
Other payables (Notes 20 and 28)	223,980	2	269,090	4
Current tax liabilities (Notes 4 and 24)	-	-	229	-
Lease liabilities - current (Notes 4, 14 and 28)	8,658	-	10,867	-
Current portion of long-term borrowings (Notes 18, 28 and 32)	379,434	4	1,425,945	18
Other current liabilities	11,020	-	6,051	-
Total current liabilities	2,106,104	22	2,936,219	37
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18, 28 and 32)	2,516,435	27	1,663,725	22
Provisions (Note 4)	12,374	-	7,844	-
Deferred tax liabilities (Notes 4 and 24)	1,054	-	2,469	-
Lease liabilities - non-current (Notes 4, 14 and 28)	1,809	-	8,894	-
Guarantee deposits received (Note 28)	2,335	-	2,335	-
Total non-current liabilities	2,534,007	27	1,685,267	22
Total liabilities	4,640,111	49	4,621,486	59
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	4,457,967	48	3,790,167	48
Capital surplus	1,154,811	12	5,460	-
Accumulated deficits	(681,541)	(7)	(395,691)	(5)
Other equity	(174,592)	(2)	(175,516)	(2)
Total equity attributable to owners of the Company	4,756,645	51	3,224,420	41
NON-CONTROLLING INTERESTS	21,689	-	5,276	-
Total equity	4,778,334	51	3,229,696	41
TOTAL	$ 9,418,445	100	$ 7,851,182	100

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

TSEC CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23, 31 and 37)	$ 4,623,829	100	$ 4,440,874	100
OPERATING COSTS (Notes 9, 21 and 23)	4,134,896	89	4,221,641	95
GROSS PROFIT	488,933	11	219,233	5
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	(1,582)	-	-	-
REALIZED GROSS PROFIT	487,351	11	219,233	5
OPERATING EXPENSES (Notes 21, 23 and 31)				
Selling and marketing	90,861	2	89,009	2
General and administrative	262,532	6	177,481	4
Research and development	47,685	1	50,441	1
Expected credit loss reversed on accounts receivable (Note 8)	(2,534)	-	(1,270)	-
Total operating expenses	398,544	9	315,661	7
OTHER OPERATING INCOME AND EXPENSES (Notes 13 and 23)	(383,848)	(8)	4	-
LOSS FROM OPERATIONS	(295,041)	(6)	(96,424)	(2)
NON-OPERATING EXPENSES				
Finance costs (Note 23)	(116,047)	(3)	(152,032)	(3)
Share of profit or loss of associates (Note 12)	(3,941)	-	(28)	-
Interest income	646	-	2,129	-
Rental income	18,525	-	-	-
Other income (Note 31)	23,618	1	7,939	-
Gain on disposal of investments, net (Notes 4 and 12)	-	-	44,094	1
Foreign exchange gain, net (Note 23)	48,234	1	11,346	-
Gains or losses on financial assets (liabilities) at fair value through profit or loss	(1,397)	-	48	-
Total non-operating expenses	(30,362)	(1)	(86,504)	(2)

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TSEC CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ (325,403)	(7)	$ (182,928)	(4)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 24)	40,537	1	(17,487)	-
NET LOSS	(284,866)	(6)	(200,415)	(4)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 22)	1,243	-	689	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 22)	(399)	-	(195)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	80	-	39	-
Other comprehensive income for the year, net of income tax	924	-	533	-
TOTAL COMPREHENSIVE LOSS	$ (283,942)	(6)	$ (199,882)	(4)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (285,850)	(6)	$ (200,616)	(5)
Non-controlling interests	984	-	201	-
	$ (284,866)	(6)	$ (200,415)	(5)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ (284,926)	(6)	$ (200,083)	(4)
Non-controlling interests	984	-	201	-
	$ (283,942)	(6)	$ (199,882)	(4)
LOSS PER SHARE (Note 25)				
Basic	$ (0.74)		$ (0.60)	
Diluted	$ (0.74)		$ (0.60)	

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

TSEC 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 (Note 23)								
					Other Equity				
			Retained Earnings (Accumulated Deficits)						
	Share Capital	Capital Surplus	Legal Reserve	Accumulated Deficits	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments	Total	Non-controlling Interests (Note 22)	Total Equity
BALANCE AT JANUARY 1, 2019	$ 4,768,550	$ 332,205	$ 78	$ (1,960,666)	$ (225)	$ (175,824)	$ 2,964,118	$ -	$ 2,964,118
Legal reserve used to offset accumulated deficits	-	-	(78)	78	-	-	-	-	-
Capital surplus used to offset accumulated deficits	-	(332,205)	-	332,205	-	-	-	-	-
Capital reduction used to offset accumulated deficits	(1,628,383)	-	-	1,628,383	-	-	-	-	-
Issuance of ordinary shares for cash	650,000	-	-	(195,000)	-	-	455,000	-	455,000
Recognition of employee share options by the Company (Note 26)	-	5,460	-	-	-	-	5,460	-	5,460
Changes in percentage of ownership interests in subsidiaries	-	-	-	(75)	-	-	(75)	75	-
Increase in non-controlling interests, net	-	-	-	-	-	-	-	5,000	5,000
Net profit (loss) for the year ended December 31, 2019	-	-	-	(200,616)	-	-	(200,616)	201	(200,415)
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(156)	689	533	-	533
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	(200,616)	(156)	689	(200,083)	201	(199,882)
BALANCE AT DECEMBER 31, 2019	3,790,167	5,460	-	(395,691)	(381)	(175,135)	3,224,420	5,276	3,229,696
Issuance of ordinary shares for cash	667,800	1,055,124	-	-	-	-	1,722,924	-	1,722,924
Recognition of employee share options by the Company (Note 26)	-	94,227	-	-	-	-	94,227	-	94,227
Increase in non-controlling interests, net	-	-	-	-	-	-	-	15,429	15,429
Net profit (loss) for the year ended December 31, 2020	-	-	-	(285,850)	-	-	(285,850)	984	(284,866)
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(319)	1,243	924	-	924
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	(285,850)	(319)	1,243	(284,926)	984	(283,942)
BALANCE AT DECEMBER 31, 2020	$ 4,457,967	$ 1,154,811	$ -	$ (681,541)	$ (700)	$ (173,892)	$ 4,756,645	$ 21,689	$ 4,778,334

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

TSEC 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	$ (325,403)	$ (182,928)
Adjustments for:		
Depreciation	579,435	711,036
Amortization	1,803	4,287
Expected credit loss reversed on accounts receivable	(2,534)	(1,270)
Net (gain) loss on fair value changes of financial instruments at fair value through profit or loss	1,397	(48)
Finance costs	116,047	152,032
Interest income	(646)	(2,129)
Shared-based payment expenses recognized	94,227	5,460
Share of loss (profit) of subsidiaries and associates	3,941	28
Loss (gain) on disposal of property, plant and equipment	2,196	(4)
Profit on disposal of associates	-	(44,094)
Impairment losses recognized on property, plant and equipment	381,652	-
Unrealized gain on transactions with associates	1,582	-
Net gain on foreign currency exchange	(1,737)	(11,227)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(59,939)	10,048
Accounts receivable	(518,313)	147,807
Accounts receivable from related parties	(77,222)	-
Other receivables	(60)	(2,439)
Other receivables from related parties	-	(170)
Inventories	(326,046)	81,569
Other current assets	(123,301)	(13,379)
Contract liabilities	(37,937)	(25,822)
Notes payable	-	(2,115)
Accounts payable	232,903	(253,224)
Other payables	18,899	2,807
Provisions	4,530	4,093
Other current liabilities	4,969	210
Cash (used in) generated from operations	(29,557)	580,528
Interest received	430	1,410
Finance costs paid	(113,857)	(155,286)
Income tax paid	(341)	(45)
Net cash (used in) generated from operating activities	(143,325)	426,607
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	-	(120,000)
Net cash inflow on disposal of associates	-	46,357
Net cash inflow on disposal of subsidiaries	-	30,000
Payments for property, plant and equipment (Note 28)	(429,657)	(225,493)
Proceeds from disposal of property, plant and equipment	9,758	4

(Continued)

TSEC 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
Increase in refundable deposits	$ -	$ (10,314)
Decrease in refundable deposits	21,801	-
Payments for intangible assets	(192)	(366)
Increase in other financial assets - restricted assets	-	(52,874)
Decrease in other financial assets - restricted assets	139,694	-
Net cash used in investing activities	(258,596)	(332,686)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(202,453)	(152,579)
Increase in short-term bills payable	276,309	-
Decrease in short-term bills payable	-	(2,143)
Proceeds from long-term borrowings	1,946,880	318,649
Repayments of long-term borrowings	(2,140,681)	(453,332)
Increase in guarantee deposits received	-	2,335
Repayments of the principal portion of lease liabilities	(16,989)	(17,204)
Proceeds from issuance of ordinary shares	1,722,924	455,000
Increase in non-controlling interests, net	15,429	5,000
Net cash generated from financing activities	1,601,419	155,726
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,416)	(1,070)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,198,082	248,577
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	433,772	185,195
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,631,854	$ 433,772

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

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

1. GENERAL INFORMATION

TSEC Corporation (the "Company") was incorporated on June 24, 2010. The Company is mainly engaged in the design, manufacture, construction and sale of solar cells, modules and power plants.

The Company's shares have been listed on the Taiwan Stock Exchange since October 1, 2015

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the Group, are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 25, 2021.

3. APPLICATION OF NEW, AMENDMENTS AND REVISED STANDARDS AND INTERPRETATIONS

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

Amendments to IAS 1 and IAS 8 "Definition of Material"

The Group adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to "could reasonably be expected to influence". Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

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

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

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

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

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 11 and Table 4 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is not a subsidiary. Significant influence is the right to participate in the financial and operating policy decisions of the investee company instead of control or joint control of such policies.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

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

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

i. Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

j. Intangible assets

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

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

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

   a) Measurement categories

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

      i. Financial assets at FVTPL

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

         Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 30.

      ii. Financial assets at amortized cost

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

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

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

         Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable, accounts receivable from related parties, other receivables, other receivables from related parties and refundable deposits at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable and other receivables) and lease receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Group):

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

ii. The financial asset is more than 120 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

3) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

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

m. Provisions

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of solar modules. Sales of solar modules are recognized as revenue when the goods are delivered to the customer's specific location or when the terms of the delivery have been fulfilled because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Power plant sales

As the power plant is being constructed over time, the Group recognizes revenue over time. The Group measures the progress of completion on the basis of the costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations.

Sale of electricity

Sales of electricity are recognized when the electricity generated is transmitted to a substation of Taiwan Power Company.

o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

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

2) The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

r. Share-based payment arrangements - employee share options

Equity-settled share-based payments granted to employees are measured at the fair value of the equity instruments at the grant date.

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group’s best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The management of the Group evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 649	$ 549
Checking accounts and demand deposits	1,416,163	198,223
Cash equivalents		
Time deposits with original maturities of 3 months or less	215,042	235,000
	$ 1,631,854	$ 433,772

The market interest rate intervals of demand deposits and time deposits with maturities of 3 months or less at the end of reporting period were as follows:

	December 31	
	2020	**2019**
Demand deposits	0.001%-0.50%	0.001%-0.33%
Time deposits with original maturities of 3 months or less	0.20%-0.82%	0.30%-0.65%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	**2019**
Financial assets - mandatorily at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 60,006	$ -
Financial liabilities - held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	$ 1,464	$ -

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	**Maturity Date**	**Notional Amount (In Thousands)**
December 31, 2020			
Buy	USD/NTD	2021.01.01-2021.01.20	USD347/NTD10,202
	USD/NTD	2021.02.01-2021.02.10	USD797/NTD23,422

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The purpose of its financial hedging strategy is to hedge against most of the market price risk.

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2020	2019
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 738,606	$ 226,936
Less: Allowance for impairment loss	(52,283)	(54,817)
	$ 686,323	$ 172,119
Other receivables		
Receivables from disposal of investments	$ 17,700	$ 17,700
Tax rebate	7,804	10,749
Others	3,593	838
	$ 29,097	$ 29,287

a. Accounts receivable

The average credit period of accounts receivable is 30-40 days. No interest is charged on accounts receivable. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer’s current financial position, economic condition of the industry in which the customer operates, as well as industry outlook. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.31%	4.72%	-	100.00%	
Gross carrying amount	$ 685,820	$ 2,755	$ -	$ 50,031	$ 738,606
Loss allowance (Lifetime ECLs)	(2,122)	(130)	-	(50,031)	(52,283)
Amortized cost	$ 683,698	$ 2,625	$ -	$ -	$ 686,323

December 31, 2019

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.22%	32.69%	42.10%	100.00%	
Gross carrying amount	$ 169,249	$ 3,166	$ 1,855	$ 52,666	$ 226,936
Loss allowance (Lifetime ECLs)	(335)	(1,035)	(781)	(52,666)	(54,817)
Amortized cost	$ 168,914	$ 2,131	$ 1,074	$ -	$ 172,119

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

	December 31	
	2020	2019
Balance, beginning of year	$ 54,817	$ 56,087
Less: Net remeasurement of loss allowance	(2,534)	(1,270)
Balance, end of year	$ 52,283	$ 54,817

Refer to Note 30.d for details of the Group's concentration of credit risk of accounts receivable as of December 31, 2020 and 2019.

b. Other receivables

The Group adopted a policy of dealing only with creditworthy counterparties. The Group determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of December 31, 2020 and 2019, the Group assessed that the expected credit loss rate of other receivables was 0%.

Receivables from the disposal of investments is due to the disposal of the Group's former associate, HK Energy Co., Ltd., in April 2019; and the outstanding balance of $17,700 thousand was recovered in February 2021. Business tax rebate mainly refers to the input tax and export tax rebate of the Group's purchase of machinery.

9. INVENTORIES

	December 31	
	2020	**2019**
Raw materials	$ 482,875	$ 223,774
Finished goods	273,155	222,044
Work in process	50,581	34,747
	$ 806,611	$ 480,565

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $4,111,885 thousand and $4,199,170 thousand, respectively. The cost of goods sold included inventory write-downs of $11,756 thousand and $0, respectively.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2020	**2019**
Non-current		
Foreign investments		
Unlisted shares		
Preferred shares - SAGA Heavy Ion Medical Accelerator in Tosu	$ 6,455	$ 5,212
Domestic investments		
Unlisted shares		
Ordinary shares - Eversol Corporation	-	-
	$ 6,455	$ 5,212

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%)	
			December 31	
Investor	Investee	Nature of Activities	2020	2019
TSEC Corporation	TSEC America, Inc. (Note 1)	Sales of solar related products	100.00	100.00
	Holdgood Energy Corporation (Note 2)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	60.74	66.67
	Houxin Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Houchang Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Changyang Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	80.00	-
	Yunsheng Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	-
	Yunxing Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	-
Hou Gu Energy Development Corporation	Changyang Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	20.00	-

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2020	2019
Hou Shing Energy Corporation	Shuohou Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Shuoda Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Hsinchang Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
Hou Chang Energy Corporation	Hengyong Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Hengli Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Yongli Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00

(Concluded)

1) On September 11, 2018, the Group resolved to liquidate and dissolve its subsidiary TSEC America, Inc. As of February 26, 2021, TSEC America, Inc. has yet to execute its liquidation process.

2) In July 2019, the Group subscribed for additional new shares of Holdgood Energy Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 66.67%. In March and June 2019, the Group subscribed for additional new shares of Holdgood Energy Development Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 60.74%, refer to Note 27 for the details.

3) The Group established Houxin Energy Corporation, Houchang Energy Corporation, Shuohou Energy Corporation, Shuoda Energy Corporation, Hsinchang Energy Corporation, Hengyong Energy Corporation, Hengli Energy Corporation and Yongli Energy Corporation as new subsidiaries; which are engaged in electricity research and development, operations, sales and related consulting services of solar energy generation systems. The registration of the new companies was completed in 2019.

4) The Company and its subsidiary Holdgood Energy Corporation jointly established Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation in 2020, all of which are engaged in electricity research and development, operations, sales and related consulting services of solar energy generation systems; and have all completed registration of their companies. As of December 31, 2020, the Group's total shareholding ratios of the above-mentioned three companies were 92.15%, 100%, and 100%, respectively.

Refer to Table 4 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

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

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
Name of Subsidiary	**2020**	**2019**
Hou Gu Energy Development Corporation	39.26%	33.33%

The summarized financial information below represents amounts before intragroup eliminations.

Hou Gu Energy Development Corporation

	December 31	
	2020	**2019**
Current assets	$ 10,550	$ 4,758
Non-current assets	126,832	39,464
Current liabilities	(81,337)	(28,393)
Non-current liabilities	(806)	-
Equity	$ 55,239	$ 15,829
Equity attributable to:		
Owners of the Company	$ 33,550	$ 10,553
Non-controlling interests of Hou Gu Energy Development Corporation	21,689	5,276
	$ 55,239	$ 15,829

	For the Year Ended December 31	
	2020	2019
Operating revenue	$ 8,102	$ 2,889
Net profit	$ 2,409	$ 916
Other comprehensive income after income tax	-	-
Total comprehensive income for the year	$ 2,409	$ 916
Net profit attributable to:		
Owners of the Company	$ 1,427	$ 715
Non-controlling interests of Hou Gu Energy Development Corporation	982	201
	$ 2,409	$ 916
Total comprehensive income attributable to:		
Owners of the Company	$ 1,427	$ 715
Non-controlling interests of Hou Gu Energy Development Corporation	982	201
	$ 2,409	$ 916

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2020	2019
Associates that are not individually material		
Yuan-Yu Solar Energy Co., Ltd.	$ 114,252	$ 119,775

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2020	2019
Yuan-Yu Solar Energy Co., Ltd.	20%	20%

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2020	2019
The Group's share of:		
Loss from continuing operations	$ (3,941)	$ (28)
Other comprehensive income (loss)	-	-
Total comprehensive loss for the year	$ (3,941)	$ (28)

Starting from February 1, 2019, the Group continuously subscribed for additional new shares of Yuan-Yu Solar Energy Co., Ltd., which is engaged in electricity research and development, operations, sales and related consulting services of solar energy generation systems, using cash of $100 thousand, $9,900 thousand and $110,000 thousand. After the subscription of the shares, the Group’s shareholding ratio of Yuan-Yu Solar Energy Co., Ltd. was 20%.

Refer to Table 4 for the nature of activities, principal places of business and countries of incorporation of the associates.

The Group sold 2,000 thousand shares of its associate HK Energy Co., Ltd. for $64,057 thousand on April 24, 2019, for a gain on disposal of $44,094 thousand. As of February 26, 2021, the remaining balance of $17,700 thousand has been recovered.

The share of profit or loss of the Group’s associate accounted for using the equity method, Yuan-Yu Solar Energy Co., Ltd., for the years ended December 31, 2020 and 2019 was based on the associate’s audited financial statements for the same years. The share of profit or loss of the Group’s associate accounted for using the equity method, HK Energy Co., Ltd., from January 1, 2019 to April 24, 2019 (date of disposal) was based on the associate’s audited financial statements for the same period.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	**2019**
Land	$ 1,071,526	$ 1,071,526
Buildings	2,362,203	2,693,312
Machinery	1,472,619	2,187,411
Office equipment	1,423	2,398
Miscellaneous equipment	43,189	52,567
Construction in progress	373	2,104
	$ 4,951,333	$ 6,009,318

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2020	$ 1,071,526	$ 3,622,992	$ 5,981,941	$ 25,123	$ 255,234	$ 2,104	$ 10,958,920
Additions	-	4,501	71,617	-	9,366	288	85,772
Disposals	-	-	(2,835,601)	(317)	(15,217)	-	(2,851,135)
Reclassification	-	1,851	-	-	168	(2,019)	-
Reclassified as investment properties	-	(295,084)	-	-	-	-	(295,084)
Balance at December 31, 2020	1,071,526	3,334,260	3,217,957	24,806	249,551	373	7,898,473
Accumulated depreciation and impairment							
Balance at January 1, 2020	-	929,680	3,794,530	22,725	202,667	-	4,949,602
Depreciation expense	-	139,310	394,176	975	17,539	-	552,000
Impairment loss	-	-	381,652	-	-	-	381,652
Disposals	-	-	(2,825,020)	(317)	(13,844)	-	(2,839,181)
Reclassified as investment properties	-	(96,933)	-	-	-	-	(96,933)
Balance at December 31, 2020	-	972,057	1,745,338	23,383	206,362	-	2,947,140
Carrying amount at December 31, 2020	$ 1,071,526	$ 2,362,203	$ 1,472,619	$ 1,423	$ 43,189	$ 373	$ 4,951,333
Cost							
Balance at January 1, 2019	$ 1,071,526	$ 3,612,915	$ 5,957,570	$ 25,123	$ 252,559	$ 1,580	$ 10,921,273
Additions	-	10,038	24,371	-	4,142	563	39,114
Disposals	-	-	-	-	(1,467)	-	(1,467)
Reclassification	-	39	-	-	-	(39)	-
Balance at December 31, 2019	1,071,526	3,622,992	5,981,941	25,123	255,234	2,104	10,958,920
Accumulated depreciation and impairment							
Balance at January 1, 2019	-	780,430	3,274,308	21,656	181,082	-	4,257,476
Depreciation expense	-	149,250	520,222	1,069	23,052	-	693,593
Disposals	-	-	-	-	(1,467)	-	(1,467)
Balance at December 31, 2019	-	929,680	3,794,530	22,725	202,667	-	4,949,602
Carrying amount at December 31, 2019	$ 1,071,526	$ 2,693,312	$ 2,187,411	$ 2,398	$ 52,567	$ 2,104	$ 6,009,318

In accordance with IAS 36 - Impairment of Assets, if any indications of impairment exist for property, plant and equipment, the Group's management should determine whether the recoverable amount of the asset is lower than the book value. After considering future operation plans and existing capacity planning, the Group assessed that some of the machinery did not meet production requirements, and expected that these assets had no future cash inflows. Therefore, the Group recognized impairment losses of $381,652 thousand in the first quarter of 2020. The impairment loss is included in other operating income and expenses in the consolidated statements of comprehensive income.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Building improvement	3-20 years
Machinery	3-20 years
Office equipment	3-5 years
Miscellaneous equipment	2-15 years

Refer to Note 33 for the details on the purchases of machines required for production and the significant commitments stated in the construction contracts.

Refer to Notes 18 and 32 for the carrying amounts of property, plant and equipment pledged by the Group to secure borrowings.

Refer to Note 23.h for capitalized interest for the years ended December 31, 2020 and 2019.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Buildings	$ 7,089	$ 12,556
Transportation equipment	2,048	1,474
Machinery	1,007	5,492
	$ 10,144	$ 19,522

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 11,817	$ 11,489
Depreciation charge for right-of-use assets		
Buildings	$ 13,888	$ 14,451
Transportation equipment	2,037	2,201
Machinery	1,148	791
	$ 17,073	$ 17,443

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 8,658	$ 10,867
Non-current	$ 1,809	$ 8,894

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Buildings	2.78%-2.94%	2.94%
Transportation equipment	2.78%-2.94%	2.94%
Machinery	2.78%-2.94%	2.94%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	$ 896	$ 521
Total cash outflow for leases	$ (18,431)	$ (18,342)

The Group's leases of certain parking space qualify as short-term leases and leases of certain photocopiers qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Buildings
Cost	
Balance at January 1, 2020	$ -
Reclassification from property, plant and equipment	295,084
Balance at December 31, 2020	295,084
Accumulated depreciation	
Balance at January 1, 2020	-
Reclassification from property, plant and equipment	96,933
Depreciation expenses	10,362
Balance at December 31, 2020	107,295
Carrying amount at December 31, 2020	$ 187,789

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main building of plant	50 years
Plant improvement	3-20 years

The investment properties are leased out for 3 years, and the lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2020, the maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31, 2020
Year 1	$ 22,230
Year 2	22,230
Year 3	3,705
	$ 48,165

The determination of fair value was performed by the management of the Group, which used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The fair value as appraised was as follows:

	December 31, 2020
Fair value	$ 203,521

All of the Group's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 32.

There was no capitalized interest for the investment properties for the year ended December 31, 2020.

16. OTHER INTANGIBLE ASSETS

	December 31	
	2020	**2019**
Carrying amount		
Computer software	$ 1,436	$ 3,047

	For the Year Ended December 31	
	2020	2019
Cost		
Balance at January 1	$ 47,186	$ 46,820
Additions	192	366
Balance at December 31	47,378	47,186
Accumulated amortization		
Balance at January 1	44,139	39,852
Amortization expense	1,803	4,287
Balance at December 31	45,942	44,139
Carrying amount at December 31	$ 1,436	$ 3,047

Computer software is amortized on a straight-line basis over 3-5 years.

17. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepayments	$ 130,542	$ 6,695
Prepayment expenses	22,190	21,131
Other financial assets - restricted assets	4,183	162,860
Others	4,375	5,980
	$ 161,290	$ 196,666
Non-current		
Prepayments for equipment (capitalized interest included)	$ 320,637	$ 41,782
Other financial assets - restrict assets	89,171	70,188
Refundable deposits	66,796	88,598
	$ 476,604	$ 200,568

Other financial assets - restricted assets (current and non-current) were used as pledged deposits and reserve accounts for secured borrowings from banks, performance guarantee and borrowings for purchases. As of December 31, 2020 and 2019, the interest rate range was 0.02%-0.97% and 0.05%-1.90%, respectively; refer to Note 32 for the details.

18. BORROWINGS

a. Short-term borrowings

	December 31 2020	December 31 2019
Bank credit loans	$ 372,791	$ 527,348
Bank mortgage loans	141,640	197,800
	$ 514,431	$ 725,148
Interest rate interval		
Bank credit loans	1.53%-2.70%	2.46%-5.24%
Bank mortgage loans	2.62%	2.61%

Guarantees provided for the above-mentioned short-term borrowings are disclosed in Note 32.

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Mega Bills Finance Co., Ltd.	$ 125,000	286	$ 124,714	2.09%	Machinery
Taiwan Cooperative Bills Finance Corporation	125,000	286	124,714	2.09%	Machinery
International Bills Finance Corporation	30,000	62	29,938	2.10%	None
International Bills Finance Corporation	24,900	111	24,789	1.84%	Machinery
	$ 304,900	$ 745	$ 304,155		

December 31, 2019

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
International Bills Finance Corporation	$ 27,900	$ 54	$ 27,846	2.24%	Machinery

Guarantees provided for the above short-term bills payable are disclosed in Note 32.

c. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings		
Syndicated loans	$ 2,715,870	$ 2,827,450
Less: Syndicated borrowing administration fee	(19,075)	(5,044)
	2,696,795	2,822,406
Machinery financing	167,551	262,264
Bank mortgage loans	31,523	5,000
	2,895,869	3,089,670
Less: Current portion	(379,434)	(1,425,945)
Long-term borrowings	$ 2,516,435	$ 1,663,725

1) Syndicated loans

a) In September 2015, the Group signed a syndicated loan contract led by Chang Hwa Bank. The total loan amount was $2,070,000 thousand, and the loan period was extended to November 2022. As of December 31, 2019, the balance was $1,086,600 thousand and the interest rate was 2.61%.

During the loan period, the Group should maintain the current ratio, debt ratio, interest coverage ratio, net value of tangible assets and actual operating revenue as stated in the contract. If any of the aforementioned ratios were not fulfilled according to the contract, in addition to adjusting the annual interest rate and compensating Chang Hwa Bank, the Group should provide documents that show concrete evidence of improvements being made to the financial ratios to the managing bank immediately. If from the date the financial statements were issued till the date the next semi-annual or annual financial statements were issued, improvements were made such that the required ratios are attained, the Group would be viewed as not in breach of the financial commitments of the contract.

The managing banks of the loan mentioned above sent document No. 1090072 and document No. 1080137 to the Group in May 2020 and August 2019, respectively, where it was agreed that the Group would be exempt from compliance with the financial commitments and the aforementioned required ratios for their 2020 and 2019 semi-annual financial reports and their 2019 annual financial report, and no additional supplementary contract was signed.

In August 2016, the Group signed a syndicated loan contract led by Taiwan Cooperative Bank. The total loan amount was $1,000,000 thousand, and the loan period was extended to February 2020. As of December 31, 2019, the balance was $500,000 thousand and the interest rate was 2.61%.

During the loan period, the Group should maintain the current ratio, net debt ratio, interest coverage ratio, and net value of tangible assets in accordance with the contract. If any of the aforementioned ratios was not fulfilled per the contract, the Group should try to improve the ratios by increasing cash capital through the issuance of shares or through other means, and should make a one-time payment of 0.15% of the utilized but unpaid loan amount to the managing bank. If from the date the financial statements were issued till the date the next semi-annual or annual financial statements were issued, improvements were made such that the required ratios are attained, the Group would be viewed as not in breach of the financial commitments of the contract.

The managing banks of the loan mentioned above sent document No. 1090002253 and document No. 1080003121 to the Group in June 2020 and September 2019, respectively, where it was agreed that the Group would be exempt from compliance with the financial commitments and the aforementioned required ratios for their 2020 and 2019 semi-annual financial reports and their 2019 annual financial report, and no additional supplementary contract was signed.

b) In November 2020, the Group signed a syndicated loan contract led by Taiwan Cooperative Bank. The syndicated loan is mainly for the refinancing of the outstanding syndicated loan as described in a) above, and for supporting long term working capital needs. The total loan amount was $2,000,000 thousand, and the loan period is till November 2025. The first repayment is made 3 months after the date of initial drawdown (1st period), and subsequent repayments of the principal are made once every period (three months = 1 period), for a total of 20 periods. In the first to twelfth periods, 2% of the principal should be repaid, in the thirteenth to nineteenth periods, 4% of the principal should be repaid, and the remaining amount should be repaid in the last period. As of December 31, 2020, the balance was $1,600,000 thousand and the interest rate was 2.49%; the balance of short-term bills payable was $250,000 thousand and the interest rate was 2.09%.

During the loan period, the Group should maintain the current ratio, net debt ratio, interest coverage ratio, and net value of tangible assets in accordance with the contract. If any of the aforementioned ratios was not fulfilled per the contract, the Group should try to improve the ratios by increasing cash capital through the issuance of shares or through other means, and should make a one-time payment of the utilized but unpaid loan amount to the managing bank. If from the date the financial statements were issued till the date the next semi-annual or annual financial statements were issued, improvements were made such that the required ratios are attained, the Group would be viewed as not in breach of the financial commitments of the contract.

c) In February 2018, the Group signed a syndicated loan contract led by Chang Hwa Bank. The syndicated loan is mainly used for financing the construction of the solar module factory and the purchase of equipment. The total loan amount was $1,250,000 thousand, and the loan period is till February 2023. The first repayment is made 24 months after the date of initial drawdown (1st period), and subsequent repayments of the principal are made once every period (six months = 1 period), for a total of 7 periods. In the first to fourth periods, 5% of the principal should be repaid, in the fifth and sixth periods, 10% of the principal should be repaid, and the remaining amount should be repaid in the last period. As of December 31, 2020 and 2019, the balance was $1,115,870 thousand and $1,240,850 thousand, respectively, and the interest rate was 2.50%.

During the loan period, the Group should maintain the current ratio, debt ratio, interest coverage ratio, net value of tangible assets and actual revenue according to the contract. If any of the aforementioned ratios were not fulfilled according to the contract, in addition to compensating Chang Hwa Bank, the Group should provide documents that show concrete evidence of improvements being made to the financial ratios to the managing bank immediately. If from the date the financial statements were issued till the date the next semi-annual or annual financial statements were issued, improvements were made such that the required ratios are attained, the Group would be viewed as not in breach of the financial commitments of the contract. The managing banks of the loan had sent document No. 1070187 to the Group in November 2018, where it was agreed that the Group would be exempt from compliance with the financial commitments and the aforementioned required ratios for their 2018 annual report, and no additional supplementary contract was signed.

The managing banks of the loan mentioned above sent document No. 1090075 and document No. 1080142 to the Group in May 2020 and August 2019, respectively, where it was agreed that the Group would be exempt from compliance with the financial commitments and the aforementioned required ratios for their 2020 and 2019 semi-annual financial reports and their 2019 annual financial report, and no additional supplementary contract was signed.

2) The contract period for the financing of machinery is from 1 year and 6 months to 2 years and 6 months, and the principal and interest are repaid monthly.

	December 31	
	2020	2019
Interest rate interval	3.30%-4.93%	3.27%-5.24%

3) The contract period of the bank mortgage loan is from 3 years and the principal and interest are repaid monthly.

	December 31	
	2020	2019
Interest rate	2.50%	3.04%

For guarantees provided by the Company for long-term borrowings, refer to Note 32.

19. ACCOUNTS PAYABLE

	December 31	
	2020	2019
Accounts payable - operating	$ 616,254	$ 386,398

The average credit period for purchases was 60 to 90 days. The Group has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

20. OTHER PAYABLES

	December 31	
	2020	2019
Current		
Other payables		
Payables for salaries or bonuses	$ 87,720	$ 75,892
Payables for transportation and customs clearance	33,898	34,603
Payables for purchases of equipment	31,729	94,718
Payables for labor and health insurance	12,617	12,023
Payables for labor costs	8,026	7,849
Payables for environmental cost	6,844	4,479
Payables for business tax	2,068	-
Others	41,078	39,526
	$ 223,980	$ 269,090

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Pension expenses for these defined contribution plans are classified under the following accounts:

	For the Year Ended December 31	
	2020	**2019**
Operating costs	$ 23,666	$ 25,007
Operating expenses	5,360	5,610
	$ 29,026	$ 30,617

22. EQUITY

a. Share capital - ordinary shares

	December 31	
	2020	**2019**
Shares authorized (in thousands of shares)	700,000	700,000
Shares authorized (in thousands of dollars)	$ 7,000,000	$ 7,000,000
Shares issued and fully paid (in thousands of shares)	445,797	379,017
Shares issued and fully paid (in thousands of dollars)	$ 4,457,967	$ 3,790,167

The par value of the issued ordinary shares is NT$10. Each share entitles its holder to the right to vote and to receive dividends.

Of the authorized capital, a total of 50,000 thousand shares should be reserved for employee share option certificates, which should be issued in batches in accordance with the resolution of the board of directors.

The offset of accumulated deficit through a reduction of ordinary share capital was approved in the shareholders' meeting on March 29, 2019. The ratio of the capital reduction was 34.15%, and the amount of capital reduced was $1,628,383 thousand. The base date for capital reduction was May 14, 2019. The Company completed its registration on May 29, 2019.

The Company issued 65,000 thousand ordinary shares with a par value of $10, for a consideration of $7 per share which increased the share capital issued and fully paid to $379,017 thousand on September 12, 2019. The difference between the issued share capital and the paid-in share capital was $195,000 thousand, which increased the number of shares issued to 3,790,167 thousand. The Company completed its registration on October 23, 2019.

The Company issued 66,780 thousand ordinary shares with a par value of $10, for a consideration of $25.8 per share which increased the share capital issued and fully paid to $445,797 thousand on December 2, 2020. The Company completed its registration on December 22, 2020.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 1,055,124	$ -
Exercise of employee share options (Note 26)	48,657	-
May be used to offset a deficit only		
Expired employee share options	49,503	3,933
Others	1,527	1,527
	$ 1,154,811	$ 5,460

The capital surplus from shares issued in excess of par and donations could be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from employee share options may not be used for any purpose.

The movements in capital surplus for the years ended December 31, 2020 and 2019 are as follows:

	Capital Surplus	Employee Share Options	Other	Total
Balance at January 1, 2019	$ 325,375	$ 6,830	$ -	$ 332,205
Offset accumulated deficits	(325,375)	(6,830)	-	(332,205)
Recognized as cost of employee share options	-	3,933	1,527	5,460
Balance at December 31, 2019	-	3,933	1,527	5,460
Issuance of ordinary shares	1,103,781	(48,657)	-	1,055,124
Recognized as cost of employee share options	-	94,227	-	94,227
Balance at December 31, 2020	$ 1,103,781	$ 49,503	$ 1,527	$ 1,154,811

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's amended Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 23.f.

In addition, in accordance with the dividend policy as stated in the Company's Articles, dividends shall be distributed in an appropriate manner based on the Company's future capital budget and funding needs. Dividends shall be distributed in the form of cash or shares, with the percentage of cash dividends not less than 10% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The reduction of capital to offset deficits for 2018, which was approved in the shareholders' meeting on March 29, 2019, was as follows:

	Amount
Offset of deficits using legal reserve	$ 78
Offset of deficits using capital surplus	332,205

The reduction of capital to offset deficits for 2019 was approved in the shareholders' meeting on June 12, 2020.

d. Other equity items

1) Exchange differences on the translation of foreign operations

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ (381)	$ (225)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(399)	(195)
Income tax relating to items that may be reclassified subsequently to profit or loss	80	39
Balance at December 31	$ (700)	$ (381)

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ (175,135)	$ (175,824)
Recognized for the year		
Unrealized gain - equity instruments	1,243	689
Balance at December 31	$ (173,892)	$ (175,135)

e. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 5,276	$ -
Attributable to non-controlling interests		
Net profit for the year	984	201
Issue of ordinary shares for cash by non-controlling interests	15,429	5,075
Balance at December 31	$ 21,689	$ 5,276

23. NET LOSS

a. Operating revenue

1) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable (Note 8)	$ 686,323	$ 172,119	$ 321,239
Accounts receivable from related parties (Note 31)	$ 74,606	$ -	$ -
Contract liabilities			
Sale of goods	$ 46,708	$ 84,645	$ 110,467

Refer to Note 8 for the explanation of accounts receivable generated from contracts.

The changes in the balance of contract liabilities primarily resulted from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year from the satisfaction of performance obligations of contract liabilities at the beginning of the year was summarized as follows:

	For the Year Ended December 31	
	2020	2019
From contract liabilities at the beginning of the year		
Sale of goods	$ 84,396	$ 107,644

2) Details of revenue from contracts with customers

Refer to Note 37 for further information about the details of revenue.

3) Partially completed contracts

	December 31	
	2020	2019
Sale of goods		
- from January 1 to December 31, 2020	$ -	$ 84,645
- from January 1 to December 31, 2021	46,708	-
	$ 46,708	$ 84,645

b. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Impairment loss of property, plant and equipment	$ (381,652)	$ -
(Loss) gain on disposal of property, plant and equipment	(2,196)	4
	$ (383,848)	$ 4

c. Depreciation and amortization expenses

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 552,000	$ 693,593
Right-of-use assets	17,073	17,443
Investment properties	10,362	-
Intangible assets	1,803	4,287
	$ 581,238	$ 715,323
An analysis of depreciation by function		
Operating costs	$ 546,913	$ 676,484
Operating expenses	32,522	34,552
	$ 579,435	$ 711,036
An analysis of amortization by function		
Operating costs	$ 262	$ 874
Selling and marketing expenses	4	61
General and administrative expenses	1,535	3,345
Research and development expenses	2	7
	$ 1,803	$ 4,287

d. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2020	2019
Generating rental income		
Depreciation expense	$ 10,362	$ -

e. Employee benefit expenses

	For the Year Ended December 31	
	2020	**2019**
Post-employment benefits		
Defined contribution plans (Note 21)	$ 29,026	$ 30,617
Share-based payments (Note 26)	94,227	5,460
Payroll expenses	639,641	620,465
Labor and health insurance expenses	62,780	64,238
Remuneration of directors and supervisors	6,249	3,098
Other employee benefits	54,079	54,664
Total employee benefit expenses	$ 886,002	$ 778,542
An analysis of employee benefit expense by function		
Operating costs	$ 648,376	$ 621,930
Operating expenses	237,626	156,612
	$ 886,002	$ 778,542

f. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors, after offsetting accumulated deficits, if any.

The Group did not estimate employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 because the Group suffered a net loss before income tax for those years.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	**2019**
Foreign currency exchange gains	$ 107,745	$ 35,229
Foreign currency exchange losses	(59,511)	(23,883)
Net gain	$ 48,234	$ 11,346

h. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest expense	$ 91,231	$ 119,276
Finance costs	25,973	31,677
Interest on lease liabilities	546	617
Others	752	951
Less: Capitalized interest	(2,455)	(489)
	$ 116,047	$ 152,032

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest	$ 2,455	$ 489
Capitalization rate	2.43%	2.91%

24. INCOME TAXES FROM CONTINUING OPERATIONS

a. Major components of income tax (benefit) expense recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ -	$ 229
Deferred tax		
In respect of the current year	(40,537)	17,258
Income tax (benefit) expense recognized in profit or loss	$ (40,537)	$ 17,487

A reconciliation of accounting profit and income tax (benefit) expense is as follows:

	For the Year Ended December 31	
	2020	2019
Loss before tax from continuing operations	$ (325,403)	$ (182,928)
Income tax expense calculated at the statutory rate	$ (65,080)	$ (36,586)
Tax-exempt income	-	(8,930)
Nondeductible expenses in determining taxable income	9,898	899
Realized deductible temporary differences	-	(33,780)
Unrecognized loss carryforwards	16,262	93,466
Adjustments for prior years' deferred income tax	(1,617)	2,418
Income tax (benefit) expense recognized in profit or loss	$ (40,537)	$ 17,487

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 80	$ 39

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 223	$ 111
Current tax liabilities		
Income tax payable	$ -	$ 229

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Loss carryforwards	$ 67,234	$ 112,557	$ -	$ 179,791
Impairment loss of property, plant and equipment	90,800	(75,478)	-	15,322
Allowance for bad debts	10,511	(1,836)	-	8,675
Allowance for inventory valuation losses	6,292	2,351	-	8,643
Loss on investments in subsidiaries and associates accounted for using the equity method	4,535	7	-	4,542
Refund liabilities	1,569	906	-	2,475
Unrealized gain on transactions with associates	14	322	-	336
Unrealized loss on financial instruments	-	293	-	293
Exchange differences on the translation of the financial statements of foreign operations	95	-	80	175
	$ 181,050	$ 39,122	$ 80	$ 220,252

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Accelerated depreciation of property, plant and equipment	$ -	$ 806	$ -	$ 806
Unrealized foreign exchange gains	2,469	(2,221)	-	248
	$ 2,469	$ (1,415)	$ -	$ 1,054

For the year ended December 31, 2019

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Impairment loss of property, plant and equipment	$ 90,800	$ -	$ -	$ 90,800
Loss carryforwards	75,004	(7,770)	-	67,234
Allowance for bad debts	10,464	47	-	10,511
Allowance for inventory valuation losses	13,950	(7,658)	-	6,292
Loss on investments in subsidiaries and associates accounted for using the equity method	4,529	6	-	4,535
Refund liabilities	750	819	-	1,569
Exchange differences on the translation of the financial statements of foreign operations	56	-	39	95
Unrealized gain on transactions with associates and joint ventures	-	14	-	14
Unrealized foreign exchange loss	247	(247)	-	-
	$ 195,800	$ (14,789)	$ 39	$ 181,050

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized foreign exchange gains	$ -	$ 2,469	$ -	$ 2,469

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2020	2019
Loss carryforwards	$ 2,818,423	$ 2,737,288
Deductible temporary differences		
Impairment loss of financial assets	$ 1,705	$ 1,705

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2020 comprised:

Unused Amount	Expiry Year
$ 10,538	2021
143,699	2022
1,751	2023
6	2024
133,533	2027
238,290	2028
89,609	2029
127,152	2030
$ 744,578	

Information on the above-mentioned unused loss carryforwards includes unused loss carryforwards which are not recognized in deferred income tax assets, which are as follows:

	December 31	
	2020	2019
Loss carryforwards		
Expiry in 2020	$ -	$ 663
Expiry in 2021	1,174	1,174
Expiry in 2022	2,707	85,829
Expiry in 2023	1,751	1,751
Expiry in 2024	6	6
Expiry in 2027	104,300	133,526
Expiry in 2028	238,290	238,290
Expiry in 2029	89,609	87,985
Expiry in 2030	126,950	-
	$ 564,787	$ 549,224

g. Income tax assessments

The income tax returns of the Company and Hou Gu Development Company through 2018 have been assessed by the tax authorities, and there is no significant difference between the number of cases assessed and declared.

As of December 31, 2020, the income tax returns of Hou Shing Energy Corporation, Hou Chang Energy Corporation, Shuo Hou Energy Corporation, Shuo Da Energy Corporation, Sing Chang Energy Corporation, Heng Yong Energy Corporation, Heng Li Energy Corporation and Yong Li Energy Corporation through 2019 have not been assessed by the tax authorities.

Jhang Yang Photoelectricity Corporation, Yun Sheng Photoelectricity Corporation and Yun Sing Photoelectricity Corporation were established in 2020 and therefore have not declared income tax.

25. LOSS PER SHARE

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

Net Loss for the Year

	For the Year Ended December 31	
	2020	**2019**
Loss used in the computation of basic and diluted loss per share		
Loss for the year attributable to owners of the Company	$ (285,850)	$ (200,616)

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

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares used in the computation of basic loss per share	384,491	333,784

26. SHARE-BASED PAYMENT ARRANGEMENTS

The Company issued ordinary shares for a capital increase in cash in September 2019, in which a portion of the shares is reserved for employees’ subscription, and shared-based payment expenses calculated according to the Black-Scholes model amounted to $5,460 thousand. An increase in the same amount was recognized for capital surplus.

The Company issued ordinary shares for a capital increase in cash in December 2020, in which a portion of the shares is reserved for employees’ subscription, and shared-based payment expenses calculated according to the Black-Scholes model amounted to $94,227 thousand. An increase in the same amount was recognized for capital surplus.

The employee share options were priced using the Black-Scholes model, and the inputs to the model are disclosed as follows:

	Grant Date	
	December 2, 2020	September 12, 2019
Fair value of options	$14.11 per share	$0.84 per share
Exercise price	$25.80 per share	$7 per share
Expected life	11 days	13 days
Share price volatility rate	78.79%	37.99%
Risk-free interest rate	0.1918%	0.46%

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On July 3, 2019, March 20, 2020, and June 1, 2020, the Group subscribed for additional new shares of Holdgood Energy Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest from 100% to 66.67%, from 66.67% to 61.67%, and from 61.67% to 60.74%, respectively.

	June 1, 2020	March 20, 2020	July 3, 2019
Cash consideration received (paid)	$ 7,000	$ 6,500	$ -
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(7,000)	(6,500)	(75)
Differences recognized from equity transactions (transfers to accumulated deficits)	$ -	$ -	$ (75)

The Group acquired 29.82% of the subsidiary Changyang Optoelectronics Corporation on April 23, 2020, which increased its continuing interest from 62.33% to 92.15%. The Group acquired 37.67% of the shares of its subsidiary Yunsheng Optoelectronics Corporation and the non-controlling interests of Yunxing Optoelectronics Corporation on April 23, 2020, which increased its combined shareholding from 62.33% to 100%.

	April 23, 2020
Cash consideration paid	$ (450)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	450
Differences recognized from equity transactions	$ -

28. CASH FLOW INFORMATION

a. Non-cash transactions

1) For the years ended December 31, 2020 and 2019, the Group entered into the following non-cash investing and financing activities:

	For the Year Ended December 31	
	2020	**2019**
Cash paid for part of the cost of acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 85,772	$ 39,114
Net increase in prepayments for equipment	281,310	29,764
Net increase in payables for purchase of equipment	62,989	157,951
Effect of foreign currency exchange differences	(414)	(1,336)
Cash paid	$ 429,657	$ 225,493

2) As of December 31, 2020, the remaining $17,700 thousand due from the disposal of HK Energy Co., Ltd. in April 2019 has not yet been collected, and was recognized as other receivables.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

			Non-cash Changes					
	Balance as of January 1, 2020	Cash Flows	New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Effect of Foreign Currency Exchange Differences	Others	Balance as of December 31, 2020
Short-term borrowings	$ 725,148	$ (202,453)	$ -	$ -	$ -	$ (8,264)	$ -	$ 514,431
Short-term bills payable	27,846	276,309	-	-	637	-	(637)	304,155
Long-term borrowings - current portion	1,425,945	(2,140,681)	-	1,094,170	-	-	-	379,434
Long-term borrowings	1,663,725	1,946,880	-	(1,094,170)	-	-	-	2,516,435
Guarantee deposits	2,335	-	-	-	-	-	-	2,335
Lease liabilities	19,761	(16,989)	11,817	-	546	-	(4,668)	10,467
	$ 3,864,760	$ (136,934)	$ 11,817	$ -	$ 1,183	$ (8,264)	$ (5,305)	$ 3,727,257

For the year ended December 31, 2019

			Non-cash Changes					
	Balance as of January 1, 2019	Cash Flows	New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Effect of Foreign Currency Exchange Differences	Others	Balance as of December 31, 2019
Short-term borrowings	$ 887,844	$ (152,579)	$ -	$ -	$ -	$ (10,117)	$ -	$ 725,148
Short-term bills payable	29,989	(2,143)	-	-	786	-	(786)	27,846
Long-term borrowings - current portion	389,343	(453,332)	-	1,489,934	-	-	-	1,425,945
Long-term borrowings	2,835,010	318,649	-	(1,489,934)	-	-	-	1,663,725
Guarantee deposits	-	2,335	-	-	-	-	-	2,335
Lease liabilities	25,476	(17,204)	11,489	-	617	-	(617)	19,761
	$ 4,167,662	$ (304,274)	$ 11,489	$ -	$ 1,403	$ (10,117)	$ (1,403)	$ 3,864,760

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group will review the capital structure periodically according to the economic environment and business considerations. Based on the recommendations of the management, the Group will adjust the number of new shares issued or the amount of new debt issued in order to balance the overall capital structure.

30. FINANCIAL INSTRUMENTS

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

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values (or their fair values cannot be reliably measured).

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

1) Fair value hierarchy

December 31, 220

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 60,006	$ -	$ -	$ 60,006
Financial assets at FVTOCI				
Investments in equity instruments				
Overseas corporate unlisted shares	$ -	$ -	$ 6,455	$ 6,455
Financial liabilities at FVTPL				
Derivatives	$ -	$ 1,464	$ -	$ 1,464

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Overseas corporate unlisted shares	$ -	$ -	$ 5,212	$ 5,212

There were no transfers between Levels 1 and 2 in 2020 and 2019.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 5,212
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	1,243
Balance at December 31	$ 6,455
Recognized in other gains and losses - unrealized	$ 1,243

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 4,523
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	689
Balance at December 31	$ 5,212
Recognized in other gains and losses - unrealized	$ 689

4) Valuation techniques and assumptions applied for Level 3 fair value measurement

The fair values of overseas unlisted corporate equity investments are estimated using the market approach with reference to the net value stated in the most recent financial statements of the investee company and based on the evaluation of similar companies and the operations of the investee company.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 60,006	$ -
Financial assets at amortized cost (1)	2,574,396	946,245
Financial assets at FVTOCI		
Equity instruments	6,455	5,212
Financial liabilities		
Financial liabilities at FVTPL	1,464	-
Financial liabilities at amortized cost (2)	4,448,103	4,406,405

1) The balances include financial assets at amortized cost, which comprise cash, accounts receivable, accounts receivable - related parties, other accounts receivable (excluding tax refund receivable), other accounts receivable - related parties, refundable deposits (recognized as other non-current assets) and other financial assets - restricted (recognized as other current and non-current assets).

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, trade and other payables (excluding wage payable, labor and medical insurance, pension and business tax) and bonds issued.

d. Financial risk management objectives and policies

The Group's major financial instruments include financial assets measured at FVTPL, financial assets measured at FVTOCI, accounts receivable, accounts payable, and short-term, long-term debt and lease liabilities etc. The Group's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date (including monetary items denominated in non-functional currencies in the consolidated financial statements), refer to Note 35.

<u>Sensitivity analysis</u>

The Group is mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency (US dollar). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollar strengthening 5% against the US dollar. For a 5% weakening of the New Taiwan dollar against the US dollar, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	US Dollar	
	USD:NTD	
	For the Year Ended December 31	
	2020	**2019**
Profit (loss)	$ 23,468	$ 24,327

This was mainly attributable to the exposure on outstanding bank deposits, other financial assets - restricted, short-term loans, receivables and payables denominated in US dollars which were not hedged at the end of the reporting period.

The sensitivity of the Group to the US dollar decreased during the current period, mainly due to the decrease in short-term borrowings denominated in US dollars during the current period.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial liabilities	$ 482,172	$ 309,871
Cash flow interest rate risk		
Financial assets	1,715,630	663,962
Financial liabilities	3,242,751	3,552,554

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by $3,818 thousand and $7,221 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risk on its long-term borrowings.

The Group's interest rate sensitivity decreased during the period, which was mainly due to an increase in bank deposits with variable interest rates.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Group’s maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, is primarily equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group uses available financial information and mutual transaction records to rate major customers. The Group continues to monitor the credit risk exposures and the credit ratings of their counterparties.

The Group’s concentration of credit risk of 67.86% and 46.61% in total trade receivables as of December 31, 2020 and 2019, respectively, was related to the Group’s ten largest customers.

3) Liquidity risk

The Group managed and maintained sufficient cash and cash equivalents to support the operations of the Group and mitigate the impact of fluctuations in cash flows with long-term borrowings of $1,946,880 thousand and $318,649 thousand in 2020 and 2019, respectively, and increased capital by $1,722,924 thousand and $455,000 thousand, respectively. The Group’s management supervised the use of bank financing quotas and ensures compliance with the terms of the loan contract.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group’s remaining contractual maturities for its borrowings with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

Bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the bank choosing to exercise their rights.

December 31, 2020

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 48,650	$ 422,321	$ 390,364	$ 2,617,523
Fixed interest rate liabilities	15,190	332,275	60,184	69,593
Non-interest bearing liabilities	230,261	304,651	198,736	-
Lease liabilities	1,287	2,575	4,817	1,830
	$ 295,388	$ 1,061,822	$ 654,101	$ 2,688,946

Additional information about maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 8,679	$ 1,830	$ -	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 42,660	$ 450,934	$ 1,527,308	$ 1,684,273
Fixed interest rate liabilities	38,974	57,047	148,529	51,103
Non-interest bearing liabilities	206,495	203,943	153,303	-
Lease liabilities	1,480	2,961	6,825	10,114
	$ 289,609	$ 714,885	$ 1,835,965	$ 1,745,490

Additional information about maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 11,266	$ 6,393	$ 1,329	$ 1,329	$ 1,063

b) Liquidity and interest rate risk for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Year
Gross settled				
Foreign exchange forward contracts				
Inflows	$ -	$ -	$ 33,624	$ -
Outflows	-	-	(35,088)	-
	$ -	$ -	$ (1,464)	$ -

c) Financing facilities

	December 31 2020	December 31 2019
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 459,508	$ 574,850
Amount unused	585,160	507,524
	$ 1,044,668	$ 1,082,374
Secured bank overdraft facilities:		
Amount used	$ 2,171,745	$ 3,330,363
Amount unused	424,734	-
	$ 2,596,479	$ 3,330,363

31. TRANSACTIONS WITH RELATED PARTIES

The terms of the transactions and the prices are negotiated separately, details of the transactions are disclosed below:

a. The Group's related parties

Related Party	Relationship with the Group
Yuan-Yu Solar Energy Co., Ltd.	Associate

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Sales	Associate	$ 214,100	$ -

The prices and collection period of sales transactions are based on the contract, which are similar to those of other companies in general.

c. Other revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Other revenue	Associate	$ 2,040	$ 932

Other revenue refers to amounts charged to associates and power plant maintenance cleaning costs.

d. Accounts receivable - associates

Line Item	Related Party Category/Name	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Accounts receivable	Associate	$ 74,606	$ -

No collateral was received for outstanding accounts receivable - related parties. No allowance for bad debt was required for accounts receivable - related parties as of December 31, 2020.

e. Other receivables

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Other receivables	Associate	$ 170	$ 170

Refers to amounts charged to associates.

f. Contract liabilities

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Contract liabilities	Associate	$ 37,645	$ -

g. Remuneration of key management personnel

	For the Year Ended December 31	
	2020	**2019**
Short-term employee benefits	$ 28,639	$ 25,419
Post-employment benefits	523	540
	$ 29,162	$ 25,959

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for import duties, bank borrowings, borrowings for the purchase of material, power plant business and other credit facilities:

	December 31	
	2020	**2019**
Land	$ 1,071,526	$ 1,071,526
Buildings	2,059,157	2,342,225
Machinery	1,069,141	1,329,131
Investment properties	157,717	-
Other financial assets - restricted assets (recognized as other current and non-current assets)	93,354	233,048
	$ 4,450,895	$ 4,975,930

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2020 and 2019, significant commitments of the Group were as follows:

a. Commitments for construction contracts

	December 31	
	2020	2019
Purchased	$ 745,947	$ 753,878
To be purchased in the future	85,435	59,765
	$ 831,382	$ 813,643

b. Commitments for material purchasing contracts

	December 31	
	2020	2019
Purchased	$ 745,947	$ 568,782
To be purchased in the future	1,189,366	683,663
	$ 1,935,313	$ 1,252,445

c. Commitments for equipment purchasing contracts

	December 31	
	2020	2019
Purchased	$ 501,538	$ 243,269
To be purchased in the future	578,348	90,353
	$ 1,079,886	$ 333,622

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On February 25, 2021, the board of directors proposed to conduct a cash capital increase via private placement of preferred shares - A pursuant to Article 43-6 of the Securities and Exchange Act, up to a maximum of 75,000 thousand shares with a face value of $10. The private placement of shares will be conducted either in batches or all at once within one year from the date of resolution of the shareholders in their meeting in 2021.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies (including monetary items that have been written off in a non-functional currency in the consolidated financial statements) and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,918	28.48 (USD:NTD)	$ 310,945
Non-monetary items			
JPY	23,364	0.2763 (JPY:NTD)	6,455
Financial liabilities			
Monetary items			
USD	27,398	28.48 (USD:NTD)	780,295

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 8,401	29.98 (USD:NTD)	$ 251,862
Non-monetary items			
JPY	18,884	0.2760 (JPY:NTD)	5,212
Financial liabilities			
Monetary items			
USD	24,630	29.98 (USD:NTD)	738,407

The significant unrealized foreign exchange gains were as follows:

	For the Year Ended December 31			
	2020		2019	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Gain	Exchange Rate	Unrealized Foreign Exchange Gain
USD	29.5490 (USD:NTD)	$ 2,830	30.91 (USD:NTD)	$ 12,181

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held (excluding investments in subsidiaries): Table 1 (attached)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: Notes 7 and 30

10) Intercompany relationships and significant intercompany transactions: Table 3 (attached)

11) Information on investees (excluding investees in mainland China): Table 4 (attached)

c. Information on investments in mainland China: None

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder Table 5 (attached)

37. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of products delivered or services provided. The reportable segments of the Group are the solar module segment and other segments.

Solar module segment: provides manufacturing and after-sales services of solar module products.

a. Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by reportable segment.

	Solar Module	Others	Eliminations	Total
For the year ended December 31, 2020				
Revenue from external customers	$ 4,566,646	$ 57,183	$ -	$ 4,623,829
Intersegment revenue	$ -	$ 87,140	$ (87,140)	$ -
Segment income (loss)	$ (300,838)	$ 5,810	$ (13)	$ (295,041)
For the year ended December 31, 2019				
Revenue from external customers	$ 4,127,840	$ 313,034	$ -	$ 4,440,874
Intersegment revenue	$ -	$ 16,970	$ (16,970)	$ -
Segment income (loss)	$ (129,159)	$ 32,546	$ 189	$ (96,424)

b. Segment total assets

	December 31	
	2020	2019
Solar modules	$ 9,235,786	$ 7,401,164
Others	182,659	450,018
Consolidated total assets	$ 9,418,445	$ 7,851,182

c. Geographical information

The Group operates principally in Asia.

The Group's revenue from external customers by location of operations is detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2020	2019
Asia	$ 4,617,801	$ 4,372,741
Europe	3,658	8,021
Others	2,370	60,112
	$ 4,623,829	$ 4,440,874

d. Information about major customers

Customers that individually accounted for at least 10% of the Group's revenue and their respective sales revenues were as follows:

	For the Year Ended December 31	
	2020	2019
Customer C	$ 970,523	$ -
Customer D	878,406	-
Customer B	425,120	573,931
Customer N	334,836	1,376,202
Customer O	-	807,206

TABLE 1

TSEC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
TSEC Corporation (the "Company")	Fund							
	Nomura Taiwan Money Fund	-	Financial assets at fair value through profit or loss (FVTPL)	3,040,937	$ 50,005	-	$ 50,005	Note 1
	Union Money Market Fund	-	Financial assets at fair value through profit or loss (FVTPL)	751,405	10,001	-	10,001	Note 1
	Foreign unlisted preferred shares							
	SAGA Heavy Ion Medical Accelerator in Tosu	-	Financial assets at fair value through other comprehensive income (FVTOCI)	350	6,455	-	6,455	Note 2
	Domestic unlisted ordinary shares							
	Eversol Corporation	-	Financial assets at fair value through other comprehensive income (FVTOCI)	62,591	-	2.23	-	-

Note 1: The fair value of the mutual fund was calculated based on the net asset value of the mutual fund on December 31, 2020.

Note 2: The fair value of foreign unlisted corporate equity investments are estimated using the market approach with reference to the net value of the investee company in its most recent financial statements and based on the evaluation of similar companies and the operations of the investee company.

Note 3: None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

TSEC CORPORATION AND SUBSIDIARIES

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Credit Period	Unit Price	Credit Period	Ending Balance	% of Total	
TSEC Corporation	Yun-Yu Solar Energy Co., Ltd.	Associate	Sale	$ 214,100	4.63	30-40 days	$ -	-	$ 74,606	9.80	Note

Note: The Company transacts with Yun-Yu Solar Energy Co., Ltd. directly and the relevant price and credit period are based on either the contract or by negotiations.

TSEC CORPORATION AND SUBSIDIARIES

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

No.	Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount (Note 1)	Payment Terms	% of Total Sales or Assets (Note 2)
0	TSEC Corporation	Hou Gu Energy Development Corporation	Parent company to subsidiary	Accounts receivable	$ 79,375	Transaction price and credit terms based on negotiations	0.8
				Other receivable	65	Transaction price and credit terms based on negotiations	-
				Sales	87,140	Transaction price and credit terms based on negotiations	1.9
				Rental revenue	495	Transaction price and credit terms based on negotiations	-

Note 1: Eliminated from the consolidated financial statements.

Note 2: If the transaction amounts are related to the balance sheet accounts, the percentages are calculated based on the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are calculated based on the accumulated amount in the year to the consolidated total assets.

TSEC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		December 31, 2020			Net Income (Loss) of the Investee	Share of Profit	Other Items
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
TSEC Corporation	TSEC AMERICA, INC.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of solar related products	$ 31,129 (US$ 1,000,000)	$ 31,129 (US$ 1,000,000)	100	100.00	$ 7,540	$ (37)	$ (37)	Notes 1, 3 and 5
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	31,584	10,000	3,158	60.74	33,450 (Note 4)	2,409	1,414	Notes 1 and 5
	Houxin Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	438	-	-	Notes 1 and 5
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	453	-	-	Notes 1 and 5
	Changyang Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	400	-	40	80.00	382	(23)	(18)	Notes 1 and 5
	Yunsheng Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	-	50	100.00	477	(23)	(23)	Notes 1 and 5
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	-	50	100.00	477	(23)	(23)	Notes 1 and 5
	Yuan-Yu Solar Energy Co., Ltd.	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,000	120,000	12,000	20.00	114,252 (Note 4)	(15,790)	(3,941)	Note 2
Hou Gu Energy Development Corporation	Changyang Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	-	10	20.00	95	(23)	(5)	Notes 1 and 5
Hou Shing Energy Corporation	Shouhou Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	Notes 1 and 5
	Shuoda Energy Corporation)	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	Notes 1 and 5
	Hsinchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	Notes 1 and 5
Hou Chang Energy Corporation	Hengyong Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	Notes 1 and 5
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	Notes 1 and 5
	Yongli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	Notes 1 and 5

Note 1: The investment gains and losses of the subsidiaries accounted for using the equity method are calculated based on the financial statements that have been audited.

Note 2: The investment gains and losses of the associates accounted for using the equity method are calculated based on the financial statements that have been audited.

Note 3: The board of directors resolved to liquidate and dissolve the subsidiary TSEC America, Inc. on September 11, 2018. As of February 26, 2021, TSEC America, Inc. has not completed the liquidation procedures.

Note 4: Carrying amount includes unrealized gross margin.

Note 5: Eliminated from the consolidated financial statements.

TSEC CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Farglory Land Development Co., Ltd.	26,520,764	5.94

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.