Stock Code: 6443

TSEC Corporation
The Annual Report, 2020

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Inquiry for Annual Report/MOPS: http://mops.twse.com.tw

I. Name, Title, Telephone and Email of Spokesperson and Deputy Spokesperson

Spokesperson:

Name: Chiang, Zhi-Hao

Title: Vice President

Contact Number: (02)2912-2199

Email: ir@tsecpv.com

Deputy Spokesperson

Name: Liao, Wei-Ran

Title: Senior Vice President

Contact Number: (02) 2912-2199

Email: ir@tsecpv.com

II. Address and Telephone of Headquarter, Subsidiaries, and Plants:

Headquarter:

Address: 8F, No. 225, Beixin Rd., Sec. 3, Xindian District, New Taipei City

Tel: (02) 2912-2199

Plants:

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Tel: (03) 696-0707

Address: No. 335-12, Daxi Rd., Pingtung City, Pingtung County

Tel: (08)753-6899

III. Name, Address, Website and Telephone of Institution for stock transfer

Name: Stock Affairs Agency Department, First Securities Inc.

Website: http://www.ftsi.com.tw/

Address: 5F, No. 22, Section 1, Chang'an East Road, Taipei City

Tel: (02)2563-5711

IV. Name, Accounting Firm, Address, Website and Telephone of CPAs on the Recent Year Financial Statements

Name of CPAs: Alice Huang and Connie Chen

Accounting Firm: Deloitte Taiwan

Address: 20F, No. 100, Sungren Rd., Xinyi District, Taipei City

Website: http://www.deloitte.com.tw

Tel: (02)2725-9988

V. Overseas Listings and Access to the Listing Information: Nil.

VI. Company Website: http://www.tsecpv.com/

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Nine. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Nil. 305

One. Letter to Shareholders

Dear shareholders,

Since 2018, the changes brought about by the China-US trade war have not only accelerated the establishment of supply chain systems in regions other than China, but also accelerated the strengthening of the exclusivity for Chinese and American clients against their suppliers. In terms of operation strategy, in addition to thinking about decentralized operation bases, the senior management of the company also needs to strengthen the responses toward the business changes facing the new ecology of clients. To increase future operational flexibility, cross-border and cross-regional investments are imperative, and therefore, it is necessary to increase the managers who are capable of managing a cross-border and culturally diverse workforce. This will be one of the company's most important strategic goals in short-term development. Looking ahead into 2020, although the COVID-19 pandemic increases the uncertainty of business operation, the company's operations are still aimed at growth. In response to the impact of the pandemic, seeing that it is vital to change the business models of global enterprises, the company will strengthen the upgrading of the group's information security application level, including going onto the cloud for the hardware equipment. In 2020, even though there is the COVID-19 pandemic that interferes with the company's operation and development, the company will still grow steadily, adjust the company's operating strategies and direction in a timely manner, with the ultimate goal of enhancing shareholders' equity, as well as fulfilling the company's corporate social responsibilities in order to be a corporate citizen that keeps up with the times.

Compared with the previous year, the revenue and development in 2019 decreased, with the revenue of 3C products, including mobile phones and other products, has declined significantly. Due to the failure to reach the economic scale, the gross profit and net operating income have not performed as well as those in 2018. Please refer to the table below for details.

After the settlement done by the accountants, the company's revenue in 2019 is NT$5.04 billion, a decrease of NT$1 billion and a 17% decline compared with that of NT$6.04 billion in 2018. The fall of revenue mostly comes from 3C products. New mobile phones did not perform as expected as the reaction of end users of mobile phones was lukewarm. The entire industry, including the clients of Lemtech, was affected by the China-US trade war, which saw the significant decrease of overall revenue of 3C products. Other categories of products, such as automotive products, servers, 5G-related products are still growing in revenue. In terms of expenses, the company will actively adjust business and management expenses. The capital expenditure investment for mid- and long-term development will continue according to the plan, and the investment in research and development expenses will be concentrated on the core projects of new products and technologies.

I. 2019 Business Report

(I) Implementation results of the business plan

Unit: Thousand NTD

Item \ Year	2019	2018	Amount of increase(decrease)	Change by percentage (%)
Net operating revenue	5,042,657	6,043,090	(1,000,433)	(16.55)
Operating costs	4,011,648	4,757,020	(745,372)	(15.67)
Gross profit	1,031,009	1,286,070	(255,061)	(19.83)
Operating expenses	637,126	680,111	(42,985)	(6.32)
Net operating income	393,883	605,959	(212,076)	(35.00)
Non-operating income and expenses	(57,025)	(63,795)	6,770	(10.61)
Net income before tax	336,858	542,164	(205,306)	(37.87)
Less: Income tax expenses	74,519	136,761	(62,242)	(45.51)
Net income for this period	262,339	405,403	(143,064)	(35.29)

Analysis on the change of amount of increase/decrease:

(1) Decrease in operating revenue: Mainly caused by 3C electronic products suffering from China-US trade war and poor product sales.
(2) Decrease in operating costs: As operating revenue decreases, costs also decrease.
(3) Decrease in gross profit: Mainly caused by the decrease in operating revenue.
(4) Decrease in operating expenses: Due to adjustment of sales expenses and control and management expenses in this period.
(5) Decrease in net operating income: mainly due to decrease in operating revenue.
(6) Decrease in non-operating expenses: Due to the reduction of exchange losses.
(7) Decrease in net income before tax: The decrease of net income before tax of the current period was mainly due to the decrease in net operating income.
(8) Decrease in income tax expenses: Mainly due to the decrease in net operating income, causing the decrease in income tax expenses.
(9) Decrease in net income for this period: Mainly due to the decrease in operating revenue.

(II) Budget execution status: Not applicable due to the fact that the company only sets internal budget targets, and did not disclose any financial forecasts in 2019.

(III) Analysis of financial revenues and expenditures and profitability: The company focuses on enhancing the portfolio of products which generate higher gross profit, integrating client resources, strengthening cooperation with well-known enterprises. The company's financial operations have been consistent and stable, and revenue and expenditures are in good condition.

Unit: %

Item \ Year		2019	2018	Increase (decrease)
Financial structure	Ratio of liabilities to assets	68.35	65.28	3.07
	Ratio of long-term capital to fixed assets	160.43	199.09	(38.66)

Item		2019	2018	Increase (decrease)
Debt service ability	Current ratio	132.80	139.23	(6.43)
	Quick ratio	105.17	102.48	2.69
Profitability	Asset return ratio	5.37	8.77	(3.40)
	Shareholders' equity return ratio	13.65	23.21	(9.56)
	Basic earnings per share (NTD)	5.47	8.06	(2.59)

(IV) Research and development status: The Company continues to work on the improvement, promotion, and integration of existing mechanisms, with the vision to providing more personalized services with breadth and depth.

II. 2020 Business Plan

(I) Management guidelines

Since the beginning of the China-US trade war in 2018, issues such as tariffs on products, information security, and technological competition have all surfaced. In order to meet the requirements of clients, in addition to moving part of the production line out of China, Lemtech has also thought about decentralized production bases in our regional planning. Since the establishment of our factory in Taiwan, except when it once went through temporary shutdown due to more than half of the production capacity has been moved to the Philippines, both the cluster effect of the clients and the continuity of technology development are put into consideration.

In terms of business strategy, with the increase of the group's product lines and operating bases, we aim to plan different production bases to establish the technical capabilities of their respective core products, and the necessity to establish closer relationships with third-party factories is more vital than ever. We expect that these strategies will make production bases in different regions more flexible to meet the needs of clients or local orders, and will be able to strengthen the backup mechanism.

The automotive products produced by Lemtech will gradually see success in Czech Republic and Thailand. We are still deeply engaged in the production of automotive products in Czech Republic. In Thailand, we are not only adding the production of auto parts, but also actively fighting for the increase in the proportion of revenue from electronic products. The goals of strengthening the integration of upstream and downstream, increasing the proportion of automated production, dedicating to projects in enhancing the added value of products, and actively exploring high-end technologies and developing new customers are still the company's key policies. To enhance the overall profitability of the group, the company will devote itself to the development of the market of products with high gross profit and invest more resources in the group's integration and information capabilities.

For our mid-term product development goals, the focus is still on 5G and server-related products. The company has actively invested in the development of innovative sports industry and critical components in the telecommunications industry.

(II) Major production and marketing policy

1. Continue to develop new technologies and enhance industrial competitiveness.
2. Accelerate the company's expansion in new product areas with the commissioning of new equipment.
3. Continuously strive to enhance the cost structure, improve internal management processes, increase production efficiency, reduce production costs, and boost market competitiveness.

III. Future Development Strategies of the Company

(I) The company will position itself as an all-round multi-field stamping component supplier, as the development will be centered on the research and development of mold technology, while the products will be diversified in different fields.

(II) Integrate the supply chain, span to other fields from the stamping production, and try some related upstream and downstream production to provide the clients with more integrated services.

(III) Increase the application of robots in production, and gradually change the current production method of automated production lines to reduce the dependence on labor, improve production efficiency, and ensure product quality.

(IV) Focus on and master the global technology, market progress and development trends, and increase investment in cloud technology applications.

(V) Actively expand client reach and market share.

(VI) Introduce strategic partners and initiate plans of mergers and acquisitions in a timely manner to accelerate the increase of competitiveness and step into new product areas.

(VII) Continue to strengthen corporate governance to pursue the sustainable development of the company.

(VIII) Implement stable financial plans to reduce the risk of fluctuation in external exchange rates.

IV. Impact on the Company due to Competition, Governmental Regulations, and Overall Operation Environment

(I) Impact of external competition

1. With the increasingly fierce competition among newcomers in the industry, the pressure on the prices of products is increasing day by day. Under the pressure of fierce market competition, in addition to providing the products that have competitive advantages in prices, the company must still maintain the product quality.
2. In order to respond to the gradually rising wage costs every year, the company must increase operating costs, develop automated equipment, and actively intervene in the clients' product development processes so that we may take these process factors into account during the stage of product design.
3. Actively develop the company's own advantages, recognize the company's market positioning, avoid excessive and unnecessary competition, and maintain differences with competitors.
4. Re-examine and find the best business scale for a single factory, and study new business models and organizational forms to maximize the company's operating efficiency.

(II) Impact of governmental regulations

1. The company appoints qualified manufacturers to dispose of the waste generated after production. The company upholds its social responsibility and meets the relevant global environmental quality requirements.
2. Regarding the amendments to the new laws and regulations, the company makes the best preparations and plans for shareholders' equity in advance to minimize the risk of uncertainty.

(III) Impact of overall operation environment

1. From the point of view of market-related analysis reports, the global economic situation is still not ideal, and therefore, there is still the risk of uncertainty in operation. The company needs to be more careful to control the budget and reduce inventory, improve the better financial structure, and maintain close contact with the clients and suppliers. The company shall also maintain a sensitive market sense so as to reduce the risk of operation.
2. In view of the uncertainty of the future budget, the company will strengthen the provision of the correct financial information for the decision-making units to make the soundest judgment, such as the balance point of profit and loss and capacity utilization rate, etc.

Finally, thank you again for your enthusiastic participation. We wish you all good health and good luck in the future.

Lemtech Holdings Co., Limited

Chairman: Hsu, Chi-Feng

President: Hsu, Chi-Feng

Accounting Managerial Personnel: Lu, Chin-Yu

Two. Company Profile

I. Date of establishment: June 25, 2010

II. Company History

(I) In the most recent fiscal years and up to the annual report publication date, any merger and acquisition: Nil.

(II) In the most recent fiscal years and up to the annual report publication date, the status of strategic investments in affiliated enterprises: please refer to "Eight. Special items to be included: I. Information related to the company's affiliates."

(III) In the most recent fiscal years and up to the annual report publication date, any restructure: Nil.

(IV) In the most recent fiscal years and up to the annual report publication date, any instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10 percent stake in the company is transferred or otherwise changes hands: Nil.

(V) In the most recent fiscal years and up to the annual report publication date, any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity: Nil.

(VI) Other Information:

Key milestones of the Company are the followings:

Date	Key Milestones
June 2010	Foundation of the Company, with the capital of NTD 600 million
July 2010	Plant construction commenced in Hsinchu Industrial Zone
October 2020	The first capital increase in cash of 2010 for NTD 2.45 billion
February 2011	Beam raising for the plant
February 2011	Entering the syndicated credit contract with seven banks including Chang Hua Bank, for NTD 3.5 billion
March 2011	The first capital increase in cash of 2011 for NTD 550 million
April 2011	Employment Contribution Award, from the Presidential Office
June 2011	Trial mass production of the first production line
August 2011	Completion of the plant. The total space of level floors is 75,375 m^2 (or 22,801 pings)
August 2011	Products passed the "RoHS/SVHC" test
August 2011	Official mass production
September 2011	Certified with ISO 9001
December 2011	Certified with ISO 14001
December 2011	Certified with OHSAS 18001

Date	Key Milestones
December 2011	The first solar power station was built on the roof top of the plant, and connected to Taipower in parallel
March 2012	Established the solar power station subsidiary, Formosa Sun Energy Corp.
June 2012	Entered the long-term collaborative development and sales agreement with a major Japanese solar vendor, Company S
August 2012	The first capital increase in cash of 2012 for NTD 300 million
October 2012	Certified with ISO 14064 of greenhouse gas qualification
February 2013	Qualified with PAS 2050 Product Carbon Footprint
April 2013	Pass the review of the development of new leading product by the Industrial Development Bureau with the “quasi-monocrystalline solar cell with high efficiency”
May 2013	Operation started to be profitable. The operating margin led the most peers in Taiwan
July 2013	Entered the subsidy agreement with the Industrial Development Bureau for the “Product Development Project of Quasi-Mononcrystal Solar Cell”
November 2013	Shares became publicly listed
November 2013	Awarded as the “Excellent Service Unit of the Collaboration Organization for the National Labor Safety and Health Community, 2012”
March 2014	Won the “Implementation Award of Environmental” by British Standards Institution (BSI)
May 2014	Ranked 517th in the domestic manufacturing industry for 2013 by Commonwealth Magazine; and the 13rd fastest grower in the manufacturing industry
May 2014	Recognized as the “Excellent Vendor of Safety and Health in Hsinchu Industrial Zone, 2014” by the competent authority
June 2014	Completion of new share conversion for capital decrease. After the capital decrease, the paid-up capital was NTD 3.003 billion
July 2014	The first capital increase in cash of 2014 for NTD 150.15 million
September 2014	Shares registered with TPex
September 2014	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs
November 2014	Certified with ISO 50001 for energy management system
November 2014	Ranked 24th among the “Technology Fast 500, APAC” and 2nd in Taiwan by Deloitte & Touche
December 2014	Entered PERC/HJT development agreement with Company D in the U.S.

Date	Key Milestones
February 2015	Obtained the Opinion to High Technology Business from the Industrial Development Bureau (IDB)
March 2015	Ranked 433rd in the domestic manufacturing industry for 2014 by Commonwealth Magazine
June 2015	Obtained the approval letter for listing from Stock Exchange
September 2015	Entering the syndicated credit contract with eight banks including Chang Hua Bank, for NTD 2.07 billion
October 2015	Publicly listed (Stock code: 6443)
October 2015	The first capital increase in cash of 2015 for NTD 365.4 million
October 2015	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for the second time
May 2016	Ranked 378th in the domestic manufacturing industry for 2015 by Commonwealth Magazine
June 2016	The capital increase in cash of 2016 for NTD 750 million
August 2016	Entering the syndicated credit contract with seven banks including Cooperative Bank, for NTD 1 billion
December 2016	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for the third time
December 2016	Won the 13th National Innovation Award
April 2017	The Pingtung Plant commenced construction
April 2017	Ranked 353rd in the domestic manufacturing industry for 2016 by Commonwealth Magazine
November 2017	The capital increase in cash of 2017 for NTD 525 million
December 2017	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for the fourth time
February 2018	Entering the syndicated credit contract with eight banks including Chang Hua Bank, for NTD 1.25 billion
April 2018	Commission ceremony for the Pingtung module plant
May 2018	Pingtung Branch was founded
December 2018	The Pingtung plant was certified with ISO 14001, OHSAS 18001, and TOSHMS
September 2019	The capital increase in cash of 2019 for NTD 650 million
November 2020	Entering the syndicated credit contract with ten banks including Cooperative Bank, for NTD 2 billion
December 2020	The capital increase in cash of 2020 for NTD 667.8 million

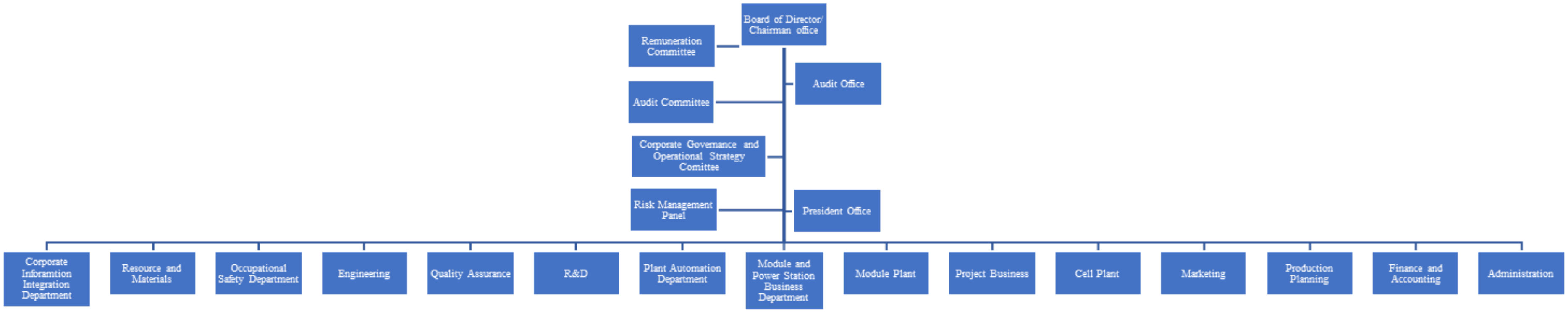
Three. Corporate Governance Report

I. Organizational system:

(I) Organizational Structure

TSEC Corporate
Organizational Chart

Effected from: March 12, 2021



(II) Business Operated by Each Key Function

Key Function	Key Business Duties
Audit Office	In charge of audit operations, including the establishment and implementation of the Company's internal audit system; monitoring of subsidiaries' audit operation, while assessing and document the assessment of the implementation of internal audit system, and report such in writing to the Board and supervisors at least semi-annually.
Administration	(I) General affairs, administration, and management of fixed assets. (II) Formulation and implementation of strategies in connection to the recruitment, employment, development and retaining of human resources. (III) Staff administration, remuneration and benefits management. (IV) Review and control of the legal documents. (V) Compliance, legal consultancy, and management of the Company's seals.
Finance and Accounting	(I) Deployment and management of financial resources. (II) Fund raising and application. (III) Short-term wealth management, long-term investments, and receivable/payable accounts handling. (IV) Calculation of costs and accounting transaction handling. (V) Planning and implementations of budgets and settlements. (VI) Stock affairs handling. (VII) Supervision and handling of cashier's operation. (VIII) Handling the deduction/exemption of various taxes.
Marketing	(I) Formulation of marketing strategies and promotion of marketing campaigns. (II) Production of the Company introduction, product catalogues, and marketing tools, as well as website maintenance and gift preparation. (III) Planning and implementation of business trainings to enhance the competitiveness. (IV) Check of data of clients' equipment, and surveys and analyses of customer satisfaction. (V) Collection and analyses of market and new product intelligences for the sales department to strengthen sales competitiveness. (VI) Facilitation for establishment an maintenance of good relations with suppliers and media. (VII) Facilitation for control over the inventory and unmarketable products. (VIII) Handling product inspections, environmental labels, energy saving, and test reports. (IX) Formulation (amendment) of related regulations.
Production Planning	(I) Scheduling production, planning and implementation of manufacturing resources. (II) Import/export operations for raw materials and finished products warehouse management. (III) Analysis of production costs and assessment of benefits of new manufacturing process. (IV) Planning and locating spaces in plants and machines.
Project Business Department	(I) Formulation and implementation of global sales strategies for the products. (II) Development of clients and maintenance of client relations for the products.

Key Function	Key Business Duties
	(III) Formulation and implementation of strategic marketing campaigns for the products. (IV) Planning and implementation of new product marketing. (V) Introduction of technologies for clients and after services. (VI) Reflection and handling customers’ complaints. (VII) Research of market intelligence and industrial movement. (VIII) Management of clients’ orders and documents. (IX) Management of de-inventory of finished products. (X) Coordination and arrangement of shipments to clients. (XI) Tracking the sales payments and statistics. (XII) Establishment of product technical specifications
Module and Power Station Business Department	(I) Establishing the development goals and strategies of the business department. (II) Establishing the overall operational mechanism and controlling the operational performance. (III) Promotion of the “seven day cycle” system for the production/sales of cell-module. (IV) Introduction of the “accountability center system.” (V) Supervising each accountability center’s basic operations to achieve the operational goals. (VI) Formulation and control of the progresses of projects. (VII) Implementation of the documents to be signed and archiving management. (VIII) Maintenance of key seals. Module Plant (I) Production of the solar modules required by the sales department. (II) Promotion of JIT and establishment of minimum inventory system. (III) Achieving various operating goals. (IV) Promotion of JIT and establishment of minimum inventory system. (V) Establishing and maintaining good customer relations. Module Business Department (I) Achieving various operating goals. (II) Establishing and maintaining good customer relations. (III) Sales management of module products. (IV) Maintenance and services of module products. (V) Management of procurement, sales, and warehouse for module products. (VI) Propose and bid the business related to power station building. (VII) Implementation the HR policies and cultivation of talents. (VIII) Formulation (amendment) of related regulations. EPC Engineering (I) Building solar power stations. (II) Implementation of long-term maintenance, operation, and service for power stations. (III) Implementation the HR policies and cultivation of talents. (IV) Establishing and maintaining good customer relations. (V) Management of procurement, sales, and warehouse for the materials of

Key Function	Key Business Duties
	power stations . (VI) Formulation (amendment) of related regulations.
Research and Development	(I) R&D of high-performance solar cells. (II) Development and optimization of new manufacturing process technologies for solar cells. (III) Planning of new technology mass production and improvement of yield rate. (IV) Testing and assessing new materials and machines. (V) Discussion of literatures regarding solar energy and the positioning strategies for patents. (VI) Researches to the integration of up- and downstream academic and industry technologies in the solar energy industry. (VII) Formation, execution, and tracking of new product development plans. (VIII) Establish the specifications for new products.
Cell Plant	(I) Planning and implementation of manufacturing and production process for solar cells. (II) Improvement of product yield rate, efficiency, electrical properties, appearance, and manufacturing process. (III) Analysis of abnormality during the manufacturing process. (IV) Assessing, installing, maintaining, servicing and improving the production equipment for better capacity. (V) Planning the capacity and achieving the production volume objective. (VI) Controlling the manufacturing costs for better competitiveness. (VII) Regulating the production conditions, personnel examination, and configurating and maintaining the production programs.
Quality Assurance	(I) Quality monitor of raw materials, manufacturing process, and finished products, and the packaging in products. (II) Assessment and management of raw material suppliers and quality improvement. (III) Planning, establishing, and managing the lab reliability verifications. (IV) Support the verifications of new products and materials. (V) Monitoring and managing the routine ongoing Reliability test (ORT) of products. (VI) Leading the analyses and reports related to handling of customers' feedbacks, complaints of abnormality. (VII) Planning and implementation of calibrations of measuring instruments. (VIII) Controlling documents in the document centers, and ensuring the effectiveness and adequacy of ISO documents. (IX) Leading the establishment and verification of quality management system such as ISO 9001. (X) Leading the internal and external audits, as well as the quality improvement activities such as correction and prevention of abnormality. (XI) EPC construction, quality audit and improvement of case fields, to ensure the quality of case fields. (XII) Quality assurance of product for better customer satisfaction.

Key Function	Key Business Duties
Engineering	(I) Designing, planning, and executing the new construction and expansion of plants. (II) Operation, maintenance, and services of the factory affair supplying system. (III) Promotion and implementation of energy-saving and carbon reduction. (IV) Implementation and audit of environmental business. (V) Training and promotion of environmental education.
Occupation Safety	(I) Implementation and audit of health and safety. (II) Training and promotion of health and safety. (III) Management and supervision of contractors’ health and safety. (IV) Establishment of occupational safety and health system, and implementation of external filing operations.
Resources and Materials	(I) Procuring pursuant to various SOPs. (II) Proposing the annual procurement and cost-saving plans, and implementing to achieve the goals. (III) Obtaining the most favorable and competitive prices and procurement terms from suppliers. (IV) Development and management of suppliers. (V) Follow-up and management of supply orders and the invoicing. (VI) Establishing the detailed delivery agreements with suppliers. (VII) Controlling and assessing the transactions with suppliers, their cooperation, quality and delivery schedules.
Plant Automation	(I) Establishing smart plants via data integration, process integration, and information integration, for better production effects and plant management efficiency. (II) Establishing the connection platform for machines in plants for data integration. (III) Establishing the production execution platform for process integration. (IV) Establishing the production and yield rate analysis platform for information integration,
Corporate Information Integration	(I)Facilitation to the management of operational process information, and supports to the internal control governance and process efficiency (II) Facilitation to the management of production process information, for better production effects and plant management efficiency. (III) Facilitation to the establishment and production of various managerial benchmarks and reports/statements as references for decision-making. (IV) Installation, maintenance, management of information equipment in the Company; formulation and drill of disaster recovery process. (V) Establishing the information cycle; formulation and implementation of data and IP security protective strategies. (VI) Establishment and maintenance of manufacturing automation. (VII) Establishment and maintenance of production statements.

II. Information on the company's directors, supervisors, president, assistant presidents, deputy assistant presidents, and the supervisors of all the company's divisions and branch units:

(I) Directors and supervisors

1. Directors and supervisors

February 7, 2021

Designation	Name	Nationality or place of registration	Gender	Date on election or inauguration	Term	Date when first elected	Shareholding when elected		Current shareholding		Shareholding of spouses and children of minor age		Shareholding through nominees	
							Shares (share)	Shareholding Ratio (%)	Shares (share)	Shareholding Ratio (%)	Shares (share)	Shareholding Ratio (%)	Shares (share)	Shareholding Ratio (%)
Chairman	Weiren Investment Limited	Republic of China	-	2019.03.29	3 years	2010.10.12	8,781,528	1.842%	6,325,538	1.419%	0	0.00%	0	0
	Representative: Liao, Kuo-Ron	Republic of China	Male				728,557	0.153%	287,524	0.064%	0	0.00%	0	0
Director	An Chuang Industrial Corporation	Republic of China	-	2019.03.29	3 years	2011.6.30	65,450	0.014%	43,099	0.010%	0	0.00%	0	0
	Representative: Liao, Wei-Jan	Republic of China	Male				290,623	0.061%	81,379	0.018%	154,300	0.03%	0	0
Director	Farglory Land Development Co., Ltd.	Republic of China	-	2019.03.29	3 years	2019.03.39	40,273,521	8.446%	26,520,764	5.949%	0	0.00%	0	0
	Representative: Hsu, Hung-Chang	Republic of China	Male				0	0	0	0.000%	0	0.00%	0	0
Director	Cheng Hsi Investment Corporation	Republic of China	-	2019.03.29	3 years	2013.6.20	3,936,000	0.825%	1,822,919	0.409%	0	0.00%	0	0
	Representative: Hsu, Cheng-Ji	Republic of China	Male				0	0.000%	0	0.000%	0	0.00%	0	0
Independent Director	Wu, Chia-En	Republic of China	Male	2019.03.29	3 years	2014.4.28	18,837	0.004%	6,495	0.001%	0	0.00%	0	0
Independent Director	Chiang, Huai-De	Republic of China	Male	2019.03.29	3 years	2014.4.28	0	0	0	0.000%	0	0.00%	0	0
Independent Director	Lin, Gu-Tong	Republic of China	Male	2019.03.29	3 years	2019.03.29	0	0	0	0.000%	0	0.00%	0	0

2. Major Shareholders of Juridical Person Shareholder

March 19, 2021

Name of juridical person shareholder	Major shareholders of juridical person shareholder	Shareholding proportion (%)
Weiren Investment Limited	Liao-Wang, Li-Hui	52.38
	Chien, Shu-Yin	1.19
	Liao, Wei-Ran	22.62
	Liao, Wei-Ren	23.81
An Chuang Industrial Corporation	Liao, Wei-Ran	99.00
	Liao, Wei-Ren	1.00
Farglory International Investment Corporation	Chao, Teng-Hsiung	47.69
	Chao-Chen, Shou	31.79
	Chao, Wen-Chia	10.26
	Chao, Hsin-Ching	10.26
Hundred River International Investment Co., Ltd.	Chen, Guan-Bai	68.57
	Chen-Liu, Wan-Ling	8.57
Cheng Hsi Investment Corporation	Yang, Hsun-Wen	0.20
	Hsu, Chen-Ji	99.50
	Yang, Jin-Hai	0.05
	Hsu, Chen-Tsai	0.10

3. Major Shareholders of Juridical Person Shareholder, Who Are Also Juridical Person Shareholder, Their Major Shareholder: Nil

4. Directors' Professional Qualifications and Independence

March 19, 2021

Qualification / Name	Having more than 5 years' work experience and professional qualifications listed below			Compliance of independence (Note 3)												Number of positions as independent director in other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Weiren Investment Limited Representative: Liao, Kuo-Ron			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		1
An Chuang Industrial Corporation Representative: Liao, Wei-Jan			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓		0
Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓		1
Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓		0
Wu, Chia-En	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Chiang, Huai-De			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Lin, Gu-Tong		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note 1: Directors, during the two years before being elected and during the term of office, meet any of the following situations, please tick the appropriate corresponding boxes:

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisors of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent Company, subsidiary, or another subsidiary of the parent that is compliant with Securities and Exchange Act or local laws).

(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.

(4) Not a manager listed in (1), or a spouse, second-degree relative or closer or third-degree direct relative or closer to any personnel listed in (2) or (3).

(5) Not a director, supervisors or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or appoints director/supervisors representative in the Company according to Paragraph 1 or 2, Article 27 of the Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(6) Not a director, supervisors or employee of any other Company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of

the parent Company that are compliant with the Act or local laws).

(7) Does not assume concurrent duty as Chairman, President or equivalent role, and is not a director, supervisors or employee of another Company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any Company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).

(9) Not a professional who provides audit service, or commercial, legal, financial, accounting or consultation services for an accumulated sum of less than NT$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisors or manager, or the spouse of any of the above, of a sole proprietorship, partnership, Company, or organization that provides such services to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Not a spouse or relative of second degree or closer to any other directors.

(11) Does not meet any of the conditions stated in Article 30 of the Company Act.

(12) Not elected as a government or corporate representative, as described in Article 27 of the Company Act.

5. The Company's Fulfillment of the Board Member Diversity Policy

To enhance the corporate governance, while promoting the health development for the composition and structure of the Board of Directors, the board member diversity policy has been integrated in the Company's "Corporate Governance Best Practice Principles." The policy sets forth that "the composition of the board of directors shall be determined by taking operating structure, directions of business development, trends of future development into consideration, while assessing various diversification aspect, for example, basic qualifications and values (e.g. gender, age, nationality, and culture), professional background (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience. Each board member shall have the necessary knowledge, skills, and experience to perform their duties, to achieve the ideal goal of corporate governance.

Independence of the Board is highly valued by the Company. Directors who are the Company's employees are less than 30% of the all members, with more than 33% of the board members are independent directors, so that the structure of the Board is enhanced. The fourth term of the Board (re-elected in March 2019) consists of 7 directors, including 4 non-executive directors and 3 independent directors 29% of the directors are the Company's employees, and independent directors are 43%; both achieved the objectives. Most of directors are experienced and professional in financial, commercial, and management area. They are capable to sufficiently help the Company to formulate the key policies, and respond to the market risks. The implementations include:

Areas of Diversification / Name of Director	Nationality	Gender	Operational judgement	Accounting and finance	Marketing and technologies	Operation and management	Industrial know-how	Leadership and policies	Operational judgement	Risk management	Vision of international markets
Weiren Investment Limited Representative: Liao, Kuo-Ron	Republic of China	Male	V	V	V	V	V	V	V	V	V
An Chuang Industrial Corporation Representative: Liao, Wei-Jan	Republic of China	Male	V	V	V	V	V	V	V	V	V
Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang	Republic of China	Male	V	V	V	V		V		V	
Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji	Republic of China	Male	V	V	V	V		V	V	V	V
Wu, Chia-En	Republic of China	Male		V	V			V		V	
Chiang, Huai-De	Republic of China	Male	V		V	V	V	V	V	V	V
Lin, Gu-Tong	Republic of China	Male	V	V	V	V		V	V	V	

(II) President, assistant presidents, deputy assistant presidents, and the supervisors of all the company's divisions and branch units:

February 7, 2021; Unit: Share

Designation	Name	Nationality	Gender	Date on election or inauguration	Shareholding		Shareholding of spouses and children of minor age		Shareholding through nominees		Major education and industry background	Concurrent position in other companies currently	Managers as spouses or relative within second degree kinship			Share options obtained by managers	Remarks
					Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Designation	Name	Relation		
Chairman	Liao, Kuo-Ron	Republic of China	Male	2011.7.1	287,524	0.064	—	—	—	—	MBA, the University of Tennessee President, Gintech Energy Corporation Chairman, Huxen Corporate Vice President, CITI and ABN AMRO	Independent Director, Aurora Corporation Director, An Chuang Industrial Corporation Chairman, Formosa Sun Energy Corp. Chairman, Holdgood Energy Co., Ltd.	Senior Vice President	Liao, Wei-Ran	Father-son	—	—
President	Hung, Chen-Ren	Republic of China	Male	2012.7.5	934	0.000	—	—	—	—	Ph.D in Chemistry, University of Missouri-Rolla Vice President, Powertec Energy Deputy Assistant President, Resources and Materials, Gintech Energy Corporation	—	—	—	—	—	—
Senior Vice President	Liao, Wei-Ran	Republic of China	Male	2010.11.1	81,379	0.018	154,300	0.035	—	—	Master, New York State University Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	Director, Weiren Investment Limited Chairman, An Chuang Industrial Corporation Director, Formosa Sun Energy Corp. Director, Holdgood Energy Co., Ltd.	Chairman	Liao, Kuo-Ron	Father-son	—	—
Vice President (Note 1)	Li, Chia-Ron	Republic of China	Female	2010.11.3	33,334	0.007	—	—	—	—	Master, National Chiao Tung University Head of Technology Department, Gintech Energy Corporation Deputy Assistant President, Phoenix Silicon International Corporation	—	—	—	—	—	—
Vice President	Chiang, Zhi-Hao	Republic of China	Male	2017.11.1	41,323	0.009	171,574	0.038	—	—	Master, National Chiao Tung University Head of Techonolgoy Information Department, Gintech Energy Corporation Manufacturing Department, SMIC Automation Department, TSMC	—	—	—	—	—	—

Designation	Name	Nationality	Gender	Date on election or inauguration	Shareholding		Shareholding of spouses and children of minor age		Shareholding through nominees		Major education and industry background	Concurrent position in other companies currently	Managers as spouses or relative within second degree kinship			Share options obtained by managers	Remarks
					Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Designation	Name	Relation		
Vice President	Wang, Liang-Kai	Republic of China	Male	2010.8.2	2,132	0.000	34,495	0.008	–	–	Master, National Taiwan University of Science and Technology Deputy Director, Technology, Gintech Energy Corporation Manager of Product Marketing, KLA-Tencor Corp. Manager of Quality Assurance, Sheng-Bao Electronic Chemical Technology Corporate	Director, Formosa Sun Energy Corp. Director, Holdgood Energy Co., Ltd.	–	–	–	–	–
Deputy Assistant President	Tsou, Chi-Hung	Republic of China	Male	2017.9.18	–	–	–	–	–	–	Master, Feng-Chia University Manager, Powertec Energy Senior Manager, Lite-On Semiconductor Corp.	–	–	–	–	–	–
Deputy Assistant President	Wu, Chuan-Jie	Republic of China	Male	2010.7.21	34,736	0.008	–	–	–	–	Master, Tamkang University Head of Technology and Production Department, Resources, Gintech Energy Corporation Manager of Administration Department, Aiko International Deputy Manager, IE Department, TSMC	–	–	–	–	–	–
Deputy Assistant President	Cheng, Cheng-Kuo	Republic of China	Male	2010.7.26	399,495	0.090	–	–	–	–	Law and Business School, National Chung Hsing University Head of Legal Department, Gintech Energy Corporation Director, Legal Office, Aurora Group	Supervisor, Holdgood Energy Co., Ltd.	–	–	–	–	–
Deputy Assistant President	Yu, Cheng-Ye	Republic of China	Male	2017.9.18	–	–	–	–	–	–	Ph D., Graduate Institute of Electronic, National Taiwan University Chief Engineer, R&D Department, TSMC Manager, Technology Research and Development Department, Gintech Energy Corporation	–	–	–	–	–	–
Deputy Assistant President	Chen, Tai-An	Republic of China	Male	2018.8.13	–	–	–	–	–	–	Master in Accounting, Fu Jen University Head of Accounting Section, Chimei Communication Deputy Head, Deloitte Taiwan	Supervisor, Formosa Sun Energy Corp. Supervisor, Holdgood Energy Co., Ltd.	–	–	–	–	–

Designation	Name	Nationality	Gender	Date on election or inauguration	Shareholding		Shareholding of spouses and children of minor age		Shareholding through nominees		Major education and industry background	Concurrent position in other companies currently	Managers as spouses or relative within second degree kinship			Share options obtained by managers	Remarks
					Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)			Designation	Name	Relation		
Finance Head	Li, Ming-Hua	Republic of China	Female	2019.12.27	—	—	—	—	—	—	National Chung Hsing University Deputy Manager, Finance Section, An-Shin Food Services Co., Ltd.	—	—	—	—	—	—
Accounting Head	Chang, Shu-Kai	Republic of China	Male	2018.8.14	—	—	—	—	—	—	Tamkang University Manager, Yu Gard Company Limited Head of Audit, Enrich Certified Public Accountants	—					—

Note 1: Li, Chia-Ron was discharged from the position of Senior Vice President in November 2020.

(III) Remunerations to Directors, Audit Committee, President, and Vic Presidents in the Recent Year (2020)

1. Remunerations to directors (independent directors included) (name and payment method disclosed individually)

Unit: NTD Thousand/ Thousand Shares

Designation	Name	Remunerations to directors								Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from concurrently servings as employees												Sum of A, B, C, D, E, F, and G as percentage of net income after tax		Remuneration from investees other than subsidiaries
		Wages (A)		Pension upon retirement (B)		Compensation for Director (C)		Service Expense (D)				Wages, bonuses, and special allowances, etc. (E)		Pension upon retirement (F)		Employee Compensation (G)				Shares eligible for employees' share options (H)		Amount of the obtained restricted stock awards				
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the consolidated reports	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		Companies included in the financial statements		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	
																Cash Amount	Share Amount	Cash Amount	Share Amount							
Chairman	Weiren Investment Limited Representative: Liao, Kuo-Ron	960	960	0	0	0	0	50	50	0	0	6,545	6,545	0	0	0	0	0	0	0	0	0	0	0	0	0
Director	An Chuang Industrial Corporation Representative: Liao, Wei-Jan	400	400	0	0	0	0	0	0	0	0	3,265	3,265	108	108	0	0	0	0	0	0	0	0	0	0	0
Director	Farglory Land Development Co., Ltd. Representative: Hsu,	960	960	0	0	0	0	45	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Designation	Name	Remunerations to directors								Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from concurrently servings as employees												Sum of A, B, C, D, E, F, and G as percentage of net income after tax		Remuneration from investees other than subsidiaries
		Wages (A)		Pension upon retirement (B)		Compensation for Director (C)		Service Expense (D)				Wages, bonuses, and special allowances, etc. (E)		Pension upon retirement (F)		Employee Compensation (G)				Shares eligible for employees' share options (H)		Amount of the obtained restricted stock awards				
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the consolidated reports	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		Companies included in the financial statements		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	
																Cash Amount	Share Amount	Cash Amount	Share Amount							
	Hung-Chang																									
Director	Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji	960	960	0	0	0	0	50	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Independent Director	Wu, Chia-En	600	600	0	0	0	0	160	160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Independent Director	Chiang, Huai-De	750	750	0	0	0	0	160	160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Independent Director	Lin, Gu-Tong	750	750	0	0	0	0	160	160	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

1.Please state the remuneration policies, systems, standards and packages about independent directors, and the connection of the factors, such as responsibilities, risk and spent hours, with the amount of remuneration: The remuneration to the Company's independent directors receive fixed monthly remunerations based on the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers."

2. Other than the remuneration disclosed in said table, the remuneration received by any of the Company's directors for providing services to any companies included in the financial statement, e.g., as an advisor other than employee in the most recent year: 0

Note 1: The pension upon retirement is the pension appropriated as the monthly contribution from wages.

Range of Remunerations

<table>
<tr><td rowspan="3">Range of Remunerations Paid to Each Director of the Company</td><td colspan="4">Name of Director</td></tr>
<tr><td colspan="2">Sum of foregoing four items (A+B+C+D)</td><td colspan="2">Sum of foregoing seven items (A+B+C+D+E+F+G)</td></tr>
<tr><td>The Company</td><td>Companies included in the financial statements</td><td>The Company</td><td>Companies included in the financial statements</td></tr>
<tr><td>Below NTD 1,000,000</td><td>An Chuang Industrial Corporation
Representative: Liao, Wei-Jan
Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong</td><td>An Chuang Industrial Corporation
Representative: Liao, Wei-Jan
Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong</td><td>Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong</td><td>Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong</td></tr>
<tr><td>1,000,000 (inclusive) ~ 2,000,000 (exclusive)</td><td>Weiren Investment Limited
Representative: Liao, Kuo-Ron
Farglory Land Development Co., Ltd.
Representative: Hsu, Hung-Chang
Cheng Hsi Investment Corporation
Representative: Hsu, Cheng-Ji</td><td>Weiren Investment Limited
Representative: Liao, Kuo-Ron
Farglory Land Development Co., Ltd.
Representative: Hsu, Hung-Chang
Cheng Hsi Investment Corporation
Representative: Hsu, Cheng-Ji</td><td>–</td><td>–</td></tr>
<tr><td>2,000,000 (inclusive) ~ 3,500,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>3,500,000 (inclusive) ~ 5,000,000 (exclusive)</td><td>–</td><td>–</td><td>An Chuang Industrial Corporation
Representative: Liao, Wei-Jan</td><td>An Chuang Industrial Corporation
Representative: Liao, Wei-Jan</td></tr>
<tr><td>5,000,000 (inclusive) ~ 10,000,000 (exclusive)</td><td>–</td><td>–</td><td>Weiren Investment Limited
Representative: Liao, Kuo-Ron</td><td>Weiren Investment Limited
Representative: Liao, Kuo-Ron</td></tr>
<tr><td>10,000,000 (inclusive) ~ 15,000,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>15,000,000 (inclusive) ~ 30,000,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>30,000,000 (inclusive) ~ 50,000,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>50,000,000 (inclusive) ~ 100,000,000 (exclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
<tr><td>Over 100,000,000 (inclusive)</td><td>–</td><td>–</td><td>–</td><td>–</td></tr>
</table>

Total	7	7	7	7

2. Remunerations to the Audit Committee (name and payment method disclosed individually)

Unit: In NT$1,000

Designation	Name	Remunerations to the Audit Committee						Sum of A, B, and C as percentage of net income after tax (%)		Remuneration from investees other than subsidiaries
		Wages (A)		Compensation (B)		Service Expense (C)				
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	
Independent Director	Wu, Chia-En	600	600	0	0	160	160	0	0	0
Independent Director	Chiang, Huai-De	750	750	0	0	160	160	0	0	0
Independent Director	Lin, Gu-Tong	750	750	0	0	160	160	0	0	0

Range of Remunerations

Range of Remunerations to the Audit Committee	Names of the Audit Committee Members	
	Sum of foregoing three items (A+B+C)	
	The Company	Companies included in the financial statements (D)
Below NTD 1,000,000	Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong	Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	—	—
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	—	—
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	—	—
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	—	—
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	—	—
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	—	—
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	—	—
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	—	—
Over 100,000,000 (inclusive)	—	—
Total	3	3

3. Remunerations to President and Vice Presidents

(1) Names are disclosed by ranges

Unit: NTD Thousand/ Thousand Shares

Designation	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income after tax (%)		Amount of share options obtained		Amount of the obtained restricted stock awards		Remuneration from investees other than subsidiaries
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		Companies included in the financial statements		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	
								Cash Amount	Share Amount	Cash Amount	Share Amount							
President	Hung, Chen-Ren	4,136	4,136	108	108	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior Vice President	Liao, Wei-Ran	3,265	3,265	108	108	0	0	0	0	0	0	0	0	0	0	0	0	0
Senior Vice President (Note 1)	Li, Chia-Ron	2,612	2,612	91	91	0	0	0	0	0	0	0	0	0	0	0	0	0
Vice President	Wang, Liang-Kai	2,879	2,879	108	108	0	0	0	0	0	0	0	0	0	0	0	0	0
Vice President	Chiang, Zhi-Hao	2,912	2,912	108	108	0	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: Li, Chia-Ron was discharged from the position of Senior Vice President in November 2020.

Range of Remunerations

Range of Remunerations Paid to President and Vice Presidents	Names of President and Vice Presidents	
	The Company	Companies included in the financial statements (E)
Below NTD 1,000,000	–	–
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	–	–
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	Wang, Liang-Kai; Chiang, Zhi-Hao; Li, Chia-Ron; Liao, Wei-Ran	Wang, Liang-Kai; Chiang, Zhi-Hao; Li, Chia-Ron; Liao, Wei-Ran
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Hung, Chen-Ren	Hung, Chen-Ren
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	–	–
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	–	–
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	–	–
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	–	–
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	–	–
Over 100,000,000 (inclusive)	–	–
Total	5	5

*The remunerations disclosed in the table is different from the income-tax context. The table is for disclosure only but not for the tax purpose.

(2) Top Five Executives with the Highest Remunerations

Unit: NTD Thousand/ Thousand Shares

Designation	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from investees other than subsidiaries
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		Companies included in the financial statements		The Company	Companies included in the financial statements	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
President	Hung, Chen-Ren	4,136	4,136	108	108	0	0	0	0	0	0	0	0	0
Senior Vice President	Liao, Wei-Ran	3,265	3,265	108	108	0	0	0	0	0	0	0	0	0
Vice President	Chiang, Zhi-Hao	2,912	2,912	108	108	0	0	0	0	0	0	0	0	0
Vice President	Wang, Liang-Kai	2,879	2,879	108	108	0	0	0	0	0	0	0	0	0
Senior Vice President (Note 1)	Li, Chia-Ron	2,612	2,612	91	91	0	0	0	0	0	0	0	0	0

Note 1: Li, Chia-Ron was discharged from the position of Senior Vice President in November 2020.

4. Managers receiving employee bonus and state of distribution: No employee bonus is distributed for the year.

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Ratio of directors', the Audit Committee's presidents' and vice presidents' remuneration to net income after tax of the entity or individual financial report

Unit: In NT$1,000

Item / Designation	2020				2019			
	Total		Percentage to net income after tax (%)		Total		Percentage to net income after tax (%)	
	The Company	Companies included in the consolidated statements	The Company	Companies included in the consolidated statements	The Company	Companies included in the consolidated statements	The Company	Companies included in the consolidated statements
Director	15,923	15,923	—	—	12,596	12,596	—	—
Audit Committee	2,580	2,580	—	—	1,755	1,755	—	—
President and Vice Presidents	22,872	22,872	—	—	22,693	22,693	—	—

2. Remuneration policies, standards and packages; procedures for determining remuneration and its connection with business performance and future risk exposure.

(1) Remuneration policies, standards and packages

The remunerations to directors are handled pursuant to the Company's Articles of Incorporation and the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers." Remunerations may be broke down as remunerations to directors, service fees, and compensations to directors. The remunerations to president and vice presidents may be broke down to wages, bonus, and employee compensations. The remunerations are approved by the Chairman, with the authorization from the Board of Directors, pursuant to the Company's regulations related to remunerations.

(2) Procedures for determining remuneration

Pursuant to the Company's Articles of Incorporation, if the Company is profitable in the fiscal year, it shall allocate no less than 5% of the profit as employee compensation in the form of stocks or cash as resolved by the board. Employees of controlled or affiliated companies are also entitled to receive compensation, provided that they meet the criteria specified by the Company.

The Company may contribute maximum 5% from the abovementioned profit as the directors' remunerations.

Employee's and director's remuneration proposals are to be raised for resolution during the shareholders' meetings.

(3) Connection with business performance and future risk exposure

When paying remuneration and appraising performance of the directors and managerial officers, the peers' level are referred, while taking account into the operational results and their contributions to the Company's performance, the amount of remunerations, payment methods, and future risks of the Company; such are highly connected to their responsibilities to the Company's operation and overall performance.

III. Status of Corporate Governance

(I) Operation of the Board of Directors

1. The board held 7 (A) meetings during 2020; the attendance of directors is summarized as follows:

Designation	Name	Actual attendance (B)	Attendance by proxy Batch	Actual attendance rate (%) (B/A)	Remarks
Chairman	Weiren Investment Limited Representative: Liao, Kuo-Ron	7	0	100	—
Director	An Chuang Industrial Corporation Representative: Liao, Wei-Jan	7	0	100	—
Director	Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang	6	1	86	—
Director	Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji	7	0	100	—
Independent Director	Wu, Chia-En	7	0	100	—
Independent Director	Chiang, Huai-De	7	0	100	—
Independent Director (Note 2)	Lin, Gu-Tong	7	0	100	—

Other items to be stated:

I. Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors, and the Company's resolution of said opinions:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act:

Date and Term of the Board Meeting	Content of Proposal	Opinions of Independent Directors	The Company's Treatment for Opinions of Independent Directors
9th meeting of the 4th term 2020.2.25	1. Intention to amend the "Articles of Incorporation," and the "Procedures for Election of Directors" 2. Approval the Company's "Statement of Internal Control System," 2019 3. Additions to the Company's internal control system 4. Amendments to the Company's internal control system 5. To accommodate the increase of capacity in the Pingtung Plant in the future, it is intended to adjust the filing of key capex and items	Nil	Nil
10th meeting of the 4th term 2020.5.6	1. Additions and amendments to the Company's internal control system 2. The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. ("Holdgood" hereafter) in 2020 3. It is intended to consolidate the "Charter of Remuneration Committee" and the "Procedures for Managing Operations of the Remuneration Committee," while abolishing the "Procedures for Managing Operations of the Remuneration Committee"	Nil	Nil
11th meeting of the 4th term 2020.8.10	1. The Company participated the second capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2020 2. The Company participated the third capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2020 3. Proposal to issue maximum 100,000,000 shares for the capital increase in cash 4. Proposal to establish the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers" 5. Withdrawing the intention to purchase the stake of Company Z ("the underlying company" hereafter) from Company X and Mr. Y (collectively "sellers" hereafter) 6. Withdrawal of the resolution regarding the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers"	Nil	Nil

Date and Term of the Board Meeting	Content of Proposal	Opinions of Independent Directors	The Company's Treatment for Opinions of Independent Directors
12th meeting of the 4th term 2020.9.8	1. Proposal to adjust the items, issuance limit and issuance conditions for the capital increase in cash program 2. Proposal to purchase machines for the Hsinchu cell plant	Nil	Nil
13th meeting of the 4th term 2020.9.22	1. To establish the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers"	Nil	Nil
14th meeting of the 4th term 2020.11.4	1. Proposal to established the matters related to the issuance limit and issuance conditions for the capital increase in cash via issuing common shares in 2020 2. Proposal to amend the "Corporate Governance Best Practice Principles" 3. Proposal to formulate the "Risk Management Policy and Procedures"	Nil	Nil
15th meeting of the 4th term 2020.12.24	1. Foundation of 100% held foreign subsidiary 2. Proposal to add two seats for directors and their election.	Nil	Nil
16th meeting of the 4th term 110.2.25	1. Intention to amend the "Articles of Incorporation" 2. Proposal of issuance of private placed preferred shares. 3. Approval the Company's "Statement of Internal Control System," 2020 4. The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2021	Nil	Nil

(II) Other than the abovementioned matters, any resolution of the Board meeting to which a independent director has a dissenting or qualified opinion which is on record or stated in a written statement: disclosed in the key resolutions of AGM and Board meetings in the Annual Reports:

II. Implementation of directors' recusals to proposals with personal interests; the name of director, proposal description, reason of recusal, and voting participation shall be specified.

Date of the Board Meeting	Proposal Description	Director recused himself/herself	Reason of Recusal and Voting Participation
December 24, 2020	Proposal to increase monthly wages of independent directors	Wu, Chia-En, Independent Director Chiang, Huai-De, Independent Director Lin, Gu-Tong, Independent Director	The proposal involved the remunerations to independent directors; the three present independent directors actively recused by not discussing and voting to the proposal. Other directors approved the proposal as it was unanimously.

III. Implementation of Board Appraisal

Appraisal Cycle	Appraisal Period	Appraisal Scope	Appraisal Method	Appraisal Content
Annually	2020/01/01 ~ 2020/12/31	Individual board member	Self-assessment of director	Performance appraisal for individual board member 1. Alignment of the goals and mission of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. Professionalism and continuing education of directors 6. Internal control
Annually	2020/01/01 ~ 2020/12/31	Functional Committee	Internal self-assessments of functional committees	Performance appraisals of functional committees 1. Participation in the operation of the company 2. Awareness of the duties of functional committees 3. Improvement of decision quality of functional committees 4. Composition and member election of functional committees 5. Internal control
Implementation every three years	2020/01/01 ~ 2020/12/31	Board of directors	The external professional institution, Taiwan Corporate Governance Association, was retained for implementation	Review scope of the "Performance Appraisal Service for the Board of Directors:" 1. Composition of Board of Directors 2. Directions of Board of Directors 3. Authorization of Board of Directors 4. Supervision of Board of Directors 5. Communication of Board of Directors 6. Internal Control and Risk Management

				7. Self-disciplines of Board of Directors 8. Other matters such as board meetings and supportive system.

IV. Objective of enhancing the Board's functions in the current and recent years

Enhancing the Board's functions	Assessment to the Implementation
Establishing independent directors	Enhancing the objectivity and independence of independent directors to supervise the Board's operation
Establishing the Remuneration Committee	Facilitating the Board to implement and assess the overall remuneration and benefit system, and review the appropriateness of the compensations to the directors and managerial officers on regular basis.
Establishing the Audit Committee	Exercise the duties set forth in the Securities and Exchange Act, the Company Act, and other laws and regulations.
Establishing the Corporate Governance and Operational Strategy Committee	Facilitating the communications regarding the development strategies and material issues, to form the mid- and long term strategies and annual plans implementable. And via the regular reports regarding the review outcomes of risk control by the risk management panel, the Board members are enabled to grasp the overall risk controls and strategies.
Continuously improving information transparency	The Company has assigned the dedicated unit for disclosing information and update information on the Company's website.
Actively establishing communications with stakeholders	The spokesperson and deputy spokes persons are assigned as the communication channel for stakeholders. The proposals of shareholders are accepted by schedule of AGM. Shareholders entitled to propose may apply such during the acceptance period. The Company will convene Board meetings to review pursuant to regulations.
Improving the operational efficiency and decision-making ability of the Board	The Company has established the "Rules of Agenda for Board Meeting," for better implementation of the Board's functions, and promotion of the virtuous development of the Board's engagement of decision-making.
Improving the professional knowledge	The directors shall participate continuing education for the hours required by the competent authorities every year. The board members are also encouraged to attend professional courses, with promotion of related laws and regulations in the Board, to meet the legal requirements.
Establishing the corporate governance officer	To implement the corporate governance, and improve the effectiveness of the Board, on August 8, 2019, the Board approved to establish a corporate governance officer to assist in the regard of information required for directors performing duties and other necessary assistance.

(II) Operation of the Audit Committee and Its Engagement to the Board's Operation

Operation of the Audit Committee

The Audit Committee held 7 meetings in 2020. The attendance of independent directors is summarized as follows

Designation	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director Convener	Lin, Gu-Tong	7	0	100.00	
Independent Director	Wu, Chia-En	7	0	100.00	
Independent Director	Chiang, Huai-De	7	0	100.00	

Other items to be stated:

1. Where the operation of the Audit Committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, Audit Committee's resolution and the Company's resolution of Audit Committee's opinions:

(1) The matters referred to in Article 14-5 of the Securities and Exchange Act

Board of directors	Content of Proposal	Resolution of the Audit Committee meeting	The Company's treatment to the opinions of the Audit Committee
9th meeting of the 4th term 2020.2.25	1. Intention to amend the "Articles of Incorporation," and the "Procedures for Election of Directors" 2. Approval the Company's "Statement of Internal Control System," 2019 3. Additions to the Company's internal control system 4. Amendments to the Company's internal control system 5. To accommodate the increase of capacity in the Pingtung Plant in the future, it is intended to adjust the filing of key capex and items	Approved by all members unanimously	Nil
10th meeting of the 4th term 2020.5.6	1. Additions and amendments to the Company's internal control system 2. The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. ("Holdgood" hereafter) in 2020 3. It is intended to consolidate the "Charter of Remuneration Committee" and the "Procedures for Managing Operations of the Remuneration Committee," while abolishing the "Procedures for Managing Operations of the Remuneration Committee"	Approved by all members unanimously	Nil

Board of directors	Content of Proposal	Resolution of the Audit Committee meeting	The Company's treatment to the opinions of the Audit Committee
11th meeting of the 4th term 2020.8.10	1. The Company participated the second capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2020 2. The Company participated the third capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2020 3. Proposal to issue maximum 100,000,000 shares for the capital increase in cash 4. Proposal to establish the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers" 5. Withdrawing the intention to purchase the stake of Company Z ("the underlying company" hereafter) from Company X and Mr. Y (collectively "sellers" hereafter) 6. Withdrawal of the resolution regarding the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers"	Approved by all members unanimously	Nil
12th meeting of the 4th term 2020.9.8	1. Proposal to adjust the items, issuance limit and issuance conditions for the capital increase in cash program 2. Proposal to purchase machines for the Hsinchu cell plant	Approved by all members unanimously	Nil
13th meeting of the 4th term 2020.9.22	1. To establish the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers"	Approved by all members unanimously	Nil
14th meeting of the 4th term 2020.11.4	1. Proposal to established the matters related to the issuance limit and issuance conditions for the capital increase in cash via issuing common shares in 2020 2. Proposal to amend the "Corporate Governance Best Practice Principles" 3. Proposal to formulate the "Risk Management Policy and Procedures"	Approved by all members unanimously	Nil
15th meeting of the 4th term 2020.12.24	1. Foundation of 100% held foreign subsidiary	Approved by all members unanimously	Nil
16th meeting of the 4th term	1. Intention to amend the "Articles of	Approved by all	Nil

Board of directors	Content of Proposal	Resolution of the Audit Committee meeting	The Company's treatment to the opinions of the Audit Committee
2021.2.25	Incorporation" 2. Proposal of issuance of private placed preferred shares. 3. Approval the Company's "Statement of Internal Control System," 2020 4. The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2021	members unanimously	

(2) Aside from said matters, resolution(s) not passed by the audit committee but receiving the consent of two thirds of the Board of Directors: The Company has no resolution(s) not passed by the audit committee but receiving the consent of two thirds of the Board of Directors.

2. An independent director recused himself/herself due to a conflict of interest: There has no recusal of independent director due to a conflict of interest.

3. Communication between independent directors and internal auditing officers as well as CPAs on company finances and business situation (such as items discussed, means of communication and results, etc.): the internal officers report and communicate with the Audit Committee regularly; the communications between independent directors and internal auditing officers are good. The CPAs communicate with the Audit Committee for the audit or audit outcomes of the financial statements, and other matters required by laws and regulations. The communications between independent directors and the CPAs are good.

● The Audit Committee consists of 3 independent directors. It aims to assist the Board to fulfill the monitoring the quality and credibility of the Company's executions in the regards of accounting, audit, financial reporting processes, and financial controls.

The Audit Committee held 7 meetings in 2020. The reviews were focused on the following:

1. Audit of financial statements and accounting policies and procedures
2. Internal control system and related policies and procedures
3. Material transactions of assets or derivatives
4. Material loaning of funds, endorsement, or guarantee
5. Placement or issuance of negotiable securities
6. Status of derivatives or cash investments
7. Compliance
8. Whether there is any transaction between managerial officers and directors with related parties, and potential conflict of interest
9. Appealing report
10. Preventive programs of corruption and investigation reports of corruption
11. Information security

12. Company’s risk management
13. Assessment of CPA’s qualification, independence, and performance
14. Assignment, discharge, or compensation of CPA
15. Assignment and discharge of finance, accounting, or internal audit officers
16. Performance of the Audit Committee’s Duties
17. Self-assessment questionnaires for Audit Committee’s performance

● Reviewing financial reports

The board of directors has produced the Company's 2020 business report, financial statements and proposals for offsetting losses, and the financial statements have been audited by certified accountants of Deloitte Taiwan, with the auditing report attached. The said business report, financial statements and proposals for offsetting losses have audit by the Audit Committee, and been deemed no inconsistency.

● Assessing the effectiveness of the internal control system

The Audit Committee assesses the policies and procedures under the internal control system (including control measures in terms of finance, operation, risk management, information security, outsourcing, compliance), while reviewing the audit function of the Company and CPAs, as well as the regular reports from the management, including risk management and compliance. By referring “Internal Control – Integrated Framework,” issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee considers that the risk management and internal control system of the Company are effective. The Company has adopted necessary control mechanism to supervise and correct violations, if any.

● Assigning CPAs

The Audit Committee is empowered to monitor the independence of certifying accounting firm to ensure the financial statements are justified. Generally, other than the taxation related services or items otherwise approved, the certifying accountant firm must not provide other services to the Company. All services provided by the certifying accountant firm must be approved by the Audit Committee.

To ensure the independence of the certified accounting firm, the Audit Committee has referred to Article 47 of the Certified Public Accountant Act, and the “Integrity, Objectivity and Independence” set forth in The Bulletin of Norm of Professional Ethics for Certified Public Accountant No. 10, to assess the independence, professionalism, and suitability of CPAs, and the assessment items include if the CPAs and the Company are related parties to each other, or if any relationship of business or financial interests exists. On February 25, 2021, the 13th meeting, the 1st Term of the Audit Committee, and the 16th meeting, the 4th Term of Board of Directors have reviewed and approved that Alice Huang, CPA and Connie Chen, CPA from Deloitte Taiwan met the independence assessment criteria, and deemed suitable for the independent auditors for the Company’s taxation and finance.

2. Supervisors' Engagement in the Board's Operation: Not applicable as the Company has the Audit Committee in place.

(III) The state of the company's implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices?	✓		The Company has established its own "Corporate Governance Best Practice Principles" pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," while disclose such at the MOPS and the Company's website.	No significant variance
II. Shareholding Structure & Shareholders' Rights				
(I) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		The Company has assigned the spokesperson, shareholder affair staff, and legal staff and has properly handled the shareholders' advices or disputes. For any legal issues, the legal staff and lawyers are engaged.	No significant variance
(II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		The Company tracks the shareholdings of directors, officers, and shareholders holding 10% or more shares, and report the related information pursuant to the regulations.	No significant variance
(III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		The Company has established the "Operational Procedures for the Transactions with Certain Companies, Related Parties, and Group's Entities." Such matters are handled pursuant to the internal control system, to implement the risk control and firewall mechanism.	No significant variance
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		The Company has established the "Operational Procedures for Handling Material Inside Information and Preventing Insider's Trading" pursuant to the related laws and regulations, to regulate the insiders and the parties subject to the insider's trading, to prevent such incidents.	No significant variance
III. Composition and Responsibilities of the Board of Directors				

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
(I) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?	✓		1. On March 20, 2018, the 12th meeting, 3rd Term of Board approved the "Corporate Governance Best Practice Principles." In Chapter Three, "Enhancement of the Board's Functions," the diversification guidelines are set forth. The nomination and elections of the Board members applies the candidate nomination system pursuant to the Articles of Incorporation. Other than assessing the academic and industrial background of each candidate, the opinions of stakeholders are also taken into account, the "Procedures for Election of Directors" and the "Corporate Governance Best Practice Principles" are also observed to ensure the diversification and independency of board members. 2. Independence of the Board is highly valued by the Company. Directors who are the Company's employees are less than 30% of the all members, with more than 33% of the board members are independent directors, so that the structure of the Board is enhanced. The fourth term of the Board (re-elected in March 2019) consists of 7 directors, including 4 non-executive directors and 3 independent directors 29% of the directors are the Company's employees, and independent directors are 43%; both achieved the objectives. Most of directors are experienced and professional in financial, commercial, and management area. They are capable to sufficiently help the Company to formulate the key policies, and respond to the market risks. 3. The diversification policy for the Board's composition is disclosed on the Company's website and MOPS.	No significant variance
(II) Other than the establishment of Remuneration Committee and Audit Committee which are required by law, does the Company plan to set up other functional committees?	✓		Other than establishing the Audit and Remuneration Committee as required by laws, to promote the corporate governance, and to formulate, execute, track, and review the key operational strategies, the Corporate Governance and Operational Strategy Committee was approved by the Board on May 27, 2019.	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
(III) Does the Company stipulate performance assessment regulations and assessment methods for the board of directors and conduct the performance assessment on a yearly basis, and was the result of performance assessment reported to the board of directors for the reference of individual directors' salary and nomination of reappointment?	✓		The Board has approved the Company's "Procedures of Performance Appraisal on the Board of Directors." The appraisals on the Board and functional committees (the Remuneration Committee and Audit Committee included) are appraised annually; the outcomes are reported to the Board. The appraisal procedure is that at the end of each year, the agenda working group of the Board will execute and plan the appraisals with the internal questionnaires, through the internal self-assessment, and elf-assessments of board and committee members. The assessment scope include the performances of the overall Board of Directors, individual board members, the Remuneration Committee, and the Audit Committee. The criteria of the performance appraisals on the Board of Directors and functional committees mainly consist of degree of participation in the Company's operation, upgrading the quality of the Board of Directors and functional committees' decision making, formation and structure of the Board of Directors and functional committees, election and continuing education of board and committee members, and internal controls. The appraisal outcomes are reported to the Board of Directors, and serves as reference for determining remuneration to individual directors, election and nomination of directors. The outcomes of the performance appraisals for 2020 are consider good, and were reported to the Board and disclosed on the Company's website on February 25, 2021.	No significant variance
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		The Company review the independence and suitability of CPAs at least annually. The review focuses on indicators including the scale and reputation of the accounting firm, the consecutive years of providing auditing service, nature and level of the provided non-audit services, professional fee for auditing, peer evaluation, litigious proceedings or revisions from the competent authorities, cases under investigation, quality of audit services, periodical continuing education, and interactions with the management and internal audit officer. The related information and declarations are requested from the accounting firm and CPAs for the Board to evaluate. The outcomes of the evaluation for the most recent year were completed on February 25, 2021.	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
IV. Do TWSE/TPEx Listed Companies appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?	✓		By the resolution of the Board on August 8, 2019, Liao, Wei-Ran, Senior Vice President of the Chairman's office was assigned as the corporate governance officer. Liao, Wei-Ran, S.V.P had served as a manager in a financial institution for more than three years and thus are qualified. The key functions of corporate governance officer include handling matters relating to board meetings and shareholders meetings according to laws; producing minutes of board meetings and shareholders meetings; assisting in onboarding and continuing educations of directors; furnishing information required for business execution by directors; and assisting directors with legal compliance Key Implementations for 2020: 1. Assisting the independent and general directors to perform duties, furnishing information required, and arranging continuing educations for directors: (1) Furnishing the latest amendments and developments regarding the businesses the Company operates and corporate governance to directors, and updating timely. (2) Reviewing the classification of information, and providing the information required to directors, to keep the smooth communication and interaction among directors and heads of departments. (3) Pursuant to the Corporate Governance Best Practice Principles, the independent directors meet the internal audit officer and CPAs individually, to understand the Company's financial position, and assist the arrange of such meetings if required. (4) Assisting the arrangement of the annual continuing education for the independent and general directors.	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			2. Assisting agenda process of Board meetings and compliance of the resolutions: (1) Reporting the implementation of the corporate governance to the Board, independent directors, and the Audit Committee, and confirming the convention of Board meetings complying with the requirements set forth in the related laws and regulations and the Corporate Governance Best Practice Principles. (2) Assisting and reminding directors to comply with laws and regulations while performing duties or making official resolutions in Board meetings; shall there be any resolution violating laws, advices shall be provided. (3) In charge of the verification and disclosure of material information related to the key resolutions made in Board meetings, to ensure the legitimacy and correctness of the material information for the equal investment information received by investors. 3. Formulating the agenda of Board meetings, and informing directors seven days in advance to convent the meeting and provide information. If any director may have to recuse from any proposal with conflict of interest, he/she shall be reminded in advance. The minutes shall be prepared and distributed to each director 20 days after the meeting. 4. Registering the date of AGM in advance, preparing the meeting notice, agenda handbook, meeting minutes within the required period, and handling the change registration in case of amending the articles of incorporation or re-election of directors. Continuing Educations for the Year	

Continuing Educations for the Year

Date of Session		Sponsor	Name of Session	Hours of Education	Total Hours of Continuing Education for the Year
From	To				
20200427	20200427	Taiwan Corporate Governance Association	Enterprise Internal Controls and Risk Management- Analysis of Global Risks in 2020	3.0	12.0
20200917	20200917	Securities and Futures Institute	Analysis of Outlier Transactions by Directors and Supervisors and Case Study	3.0	
20200917	20200917	Securities and Futures Institute	Management of Intellectual Properties and Risks for Corporate Operation	3.0	
20201126	20201126	Taiwan Corporate Governance Association	Discussion of the Three Major Principles of Ethical Management, Corporate Governance, and CSR, and Case Studies	3.0	

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
V. Does the Company establish communication channels with the stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and create an area of stakeholders on the Company's website, and appropriately respond to the important corporate social responsibility subjects concerned by the stakeholders?	✓		(I) The Company has assigned the spokesperson, shareholder affair staff, and staff in charge of various business, to establish smooth communication channels, and respect and protect the legal rights of each stakeholders. (II) On the Company’s website, the CSR section and Stakeholder section are established; the contact numbers and e-mails of staff in charge of the sales, investor relation, supplier relation and employee benefits. Stakeholders may communicate to each other through telephone and email if required. The issues concerning stakeholders and communication access are also disclosed at the CSR section and Stakeholder section.	No significant variance
VI. Has the Company appointed a professional registrar for its Shareholders’ Meetings?	✓		The shareholders meetings are handled by a professional stock affair agency, Stock Affairs Agency Department, First Securities Inc.	No significant variance
VII. Information Disclosure				
(I) Does the Company create a website to disclose information regarding its finance, business operations and corporate governance?	✓		The Company has established the official website, to disclose and update the information related to finance, business, and corporate governance, as required, for all investors to refer. The URL of the website is http://www.tsecpv.com. The stock code of the Company is 6443, the Company’s information related to finance, business, and corporate governance is also provided as MOPS.	No significant variance
(II) Does the Company adopt other methodology of information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company’s information, implementing the spokesperson system, and uploading videos of the investor conferences on the company’s website)?	✓		The Company’s website is multi-lingual for information disclosure. Dedicated staff are assigned to collect information related to the Company from printed media and over the internet. The material information is disclosed on the Company’s website and MOPS as required by laws. For the implementation of the spokesperson system, Chiang, Zhi-Hao, Vice President is assigned as the spokesperson, to represent the Company in terms of external communications.	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
(III) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?		✓	The Company had announced and reported the quarterly financial statements of Q1, Q2, and Q3, as well as the monthly operation early. However, the annual financial report is not yet announced within two months after the end of the fiscal year. Such report is expected to be completed early within the period required by laws.	Except for the annual financial report, other reports conform to this requirement.
VIII. Does the Company have other important information that can help people to understand the operations of corporate governance (including but not limited to the employees' rights, employee care, Investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company, etc.)?	✓		(I) For employee rights and: The Company has treated our employees with good faith. We value the reasonable and humane management, establish smooth communication channels, keep good labor relation, while protecting legal rights of employees pursuant to the Labor Standards Act and the HR regulations of the Company. (II) Employee wellness: Through various benefit system and training system, the Company has establish the labor relation with mutual trust and dependence. For instance, the establishment of the Employee Benefit Committee to handle employees' insurance, subsidies, and annual health check free of charge. (III) Investor relations: As required by laws, the Company's finance and business information is disclosed on MOPS and the official website. The Stakeholder section and contact person are also established to protect the rights of investors and stakeholders. Other than the AGM and the Stakeholder section on the website, the contact details of the Spokesperson and related business units are also provided as the diversified channels for investor communication. (IV) Supplier relations: Good interactions with suppliers are maintained. For the goal of joint enhancement of CSR, the Company requires suppliers to observe the laws and regulations related to labor, human rights,environment, safety or health, while encourage the continuous improvement. The Company has established the "Procedures of Supplier Management" and "Regulations for Auditing Supplier's Quality." These procedures carefully defines the quality, service level,	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			green products, risks of environment, health and safety, ethic codes, and social responsibility of suppliers, and selects qualified suppliers. .The "Ethical Corporate Management Best Practice Principles" are followed in the regard of interactions with suppliers. Good relationships are maintained, while audits are conducted from time to time in order to ensure suppliers' quality. (V) Rights of stakeholders: The Company has assigned the contact numbers and e-mail addresses for the spokesperson, deputy spokesperson, sales, investor relation staff, supplier relation staff, and employee benefit staff, to communicate with stakeholders directly. The Company's website (http://www.tsecpv.com) has been established to disclose information regarding finance, business, corporate governance, and stock affair agency. (VI) For Directors' training: The directors are arranged to attend professional continuing educations sponsored by external institutions from time to time. (VII) Risk management policies and risk evaluation The Company has adopted the "Risk Management Policy and Procedures" pursuant to laws, for various risk management and assessments. Please refer the description in the section of "Analysis and assessment of risks in the most recent fiscal years and up to the annual report publication date." Seven. Review and Analysis of Financial Position and Operational Performance, and Risk Management (VIII) Implementation of Client Policy The Company maintains smooth communication channels with clients. The Company also strictly fulfill the contracts entered with clients and related agreements to ensure clients' rights. (IX) Liability Insurance Bought for Directors The Company has purchased the "Liability Insurance for Directors, Supervisors, and Key Employees" from Chubb Taiwan for USD 5 million.	

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
IX. Please explain the improvement status of the corporate governance assessment results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose improvement measures for those matters that have not been improved.	✓		The Company has proposed the improvement approaches regarding the result of the 7th Corporate Governance Evaluation (2020) as the following: 1. Timeliness and completeness of the disclosed Information (including shareholders' meeting, financial reports, the Company's material information (English version included). 2. Formulation and implementation of the policies promoting CSR. The policies are promoted pursuant to the Corporate Governance 3.0 -Sustainable Development Roadmap, to improve and upgrade the level of corporate governance.	No significant variance

(IV) If the Remuneration Committee is established, the composition, duties, and operation shall be disclosed

1. Information about the Company's Remuneration Committee Member

Designation (Note 1)	Qualification / Name	Having more than 5 years' work experience and professional qualifications listed below			Compliance of independence (Note 2)										Number of positions as a Remuneration Committee Member in other public listed companies	Remarks
		Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Judge, prosecutor, lawyer, accountant, or holder of national exam or professional qualification relevant to the Company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the Company's operations	1	2	3	4	5	6	7	8	9	10		
Independent Director	Wu, Chia-En	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Chiang, Huai-De			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Lin, Gu-Tong		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Others	Li, Yi-Gong	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note 1: Please specify director, independent director or others.

Note 2: "✓" is marked in the space beneath a condition number when a member has met that condition during the two years prior to election and during his or her period of service.

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisors of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent Company, subsidiary, or another subsidiary of the parent that is compliant with Securities and Exchange Act or local laws).

(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.

(4) Not a manager listed in (1), or a spouse, second-degree relative or closer or third-degree direct relative or closer to any personnel listed in (2) or (3).

(5) Not a director, supervisors or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or appoints director/supervisors representative in the Company according to Paragraph 1 or 2, Article 27 of the Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(6) Not a director, supervisors or employee of any other Company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(7) Does not assume concurrent duty as Chairman, President or equivalent role, and is not a director, supervisors or employee of another Company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any Company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).

(9) Not a professional who provides audit service, or commercial, legal, financial, accounting or

consultation services for an accumulated sum of less than NT$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisors or manager, or the spouse of any of the above, of a sole proprietorship, partnership, Company, or organization that provides such services to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Is not a person of the conditions specified in any of the sub-paragraphs of Article 30 of the Company Act.

2. Duties

(1) Determine and periodically review the performance appraisal on the Company's directors and managers, and remuneration policy, system, standard and structure.

(2) Periodically evaluate and determine the Company's remuneration to directors and managers. When performing the duties above, the following principles shall be applied:

①Performance assessments and compensation levels of directors, supervisors, and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, and considering the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.

② There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.

③For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.

④No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

"Compensation" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors, supervisors, and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

3. Operation of the Remuneration Committee:

(1) There are 3 members in the Company’s Remuneration Committee.

(2) Current term of the members: from April 29, 2019 to March 29, 2022. In the most recent fiscal year (2019) and up to the annual report publication date of the filing year (2020), the numbers of the Remuneration Committee meetings, qualifications of members and their attendance, and operations are as the following:

A. In 2020, the Remuneration Committee has held 4 meetings (A). The attendance of the Committee members is summarized as follows:

Designation	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks

Convener	Chiang, Huai-De	4	0	100	
Member	Wu, Chia-En	4	0	100	
Member	Lin, Gu-Tong	4	0	100	
Member	Li, Yi-Gong	4	0	100	

Other items to be stated:

I. If the Board of Directors decline to adopt, or will modify, a recommendation of the Remuneration Committee, state the meeting date, term, contents of motions, resolution of the Board meeting, and the Company's treatment to the opinions of the Remuneration Committee (e.g. the remuneration passed by the Board exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): Nil.

II. For the resolutions adopted by the Remuneration Committee, to which a member has a dissenting or qualified opinion which is on record or stated in a written statement, state the meeting date, term, contents of motions, opinion of each member, and the treatment to such opinions: Nil.

B. In 2020 and as of the annual report publication date, the Remuneration Committee's operation is as the following:

Date	Implementation Status
4th Meeting, 3rd Term 2020.5.6	1. Subject: Dragon Boat Festival Bonus Distribution for 2020 Managerial Officers. Resolution: The chair inquired the opinions of member and approved the proposal. 2. Subject: Promotion and Remuneration Adjustment for 2020 Managerial Officers. Resolution: The chair inquired the opinions of member and approved the proposal. 3. Subject: It is intended to consolidate the "Charter of Remuneration Committee" and the "Procedures for Managing Operations of the Remuneration Committee," while abolishing the "Procedures for Managing Operations of the Remuneration Committee". Resolution: The chair inquired the opinions of member and approved the proposal.
5th Meeting, 3rd Term 2020.8.10	1. Subject: To establish the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers." Resolution: The chair inquired the opinions of member and approved the proposal. 2. Subject: To encourage the early installation of the 3rd production line in the module plant for generating revenue and profit, the special bonus are intended for these team members meeting incentive conditions. Resolution: The chair inquired the opinions of member and approved the proposal. 3. Subject: To encourage the project team to achieve the 2020 project objectives, the special bonus are intended for these team members meeting incentive conditions. Resolution: The chair inquired the opinions of member and approved the proposal. 4. Subject: To encourage the project team to achieve the 2021 project

Date	Implementation Status
	objectives, the special bonus, are intended for these team members meeting incentive conditions, and paid on quarterly basis. Resolution: The chair inquired the opinions of member and approved the proposal. 5. Subject: Increase the remuneration of Tsou, Chi-Hung, Deputy Assistant President of the cell and module plant. Resolution: The chair inquired the opinions of member and approved the proposal. 6. Subject: Mid-Autumn Festival Bonus Distribution for 2020 Managerial Officers. Resolution: The chair inquired the opinions of member and approved the proposal.
6th Meeting, 3rd Term 2020.9.22	Subject: To establish the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers" Resolution: The chair inquired the opinions of member and approved the proposal.
7th Meeting, 3rd Term 2020.12.24	1. Subject: The installation of the third production line in the module plant in Pingtung has was completed at the end of November. It is intended to grant special bonus to Tsou, Chi-Hung, Deputy Assistant President, who heads the module plant, pursuant to the regulations. Resolution: The chair inquired the opinions of member and approved the proposal. 2. Subject: The special compensation are intended to be paid to the directors for supervision project teams to achieve the project objectives for 2020. Resolution: The chair inquired the opinions of member and approved the proposal. 3. Subject: The special bonus are intended to be paid to project teams achieving the project objectives for 2020, pursuant to regulations. Resolution: The chair inquired the opinions of member and approved the proposal. 4. Subject: The special bonus are intended to be paid to directors as project teams achieving the project objectives for 2020, pursuant to regulations. Resolution: The chair inquired the opinions of member and approved the proposal. 5. Subject: The special compensation are intended to be paid to the directors for supervision project teams to achieve the project objectives for 2021, and paid on quarterly basis. Resolution: The chair inquired the opinions of member and approved the proposal. 6. Subject: Proposal to increase monthly wages of independent directors. Resolution: The chair inquired the opinions of member and approved the proposal. 7. Subject: Renewal of annual contract with Cheng, Cheng-Kuo, the administration officer. Resolution: The chair inquired the opinions of member and approved the proposal. 8. Subject: Year-End Bonus Distribution for 2020 Managerial

Date	Implementation Status
	Officers. Resolution: The chair inquired the opinions of member and approved the proposal. 9. Subject: Working plan of the Remuneration Committee for 2021. Resolution: The chair inquired the opinions of member and approved the proposal.

(V) Fulfillment of Corporate Social Responsibility, and variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		The Company has the "Risk Management Policy and Procedures" approved by the Board, and the "Risk Management Panel" has been set up under the "Corporate Governance and Operational Strategy Committee." The President is responsible for coordinating the promotion and operation of risk management plans, and the accountable unit in each department is in charge of promoting the risk management in their respective department. The risks are assessed annually and the operations are reported to the Board. The scope of risk management include hazardous risks, operational risks, financial risks, strategic risks, compliance/contractual risks, and other risks; with the effective executions of risk management process (including risk identification, risk measurement, risk monitoring, risk reporting and disclosures, responses to risks), the risk management strategies of the Company will be implemented.	No significant variance
II. Does the Company have a dedicated (or ad-hoc) CSR organization with Board of Directors authorization for senior management, which reports to the Board of Directors?	✓		The Company has assigned an administration unit take charge of CSR promotion concurrently. Its functions include proposing and implementing plan to promote the CSR policies, system, or related guidelines, while reporting the CSR principles to the Board regularly.	No significant variance
III. Environmental Topic				
(I) Has the Company set an environmental management system designed to industry characteristics?	✓		The Occupational Safety Department and the Factory Service Department are in charge of the management of the Company's environment, as well as formulating the environment, health and safety policies, while considering, coordinating, and advising the	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			matters related to environment, health and safety. In 2011, the Company was certified with ISO 14001 environment management system, and has managed energies, greenhouse gas, water, waste and air pollution based on the industrial nature.	
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		To achieve the goal of sustainable application of environmental resources, and efficiency increase for various resources, the Company prioritize the reduced application in the manufacturing process, reuse, and recycle before the disposal. When selecting materials, the recycled materials with low environmental impacts are used as much as possible to mitigate the impact to the environment.	No significant variance
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		The Company's products are transform sunshine to energy, so energy saving and environmental friendly are both considered. Everything on the Earth started from the solar energy. We believe that the development of solar photoelectric industry is the most effective solution to the global warming and global energy shortage. The Company stays true to the philosophy of doing good for the Earth and human beings, and is committed to the expansion of solar photoelectric industry for the sustainable development of the Earth.	No significant variance
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		The data for greenhouse gas emissions, water usage and waste quantity in the past two years are collected. The energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies are also set to fulfill the CSR.	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
IV. Social Topic				
(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		To fully fulfill the corporate social responsibility, and protect the basic human rights of all employees, clients and stakeholders, TSEC observes the internationally recognized human right standards, such as Universal Declaration of Human Rights, The United Nations Global Compact, and International Labor Convention, as well as the Labor Standard Act of Taiwan. The local labor related laws and regulations of the locations where we present, with the managerial policies and procedures established.	No significant variance
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		Reasonable employee benefits are set and enforced. Employee are also appraised so that the operation performance may be reflected properly to the employees' benefits and remunerations.	No significant variance
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		Disaster drills, employee health checks and special health checks are conducted regularly to ensure the safe and health working environment for employees.	No significant variance
(IV) Has the Company established effective career development training plans?	✓		The "Training Committee" is in place to formulate the training policies and plan the annual training programs, for diversified trainings and great on-the-service education.	No significant variance
(V) Does the Company's product and service comply with related regulations and international rules for customers' health	✓		The marketing and labels for products and services comply with the related laws and regulations, and international standards. The Customer Service Department is in place to handle the	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
and safety, privacy, sales, labelling and set polices to protect consumers' rights and consumer appeal procedures?			complaints from customers pursuant to the "Procedures of Customer Service Management."	
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		The Company has the "Procedures of Supplier Management" in place. Before engaging a supplier, its history of environmental and social impacts are assessed. The "Regulations for Auditing Supplier's Quality" are also established to carefully define the quality, service level, green products, risks of environment, health and safety, ethic codes, and social responsibility of suppliers, and select qualified suppliers.	No significant variance
V. Does the Company refer to the international report to prepare standards or guidelines such as corporate social responsibility reports that disclose the non-financial related information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?		✓	The Company has not yet prepared CSR Report, but may prepare such depending on the operation and business scale. The Company will be continuously committed to the promotion of CSR.	No significant variance
VI. If the Company has stipulated its own corporate social responsibility rules according to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please state the difference between its operations and the stipulated rules: The Company has not yet established its corporate social responsibility practice principles, but the duties are fulfilled by actively referring the spirits of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"				
VII. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility: Promotional Tour for Green Energy: As the Company established power stations in Pingtung, the Company learned the shortage of green energy education to these children living in rural areas. From 2013, the regular promotional tour for green energy has been conducted. Currently, the tour has been to Chang-Le Elementary School, Lin-Bian Elementary School, Shui-Chunag Elementary School (Longchuan Branch), and Yukuang Elementary School. Other than the classroom session, the site-visitings at the power stations have been included. The tour has been received well. To promote the concept of energy saving and carbon reduction, and expand the renewable energy, we expect to be a pioneer of green energy in Taiwan as a				

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	

fulfillment of CSR.

Environment, Safety and Health, and Energy Policy: The Company is a professional solar cell and module manufacturer. While pursuing the growth of corporate,we value the prevention of pollution, mitigation of global warming and regulation, bio diversity and protection of ecosystem, promotion of renewal energy and resource sustainable application. Also the Company is committed to enhance the safe and health working conditions to prevent injuries and hazards to health, and fulfil or exceed the laws and obligations related to environment, safety and health, and energy. The scope of advice and engagement including workers related to the Company or other stakeholder. We also promise to integrate information and resources to execute the following environment, safety and health, and energy policies, as fulfillment of CSR, to achieve the goal of sustainable development:

(1) Be compliant and committed to the environment protection; (2) Control the environment safety risks and keep on improvement; (3) Promote environment safety education for everyone's participation; (4) Be committed to energy saving and carbon reduction and adopt the green procurement.

- December 2020 The Hsinchu Plant and Pingtung Plant were certified with ISO 45001:2018 Occupational Health and Safety Management System.
- August 2019 The Hsinchu Plant was awarded as the "Excellent Working Place with Friendly Breastfeeding Room" by the Hsinchu County Government.
- December 2018 The Pingdong Plant was awarded with the "Certification of Health Working Place- Health Promotion Label" by Health Promotion Administration, MOHW,
- December 2018 The Pingdong plant was certified with ISO 14001, OHSAS 18001, and TOSHMS
- August 2018 The Pingdong Plant was certified as the Working Place with Friendly Breastfeeding Room by the Pingdong County Government.
- December 2016 The Hsinchu Plant was awarded with the "Certification of Health Working Place- Health Promotion Label" again by Health Promotion Administration, MOHW,
- October 2016 Awarded as "Excellent Specialist of Occupational Health and Safety"
- April 2016 The Hsinchu Plant was extended for five years by the Labor Commission, Executive Yuan for "Recognition of Industrial Unit's Labor Safety and Health Management System Performance"
- October 2015 Two silicon crystalline solar module products and three silicon crystalline solar cell products were certified with ISO/TS 14067:2013 product carbon footprint validation
- August 2015 The Hsinchu Plant was awarded as the "Excellent Unit of Occupational Health and Safety" by the Ministry of Labor
- July 2015 The Hsinchu Plant was certified as the Working Place with Friendly Breastfeeding Room by the Hsinchu County Government.

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<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
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December 2014 The Hsinchu Plant was certified with ISO 50001 for energy management system
December 2014 Won the “Implementation Award of Environmental” by British Standards Institution (BSI)
January 2014 The Hsinchu Plant was awarded with the “Certification of Health Working Place- Health Promotion Label” by Health Promotion Administration, MOHW,
November 2013 The Hsinchu Plant was awarded as the “Excellent Service Unit of the Collaboration Organization for the National Labor Safety and Health Community, by the Labor Commission, Executive Yuan, 2012”
June 2013 The Hsinchu Plant was passed by the Labor Commission, Executive Yuan for “Recognition of Industrial Unit’s Labor Safety and Health Management System Performance”
February 2013 Monocrystalline and polycrystalline solar cell series products were certified with PAS 2050:2011 product carbon footprint validation
October 2012 The Hsinchu Plant was certified with ISO 14064-1:2006 for Greenhouse Gas
December 2011 The Hsinchu Plant was certified with ISO 14001:2004 Environment Management System; TOSHMS Taiwan Occupation Health and Safety Management System; and CNS 15506:2011, OHSAS

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(VI) Fulfillment of Ethical Corporate Management, and variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance

Assessment Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
I. Stipulate ethical management policies and plans				
(I) Does the board of directors of the Company stipulate and approve ethical management policies and clearly state the policies and methods of ethical management in the regulations and external documents, and does the board of directors and high level executives actively implement the business policies to fulfill the commitment?	✓		The "Ethical Corporate Management Best Practice Principles" established by the Company are approved by the Board. In the internal regulations, annual reports, and on the official website, the policies and implementation for ethical management are disclosed. The Board and management actively fulfill the commitment to ethical management.	No significant variance
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?			The directors, supervisors, managers, employees, mandataries, and substantial controllers are, when doing business, prohibited from offering and acceptance of bribes, illegal political donations, improper charitable donations, offering or acceptance of unreasonable presents or hospitality, or other improper benefits, misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights. Related operational procedures are also establish for employees to follow.	No significant variance

Assessment Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
(III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?			The "Ethical Corporate Management Best Practice Principles" established by the Company specify that no improper benefits, or any conduct not ethical or illegal is permitted. Reporting such illegal or unethical conduct is encouraged. As required, the regular promotions are made to the directors and employee for them to be aware of the importance of ethical conducts. The aforementioned assessment mechanism for the risk of unethical conducts are reviewed regularly for the adequacy and effectiveness of the preventive measures, with proper adjustment or revision if required.	No significant variance
II. Ethic Management Practice				
(I) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		Before any transaction, the Company conducts various assessment, including the ethical conducts, toward the counterparty, to avoid transactions with any party with unethical conducts. In the commercial contracts, the compliance with ethical conducts is also specified.	No significant variance
(II) Whether the company has set up a unit which is dedicated (or concurrent) to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		The Company has assigned an administration unit take charge of formulating and implement the ethical management policy and preventive measures for unethical conducts, while reporting t to the Board regularly. The administration unit has reported the current implementation of ethical management to the Board on December 24, 2020.	No significant variance

Assessment Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
(III) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		To prevent any unethical behavior, other than establishing he communication channels, such as telephone, fax, and emails, for employees and external parties to whistle blow or file complaints, the internal communication channels may also be applied to report to the related officers. A whistle-blowing system is also established for outsourcing. The identities of whistle-blower and the content are kept confidential.	No significant variance
(IV) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓		The accounting system and internal control system are established for implementation. The internal auditors, based on the outcomes from assessments of unethical conduct risks, formulate the audit plans covering the subjects, scopes, items, and frequency, for auditing the implementation of prevention programs. The outcomes of audit are reported to the senior management and the unit in charge of ethical management, while being documented as reports to the Board. To ensure the continual effectiveness of system design and implementation, the annual reviews and revisions are conducted, for outstanding corporate governance and risk control mechanism, as well as the basis to evaluate the effectiveness of overall internal control system, and prepare the Statement of Internal Control System.	No significant variance

Assessment Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
(V) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		To implement the ethical management and conducts, as well as reinforce the prevention of internal corruptions, the Company promotes the disciplinary requirements and outstanding corporate culture in the orientations to newly recruited. The internal trainings of ethical management for employees from time to time. When new director or managerial officer gets onboard, the "Handbook for Promotion Insider Regulations" is provided. The handbook includes the obligation of reporting insiders and prohibition of insider trading. The promotional emails about preventing insider trading are sent from time to time.	No significant variance
III. Implementation of Complaint Procedures				

Assessment Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
(I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		The Company has the "Procedure of Handling Whistle Blowing" in place. Dedicate staff are assigned to take charge of the whistle blowing system (as indicated following), for employees, suppliers, and other stakeholders to report illegal and other conducts violating human rights, working regulations, code of conduct or ethical management principles. In addition, the opinion box for employees, e-mails, and appealing hotline are established, with the options of reporting to line managers or the audit unit, as diversified and smooth reporting channels. Whistle-Blowing Systemhttps://www.reportnow.com.tw/tsec Deloitte Taiwan was retained to assist the installation and management of the whistle blowing system. Through the handling of whistle-blowing by external independent units, the confidentiality of whistle-blowing is ensured. Corresponding units, investigation, and handling procedures are established based on the alleged parties and types of cases. The Company handles the whistle blowing in a confidential manner, protects the whistle blowers while providing appealing changes to the other party, in order to serve the legal rights entitled by both parties.	No significant variance

Assessment Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
(II) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	✓		The Company has the "Operational Procedures for Whistle-Blowing." Corresponding units, investigation, and handling procedures are established based on the alleged parties and types of cases. Deloitte Taiwan was retained to assist the installation and management of the whistle blowing system. Through the handling of whistle-blowing by external independent units, the confidentiality of whistle-blowing is ensured.	No significant variance
(III) Does the company adopt proper measures to prevent a whistle blower from retaliation for his/her whistle-blowing?	✓		The Company handles the whistle blowing in a confidential manner, protects the whistle blowers while providing appealing changes to the other party, in order to serve the legal rights entitled by both parties.	No significant variance
IV. Information Disclosure				
(I) Does the company disclose its ethical corporate management best practice principles as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓		The Company has disclosed the ethical corporate management best practice principles and the implementation at the Company's website and MOPS.	No significant variance
V. If the company has established its own ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the policies and their implementation: The Company has established the "Ethical Corporate Management Best Practice Principles" to specify the requirements to be observed the Company's staff. Whistle-blowing and disciplinary actions are also set forth in the related procedures. There is no major variance from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."				
VI. Other important information to facilitate better understanding of the company's ethical corporate management practices: (e.g., reviewing and amending the company's corporate management best practice principles). 1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act,				

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
</table>

Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management. The Company also make the best efforts to comply with the environmental and quality policies for high standards.

2. In the Company's "Regulations Governing Procedure for Board of Directors Meetings," the director's recusal for conflict of interest is specified. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, if his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director.
3. The Company has the "Company has established the "Operational Procedures for Handling Material Inside Information and Preventing Insider's Trading" in place, other than establishing a good internal material information handling and disclosing mechanism, the legitimacy and correctness of the material information is also ensured. No director, supervisor, managerial officer, or employee of this Corporation may inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties. Moreover, it specifies that pursuant to laws, upon actually knowing of any material information, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the insiders, quasi insiders, and information receivers, shall not sell shares of the company that are listed or traded at securities dealers, or any other equity-type security of the company, or sell the non-equity-type corporate bonds of such company that are listed or traded at securities dealers, so that anyone knows material information would not conducting insider trading without knowing it.
4. The "Ethical Corporate Management Best Practice Principles" established by the Company are reviewed adjusted to accommodate the updates of the "the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies." On December 21, 2018, the second amendment was made, approved by the Board, and reported to the AGM 2019.

(VII) In case the company has the corporate governance best practice principles and related regulations in place, the inquiry methods shall be disclosed: The related information is disclosed at MOPS http://mops.twse.com.tw

(VIII) Other information to facilitate better understanding of the company's operation of corporate governance may be disclosed altogether: The related information is disclosed at MOPS http://mops.twse.com.tw

(IX) Implementation of the internal control system shall disclose the following:

1. Statement of Internal Control System

TSEC Corporation

Statement of Internal Control System

Date: February 25, 2021

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2020:

I. The Company is aware that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (he "Regulations" hereafter). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes several items. For the said items, please refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Statement is an integral part of the Company's Annual Report and prospectus, and will be made public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was passed by the Board of Directors in their meeting held on February 25, 2020, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

TSEC Corporation

Chairman: Liao, Kuo-Ron Signature/Seal

President: Hung, Cheng-Jen Signat

ure/Seal

2. If certified public accountants (CPAs) are retained to conduct a special audit of the company's internal control systems, the audit report shall be disclosed: Nil.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: Nil.

(XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1. The Company held the AGM of 2020 on June 12, 2020. The resolutions of the present shareholders and the implementation of the resolutions are as following:

Key proposals to be resolved by AGM	Resolutions and implementation
Ratifying the 2019 Business Report and Financial Statements	Resolved.
Ratifying the losses offsetting of 2019	Resolved.
Discussion of amending some provisions in the Company's "Articles of Incorporation"	Resolved. Implemented as the resolution.
Discussion of amending some provisions in the Company's "Procedures for Election of Directors"	Resolved. Implemented as the resolution.

2. The key proposals resolved by the Board of Directors from January 1, 2020 up to the publication date of the annual report, are summarized as the following:

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
9th meeting of the 4th term 2020.2.25	The 2019 Business Report and Financial Statements	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal for losses offsetting of 2019	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Intention to amend the "Articles of Incorporation," and the "Procedures for Election of Directors"	The chair inquired the opinions from the present directors; after adjusting the provisions intended for amendment, the proposal was approved as adjusted unanimously.
	Formulating the matters related to the AGM 2020	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to evaluate the independence of the CPAs	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	Approval the Company's "Statement of Internal Control System," 2019	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Additions to the Company's internal control system	The proposal will be reviewed again in the next meeting.
	Amendments to the Company's internal control system	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Amending the 2020 audit plan	The proposal will be reviewed again in the next meeting.
	Proposal to purchase the stake of Company Z ("the underlying company" hereafter) from Company X and Mr. Y (collectively "sellers" hereafter)	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities and extension of such facilities from the Xinzhuang Branch, Bank SinoPac	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	To accommodate the increase of capacity in the Pingdong Plant in the future, it is intended to adjust the filing of key capex and items	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
10th meeting of the 4th term 2020.5.6	For consolidated financial statements, 2020 Q1	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the CPA's audit service fee for 2020	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Additions and amendments to the Company's internal control system	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Amending the 2020 audit plan	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. ("Holdgood" hereafter) in 2020	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities and extension of such facilities from various financial institutions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	For satisfying the needs of operating capital, applies credit facilities from Taiwan Industrial Bank	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	It is intended to consolidate the "Charter of Remuneration Committee" and the "Procedures for Managing Operations of the Remuneration Committee," while abolishing the "Procedures for Managing Operations of the Remuneration Committee"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Dragon Boat Festival Bonus Distribution for 2020 Managerial Officers.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Promotion and Remuneration Adjustment for 2020 Managerial Officers.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the Company's derivative transactions occurred	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
11th meeting of the 4th term 2020.8.10	For consolidated financial statements, 2020 Q2	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The Company participated the second capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2020	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The Company participated the third capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2020	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to issue maximum 100,000,000 shares for the capital increase in cash	The chair inquired the opinions from the present directors; the amount for fundraising was adjusted to NTD 1.38 billion, and approved unanimously.
	It is intended to apply a syndicated credit facility of NTD 2.2 billion from Cooperative Bank and other banks	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities and extension of such facilities from various financial institutions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit	The chair inquired the opinions from the present directors; the description of the said company's

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	facilities and extension of such facilities from various financial institutions	limit was added. The ratification was approved unanimously.
	Proposal to establish the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	To encourage the early installation of the 3rd production line in the module plant for generating revenue and profit, the special bonus are intended for these team members meeting incentive conditions.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	To encourage the project team to achieve the 2020 project objectives, the special bonus are intended for these team members meeting incentive conditions.	The chair inquired the opinions from the present directors; the description was revised and approved unanimously.
	To encourage the project team to achieve the 2021 profit objectives (profit before tax), the special bonus, are intended for these team members meeting incentive conditions, and paid on quarterly basis.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Increase the remuneration of Tsou, Chi-Hung, Deputy Assistant President of the cell and module plant.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Mid-Autumn Festival Bonus Distribution for 2020 Managerial Officers.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	It is intended to establish the Health Operation Plan	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Withdrawing the intention to purchase the stake of Company Z ("the underlying company" hereafter) from Company X and Mr. Y (collectively "sellers" hereafter)	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Withdrawal of the resolution regarding the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
12th meeting of the 4th term 2020.9.8	Proposal to adjust the items, issuance limit and issuance conditions for the capital increase in cash program	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to purchase machines for the Hsinchu cell plant	The chair inquired the opinions from the present directors; approved the proposal as it was

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
		unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities from various financial institutions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
13th meeting of the 4th term 2020.9.22	To establish the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities from various financial institutions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the Company's derivative transactions occurred	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
14th meeting of the 4th term 2020.11.4	For consolidated financial statements, 2020 Q3	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to established the matters related to the issuance limit and issuance conditions for the capital increase in cash via issuing common shares in 2020	The chair inquired the opinions from the present directors; the issuance price was determined , and approved unanimously.
	For the five-year syndicated credit facility of NTD 2 billion, led by Cooperative Bank, the Chairman is authorized to handle the credit contract and execute the contract.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the transitional financing of NTD 300 million from Entie Bank for the equipment in the Hsinchu Plant, the Chairman is authorized to handle all matters related to this financing. Due to the terms of credit, the negative pledge is required.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities from the following financial institutions. Please authorize the Chairman to handle all matters related to this financing.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to amend the "Corporate Governance Best Practice Principles"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	Proposal to formulate the “Risk Management Policy and Procedures”	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For preparing the Support Letter for the investee, Yuan-Yu Solar Energy Co., Ltd.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
15th meeting of the 4th term 2020.12.24	It is intended to prepare the business plan (financial budget included for 2021.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Formulating the 2021 audit plan	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The installation of the third production line in the module plant in Pingtung has was completed at the end of November. It is intended to grant special bonus to Tsou, Chi-Hung, Deputy Assistant President, who heads the module plant, pursuant to the regulations.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The special compensation are intended to be paid to the directors for supervision project teams to achieve the project objectives for 2020.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The special bonus are intended to be paid to project teams achieving the project objectives for 2020, pursuant to regulations.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The special bonus are intended to be paid to directors as project teams achieving the project objectives for 2020, pursuant to regulations.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The special compensation are intended to be paid to the directors for supervision project teams to achieve the project objectives for 2021, and paid on quarterly basis.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to increase monthly wages of independent directors	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Renewal of annual contract with Cheng, Cheng-Kuo, the administration officer.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	Year-End Bonus Distribution for 2020 Managerial Officers.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to add two seats for directors and their election.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Formulating the matters related to convening the AGM 2021	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the application of working capital financing from SinoPac Leasing Corp. for NTD 35 million, the provision of machinery equipment as collateral is cancelled.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Foundation of 100% held foreign subsidiary	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Determination of schedule for the 2021 Board meetings	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
16th meeting of the 4th term 2021.2.25	The 2020 Business Report and Financial Statements	The chair inquired the opinions from the present directors; the proposal was approved as it was unanimously, and would be proposed to the 2021 AGM for ratification.
	Proposal for losses offsetting of 2020	The chair inquired the opinions from the present directors; the proposal was approved as it was unanimously, and would be proposed to the 2021 AGM for ratification.
	Intention to amend the “Articles of Incorporation”	The chair inquired the opinions from the present directors; the proposal was approved as it was unanimously, and would be proposed to the 2021 AGM for ratification.
	Proposal of issuance of private placed preferred shares.	The chair inquired the opinions from the present directors; the proposal was approved as it was unanimously, and would be proposed to the 2021 AGM for ratification.
	Candidate List for Additional Directors	The chair inquired the opinions from the present directors; the proposal was approved as it was

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
		unanimously, and would be proposed to the 2021 AGM for ratification.
	Proposal to evaluate the independence of the CPAs	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Approval the Company's "Statement of Internal Control System," 2020	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Formulating the matters related to convening the AGM 2021	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to apply credit facilities from financial institutions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the Company's derivative transactions occurred	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2021	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: Nil.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: Nil.

IV. Information on CPA professional fees

(I) CPA professional fees for 2020

Unit: In NT$1,000

Name of Accounting Firm	Name of Accountants	Audit Fee	Non-Audit Fees					Audit Period	Remarks
			System design	Commercial/industrial registration	Human resources	Others	Subtotal		
Deloitte Taiwan	Alice Huang	2,200	0	0	0	0	0	2020.1.1~2020.12.31	
	Connie Chen							2020.1.1~2020.12.31	

Unit: In NT$1,000

Amount Range \ Fee Items		Audit Fee	Non-Audit Fees	Total
1	Less than NTD2,000 thousand	—	—	—
2	NTD 2,000 thousand (inclusive) to NTD 4,000 thousand	2,200	—	2,200
3	NTD 4,000 thousand (inclusive) to NTD 6,000 thousand	—	—	—
4	NTD 6,000 thousand (inclusive) to NTD 8,000 thousand	—	—	—
5	NTD 8,000 thousand (inclusive) to NTD 10,000 thousand	—	—	—
6	Over NTD 10,000 thousand (inclusive)	—	—	—

(II) Independent auditing firms, their subordinate offices, and their affiliates to which non-audit fees paid by the company exceed one-fourth of audit fees: Nil.

(III) Replacement of independent auditing firm and reduction in audit fees paid during the year of replacement compared with the previous year: Nil.

(IV) Reduction in audit fees by more than 10% compared with the previous year: Nil.

V. Information about replacement of CPAs:

(I) About the former CPA

Date of replacement	September 11, 2018 (Date of approval by the Board)		
Cause and Notes	To be in line with the work shift required by the CPA firm		
To specify whether the client or CPA terminates or rejects the appointment	Status \ Counterpart	Certified Public Accountant	Client
	Terminate the appointment voluntarily	N/A	N/A
	The appointment is not accepted (continue)	N/A	N/A
Issuance of the audit report other than the audit report	None of such cases		

<table>
<tr><td>containing unqualified opinions in the most recent two years, and cause thereof</td><td colspan="3"></td></tr>
<tr><td rowspan="7">Disagree with the Company</td><td rowspan="5">Yes</td><td></td><td>Accounting principles or practices</td></tr>
<tr><td></td><td>Disclosure of financial report</td></tr>
<tr><td></td><td>Scope or steps of audit</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Nil</td><td>V</td><td></td></tr>
<tr><td colspan="3">Description:</td></tr>
<tr><td>Other disclosures
(To be disclosed under the item 1-4 to item 1-7 of Subparagraph 6 of Article 10 of the Standards.)</td><td colspan="3">Nil</td></tr>
</table>

(II) About the successor CPA

Name of Accounting Firm	Deloitte Taiwan
Name of Accountants	Alice Huang, CPA and Connie Chen, CPA
Date of Appointment	September 11, 2018
Consultation about the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result.	Nil
Written opinion from the successor CPA regarding the matters disagreed by the former CPA	Nil

(III) The former CPA's response to the items referred to in the item 1 and item 2-3 of Subparagraph 6 of Article 10 of the Standards: Not applicable.

VI. Name of Auditing Firm or Its Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee over the Past Year, His/Her Position and Employment Period: Nil.

VII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

(I) Changes in equity of directors, supervisors, managers and major shareholders holding 10% or more stake:

Designation	Name	2020		2021 up to February 7	
		Increase (decrease) in shares held (Note 1)	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Weiren Investment Limited	562,462	0	(40,000)	0
	Representative: Liao, Kuo-Ron	(192,242)	0	0	0
Director	An Chuang Industrial Corporation	0	0	0	0
	Representative: Liao, Wei-Jan	(110,000)	0	0	0
Director	Farglory Land Development Co., Ltd.	0	0	0	0
	Representative: Hsu, Hung-Chang	0	0	0	0
Director	Cheng Hsi Investment Corporation	(459,000)	0	(230,000)	0
	Representative: Hsu, Cheng-Ji	0	0	0	0
Independent Director	Wu, Chia-En	(7,963)	0	0	0
Independent Director	Chiang, Huai-De	0	0	0	0
Independent Director	Lin, Gu-Tong	0	0	0	0
Shareholders with shareholding for 5% or more	Farglory Land Development Co., Ltd.	0	0	0	0
Chairman	Liao, Kuo-Ron	0	0	(192,242)	0
President	Hung, Chen-Ren	(2,000)	0	0	0
Vice President	Chiang, Zhi-Hao	5,105	0	0	0
Vice President	Liao, Wei-Ran	(110,000)	0	0	0
Vice President (Note 1)	Li, Chia-Ron	0	0	(22,176)	0
Vice President	Wang, Liang-Kai	263	0	0	0
Deputy Assistant President	Tsou, Chi-Hung	0	0	0	0
Deputy Assistant President	Wu, Chuan-Jie	(10,000)	0	0	0
Consultants	Cheng, Cheng-Kuo	(19,000)	0	0	0
Deputy Assistant President	Yu, Cheng-Ye	0	0	0	0
Deputy	Chen, Tai-An	29,675	0	(30,000)	0

Assistant President					
Finance Head	Li, Ming-Hua	25,000	0	(25,000)	0
Accounting Head	Chang, Shu-Kai	2,000	0	(2,000)	0

Note 1: Discharged in November 2020

(II) Equity transfer information

Name (Note 1)	Reason of the Transfer (Note 2)	Date of Transaction	Counterparty of the Transaction	Relationship between the counterparty and the Company, directors, supervisors, managers and major shareholders holding 10% or more stake	Shares	Transaction price
None						

Note 1: Fill in the names of directors, supervisors, managers and major shareholders holding 10% or more stake
Note 2: Fill in “Acquisition” or “Disposal”

(III) Equity pledge information:

Name (Note 1)	Reason of Pledge (Note 2)	Date of Change	Counterparty of the Transaction	Relationship between the counterparty and the Company, directors, supervisors, managers and major shareholders holding 10% or more stake	Shares	Shareholding Ratio (%)	Pledge Ratio	Amount of Pledge (Redemption)
None								

Note 1: Fill in the names of directors, supervisors, managers and major shareholders holding 10% or more stake
Note 2: Fill in “Pledge” or “Redemption”

VIII. Relationship information, if among the company's top ten shareholders any one is a related party or a relative within the second degree of kinship of another

February 7, 2021; Unit: Share; %

Name	Shareholdings by oneself		Shareholding of spouses and children of minor age		Shareholding through nominees		Disclosure of information on related parties, defined as IAS 10, or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and Name relationships		Remarks
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Name	Relation	
Farglory Land Development Co., Ltd.	26,520,764	5.95	—	—	—	—	Fareast Land Development Co., Ltd. and Farglory International Investment Corporation	Group’s company shared the same chairman	
Farglory International Investment Corporation	8,908,244	2.00	—	—	—	—	Fareast Land Development Co., Ltd. and Farglory Land Development Co., Ltd.	Group’s company shared the same chairman	
Fuhua Legacy No. 2 Fund Dedicated	6,367,000	1.43	—	—	—	—			

Account									
Weiren Investment Limited	6,325,538	1.42	—	—	—	—			
Management Committee, Public Service Pension Fund	5,533,364	1.24	—	—	—	—			
Fuhua Selective Mid- and Small Fund Dedicated Account	5,253,151	1.18	—	—	—	—			
JP Morgan Investment Dedicated Account, trusted to Chase	4,840,773	1.09	—	—	—	—			
Fareast Land Development Co., Ltd.	3,742,977	0.84	—	—	—	—	Farglory Land Development Co., Ltd. and Farglory International Investment Corporation	Group's company shared the same chairman	
iShare Emerging Market ETF, trusted to Standard Charter	3,492,000	0.78	—	—	—	—			
Xuai, Yun-Huei	3,434,000	0.77	—	—	—	—			

IX. Company, company's directors, supervisors, managers and businesses in direct or indirect control by the company, their number of shares of the reinvested businesses, and the consolidated calculation of the comprehensive shareholding ratio

February 28, 2021; Unit: Share, %

Invested enterprise	Investment made by the Company		Investment by directors and managers or by directly or indirectly controlled enterprises		Total investment	
	Shares	Shareholding proportion (%)	Shares	Shareholding proportion (%)	Shares	Shareholding proportion (%)
Holdgood Energy Co., Ltd.	3,158,350	60.74	1,909,850	36.73	5,068,200	97.47

Note: Investment through the equity method by the Company.

Four. Information on Capital Raising Activities

I. Capital and Shares

(I) Share Capital

1. Formation of Share Capital

February 7, 2021, Unit: Thousand shares, NTD 1,000

Month and Date	Issuance Price (NTD)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares paid with properties other than cash	Others
June 2010	10	360,000	3,600,000	60,000	600,000	Share capital for establishment	—	Note 1
October 2020	10	360,000	3,600,000	305,000	3,050,000	NTD 2,450,000 thousands for capital increase in cash	—	Note 2
March, 2011	10.5	360,000	3,600,000	360,000	3,600,000	NTD 550,000 thousands for capital increase in cash	—	Note 3
August 2012	10.5	500,000	5,000,000	390,000	3,900,000	NTD 300,000 thousands for capital increase in cash	—	Note 4
June 2014	10	500,000	5,000,000	300,300	3,003,000	NTD 897,000 thousands for capital decrease	—	Note 5
August 2014	11	500,000	5,000,000	315,315	3,153,150	NTD 150,150 thousands for capital increase in cash	—	Note 6
August 2015	13.5	500,000	5,000,000	351,855	3,518,550	NTD 365,400 thousands for capital increase in cash	—	Note 7
June 2016	12	500,000	5,000,000	426,855	4,268,550	NTD 750,000 thousands for capital increase in cash	—	Note 8
December 2017	10.5	500,000	5,000,000	476,855	4,768,550	NTD 500,000 thousands for capital increase in cash	—	Note 9
May 2019	10	700,000	7,000,000	314,017	3,140,167	NTD 1,628,383 thousands for capital decrease	—	Note 10
October 2019	7	700,000	7,000,000	379,017	3,790,167	NTD 650,000 thousands for capital increase in cash	—	Note 11

December 2020	25.8	700,000	7,000,000	445,796	4,457,967	NTD 667,800 thousands for capital increase in cash	—	Note 12

Note 1: Approved by Letter Jing-Shou-Shan-Zi No. 09901129020, dated June 24, 2010
Note 2: Approved by Letter Jing-Shou-Shan-Zi No. 09901220130, dated October 6, 2010
Note 3: Approved by Letter Jing-Shou-Shan-Zi No. 10001038270, dated March 4, 2011
Note 4: Approved by Letter Jing-Shou-Shan-Zi No. 10101177960, dated August 28, 2012
Note 5: Approved by Letter Jing-Shou-Shan-Zi No. 10301126840, dated June 30, 2014
Note 6: Approved by Letter Jing-Shou-Shan-Zi No. 10301159440, dated August 4, 2014
Note 7: Approved by Letter Jing-Shou-Shan-Zi No. 10401220380, dated October 16, 2015
Note 8: Approved by Letter Jing-Shou-Shan-Zi No. 10501168750, dated July 20, 2016
Note 9: Approved by Letter Jing-Shou-Shan-Zi No. 10601169400, dated December 18, 2017
Note 10: Approved by Letter Jing-Shou-Shan-Zi No. 10801062100, dated May 29, 2019
Note 11: Approved by Letter Jing-Shou-Shan-Zi No. 10801145800, dated October 23, 2019
Note 12: Approved by Letter Jing-Shou-Shan-Zi No. 10901241590, dated December 22, 2020

2. Types of Shares

February 7, 2021; Unit: Share

Types of Shares	Approved Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered Common Shares	445,796,730	254,203,270	700,000,000	Listed Shares

3. Information Related to Shelf Registration: Nil.

(II) Shareholder Structure

February 7, 2021; Unit: Person/share

Shareholder structure / Quantity	Government agencies	Financial institution	Other juridical persons	Individual	Foreign Institute and others	Total
Persons	0	5	166	71,357	106	71,634
Shares Held	0	4,290,012	75,580,231	345,709,919	20,216,568	445,796,730
Shareholding ratio (%)	0.00	0.96	16.95	77.55	4.53	100.00

(III) Distribution of Equity

February 7, 2021

Shareholding category	Number of shareholders	Shares Held	Shareholding proportion (%)
1 to 999	17,047	3,203,577	0.72
1,000 to 5,000	42,104	88,454,275	19.84
5,001 to 10,000	6,576	51,266,916	11.50
10,001 to 15,000	2,061	25,793,036	5.79
15,001 to 20,000	1,201	22,070,140	4.95
20,001 to 30,000	1,065	26,923,510	6.04
30,001 to 50,000	797	31,285,772	7.02
50,001 to 100,000	450	31,379,781	7.04
100,001 to 200,000	196	27,121,196	6.08
200,001 to 400,000	75	21,054,756	4.72
400,001 to 600,000	26	12,894,493	2.89
600,001 to 800,000	14	9,806,486	2.20
800,001 to 1,000,000	2	1,758,000	0.39
1,000,001 and above	20	92,784,792	20.81
Total	71,634	445,796,730	100.00

(IV) List of Major Shareholders

Name, shares held, and percentage of the shareholders with 5% or more stake, or the top ten shareholders with the highest shareholding

February 7, 2021; Unit: Share

Name of major shareholder \ Shares	Shares Held	Shareholding proportion (%)
Farglory Land Development Co., Ltd.	26,520,764	5.95
Farglory International Investment Corporation	8,908,244	2.00
Fuhua Legacy No. 2 Fund Dedicated Account	6,367,000	1.43
Weiren Investment Limited	6,325,538	1.42
Management Committee, Public Service Pension Fund	5,533,364	1.24
Fuhua Selective Mid- and Small Fund Dedicated Account	5,253,151	1.18
JP Morgan Investment Dedicated Account, trusted to Chase	4,840,773	1.09
Fareast Land Development Co., Ltd.	3,742,977	0.84
iShare Emerging Market ETF, trusted to Standard Charter	3,492,000	0.78
Xuai, Yun-Huei	3,434,000	0.77

(V) Market value, net value, earnings, and dividends per share during the most recent two years

Unit: NTD/ Thousand Shares

Item/Year			2019	2020
Market price per share	Highest		9.50	45.80
	Lowest		5.56	4.20
	Average		7.15	17.86
Net value per share	Before distribution		8.51	10.67
	After distribution		8.51	10.67
Earnings per Share	Weighted average number of shares		333,784	384,491
	EPS (before adjustment)		-0.60	-0.74
	EPS (after adjustment)		-0.60	-0.74
Dividends per share	Cash dividends		—	—
	Stock dividends	Out of earnings	—	—
		Out of additional paid-in capital	—	—
	Accumulated, unpaid dividends		—	—
ROI analysis	Price earnings ratios		—	—
	P/D ratio		—	—
	Cash dividend yield		—	—

Note 1: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 2: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

Note 3: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

(VI) Dividend policy and Implementation

1. The dividend policy set forth in the Articles of Incorporation

The surplus income of the Company after the annual final accounts is distributed to the following accounts in their respective order:

(1) Completion of tax payments in accordance with the law.

(2) Make up for past losses.

(3) Allocate 10% as legal reserve.

(4) Special reserve is allocated or reversed in accordance with the law or regulations of the authority when necessary.

(5) If there is a surplus, it is added to the accumulated undistributed surplus of the previous year to become the surplus available for distribution. The board proposes a surplus distribution to the shareholders meeting for resolution.

In consideration of maximizing shareholder value, the Company's dividend policy shall appropriately distribute dividends in accordance with the Company's future capital expenditure budget and capital needs. The dividends to shareholders are not lowered than 20% of the distributable earnings of the Year. Dividends can be distributed in cash or stocks. The cash dividend shall not be less than 10% of the total shareholders' dividends. However, if there is a major capital expenditure plan in the future, all dividends may be distributed in the form of stocks upon the approval by the shareholders meeting.

2. Dividend distribution proposed to the AGM

On February 25, 2021, the Board resolved that the losses to be made up at the beginning of the term is NTD 395,690,760; the net loss after tax for 2020 is NTD 285,849,879, and the losses to be made up at the end of the term is NTD 681,540,639. Therefore, no dividend will be distributed.

3. If a material change in dividend policy is expected, provide an explanation: Nil

(VII) The effects of stock grants proposed at this shareholders' meeting on business performance and EPS: Not applicable.

(VIII) Employee and directors' remuneration

1. The percentages or ranges with respect to employee, director, and supervisor remuneration, as set forth in the company's articles of incorporation.

If the Company is profitable in the fiscal year, it shall allocate no less than 5% of the profit as employee remuneration in the form of stocks or cash as resolved by the board. Employees of controlled or affiliated companies are also entitled to receive remuneration, provided that they meet the criteria specified by the Company. The Company may contribute maximum 5% from the abovementioned profit as the directors and supervisors’ remunerations Employee’s, director’s, and supervisor’s remuneration proposals are to be raised for resolution during the shareholders’ meetings. Profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employee/director/supervisor remuneration in the above percentages.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee compensation, and the accounting

treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

(1)The basis for estimating the amount of employee, director, and supervisor remuneration: the Company estimates the employee, director, and supervisor compensation by deducting the accumulated losses from the profit before tax and distribution of employee, director, and supervisor remuneration; for Year 2019, as there was loss, so no employee, director, and supervisor remuneration was estimated.

(2)The basis for calculating the number of shares to be distributed as employee remuneration: shall there be shares distributed as the employee remuneration, the shares to be distributed will be based on the closing price of the day before the date of the Board's resolution

(3)The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: shall there be material change to the distribution amount resolved by the Board before the date of approval and announcement of the given year's financial statements, such change will adjust the original appropriated amount. Shall there be changes after he date of approval and announcement of the given year's financial statements, such change will be treated as the changes of accounting estimates, and the adjustment will be reflected in the account of next year.

3. Information on any approval by the board of directors of distribution of compensation:

Resolved by the Board on February 25, 2021

(1) Remuneration to employees and directors allocated in cash or in the form of stock bonus: Shall there be discrepancy from the recognized expense and annual estimated amounts, the discrepancy, reasons, and status of handling shall be disclosed: the proposed amounts to be distributed as employee, director, and supervisor remuneration for 2020 are employee remuneration in cash: NTD 0, and director and supervisor remuneration in cash: NTD 0. The 2020 recognized expenses and the amount of intended distribution are identical.

(2) The amount of employee remuneration distributed in shares, and the percentage in the net profit after tax in the parent-only or individual financial statements, and in the total employees remuneration: 0 (the employee remuneration distributed in shares for the year is NTD 0)

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: Nil

(IX) Status of a company repurchasing its own shares: Nil.

II. Issuance of Corporate Bonds: Nil.

III. Issuance of Preference Shares: Nil.

IV. Global Depositary Receipts: Nil.

V. Employee Share Option Certification: Nil.

VI. New Restricted Employee Shares: Nil.

VII: New shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: Nil.

VIII. Implementation of the Capital Allocation Plans

Up to now, the Company has not conduct any new share issuance in connection to merger or acquisition or with acquisition of other companies' shares, or private placement. For the previous programs related to fund raising or negotiable securities placement, these programs whose actual completion dates are within three years from the filing, include the capital increase in cash in 2017 and 2020. The related content and implementation are described as following:

(I) Capital increase in cash program in 2017

1. Program description and expected effect

(1) Approval by the competent authorities and Letter No.: approved by Financial Supervisory Commission on August 25, 2017, with Letter Jin-Guan-Zheng-Fa-Zi No. 1060029897.

(2) Total fund needed for the program: NTD 1,109,987 thousand.

(3) Source of fund: ①50,000 thousands new common shares were issued for the domestic capital increase in cash. The face value per share was NTD 10, and the issuance price was NTD 10.5 per share. The total fund raised was NTD 525,000 thousand.
②The remaining NTD 584,987 thousand would paid through self-owned fund, bank loans, or other means.

(4) Projects and progress of fund application

Unit: In NT$1,000

Project	Expected date of completion	Total fund needed	Plan of the expected application				
			2017		2018		
			Q3	Q4	Q1	Q2	Q3
Plant construction	2018.8.31	789,987	155,496	227,648	312,744	32,200	61,899
Purchasing machines and equipment	2018.9.30	320,000	96,000	48,000	144,000	-	32,000
Total		1,109,987	251,496	275,648	456,744	32,200	93,899

Note: For constructing a plant, the Company bought a piece of land in Pingdong for total NTD 645,394 thousand, paid with the self-owned fund and bank loans. For the funds for plant construction and purchasing machine equipment to expand capacity, part of the payment was planned to be made with the cash raised in the capital increase. Nonetheless, before such raised fund being realized, the bank loans would be applied, and these loans will be repaid from the increased capital. For the remaining NTD 584,987 thousand, the payment will be made with self-owned fund, bank loans and other means.

To expand the capacity of the Pingdong Plant, funds are needed for plant construction and purchasing machine equipment. A part of the payment was planned to be made with the cash raised in the capital increase. This fundraising would be reported to FSC in August 2017. Once the funds are raised in 2017 Q3, as planned, would be paid for the plant construction and purchasing machine equipment. The purpose of funds and the expected progress shall be reasonable.

(5) Expected locations of plant construction and new equipment installation

The plant and equipment installation are expected to be located at Land No. 21-5, 21-6, 22-7 and 22-8 of Daqing Section, Pingdong City, owned by the Company.

(6)Expected potential effects generated

The total amount expected to be applied is NTD 1,109,987 thousand, mostly for plant construction and purchasing machine equipment. Including the land purchasing expense of NTD 645,394 thousand, the total amount of the plan is NTD 1,755,381 thousand. The expected

potential effects are the following:
To meet the market demands and requirements of long-term operational development, it is intended to construct a module factory in Pingdong with two additional module production lines. The expected capacity expansion is 500mW. The expected fund input is NTD 1,755,381 thousand. The additional production volume, sales volume, operating revenue, operating gross income, and operating income are stated as following. The investment is expected to be recovered in 5.13 years.

Unit: kW; NTD thousand

Year	Item	Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2018	Solar Module	212,620	212,620	2,831,939	268,824	149,683
2019		360,000	360,000	4,578,210	455,354	309,956
2020		400,000	400,000	4,846,100	453,274	300,619
2021		425,000	425,000	4,893,131	409,878	250,669
2022		450,000	450,000	4,910,063	367,073	201,024
2023		450,000	450,000	4,706,888	342,927	172,796

Note: The plant is expected to be amortized for 40 years. The useful life of the purchased equipment is estimated as 6 years, and for other electric-machinery construction is 15 years. The straight-line method is applied for the amortization. The investment is expected to be recovered in 5.13 years.

As the conclusion, this plant construction plan will added the annual operating net profits for 2018 to 2023 as NTD 149,683 thousand, NTD 309,956 thousand, NTD 300,619 thousand, NTD 250,669 thousand, NTD 201,024 thousand, NTD 172,796 thousand, respectively. Moreover, the usable total floor space for the planned Pingdong Plant is about 10,166 pings (33,606.7628 m^2). Based on the local rent of NTD 400/ping, the conservative estimate of saved annually rent is NTD 48,797 thousands (10,166 pings x NTD 400 x 12 months).

(7) Changed content, reason of change and effects before and after change: Not applicable.

(8) Date when input was made to the information filing website assigned by the Securities and Futures Bureau: August 25, 2017.

2. Implementation

Unit: In NT$1,000

Project	Status of implementation		2020 Q4	As of 2020 Q4	Progress advanced or laggard from the timeline and improvement plan.
Plant construction	Amount used	Expectation	0	789,987	Implementation completed in 2019 Q1, without material variance.
		Actual	0	790,208	
	Implementation progress (%)	Expectation	0	100.00	
		Actual	0	100.03	
Purchasing machines and equipment	Amount used	Expectation	0	320,000	The main reason is that although some automatic machines and stringers on onboard for some production of modules, but these do not meet the technical specifications promised by the supplier. The acceptance and payment will be made after the rectifications are done, and thus the
		Actual	0	278,913	
	Implementation progress (%)	Expectation	0	100.00	
		Actual	0	87.16	

					progress of fund application was laggard.
Total	Amount used	Expectation	0	1,109,987	The acceptance and payment will be made after the rectifications of machines are done, and thus the progress of fund application was laggard.
		Actual	0	1,069,121	
	Implementation progress (%)	Expectation	0	100.00	
		Actual	0	96.32	

3. Effect evaluation

For the actual effects and the achievement of the expected effects, the project of plant construction and purchasing equipment was expected to conduct the acceptance of the plant, and installations, trial, and payment from 2018 Q3; the mass production was expected from 2018 Q2. However the plant construction fell behind the schedule, and thus the module plant only started the trial and sales from June 2018. The market was also impacted by China's policies, and thus the actual effects are short from the expectation. From the view of 2019 Q1, the achievement rate of net operating profit was 181.63%. It is obvious that the sales were detracted by impacts from China's policies; however, as the major sales of our modules were domestic, and the market shifted away from the by-standing stance, the sales were improved gradually. With proper controls over costs and expenses, the net operating profit exceeded the expectation. In nutshell, the effects likely emerge in the future gradually.

Unit: kW; NTD thousand

Year		Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2018 as of Q4	Expectation	212,620	212,620	2,831,939	268,824	149,683
	Actual	119,443	111,875	1,430,298	135,250	70,001
	% of achievement	56.18%	52.62%	50.51%	50.31%	46.77%
2019	Expectation	360,000	360,000	4,578,210	455,354	309,956
2019 as of Q1	Expectation	90,000	90,000	1,144,553	113,839	77,489
	Actual	101,777	93,998	1,105,314	177,982	140,741
	% of achievement	113.09%	104.44%	96.57%	156.35%	181.63%

The Company revised the effects on May 27, 2019. The achievement of the revised effects are as the following table:

Unit: kW; NTD thousand

Year		Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2019 as of Q4	Expectation	400,407	406,271	4,676,139	534,100	225,375
	Actual	361,494	356,390	4,006,563	360,041	124,117
	% of achievement	90.28%	87.72%	85.68%	67.41%	55.07%
2020 as of Q4	Expectation	479,110	479,110	5,373,050	625,739	244,894
	Actual	448,196	453,287	4,524,861	636,342	387,533
	% of achievement	93.55%	94.61%	84.21%	101.69%	158.25%

The actual production volume, sales volume and value of solar modules in 2019, comparing to the estimates, were achieved well. However, the actual operating gross income and net operating profit achieved were lower than estimates. The main reason is that the capacity was reserved for the shipment in a large-scale tender in 2019 Q2, so the capacity utilization reduced. In Q4, the shipments to clients were delayed due to weather and poor conditions at the sites under construction; and the holiday bonuses were distributed in Q3 and Q4. However, up to Q4 of 2020, the sales volume and value, operating gross income and net operating profit achieved as much as 94.61%, 84.21%, 101.69%, and 158.25%, respectively due to stable demands from the domestic market. The effects appeared as planned.

(II) Capital increase in cash program in 2020

1. Program description and expected effect

(1) Approval by the competent authorities and Letter No.: approved by Financial Supervisory Commission on October 21, 2020, with Letter Jin-Guan-Zheng-Fa-Zi No. 1090359325.

(2) Total fund needed for the program: NTD 1,722,924 thousand.

(3) Source of fund: 66,780 thousands new common shares were issued for the domestic capital increase in cash. The issuance price was NTD 25.8 per share. The total fund raised was NTD 1,722,924 thousand.

(4) Projects and progress of fund application

Unit: In NT$1,000

Project	Expected date of completion	Total fund needed	Plan of the expected application					
			2020	2021				2022
			Q4	Q1	Q2	Q3	Q4	Q1
Purchasing machines and equipment (factory service included)	2022 Q1	526,290	370,878	83,976	18,807	—	—	52,629
Repayment of loans	2021 Q4	816,140	253,405	377,583	42,811	86,137	56,204	—
Supplement to the operating funds	2021 Q2	380,494	122,000	244,000	14,494	—	—	—
Total		1,722,924	746,283	705,559	76,112	86,137	56,204	52,629

Note: Purchasing of machines and equipment, and related factory service facilities were paid from the cash capital raised this time for NTD 526,290 thousand (including NTD 463,597 thousand for purchasing of machines and equipment, and NTD 62,693 thousand for related factory service facilities). Nonetheless, before such raised fund being realized, the bank loans would be applied, and these loans will be repaid from the increased capital.

(5)Expected potential effects generated

The installation was expected from 2020 Q4 and the trial production in 2021 Q1. As the newly added solar module production lines would add production volume, sales volume, operating revenue, operating gross income, and operating income, and the weight of solar cells in solar module costs is about 60%, it is estimated that the net operating profit for 2021 to 2024, after sharing, will be NTD 40,385 thousand, NTD 41,995 thousand, 35,843 thousand, and NTD 24,248 thousand. After adding the depreciation and amortization, the investment is expected to be recovered in 3.57 years.

Unit: kW; NTD thousand

Year	Item	Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2021	Solar Module	200,332	170,282	1,639,078	162,730	67,309

2022		216,000	183,600	1,733,184	176,538	69,992
2023		218,700	185,895	1,713,720	167,071	59,738
2024		221,400	188,190	1,693,240	149,394	40,414

Expected payback period

Unit: In NT$1,000

Year	Profit from operations	Amortization ratio	Net operation profit after amortization (A)	Depreciation expense (Note) (B)	Cash flow (A+B)	Accumulated cash flow	Payback period
2021	67,309	60.00%	40,385	110,340	150,725	150,725	1
2022	69,992	60.00%	41,995	110,340	152,335	303,060	1
2023	59,738	60.00%	35,843	110,340	146,183	449,242	1
2024	40,414	60.00%	24,248	110,340	134,588	583,830	0.57

Note: based on NTD 463,597 thousand for purchasing of machines and equipment, and NTD 62,693 thousand for related factory service facilities, and useful life of these machine and equipment is 4 years, with one year of residual, it is expected to recover the investment in 3.57 years.

Loan repayment: based on the amount of loans intended to be repaid, and the rate of loans, it is expected the interest expenditure saved from 2021 and 2022 are NTD 13,410 thousand and NTD 16,147 thousands, respectively.

Supplement to the operating funds: Based on the average interest rate of loans 2.38%, it is expected to save interest expenditure for NTD 9,056 thousand every year afterwards.

2. Implementation

Unit: In NT$1,000

Project	Status of implementation		2020 Q4	As of 2020 Q4	Progress advanced or laggard from the timeline and improvement plan.
Purchasing machines and equipment (factory service included)	Amount used	Expectation	370,878	370,878	The payment terms were re-negotiated with the suppliers, the proportion of pre-payment before shipment were adjusted, and the delivery of machines and equipment were delayed, so the progress was somewhat laggard.
		Actual	101,063	101,063	
	Implementation progress (%)	Expectation	70.47%	70.47%	
		Actual	19.20%	19.20%	
Repayment of loans	Amount used	Expectation	253,405	253,405	Main reason is that the repayment schedule was adjusted due the capital deployment.
		Actual	178,291	178,291	
	Implementation progress (%)	Expectation	31.05%	31.05%	
		Actual	21.85%	21.85%	
Supplement to the operating funds	Amount used	Expectation	122,000	122,000	Auxiliary materials and chips were procured early as brisk order and possible shortage of some raw materials, thus the expenditure was more than expected.
		Actual	205,808	205,808	
	Implementation progress (%)	Expectation	32.06%	32.06%	
		Actual	54.09%	54.09%	
Total	Amount used	Expectation	746,283	746,283	The main reason of laggard progress for fund application are that the payment to the
		Actual	485,162	485,162	

	Implementation progress (%)	Expectation	43.31%	43.31%	machine and equipment delayed, and the Company adjusted the repayment schedule based on fund demands, but the Company will proceed as planned.
		Actual	28.16%	28.16%	

In the Company' capital increase through issuance of new shares in 2020, this project requires total NTD 1,722,924 thousand, and would be applied from 2020 Q4

The Company' capital increase through issuance of new shares in 2020 had been fully completed on February 2, 2020, with the raised amount NTD 1,722,924 thousand. As of December 31, 2020, the funds used by the Company for purchasing machines and equipment, repayment to bank loans, and supplement to working capital were NTD 101,063 thousand, NTD 178,291 thousand, and NTD 205,808 thousand respectively, which were laggard than the expected progress. The main reasons are that the payment to the machine and equipment delayed, and the Company adjusted the repayment schedule based on fund demands. No material abnormality was found by random audit of the certificates for fund used.

3. Effect evaluation

(I) Purchasing machines and equipment

The machines and equipment are not yet installed, and the effects are expected from 2021, which is not materially different form the expected effects.

(II) Loan Repayment

Comparing the interest rate of the actual repaid loans, and the expected interest rate, there was no material discrepancy. Thus from the view of saved interest after the fund raising, there is no great discrepancy from the expected effects and actual achievement.

(III) Supplement to the operating funds

Comparing to the current average interest rate of loans, it is not much different from 2.38%. Thus from the view of saved interest after the fund raising, there is no great discrepancy from the expected effects and actual achievement.

Purpose of unused fund

As of December 31, 2020, the unused fund of NTD 1,237,762 thousand is deposited at the Company's bank account.

If any change of plan involved.

Pursuant to the "Notes Regarding Changes of Plans for Capital Increase in Cash or Issuance of Corporate Bonds by Public Company" by Letter (87) Tai-Cai-Zheng (I)-Zi No. 03693 from the Securities and Futures Institute, the "changes of plans" refers to the following circumstances that result the total amount required for each project to increase or decrease for 20% or more of the original total amount of raised fund:

(I) Changes to the fund application, and project items listed in the expected potential effects (including the detail changes included in the project items, where the details before and after changes are not deemed the changes of project items if they are identical and similar)

(II) Funds required by individual project item are adjusted.

As of December 31, 2020, the funds used by the Company for purchasing machines and equipment, repayment to bank loans, and supplement to working capital were NTD 101,063 thousand, NTD 178,291 thousand, and NTD 205,808 thousand respectively, which were laggard than the expected progress. The progress of total fund using is 28.16%. The main reason is that the payment to the machine and equipment delayed, and the Company adjusted the repayment schedule based on fund demands. Nonetheless the Company will continue the execution as planned and thus no change is involved.

(III) Capital increase in cash program in 2019

1. Program description and expected effect

(1) Approval by the competent authorities and Letter No.: approved by Financial Supervisory Commission on July 31, 2019, with Letter Jin-Guan-Zheng-Fa-Zi No. 1080322626.

(2) Total fund needed for the program: NTD 455,000 thousand.

(3) Source of fund: 65,000 thousands new common shares were issued for the domestic capital increase in cash. The issuance price was NTD 7 per share. The total fund raised was NTD 455,000 thousand.

(4) Projects and progress of fund application

Unit: In NT$1,000

Project	Expected date of completion	Total fund needed	Plan of the expected application		
			2019		2020
			Q3	Q4	Q1
Repayment to bank loans	2020 Q1	455,000	49,127	327,090	78,783
Total		455,000	49,127	327,090	78,783

2. Implementation

Unit: In NT$1,000

Project	Status of implementation		2020 Q1	As of 2020 Q1	Progress advanced or laggard from the timeline and improvement plan.
Repayment to bank loans	Amount used	Expectation	78,783	455,000	Completed as planned
		Actual	78,742	455,000	
	Implementation progress	Expectation	17.31%	100.00%	
		Actual	17.31%	100.00%	

The Company' capital increase through issuance of new shares in 2019 has been completed in September 2019. It is expected to repay bank loans based on the expiry date of loan agreements in 2019 Q3, Q4, and 2020 Q1, respectively. The Company has repaid loan in 2020 Q1 for NTD 455,000 thousands. No material abnormality was found by random audit of the certificates for fund used.

3. Evaluation of difference between the expected and actual effects

Once the Company' capital increase through issuance of new shares completes, based on the interest rate of loans intended to be repaid, it is expected the interest expenditure saved in 2019 and 2020 are NTD 2,953 thousand and NTD 17,141 thousands, respectively. Other than mitigating the financial burden, the solvency and financial structure are improved as well, and thus the long-term competitiveness is enhanced.

The Company' capital increase through issuance of new shares raised NTD 455,000 thousand, which was fully used to repay bank loans. Comparing the interest rate of the actual repaid loans, and the expected interest rate, there was no material discrepancy. Thus from the view of saved interest after the fund raising, there is no great discrepancy from the expected effects and actual achievement.

4. Purpose of unused funds

The Company' capital increase through issuance of new shares in 2019 has completed as of March 31, 2020.

5. If any change of plan involved

The Company' capital increase through issuance of new shares in 2019 has completed as of March 31, 2020. Thus there was no change of plan involved.

Five. Operation Overview

I. Business

(I) Scopes

1. Major Businesses of the Company

The major business of the Company is the transaction and manufacturing of solar cells and modules. The Company's business scopes registered are as the following:

I501010	Product designing
IG03010	Energy technical services
F106030	Wholesale of molds
F113110	Wholesale of batteries
F119010	Electronic materials wholesale
F113010	Wholesale of machinery
F113020	Wholesale of household appliance
F113030	Wholesale of precision instruments
F113990	Wholesale of other machinery and tools
F118010	Wholesale of computer software
CC01080	Electronic parts and components manufacturing.
CC01090	Manufacture of batteries and accumulators
CC01990	Electrical machinery, supplies manufacturing
CQ01010	Die manufacturing
D401010	Thermal energy supply
D101060	Self-usage power generation equipment utilizing renewable energy industry
E601010	Electric appliance construction

2. Weights of Major Businesses of the Company (2020)

Unit: In NT$1,000

Year / Item	2020	
	Amount	Percentage (%)
Solar Module	4,566,646	98.76
Power station sales	40,777	0.88
Incomes from the wholesale power fee	16,406	0.36
Total	4,623,829	100.00

3. The major products (services) currently sold by the Company

The two major products of the Company are high-performance solar PERC cells and high-performance solar modules.

(A) High-performance solar PERC cells

V-Cell serial products

Passivated Emitter and Rear Cell (PERC), one of the core technologies of TSEC is applied. Currently the major application is for the mono- and polycrystalline production. The actual power generation conversion efficiency may greatly be improved to exceed the threshold of 22.5% for the monocrystalline cells. This technology is a product technology of leading global cell manufacturers for commercialization and mas production currently. V-Cell products have been recognized with "Golden Energy Award" from the Bureau of Energy, Ministry of Economic Affairs for many consecutive years. The Company's product was the first product passed the PID test, the strictest test provided by UL in the U.S and IRTI in Taiwan. We expect to provide the products with higher performance and quality to the clients.

(B) High-performance solar modules

From January 2014, TSEC expanded to the production and sales of solar modules. Facing the increasing competitive industry environment, TSEC expanded to the module business at the downstream. The capacity of its Pingdong module plant has been the domestic leader. The module products have been recognized with "Golden Energy Award" from the Bureau of Energy for many consecutive years. We expect to provide the products with more holistic and higher quality to the clients. To accommodate the requirements at different geographic environment, TSEC introduces the differentiation of module product, to increase the effects of modules while lowering the production costs. By working with the international giant, DuPond, the durable model Telbar is jointly developed, suitable for the island weather with high-temperature, high humidity, and high salt hazard.

4. New products (services) planned to be developed

(A) High-performance solar modules products

To cope with the growing domestic market, TSEC has established the largest solar module plant of Taiwan in Pingdong on April 30, 2018, with annual capacity of 500~600 MW. TSEC has officially become the world-class solar module manufacturer. Facing the growing competitive industrial environment, TSEC gradually introduces the half-cut and bifacial high-performance solar modules, which are expected have 15% or more power generation performance.

(B) Heterojunction (HJT) solar cell serial products

As the traditional P-type silicone wafer products face technical bottleneck, the development of next generation N-type silicone wafer used new materials is essential. Currently, mass products are offered overseas, but there is no mass product nor technology in Taiwan. The Company, with the principle of developing forward-looking technologies, started the early research for feasibility and possibility of mass products for this product. In the future, we will invest new equipment for mass production.

(C) Interdigitated back contact (IBC) products

Same as HJT Cell, this is a forward looking manufacturing process technology for the next generation silicone crystalline solar cells. They share the same material, N-type silicone wafers, but IBC's manufacturing process is relatively complicated. The Company, with the principle of developing forward-looking technologies, started the early research for feasibility and possibility of mass products for this product. In the future, we will invest new equipment for mass production.

(II) Industry Overview

Review of the International Solar Photoelectronic Market in 2020

While the effects of pandemic disturbed the world in the first half of 2020, but the photoelectric market in Taiwan welcomed the dawn. In 2020 Q1, the global photoelectric market struggled in economic downturn, and the growth momentum that supposedly continued from 2019 cooled down. In the first half year, the total installation volume in the global photoelectric market was relatively low. In the later half of year, however, as the restrictions lifted by various countries, the total installation volume in the global photoelectric market recovered rapidly. The total installation volume for the whole year is expected grow 6.9% from the previous year. It demonstrate the solid determination to solve global warming by each country. Amid the global uncertainty, the Taiwanese photoelectric market grew rather than decline, and thus became the highlight in the international market. Key event in the 2020 industry include the followings:

(1) Although the upstream raw material prices in the optoelectronic industry were volatile, but still within an acceptable range:

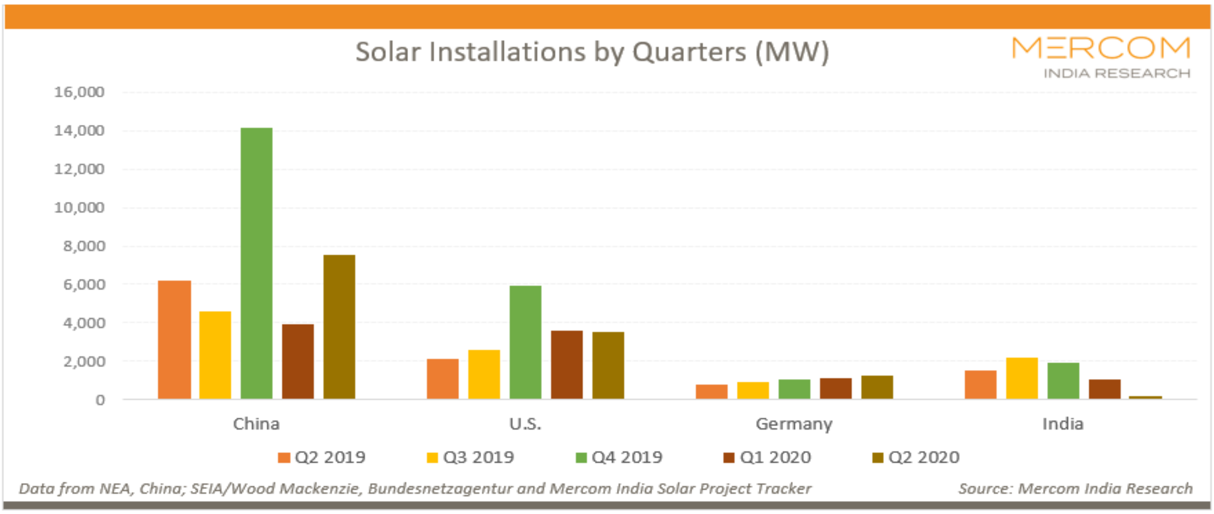
The major trend of the global solar photoelectric market was polycrystalline cells before 2018, but due to the higher conversion efficiency of monocrystalline cells, as well as that the passivated emitter cell (PERC) technology has a higher effect on the conversion efficiency of monocrystalline cells, the difference in efficiency between mono- and polycrystalline cells has widened from 1% to more than 2%. This made the Chinese vendors, Longi Green Energy Technology and Zhonghuan, who bet on monocrystalline wafers, become oligopolistic manufacturers of wafers, accounting for about 60 to 70% of the total global supply. The prices of monocrystalline wafers are controlled by these two major chip manufacturers. After experiencing Section 201 or so-called “safeguard” actions (increasing import tax by 30%) imposed by the U.S, and the financial pressure of various provinces in China, the prices of monocrystalline wafers were reduced from 82 cents to a 28 cents at the lowest. However, in July 2020, the polysilicon raw material supplier GCL encountered an explosion. While only 10% of global polysilicon output was affected, this incident has caused oligopolistic manufacturers to raise the price of chips to the current level, 40 cents per piece. On the hand, most of the international solar photoelectric fields still rely on the government's green energy policy as a driver, and the price growth of chips is therefore constrained and controlled. The market forecasts that after the rush of installation at the end of 2020, various materials should gradually cool down in the short term, and the prices of materials, such as chips, glasses or EVA will gradually decrease. However, because the prices of raw materials at various stages of the industry have been compressed for many years to nearly costs, the price drop is expected to be limited

(2) The impact of COVID-19 on the international photoelectric market:

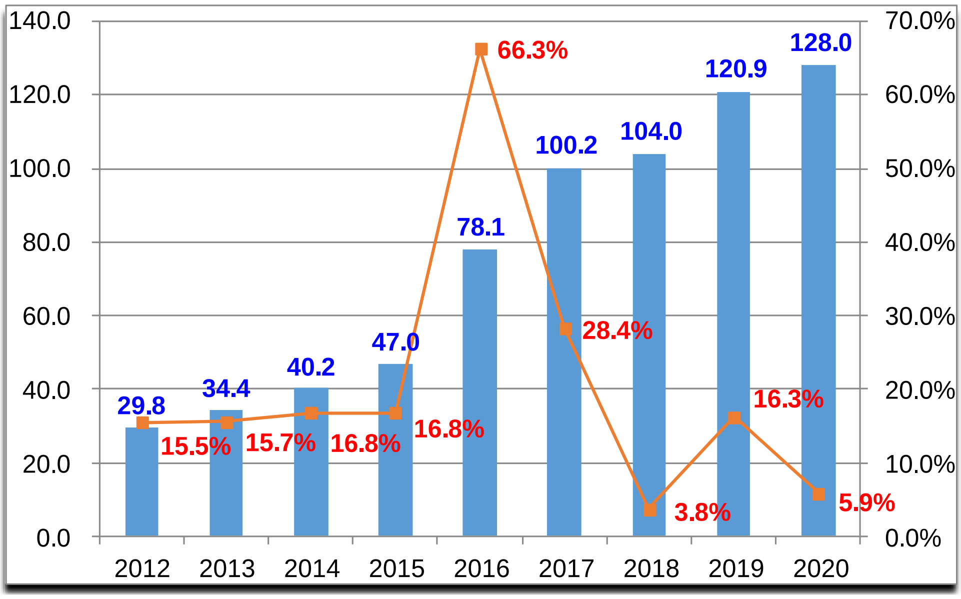
Over the past few years, there has been an oversupply of solar photoelectric manufacturing. Under the improper funding from the Chinese government, photoelectric manufacturing plants in various provinces have competed viciously, which not only undermined the international market mechanism, but also made China’s photoelectric manufacturing experience a cut-throat process, while on the other hand, the global installation volume has been pushing up the record highs. The most representative example is that in 2020, while COVID-19 overshadowing the world, and many countries having closed their cities several times in the first half of the year, the forecast for this year grew from last year.

After Chinese New Year in February 2020, the COVID-19 pandemic spread rapidly, and the main countries and regions for installation have successively fallen. Take China as an instance, the country ranks first in the world in terms of installation volume, the installation volume in 2020 Q1 was relatively low. The main cause was that the pandemic forced some provinces and regions to be blocked, and the restrictions were only lifted until the end of Q2. The overall performance in the first half of the year was not as expected. Starting in Q3, the global solar photoelectric installations have stabilized after unblocking in countries took place successively. In addition, the U. S. and European countries have obtained funding and bank financing permits for large-scale field case. It is estimated that the global installations would outperformed last year.

According to the research institution PV InfoLink, and the Company's Marketing Department, the global new installations in 2020 as a whole will be 126.2GW, about 6.9% increase from 118GW in 2019.



Global Solar Power System Installation Volume (GW) and Annual Growth (%)



Source: Marketing of TSEC, PV Magazine, and PV Infolink

(3) Continuous upgrades of cell/module wattage:

Solar modules are like 3C products, pursuing the improvement of the wattage efficiency. Driven by the grid parity, the global photoelectric end markets have highly expected the annual improving cell efficiency and module wattage. The increase in wattage mainly comes from three directions:

- Increase of the cell's efficiency: the mainstream efficiency of solar cells in the world was increased to 22.3% in 2020 from 21.3% in 2019. Except for the enhancement of cell production lines, the external assistance, such as the breakthrough of screen-printing technology of gel materials expanded the light-receiving area on cells, and the induction and thinning capability of gel materials also contributed.
- Increase of module efficiency: module plants have innovate and breakthrough the technologies in terms of materials used in modules to increase wattage. Among these, the bifacial power generation modules, transparent back plate, and high transparent glasses are included. These factors contribute 10-15 watts per piece of module.
- Increase in the size of the source chip: increasing the light-receiving area to improve efficiency has always been the most direct way to increase the wattage of a module. Therefore, the leading upstream chip manufacturers Lungkee and Zhonghuan took the lead in enlarging the original chip size from M2 (side length of 156.75mm) to G1 (side length of 158.75mm). Although the enlargement is significantly, only about 2.6%, it has laid the foundation for the future development of wafers in larger sizes.

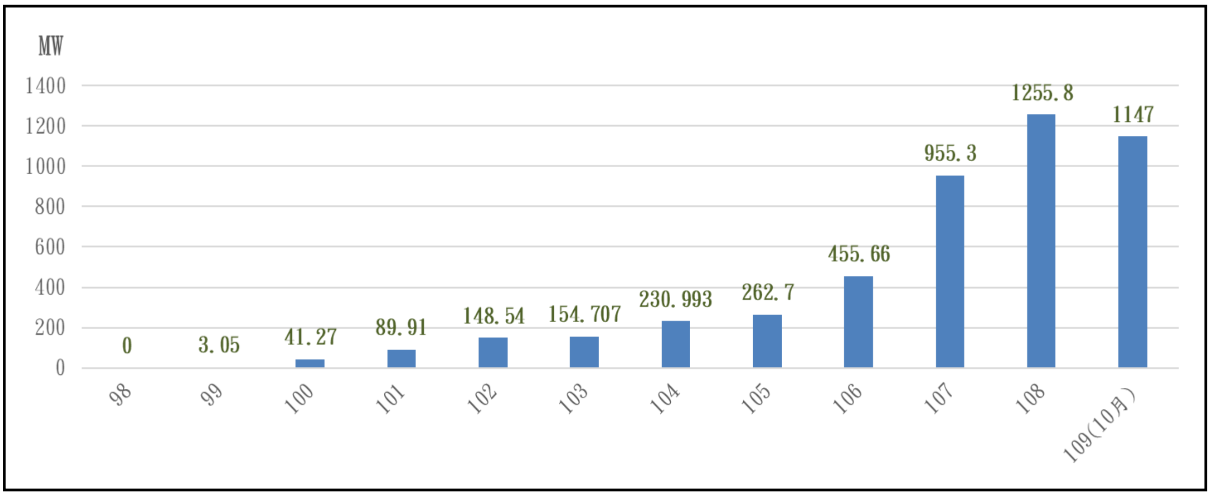
(4) Headwinds and tailwinds for the total volume of fields in Taiwan

As of the end of October 2020, 4.74 GW solar energy capacity has been installed in Taiwan. According to the Bureau of Energy, the roof-top solar energy capacity in Taiwan achieves 3.88GW

Type of Building	Installation Volume (unit: GW)
Rooftop of industrial entities	1.36

Rooftop of public buildings	0.70
Rooftop of agriculture facilities	1.18
Other rooftops privately owned	0.64
Total	3.88

The government seeks to set up a 20GW capacity by 2025. The plan includes a 14GW land type and 6GW rooftop type. However, the government is still exploring the measures and directions for promoting land-type field, including land changes, the Coastal Zone Management Act are still being discussed. The installation of solar facilities in Taiwan 2020 may not be as expected. According to the table below, the cumulative installation volume in Taiwan will reach 4.74GW by October 2020, and it seems impossible to achieve the goal of completing 6.5GW.



Source: Taipower

Outlook of Photoelectric Market in 2021

The market consensus is that without the disturbance of COVID-19 in 2020, the global photoelectric market should have exceeded 140MW; this growth will be reflected in 2021. The following are the major momentum and directions in 2021:

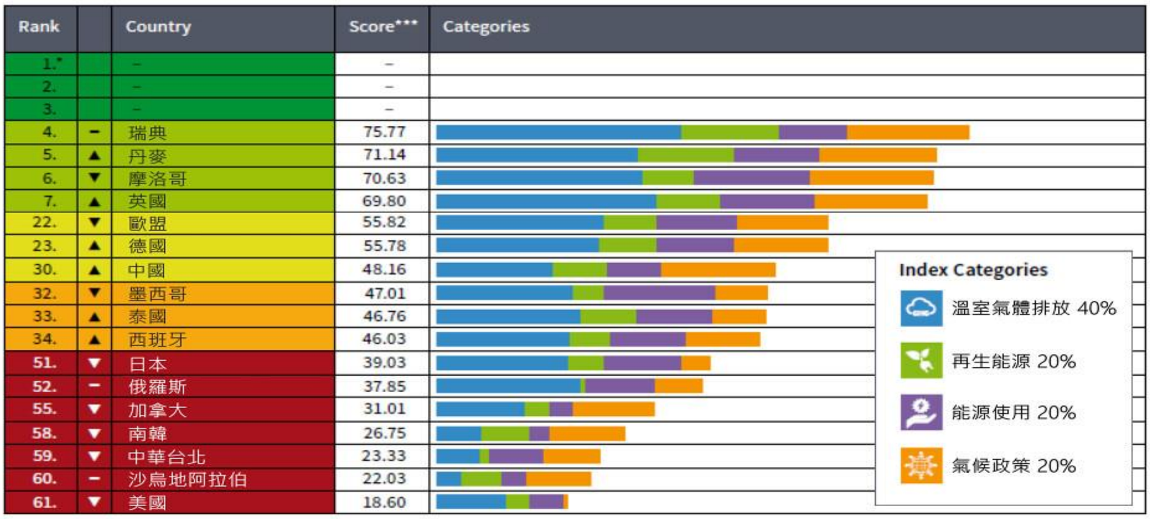
1. The chip market remains oligopolistic, promoting a new generation of larger-sized solar cells

The monocrystalline wafer industry chain is an oligopolistic market. The two major players are competing against each other. Although there is a monopoly, with the green energy subsidies in various countries and traditional electricity costs, the two major wafer makers understand that expensive wafer prices is negative to the global solar photoelectric. Therefore, maintaining stable prices and launching larger-sized chips to reduce production costs are the long-term solutions.

It is a norm that he end markets expect increased wattage of modules year by year. The most direct way to increase the wattage of modules is to enlarge the cell size in addition to the conversion efficiency of the cells. The larger the cell, the larger the light-receiving area, and the more the wattage will be. Therefore, major manufacturers have successively launched three chip specifications, including M6, M10 and M12, in the second half of 2020, which are much larger than the existing M2 or G1 chips.

2. Overview of the future development of the global optoelectronic market

The "Climate Change Performance Index for 2020" (CCPI 2020) was released in December at the United Nations Climate Conference (COP25) in Madrid, Spain. It was shown that the global coal consumption declined, and renewable energies grew, defying the trend. The carbon reduction guidelines of each country is still based on renewable energy, and the growth momentum of solar phtoelectric will remain unchanged in the future. The following is the CCPI ranking, showing that a total of 31 countries declined in carbon ranking. Taiwan's ranking is the third from the bottom, showing that Taiwan still needs to accelerate the development of renewable energy and reduce excessive reliance on fuel power generation.



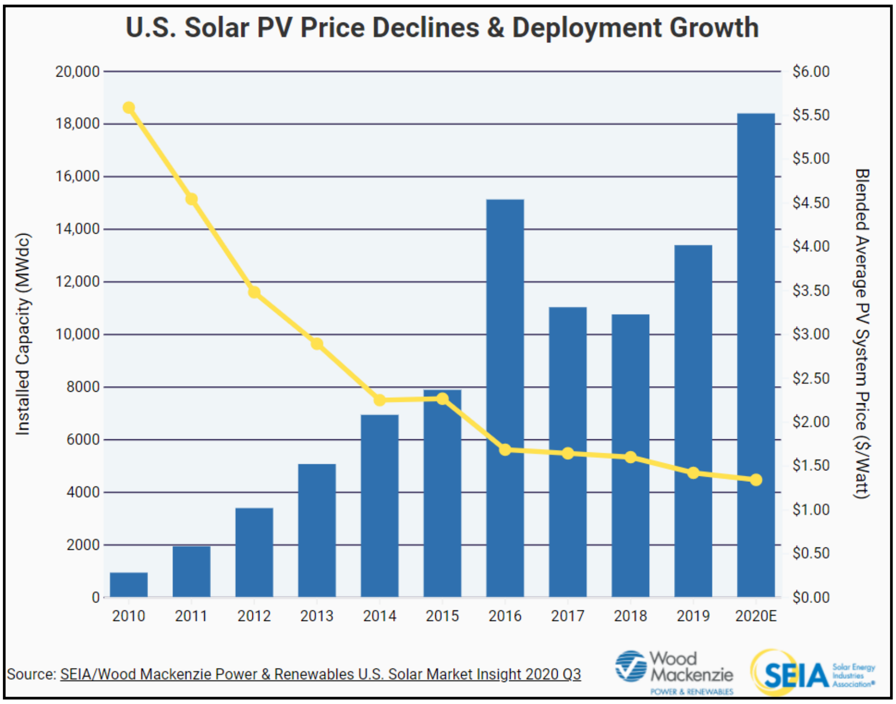
資料來源：Germanwatch 整理：環境資訊中心

According to PV InfoLink forecasts, global module demand will exceed 140~160GW by the end of 2020, but the current module production capacity has exceeded 272GW, and it is expected that by the end of 2021, The 7 major module giants, including Lungkee, Trina Solar, JA Solar, Jinko Solar, Sunrise Solar, Canadian Solar, and Hanwha, will have production capacity exceeding 207GW. However, as the successive launch of large-scale chips in 2021, and the production capacity of each major module manufacturers will be updated successively, the actual production capacity should be much lower than the aforementioned. After all, large-scale modules require newer module production lines. Moreover, the prices of various stages at the industry chain have mostly bottomed out, so a significant drop in global module prices is not likely.

The future development goals of key regions and countries are as follows:

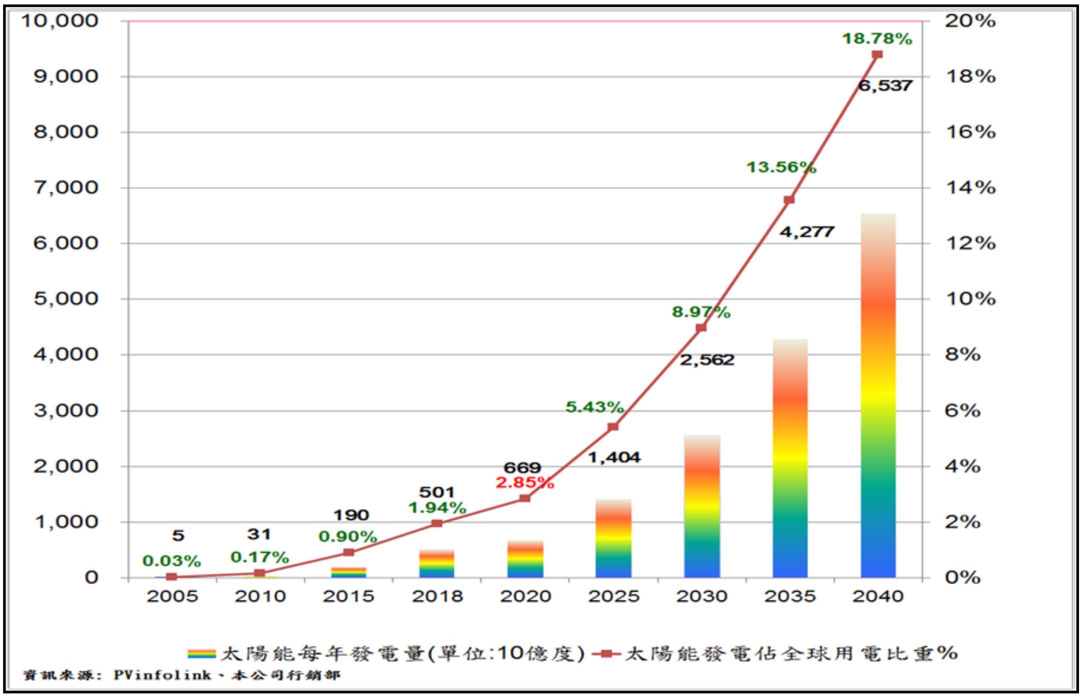
- According to the research and analysis of PV Infolink and AECEA, the volume of photoelectric installations in China will be nearly 40 GW in 2020 and will increase to 48 GW in 2021. The main reason is that the Chinese President Xi Jinping requests to achieve a certain carbon neutral effect before 2060, with applications of relative renewable energy target. The annual installation volume in the future will have the opportunity to stay at the high-end level above 50GW.
- The U.S. will reduce the ITC-Incentive Tax Credit for the installation of solar energy year by year, from 30% to 26% in 2020. However, as the cost of solar installations has been decreasing year by year, SEIA's research also estimates that even without ITC subsidies in the future, under the

promotion of state-owned subsidy programs, the grid parity, and renewable energy laws and regulations, the volume of solar photoelectric installations will be stronger than ever.



- The European Commission has proposed a plan to reduce EU greenhouse gas emissions by at least 55% from 1990 by 2030. Executive Vice-President Frans Timmermans and Commissioner Kadri Simson announced that legislative proposals will be furnished by June 2021 to implement new goals, including amending and expanding the EU emissions trading system, as well as strengthening energy efficiency and renewable energy policies. A key milestone is to confirm that the European Commission will increase the 2030 renewable energy target from the current 32% to 38-40%. To this end, a proposal will be submitted before June 2021, the investment of large amounts of money in the development of solar energy, wind power, etc. renewable energy will be accelerated.
- India has set a goal of completing 175GW of total solar power grid connection by 2022. It has not changed, but its government needs to promote the development of energy storage system to ensure the country's ideal of stable power supply from renewable energy. It is currently hindering India's renewable energy. Development problems still stem from the lack of financial institutions to provide necessary financial assistance for renewable energy, and the Indian government imposes high protection tariffs on solar modules and materials imported from overseas, resulting in a relatively uncertain annual estimated installation volume in India. But the direction of sustainable development of renewable energy has not changed.
- Japanese Prime Minister Suga Yoshihide is committed to promoting Japan to achieve carbon neutrality by 2050. The government expects to increase the share of renewable energy power generation to between 22% and 24% by 2030, and solar and wind energy play an essential role

It is a global consensus to use solar photoelectric to reduce fuel power generation. However, the photoelectric market, which has been developed for decades, only accounts for 2.85% of the total



global power generation in 2020, indicating that the industry is still at the startup stage.

Outlook of the Taiwan market

Many countries around the world have stipulated through the Paris Agreement that 2050 is the year of net zero carbon emissions to fight against unusual changes in the climate. As one of the member states, Taiwan must defend the line that the temperature rise should not exceed 1.5℃. In order to keep this promise of long-term carbon emissions reduction, our government is committed to the adjustment of national renewable energy rate, green transformation of industries, zero-carbon buildings and carbon-negative technology (the above does not include the use of nuclear power to generate electricity).

With the issue of global warning heating up year by year, countries around the world will face an unprecedented carbon tax trade war. Especially for Taiwan, which is manufacturing- and export-oriented, this is a new type of trade war. Take the 100% Renewable Energy Initiative (RE100) as an example. Participating companies must publicly promise the timing for achieving 100% green electricity usage from 2020 to 2050, with annual plans. Currently, Taiwan has TSMC, Grape King Bio, O'right, TCI, and 3dL LAB have joined the RE100 initiative, among others. Internationally, there are 3M, Apple, Google, Facebook and other companies. Take Apple’s supply chain as an example. Although Taiwanese companies serving as suppliers of Apple product components have not actively participated in the RE100 initiative, they are still required to produce components in accordance with Apple’s clean energy plan and is indirectly required to use renewable energy for production activities. Faced with the pressures of international regulations on carbon emissions reduction and carbon tax trade, the development of 20GW renewable energy by 2025 is just a beginning. The government and all political parties in Taiwan will shoulder the responsibility and continue to commit themselves to the development and transformation of green energy.

Overview of Technologies and R&D

The blueprint of technical development set by TSEC is based on the development of advanced process technology. Therefore, there are many technical thresholds to be overcome. Meanwhile, the technical bottleneck must be continuously broken through to maintain a competitive advantage.

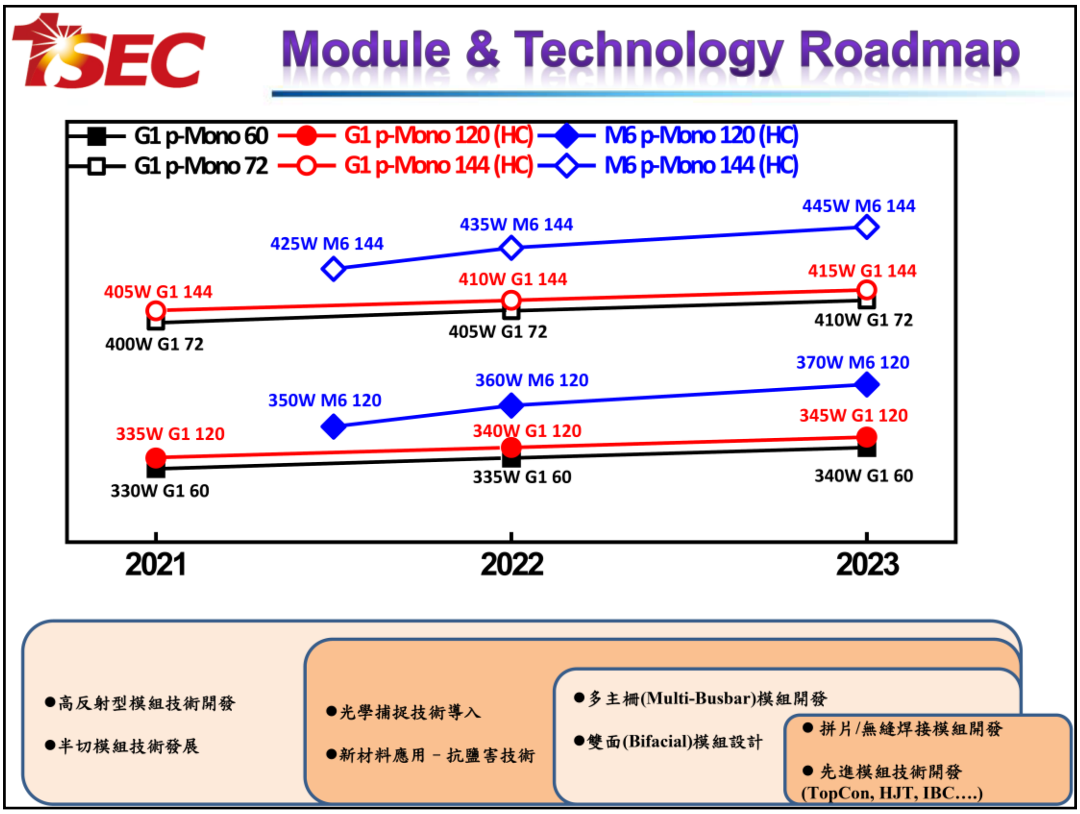
(A) Core technology innovation: All core technologies have been successfully developed and introduced into mass production to expand the leading edge with competitors.

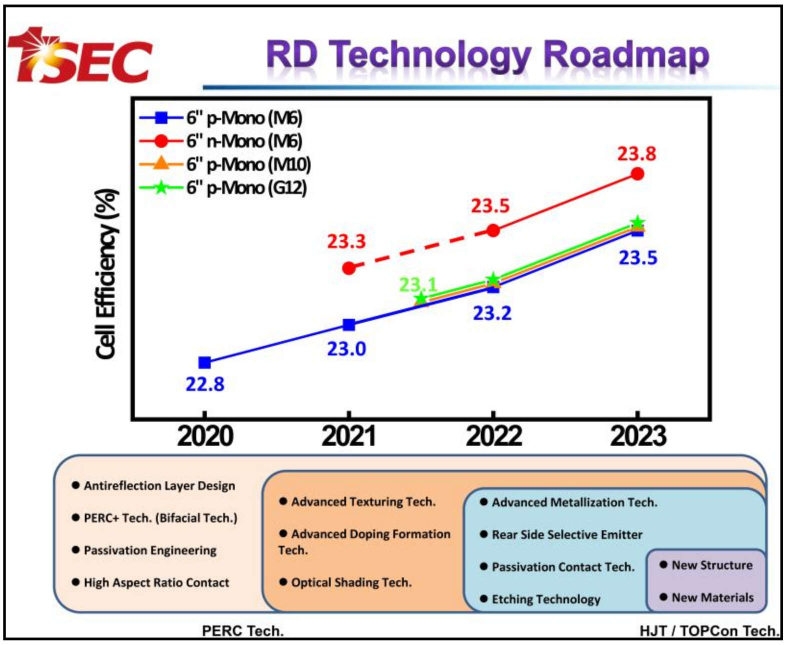
(B) Forward-looking technology development: develop the next generation of innovative forward-looking technologies in advance, and simultaneously carry out industry-academic collaborative plans with the academic community, seeking to developing a new generation manufacturing process technology, while enhancing its own R&D capabilities and patents of advanced technologies.

(C) Improvement of existing technology: Adjust the improvement of existing manufacturing process technology from time to time based on the latest R&D results, including efficiency improvement, yield improvement, cost reduction, new electrode pattern design, etc., to ensure that the technologies lead.

(D) Key technology development: the development of the Company's unique equipment or manufacturing process technology. The outcomes include the "electric property testing and classification technology and equipment" jointly developed with domestic equipment vendors, which is a unique and pioneering advanced manufacturing process equipment in the domestic solar energy industry. It eliminates the concern that the key technologies are held by foreign equipment manufacturers, and also promotes the upgrading of domestic industrial technology.

The Company's R&D strategy is based on technological autonomy. By combining domestic and foreign research units or upstream equipment vendors, we jointly conduct R&D of high-efficiency, low-cost solar cells and modules, while assessing and planning development of forward-looking technologies with potentials. The following figure shows the Company's main technology description and monocrystalline silicon solar cell technology, module technology development and efficiency improvement blueprint plan:




RD Technology Roadmap
6" p-Mono (M6)
6" n-Mono (M6)
6" p-Mono (M10)
6" p-Mono (G12)
Cell Efficiency (%)
23.8
23.5
23.3
23.5
23.1
23.2
23.0
22.8
2020
2021
2022
2023
Antireflection Layer Design
PERC+ Tech. (Bifacial Tech.)
Passivation Engineering
High Aspect Ratio Contact
Advanced Texturing Tech.
Advanced Doping Formation Tech.
Optical Shading Tech.
Advanced Metallization Tech.
Rear Side Selective Emitter
Passivation Contact Tech.
Etching Technology
New Structure
New Materials
PERC Tech.
HJT / TOPCon Tech.

1. In the most recent fiscal years and up to the annual report publication date, research and development expenditures input

Unit: NTD thousand; %

Item \ Year	2020		Current year as of February 28, 2021
	Individual financial statement	Consolidated financial statement	Consolidated unaudited figures
Net Revenue (A)	4,702,866	4,623,829	723,059
R&D Expense (B)	47,685	47,685	5,978
Percentage of R&D Expense in the Net Revenue (A) (B/A)	1.01	1.03	0.83

2. In the most recent fiscal years and up to the annual report publication date, technologies and/or products successfully developed

TSEC Corporation was founded in 2010, and the solar cell mass production commenced in 2011. The module plant was established in Pingdong in 2017, and the solar modules were produced massively in 2018. The high-efficiency cells produced in the Hsinchu Plant have been integrated, to further develop the high quality and reliable module products for certain areas in Taiwan's domestic market, as an adoption of the government's green energy policy

The Company also successfully integrates the key equipment through the unique local electric property testing and classification equipment, and successfully introduced mass production. The production costs like to be reduced significantly. In April 2013, the Company passed the development of new leading product by the Industrial Development Bureau. The project title was "quasi-monocrystalline solar cell with high efficiency." With the great support from the government, the V-Cell quasi-monocrystalline solar cell with high efficiency, was successfully developed in December 2014. The outcome of this development project also included the V-Cell polycrystalline solar cell with high efficiency, so that the V-Cell product line has been more completed and satisfied demands from all clients. In January 2016, the Company has passed the "Industrial Energy Technology Project" of the Ministry of Economic Affairs, to receive great supports from the government again. At the end of December 2016, the 21.3 % V-Cell monocrystalline solar cell with high efficiency was fully developed, to provide the products with higher performance and quality to the clients.

The Company has been committed to the development and mass productions of crystalline silicon solar cells and modules. To meet the customers' demands, various crystalline silicon solar cell and module products are developed, including 6" mono- and polycrystalline-line 3BB, 4BB, and 5BB solar cells in E-Cell series, 5" monocrystalline solar cells and non-consecutive backside solar cells Currently, the V-Cell monocrystalline, polycrystalline, and quasi monocrystalline solar cells; half-cut solar cells, bifacial solar cell; and 6x10 and 6x12 full pane and half-cut monocrystalline modules, are developed to meet the actual demands at the downstream clients, and pursue the development of solar cells with high efficiency and low cost. The solar optoelectronic products (cells and modules) have been awarded outstanding solar optoelectronic products by the Bureau of Energy, Ministry of Economic Affairs, Ministry of Economic Affairs for 6 consecutive years. The Company also successfully integrates the key equipment through the unique local electric property testing and classification equipment, and successfully introduced mass production. The production costs like to be reduced significantly.

The Company emphasizes more on module technology and product development. In 2017, the Company became the first Company in the Taiwan to obtain the Taiwanese high-efficiency solar photoelectric module certificate under the Voluntary Product Certification by the Bureau of Standards, Metrology and Inspection (BSMI), MOEA. In the same year, the Company also became the first Company in Taiwan to pass the new European standard, IEC 61215:2016 and IEC61730:2016 certification. The Company's solar modules have passed the solar photoelectric module IEC 60529 (IPX8) test, validated by a third-party impartial institution. This test simulated the hazardous factor to solar modules installed in fish ponds, ponds and reservoirs with high humidity. The outcomes are sufficient to prove that the Company's solar module products are highly weather- resistant, and with highly reliable performance such as water and salt-hazard proof.

In 2018, the Company developed the Shield series modules. The series is not only certified to be safe and toxic-free, but also developed for the special environment with high-humidity, high-heat, strong wind, and high salinity, like the salt beaches and ponds in Taiwan. The Company is the first Company in Taiwan to conduct a water quality inspection after module immersion by engaging a third-party impartial inspection institution approved by the Environmental Protection Agency to sample and test. Various indicators including toxic substances and heavy metal hazardous substances are significantly lower than the standards of drinking water required by the Environmental Protection Agency. The aluminum frame developed by the Company has been verified by a third-party impartial laboratory to have ultra protection in salt beaches and high-salt coastal environments. This is also why the serial modules are named “Shield."

The Company developed the P-type monocrystalline silicon solar bifacial cell in 2019. It is expected to enhance the solar photoelectric conversion efficiency further if used in certain environment. The Company also started to introduce the refit of the G1 size cell, which will further improve the performance, and products with higher performance and quality may be provided to clients.

In 2020, the Company completed the outdoor testing installation and bifacial cell modules, while actively developing multi-bus bar (MBB) solar cell technology, which is expected to further improve the solar photoelectric conversion efficiency. The Company also began to evaluate the development of large-size cells, which will provide clients with more product options, and products with higher performance and quality may be provided to clients.

<table>
<tr><th>Year</th><th colspan="2">Development Result</th></tr>
<tr><td rowspan="5">2011</td><td>Integration of key equipment</td><td>Integration of electrical property testing and classification equipment</td></tr>
<tr><td rowspan="4">Σ-serial products</td><td>6” 2BB polycrystalline solar cells</td></tr>
<tr><td>6” 3BB polycrystalline solar cells</td></tr>
<tr><td>6” 2BB monocrystalline solar cells</td></tr>
<tr><td>6” 3BB monocrystalline solar cells</td></tr>
<tr><td rowspan="2">2012</td><td rowspan="2">Σ-serial products</td><td>5” 3BB monocrystalline solar cells</td></tr>
<tr><td>Non-consecutive backside of solar cells</td></tr>
</table>

Year	Development Result	
	E-Cell serial products	E-Cell polycrystalline solar cells
		E-Cell monocrystalline solar cells
2013	Passed the development of new leading product project by IDB, Ministry of Economic Affairs	The V-Cell quasi-monocrystalline solar cell with high efficiency, was expected for development
	V-Cell serial products	V-Cell passivated back monocrystalline solar cell with high efficiency
2014	Conclusion of the project for IDB's development of new leading product	V-Cell passivated back polycrystalline solar cell with high efficiency
	V-Cell serial products	Achieved the intended efficiency goal of the project and passed the reliability testing
	V-Cell serial products	V-Cell passivated back quasi-monocrystalline solar cell with high efficiency
	V-Cell serial products	V-Cell passivated back quasi-monocrystalline solar cell with high efficiency
	Awarded as outstanding solar optoelectronic products 2014 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
2015	E-Cell serial products	6" 4BB E-Cell polycrystalline solar cells
		6" 4BB E-Cell monocrystalline solar cells
	V-Cell serial products	6" 4BB V-Cell polycrystalline solar cells
		6" 4BB V-Cell square monocrystalline solar cells
		6" 4BB V-Cell quasi monocrystalline solar cells
		6" 4BB V-Cell monocrystalline solar cells
	Awarded as outstanding solar optoelectronic products 2015 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
	Certified with EU IEC 61215:2005 and IEC61730:2004 for solar modules	Solar photoelectric module of 72 pieces 6" monocrystalline solar cells (340W)
		Solar photoelectric module of 60 pieces 6" monocrystalline solar cells (285W)
	Certified with Japan Electrical Safety & Environment Technology Laboratories in Japan for solar modules	Solar photoelectric module of 72 pieces 6" monocrystalline solar cells (325W)
		Solar photoelectric module of 60 pieces 6" monocrystalline solar cells (270W)
2016	Passed the "Industrial Energy Technology Project" of the Bureau of Energy, Ministry of Economic Affairs	The V-Cell monocrystalline solar cell products with high efficiency, was expected for development
	E-Cell serial products	6" 5BB E-Cell polycrystalline solar cells
		6" 5BB E-Cell monocrystalline solar cells
	V-Cell serial products	6" 5BB V-Cell polycrystalline solar cells
		6" 5BB V-Cell monocrystalline solar cells
	Won the Enterprise Innovation Awards of the 2016 National Innovation Award	6" 5BB V-Cell quasi monocrystalline solar cells
		6" 5BB V-Cell square monocrystalline solar cells

<table>
<tr><th>Year</th><th colspan="2">Development Result</th></tr>
<tr><td rowspan="2"></td><td>Awarded as outstanding solar optoelectronic products 2016 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td><td>Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (375W)</td></tr>
<tr><td>Certified by the American UL 1703 2002/03/15 Ed:3 for solar modules</td><td>Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (315W)</td></tr>
<tr><td rowspan="11">2017</td><td>Concluded the “Industrial Energy Technology Project” of the Bureau of Energy, Ministry of Economic Affairs</td><td>Achieved the intended efficiency goal of the project and passed the reliability testing</td></tr>
<tr><td rowspan="4">V-Cell serial products</td><td>6” 4BB V-Cell polycrystalline half-cut solar cells</td></tr>
<tr><td>6” 4BB V-Cell monocrystalline half-cut solar cells</td></tr>
<tr><td>6” 5BB V-Cell polycrystalline half-cut solar cells</td></tr>
<tr><td>6” 5BB V-Cell monocrystalline half-cut solar cells</td></tr>
<tr><td>The first Taiwanese company received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td>Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (290W)</td></tr>
<tr><td rowspan="2">Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td>Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (360W)</td></tr>
<tr><td>Solar photoelectric module of 60 pieces 6” polycrystalline solar cells (285W)</td></tr>
<tr><td>The first Taiwanese company certified with the new European standards IEC 61215:2016 and IEC61730:2016</td><td>Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (370W)</td></tr>
<tr><td>The simulated solar photoelectric modules were installed in the high-humid environments such as fish ponds, ponds, and dams, and tested via Module IEC 60529 IPX8</td><td rowspan="2">Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (310W)</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2017 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td rowspan="2">2018</td><td>The first Taiwanese company received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td rowspan="2">Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (315W)</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2018 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
</table>

<table>
<tr><th>Year</th><th colspan="2">Development Result</th></tr>
<tr><td rowspan="5"></td><td>Simulated the impacts from solar photoelectric modules to the ecosystems in dams, and the test was conducted on drinking water where the module was immersed.</td><td rowspan="2"></td></tr>
<tr><td>The aluminum frame passed the 24-day Copper Accelerated Salt Spray Test (CASS Test)</td></tr>
<tr><td rowspan="3">Development of modules of Shield Series</td><td>Water surface solar photoelectric module of 60 pieces 6” monocrystalline cells</td></tr>
<tr><td>Salt beach solar photoelectric module of 60 pieces 6” monocrystalline cells</td></tr>
<tr><td>General solar photoelectric module of 60 pieces 6” monocrystalline</td></tr>
<tr><td rowspan="3">2019</td><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td rowspan="3">Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (325W)
Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (380W)
Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (330W)
Solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (390W)</td></tr>
<tr><td>Obtained the MIT Simile Label for products made in Taiwan</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2019 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td rowspan="3">2020</td><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td rowspan="3">Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (375W)
Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (410W)
Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (380W)
Solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (415W)</td></tr>
<tr><td>Obtained the MIT Simile Label for products made in Taiwan</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2020 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
</table>

3. Future R&D Plans

The direction and plans for the future R&D are as following:

(1)Deepening the Partnerships: providing stable and quality sources of batteries and modules, such as silicon chips, gel materials, back plate, and EVA, to ensue the technology leadership for the Company’s product R&D.

(2) Establishing the self-manufacturing capability of the local equipment vendors: decreasing production costs and secure the self-owned technologies, for improving the overall industry momentum.

(3) Cultivation of R&D Talents: partnering with the scholars in the solar energy field at colleges in Taiwan. Not only developing innovative process technologies, many talents in the solar energy field are also cultivated. It is also expected to engage them for the Company, to establish an outstanding model of industry-academy partnership.

II. Overview of Market and Production/Sales

(I) Market Analysis

1. Sales Regions of Major Products

Unit: NTD thousand; %

Year / Sales Region	2019		2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Asia	4,372,741	98.47	4,617,801	99.87
Europe	8,021	0.18	3,658	0.08
Others	60,112	1.35	2,370	0.05
Total	4,440,874	100.00	4,623,829	100.00

((II) Key Purposes and Production Processes of Major Products

1. Key Purposes of Major Products

Solar cells transform the luminous energy directly to electric energy without consuming fuel, generating no waste an pollution. There is no driving component in cells, so there is no noise. Under the normal using condition, the life span of the products may be as long as 25 years or more. The outer sizes of the solar cells are variable to meet demands, from the small size consumer electronic products like watches, small calculators, battery charger, Solar powered vehicles and power supply to residences, up to the standalone power stations. The application is wide-ranged.

2. Production Processes of Major Products

The manufacturing process of solar cells is similar to IC, but the cleanroom of grade 100 is not required. First the solar chips are washed and etched, to form PN connecting surface via expansion. The reflection film (decreasing reflection of sunshine) is coated, and through screen printing and sintering, the metal contact is completed. A solar cell is completed after the test of (I-V).

(III) Supply Status of Major Materials

Item	Major material	Supplier	Supplying status
1	Silicone chips	Kao-chia	Good/Stable
		Lungkee	Good/Stable
		Zhonghuan	Good/Stable
2	Conductive gel	DuPont Taiwan	Good/Stable
		Giga Solar Material	Good/Stable
		Ample Electronic Technology	Good/Stable
		Namics	Good/Stable
		Pancolor Inc.	Good/Stable

1. The safe inventory level and inventory costs are balanced depending on requirements to stabilize the material supply.

At the beginning of the year, supplies of some materials were tight due to the pandemic. To keep the stable production, the Resources and Material Department will closely monitor the pandemic to rebalance between the safe inventory level and inventory costs

2. Partnerships are formed with the mainstream gel material suppliers, while introducing other gel material vendors with competitive edges. The gel materials with the best tested efficiency are selected, and the most competitive prices are obtained through public tender. Ensure the stable supply of gel materials and the best price.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Major supplier in the recent two years

Unit: In NT$1,000

Item	2019				2020			
	Name	Amount	Percentage in the net purchase of whole year	Relation with the issuer	Name	Amount	Percentage in the net purchase of whole year	Relation with the issuer
1	KOC	489,876	20.61	Nil	XIL	354,854	11.93	Nil
2	Wuxi Xixia	248,318	10.44	Nil	KOC	246,756	8.30	Nil
3	XIL	115,552	4.86	Nil	Wuxi Xixia	94,362	3.17	Nil
	其他	1,523,709	64.09	—	Others	2,277,903	76.60	—
Net purchase		2,377,455	100.00	—	Net purchase	2,973,875	100.00	—

Reason of changes to purchase: mainly due to business growth and procurement planning

2. Major clients in the recent two years

Unit: In NT$1,000

Item	2019				2020			
	Name	Amount	Percentage in the net sale of whole year	Relation with the issuer	Name	Amount	Percentage in the net sale of whole year	Relation with the issuer
1	Company S	1,376,202	30.89	Nil	Company G	970,523	20.64	Nil
2	Company L	807,206	18.12	Nil	Company C	878,406	18.68	Nil
3	Company L	573,931	12.88	Nil	Company L	425,120	9.04	Nil
					Company S	334,836	7.12	Nil
					Company L	0	0	Nil
	Others	1,697,617	38.11	-	Others	2,093,981	44.52	—
Net sales		4,454,956	100.00	-	Net sales	4,702,866	100.00	—

Reason of changes to purchase: mainly due to market demands and business planning

(V)Volumes and values of production in the recent two years

Unit of capacity: mW; Unit of production value: NTD thousand

Year / Production volume and value / Major product (or by department)	2019			2020		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Solar cell panes	1067.5	395.09	2,651,046	500	498.60	2,438,463
Solar Module	500	361.59	3,858,427	500	431.88	3,817,620
Total	1567.5	756.68	6,509,473	1000	930.48	6,256,083

Reason of changes to purchase: responses to the business growth and business planning

(VI) Volumes and values of sales in the recent two years

Unit of capacity: mW; Unit of production value: NTD thousand

Year / Sales volume and value / Major product (or by department)	2019				2020			
	Domestic sale		Overseas sale		Domestic sale		Overseas sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Solar cell	3.66	21,354	23.99	99,891	0.57	6,868	14.68	35,016
Solar Module	355.17	4,000,887	1.21	5,708	453.28	4,524,762	—	—
Other operating revenue	—	313,034	—	—	—	57,183	—	—
Total	358.83	4,335,275	25.20	105,599	453.85	4,588,813	14.68	35,016

Reason of changes to purchase: responses to the market demands and business planning

III. In the most recent two fiscal years and up to the annual report publication date, the number of employees, average years of service, average age, and academic background distribution

Unit: person/year/year-old

Year / Number of employee	2019		2020		As of February 28, 2021	
Managerial officers	12		12		12	
R&D staff	11		11		11	
General staff	165		172		177	
Production line staff	908		942		1021	
Total	1096		1137		1221	
Average age	32.8		33.3		33.3	
Average years of service	3.4		3.73		3.57	
Distribution of academic background	Persons	%	Persons	%	Persons	%

Ph D.	6	0.55	6	0.53	6	0.49
Master	83	7.57	88	7.74	91	7.45
College	397	36.22	452	39.76	459	37.60
Junior college	263	24.00	266	23.39	318	26.04
Senior high school	332	30.29	310	27.26	328	26.86
Junior high and lower	15	1.37	15	1.32	19	1.56
Total	1,096	100.00	1137	100.00	1,221	100.00

IV. Disbursements for Environmental Protection

(I) Pursuant to laws, if the pollution facility installation permits, pollution discharge permits, pollution prevention fee, or dedicate unit for environmental affairs are required, please state the application, payment, and establishment.

1. Application of pollution discharge permits

February 1, 2021

A. Hsinchu Plant

Items	Name and description of the Permit
Operation permit of stationary pollution source	On May 30, 2012, the Hsinchu plant has been approved by Hsinchu County Government for the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Chu-Xian-Huan-Kong-Tsao-Zheng-Zi No. J0922-00) On April 11, 2017, Hsinchu County Government approved the changes of the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Chu-Xian-Huan-Kong-Tsao-Zheng-Zi No. J0922-03)
Permit of Water Pollution Prevention Measure Program	On September 26, 2011, the Hsinchu plant has been approved by Hsinchu County Government for the permit document of water pollution prevention (Approved with Letter Chu-Xian-Huan-Pai-Hsu-Zi No. 00814-00) On August 22, 2019, Hsinchu County Government approved the changes to the permit document of water pollution prevention (Approved with Letter Chu-Xian-Huan-Pai-Hsu-Zi No. 00814-03)
Waste Disposal Plan	On September 15, 2011, the Hsinchu plant has been approved by Hsinchu County Government for the industrial waste disposal plan (Approved with Letter Fu-Huan-Yeh-Zi No. 1000107925) On September 26, 2020, Hsinchu County Government approved the changes to the industrial waste disposal plan (Approved with Letter Fu-Shou-Huan-Yeh-Zi No. 1098658107)

B. Pingdong Plant

Items	Name and description of the Permit
Installation permit of stationary pollution source	On December 28, 2020, the Pingdong plant has been approved by Pingdong County Government for the installation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M02) (Ping-Fu-Huan-Kong-She-Zheng-Zi No. T0678-00)

Items	Name and description of the Permit
Operation permit of stationary pollution source	On March 14, 2019, the Pingdong plant has been approved by Pingdong County Government for the operation permit of stationary pollution source under the “Manufacturing Procedures of Solar Cell Manufacturing” (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0875-00) On December 24, 2019, Pingdong County Government approved the changes of the operation permit of stationary pollution source under the “Manufacturing Procedures of Solar Cell Manufacturing” (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0875-01)
Permit of Water Pollution Prevention Measure Program	On March 20, 2018, the Pingdong plant has been approved by Pingdong County Government for the permit document of water pollution prevention (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-00)
Discharge Permit for Water Pollution Prevention	On November 21, 2018, the Pingdong plant has been approved by Pingdong County Government for the discharge permit for water pollution prevention (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-00) On April 15, 2020, the Pingdong plant has been approved by Pingdong County Government for the discharge permit of wasted water to the surface water (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-01)
Waste Disposal Plan	On June 29, 2018, the Pingdong plant has been approved by Pingdong County Government for the industrial waste disposal plan (Approved with Letter Ping-Fu-Huan-Fei-Zi No. 10732516100) On September 4, 2020, Pingdong County Government approved the replacement of permit (Approved with Letter Ping-Fu-Huan-Fa-Zi No. 10934100400)

2. Pollution prevention fee payables and the payment

Unit: NTD thousand

Category	2018	2019	2020
Hsinchu plant- treatment expenses for polluted water	5,687	4,458	4,844
Hsinchu plant- air pollution prevention expenses	262	171	228
Hsinchu plant- soil pollution prevention expenses	17	21	14
Pingdong plant- water pollution prevention expenses	-	1	1
Pingdong plant- air pollution prevention expenses	113	464	607
Pingdong plant- soil pollution prevention expenses	1	1	1

3. If dedicated staff and unit for environmental affairs are required, the implementation:

A. Hsinchu Plant

(1) Dedicated Air Pollution Control Specialist (Class A): Wang, Tsung-Yuan (105) Huan-Shou-Shum-Zheng-Zi No. FA230127

(2) Dedicated Wastewater And Sewage Treatment Specialists (Class B): Wang, Tsung-Yuan (104) Huan-Shou-Shum-Zheng-Zi No. GA010581
(3) Waste Disposal Technician (Class B): Wang, Tsung-Yuan (105) Huan-Shou-Shum-Zheng-Zi No. HA041013

B. Pingtung Plant
(1) Dedicated Wastewater And Sewage Treatment Specialists (Class B): Tseng, Pei-Chien (108) Huan-Shou-Shum-Zheng-Zi No. Ga580394
(2) Waste Disposal Technician (Class B): Tseng, Pei-Chien (97) Huan-Shou-Shum-Zheng-Zi No. HA050668

(II) List the investment to the major equipment for preventing environmental pollution, the usages, and possible benefits.

December 31, 2020/Unit: NTD Thousand
A. Hsinchu Plant

Name of Equipment	Quantity	Date of Acquisition	Cost of an investment	Undiscounted balance	Purpose and expected potential effects generated
Scrubbing tower	One set	2011/04	79,978	43,579	Preventive equipment for air pollution/ Proper treatment of wasted gas Compliant with the regulatory requirements
Equipment for organic treatment of gas emission	One set	2011/04	12,142	6,616	
SEX-004 Equipment for organic treatment of gas emission	One set	2016/10	994	666	
AEX-004 Scrubbing tower	One set	2016/10	841	580	
NOx emission treatment system	One set	2016/10	444	306	
Dust collection and emission treatment system for manufacturing process	One set	2016/10	4,600	3,191	
Wasted water treatment system	One set	2011/06	62,953	25,435	Preventive equipment for water pollution/ Proper treatment of wasted water Compliant with the regulatory requirements

B. Pingtung Plant

Name of Equipment	Quantity	Date of Acquisition	Cost of an investment	Undiscounted balance	Purpose and expected potential effects generated
Gas emission system for general manufacturing process	One set	2018/05	7,324	6,141	Preventive equipment for air pollution/ Proper treatment of wasted gas

					Compliant with the regulatory requirements
Wasted water treatment system	One set	2018/05	16,700	14,197	Preventive equipment for water pollution/ Proper treatment of wasted water Compliant with the regulatory requirements

(III) In the most recent fiscal years and up to the annual report publication date, the process of the Company to improve the environmental pollutions. Shall there be any pollution disputes, the dealing process shall be explained.

The Company is a professional solar cell and module manufacturer. While pursuing the growth of corporate, we promote renewal energy and apply resource properly to lower the environmental pollution for the sustainable development of environment. Therefore, the high standards of environment specifications were referred for the pollution prevention facilities when designing the plant. Once the plant was completed, the environment, safety and health management system based on ISO 14001, OHSAS 18001, and TOMSHS. The Hsinchu Plant and the Pingdong Plant were certified with TUV Environmental and Occupation Health and Safety Management System and TOMSHS in 2011 and 2018, respectively. The continual improvements are made based on P.D.C.A of system management, and the pollution prevention facilities are tested by qualified testing institutions regularly, while establishing related operational regulations and monitoring to maintain the normal operation of the pollution prevention facilities.

The Hsinchu Plant has obtained the SGS ISO 14064-1 Greenhouse Gas Inventory Validation Declaration based on the ISO 14064-1 in October 2012, and the follow up declarations are obtained through continuous self-inventory. By referring the international carbon footprint standards e.g. “PAS 2050” and “ISO 14067,” the SGS PAS 2050 Product Carbon Footprint Verification Declaration was obtained in February 2013, and BSI/ ISO/TS 14067 Product Carbon Footprint Verification Declaration was obtained in October 2015. By referring “ISO 50001,” the BSI ISO 50001 Energy Management System Certification was obtained in December 2014. The programs related to the greenhouse gas and energy management are being promoted.

(IV) In the most recent fiscal years and up to the annual report publication date, losses and penalties suffered by the Company due to environmental pollution incidents (including any compensation), and disclosing corresponding measures being or to be taken (including corrective measures and possible expenditure (including the estimated amounts of possible losses, penalties, and compensation if the corresponding measures are not taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.): Nil

(V) Describe the current pollutions, effects of improving such on the Company’s earnings, competitive position, and capital expenditure, as well as the expected key environmental capital expenditure in the next two year: Nil.

(VI) Disclose the protective measures taken in employees’ working environment and for their safety, and the implementation

1. Establishment of occupational health and safety management system: Once the plant was completed, the environment, safety and health management system based on OHSAS 18001, and TOMSHS. TUV Environmental and Occupation Health and Safety Management System and TOMSHS, OHSAS were certified in 2011. The validity of OHSAS 18001 (ISO 45001 since 2020) and TOSHMS certificates are maintained through the annual external validation. The occupational health and safety management system is conducted via identification the hazardous factors, risk assessment, and control. The systematic operations are applied to prevent incidents and lower the hazardous risk to employees for safer environment.

2. Safety trainings: The safety trainings are the means to communicate the safety concept and knowledge to the employees. Annual safety training plans are established every year. Not only the newly recruited shall complete the statutory trainings such as general health and safety and hazard knowledge, the fire drill are conducted every year. Through the practices of using fire extinguishers, operating fire hydrants, and the simulations of evacuation from indoor smoke, the fire drills for all are executed. Also for the contingency skills, the employees assigned with firefighting duties are trained for contingency training, including wearing fire fighting suit, A-class protective suits, SCBA, and operating wireless communication, fire fighting towers, and devices for handling disasters.

3. Contingency preparation in plants: to maintain the safety in the plants, and prevent the occurrence and expansion of disasters, the sufficient disaster preventions and damage-stopping devices are needed. The following equipment is prepared based on the nature of plants for achieving the goal of damage prevention, control, and management.

(1) ERC is established as the command center for disaster.

(2) Medical room is in place; dedicated medical staff provide health advice to employees and the first-aids to injured persons.

(3) More than 300 CCTVs are in place for monitoring and commanding by ERC and the Central Monitoring Room

(4) The detectors and alerts for toxic gases are in place, to achieve the safety objective of the operation sites.

(5) Diesel power generators and EUPS are in place for uninterrupted power supply to the key equipment in plants.

(6) Earthquake monitors are in place to monitor the impacts from earthquakes to the plants, and switch off the supply of special gases if required.

(7) The chemical leakage handling devices, Scott Self-contained breathing apparatus (SCBA), A-class protective suits, fire-fighting suits are in place to control disasters.

4 Promotion of health: to enhance employee’s health, the regular health checks and special health checks are conducted, for employees to understand their health status. The Medical Room also conduct the health classification management and analyze abnormalities found

in health check, to establish the annual health promotion plans. The Company values the health of employees and the prevention of occupation diseases. Plans are added based on the Occupational Safety and Health Act, such as the prevention from diseases resulted from abnormal work loads, prevention of ergonomic hazards, health protection for mother, and preventions from illegal harassment when performing duties. These plans are in place for implementation, so that employees are provided with good working place and thus the occurrence of occupational disease reduced. The efforts made by the Company for promoting employees' health are recognized by the competent authorities. Awards include "Excellent Working Place- Health Management Award," "Certification of Health Working Place- Health Promotion Label," "Certification of Health Working Place- Health Activation Label," and Working Place with Friendly Breastfeeding Room by both the Hsinchu and Pingdong County Government.

V. Labor relations:

(I) A. List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

Implementation of Employee Benefit Protection :

1. Employee benefit measures

(1) The managerial systems are based on the governmental laws and regulations, and the working regulations, management rules, notices are established accordingly. Amendments may be made to accommodate the changes of laws and announced to all employees

(2) Employee benefit implementations

2-1 Other than reasonable wages, the bonus of Dragon Boat Festival, Mid-Autumn, and Yearend are distributed based on the Company's and personal performance. The production bonuses are distributed to production staff based on the monthly production performance.

2-2 Dormitories, canteens, and parking lot are provided to employees, as well as the meal subsidies.

2-3 The labor insurance, national health insurance, group insurance for employees and their immediate families are provided pursuant to laws. The labor pensions are contributed monthly as well.

2-4 The Employee Benefit Committee is established to distribute the bonus of birthday and three key festivals, subsidies for marriage/funeral and other compensation, as well as sponsor events, dining, to complete the benefit system.

2-5 Habit groups are formed by employees voluntarily with subsidies from the Company. Events are held regularly to enhance the mental and physical health.

2-6 The Company partners with many companies to provide discounts for employees' consumptions.

(3) Health and Safety

3-1 The Medical Room is established and medical staff are hired to keep the employees' health in check, with health advices from time to time.

3-2 The Company partners with major hospitals. Physicians provides medical consultancy in the working places monthly, and the health of employees are tracked regularly.

3-3 Annual health-promoting events are held, such as weigh-losing contest, or health seminars talking about blood pressures.

3-4 To ensure the occupational safety and promote the awareness of disaster-prevention,

2. Employee education and training

(1) To improve the quality of employee trainings, the "Training Committee" is in place to formulate the training policies and plan the annual training programs, for diversified trainings

(2) Six training systems, including new-recruited training system, quality training system, environment safety training system, professional training system, management training system, and self-motivation training system, are covered by the Company's training framework.

(3) Via the internal trainings related to duty performance, trainings in the domestic and foreign institutions, it is expected to enhance employee quality, cultivate professional talents, develop human resources, and improve training quality and environment, as the preliminary goals.

(4) The outcomes of our training have been recognized by the Workforce Development Agency, Ministry of Labor with the TTQS Bronze Medal, Enterprise Version on November 1, 2018.

3. Retirement system and implementation

(1) The new system of labor pension is applicable to all employees.

(2) To enable employees to work with peace of mind, and provide stable retirement life. Based on the Labor Pension Act, 6% of personal insured wage is contributed to the personal pension account at the Labor Insurance Bureau monthly. The contributions made in 2020 are as the following:

Pension Scheme	Old system	New system
Laws applicable	Labor Standards Act	Labor Pension Act
Contribution method	2% of the total employee wage is contributed to the special account in Bank of Taiwan (originally the Central Trust Bureau) under the Company's name.	6% of personal insured wage is contributed to the personal pension account at the Labor Insurance Bureau based on the insurance range.
Amount of Contribution	Nil	NTD 2,888,3 thousand was contributed in 2020.

(3) Any voluntary contribution from the workers will be deposited to the same account accordingly.

4. Negotiation between Laborer and Employer:

(1) The Company operates in an industry to which the Labor Standards Act is applicable. Other than convening labor meetings and announce the minutes of such meetings as required, the Company also has employee mailbox in place for employees to express

their suggestions and ideas. All operations comply with the Labor Standards Act and the related laws and regulations.

(2) The Company values the labor relation. To keep smooth communication channels between employees and employer, regulate fair and reasonable working terms for compliance by both parties, and develop harmonious and stable labor relation, other than regular labor negotiation meeting, the Company signed the first group accord with the enterprise union at the New Taipei City Government on November 13, 2019, and signed the group accord with the Pingdong enterprise union. Such are deemed as the milestone for the labor-employer harmony and labor incident handling in June 12, 2020. The group accord is very productive, and helpful to protect rights of both parties, enhance work performance, and harmonize the labor relation. The protection in the regards of labor health and safety are explicitly specified. The renewal negotiation procedures for the group accord may be timely activated when laws and regulations change in the future.

(5) Implementation of Employee Benefit Protection :

The other employee benefits are handled pursuant to the related laws and regulations, please refer to the description in "Five. Operation Overview, IV. Environment Expenditure Information (VI)"

(II) In the most recent fiscal years and up to the annual report publication date, losses suffered by the Company due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: Up to now, the Company has had no labor dispute.

(III) Continuing Education and Trainings of Corporate Governance Attended by Managerial Officers

Designation	Name	Date	Name of Session	Sponsor of the Training	Hours of Education
Corporate Governance Officer	Liao, Wei-Ran	2020.4.27	Enterprise Internal Controls and Risk Management- Analysis of Global Risks in 2020	Taiwan Corporate Governance Association	3
		2020.9.17	Analysis of Outlier Transactions by Directors and Supervisors and Case Study	Securities and Futures Institute	3
		2020.9.17	Management of Intellectual Properties and Risks for Corporate Operation	Securities and Futures Institute	3
		2020.11.26	Discussion of the Three Major Principles of Ethical Management, Corporate Governance, and CSR, and Case Studies	Taiwan Corporate Governance Association	3

VI. Important Contracts

February 1, 2021

Nature of Contracts	Counterpart	Starting and End Dates of Contracts	Major Content	Restrictive Terms
Syndicated Credit Contract	Chang-Hua Bank, Cooperative Bank, Taiwan Business Bank, Agricultural Bank of Taiwan, Taichung Commercial Bank, Sunny Bank, Entie Commercial Bank, SinoPac Bank, and CTBC Bank	Five years from the date of first use	Loan of NTD One Billion Two Hundred Fifty Million	The financial statements shall maintain certain financial ratios
Syndicated Credit Contract	Cooperative Bank, Chang-Hua Bank, Bank of Panhsin, Entie Commercial Bank, Taiwan Business Bank, First Bank, Land Bank, Hua-Nan Bank, Taiwan Cooperative Bills, and Mega Bills	Five years from the date of first use	Loan of NTD Two Billion	The financial statements shall maintain certain financial ratios
Early Stage Technology License Agreement	Chen, Yi-Chen and National Central University	2016/02/01~2023/01/31	Technology License	Nil
Early Stage Technology License Agreement	Chen, Yi-Chen and National Central University	2017/11/01~2021/10/31	Technology License	Nil
Raw material supply agreement	Zhonghuan Hong Kong Holding Limited	2021/01/01~2021/12/31	Transaction of silicone chips	Maintaining certain procurement volume
Raw material supply agreement	Great Prosperity Trading Ltd	2020/02/01~2021/01/31	Transaction of silicone chips	
Raw material supply agreement	Longi Green Energy Technology Co.,Ltd.	2020/09/01~2022/12/31	Transaction of silicone chips	
Intention of supplying raw materials	Company A	2021/01/01~2021/12/31	Supplying raw materials	
Transaction contract of modules	Company B	2020/12/14~2021/12/31	Module transaction	Nil

Six. Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby.

(I) Condensed balance sheets and statements of comprehensive income for the past five fiscal years

1. Condensed balance sheets and statements of comprehensive income- consolidated financial report

(1) Condensed Consolidated Balance Sheets

Unit: In NT$1,000

Item \ Year		Financial Data in the Recent Five Years (Note)				
		2016	2017	2018	2019	2020
Current asset		2,311,658	2,249,716	1,227,118	1,312,690	3,450,180
Property, Plant and Equipment		5,863,002	7,215,628	6,663,797	6,009,318	4,951,333
Intangible asset		13,385	8,339	6,968	3,047	1,436
Other assets		1,108,414	796,516	402,332	526,127	1,015,496
Total assets		9,296,459	10,270,199	8,300,215	7,851,182	9,418,445
Current liabilities	Before distribution	2,736,565	3,258,493	2,497,336	2,936,219	2,106,104
	After distribution	2,736,565	3,258,493	2,497,336	2,936,219	2,106,104
Non-current liabilities		1,890,047	2,696,852	2,838,761	1,685,267	2,534,007
Total liabilities	Before distribution	4,626,612	5,955,345	5,336,097	4,621,486	4,640,111
	After distribution	4,626,612	5,955,345	5,336,097	4,621,486	4,640,111
Equity attributable to shareholders of the parent		4,572,282	4,150,848	2,964,118	3,224,420	4,756,645
Share capital		4,268,550	4,768,550	4,768,550	3,790,167	4,457,967
Capital surplus		302,152	332,452	332,205	5,460	1,154,811
Retained earnings	Before distribution	783	(950,183)	(1,960,588)	(395,691)	(681,541)
	After distribution	783	(950,183)	(1,960,588)	(395,691)	(681,541)
Other equities		797	29	(176,049)	(175,516)	(174,592)
Treasury shares		0	0	0	0	0
Non-controlling interests		97,565	164,006	0	5,276	21,689
Total Equity	Before distribution	4,669,847	4,314,854	2,964,118	3,229,696	4,778,334
	After distribution	4,669,847	4,314,854	2,964,118	3,229,696	4,778,334

Note: The abovementioned financial data are certified by the CPAs.

(2) Condensed Comprehensive Income Statement

Unit: In NT$1,000

Item \ Year	Financial Data in the Recent Five Years (Note)				
	2016	2017	2018	2019	2020
Operating Revenue	7,754,501	6,544,370	3,830,638	4,440,874	4,623,829
Operating Gross Income	471,020	(224,957)	(657,488)	219,233	487,351
Operating Income (Loss)	124,750	(863,176)	(1,238,365)	(96,424)	(295,041)
Non-operating income and expense	(107,226)	(98,310)	(15,392)	(86,504)	(30,362)
Pre-tax net income	17,524	(961,486)	(1,253,757)	(182,928)	(325,403)
Net income of continuing operations for term	17,748	(963,744)	(1,211,326)	(200,415)	(284,866)
Loss from discontinuing operation	0	23,203	88,017	0	0
Current period net profit (loss)	17,748	(940,541)	(1,123,309)	(200,415)	(284,866)
Other comprehensive income recognized for the period (net amount after tax)	(465)	(768)	(5,918)	533	924
Total comprehensive income in the current period	17,283	(941,309)	(1,127,227)	(199,882)	(283,942)
Net profit attributable to the owner of parent	12,922	(950,966)	(1,156,660)	(200,616)	(285,850)
Net profit attributable to uncontrolled equity	4,826	10,425	33,351	201	984
Net profit from total consolidated income attributable to the owner of parent	12,457	(951,734)	(1,162,578)	(200,083)	(284,926)
Total consolidated income attributable to uncontrolled equity	4,826	10,425	33,351	201	984
Earnings per Share	0.03	(2.23)	(3.86)	(0.60)	(0.74)

Note: The abovementioned financial data are certified by the CPAs.

2. Condensed balance sheets and statements of comprehensive income- parent company-only financial report

(1) Condensed Consolidated Balance Sheets

Unit: In NT$1,000

Item \ Year		Financial Data in the Recent Five Years (Note 1)				
		2016	2017	2018	2019	2020
Current asset		2,438,217	2,430,808	1,216,423	1,299,188	3,509,202
Property, Plant and Equipment		5,404,726	6,379,885	6,663,797	5,970,526	4,851,851
Intangible asset		13,385	8,339	6,968	3,047	1,436
Other assets		1,087,593	729,994	412,834	544,875	1,008,022
Total assets		8,943,921	9,549,026	8,300,022	7,817,636	9,370,511
Current liabilities	Before distribution	2,701,238	3,169,891	2,497,143	2,907,949	2,080,665
	After distribution	2,701,238	3,169,891	2,497,143	2,907,949	2,080,665
Non-current liabilities		1,670,401	2,228,287	2,838,761	1,685,267	2,533,201
Total liabilities	Before distribution	4,371,639	5,398,178	5,335,904	4,593,216	4,613,866
	After distribution	4,371,639	5,398,178	5,335,904	4,593,216	4,613,866
Share capital		4,268,550	4,768,550	4,768,550	3,790,167	4,457,967
Capital surplus		302,152	332,452	332,205	5,460	1,154,811
Retained earnings	Before distribution	783	(950,183)	(1,960,588)	(395,691)	(681,541)
	After distribution	783	(950,183)	(1,960,588)	(395,691)	(681,541)
Other equities		797	29	(176,049)	(175,516)	(174,592)
Treasury shares		0	0	0	0	0
Total Equity	Before distribution	4,572,282	4,150,848	2,964,118	3,224,420	4,756,645
	After distribution	4,572,282	4,150,848	2,964,118	3,224,420	4,756,645

Note 1: The abovementioned financial data are certified by the CPAs.

Note 2: The Company only prepares parent-only financial reports on the annual basis.

(2) Condensed Comprehensive Income Statement

Unit: In NT$1,000

Note 1: The abovementioned financial data are certified by the CPAs.

Item \ Year	Financial Data in the Recent Five Years (Note 1)				
	2016	2017	2018	2019	2020
Operating Revenue	8,044,541	6,971,356	3,992,482	4,454,956	4,702,866
Operating Gross Income	446,370	(226,815)	(662,155)	217,395	482,992
Operating Income (Loss)	112,090	(856,783)	(1,237,414)	(97,800)	(298,598)
Non-operating income and expense	(101,136)	(104,703)	(16,343)	(85,558)	(28,393)
Pre-tax net income	10,954	(961,486)	(1,253,757)	(183,358)	(326,991)
Net income of continuing operations for term	12,922	(963,744)	(1,211,326)	(200,616)	(285,850)
Loss from discontinuing operation	0	12,778	54,666	0	0
Current period net profit (loss)	12,922	(950,966)	(1,156,660)	(200,616)	(285,850)
Other comprehensive income of the current year (net amount after-tax)	(465)	(768)	(5,918)	533	924
Total comprehensive income in the current period	12,457	(951,734)	(1,162,578)	(200,083)	(284,926)
Earnings per Share	0.03	(2.23)	(3.86)	(0.60)	(0.74)

Note 2: The Company only prepares parent-only financial reports on the annual basis.

(II) CPAs over the past five years and their audit opinions

Year	Name of Accounting Firm	Name of Accountants	Audit opinion
2016	Deloitte Taiwan	Liu, Yung-Fu; Chen, Chao-Mei	Unqualified opinions
2017	Deloitte Taiwan	Alice Huang and Chen, Chung-Cheng	Unqualified opinions
2018	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2019	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2020	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions

II. Financial Analysis in the Recent Five Years

1. Comprehensive financial analysis in the recent five years

(1) Financial analysis- consolidated financial report

Analysis Item (Note 2) \ Year (Note 1)		Financial analysis in the recent five years 2016	2017	2018	2019	2020
Financial Structure. (%)	Liability to Asset ratio	49.77%	57.99%	64.29%	58.86%	49.27%
	Long-term Fund to Property, Plant and Equipment Ratio	111.89%	97.17%	87.08%	81.79%	147.68%
Solvency (%)	Current Ratio (%)	84.47%	69.04%	49.14%	44.71%	163.82%
	Quick Ratio (%)	50.76%	44.53%	25.90%	27.39%	118.27%
	Times Interest Earned (Times)	1.19	-6.75	-9.09	-0.54	-2.67
Operating Performance	Average Collection Turnover (Times)	30.90	23.19	11.35	16.90	10.77
	Days Sales Outstanding	12	16	32	22	34
	Average Inventory Turnover (Times)	9.06	8.63	6.83	8.10	6.42
	Average Payment Turnover (Times)	9.08	9.60	6.68	8.18	8.25
	Average Inventory Turnover Days	40	43	53	45	57
	Property, Plant and Equipment Turnover (Times)	1.46	1.01	0.55	0.70	0.84
	Total Assets Turnover (Times)	0.92	0.68	0.41	0.55	0.54
Profitability	Return on Total Assets (%)	1.12%	-8.90%	-11.97%	-1.30%	-2.48%
	Return on Equity (%)	0.42%	-21.45%	-33.28%	-6.47%	-7.11%
	Operating Income to Paid-in Capital Ratio (%) (Note 6)	0.41%	-20.16%	-26.29%	-4.83%	-7.30%
	Net Margin (%)	0.23%	-14.37%	-31.62%	-4.51%	-6.16%
	Earnings Per Share (NTD)	0.03	-2.20	-3.86	-0.60	-0.74
Cash flows	Cash Flow Ratio (%)	15.59%	0.92%	-4.43%	14.53%	-6.81%
	Cash Flow Adequacy Ratio (%)	64.77%	48.36%	29.58%	30.33%	11.11 %
	Cash Flow Reinvestment Ratio (%)	6.16%	0.30%	-1.12%	2.67%	-1.46%
Leverage	Operating Leverage	11.49	-1.04	-0.55	-14.45	-5.28
	Financial Leverage	3.76	0.89	0.91	0.45	0.77

Please explain the reasons for changes in each financial ratio during the most recent two years. (Analysis is not required if the magnitude of increase or decrease is less than 20%)

1. Operation performance: the sales of the term concentrated at the end of the term, and the receivables increased, so that the collection turnover decreased.
2. Profitability: the impairment of property, plant and equipment was recognized in the term.
3. Cash flow: the sales of the term concentrated at the end of the term, and the receivables increased, so that cash flow rate decreased.
4. Leverage: the impairment of property, plant and equipment was recognized in the term, and thus the operating income decreased.

Note 1: From 2013, the Company has applied the financial statements prepared pursuant to IFRSs; the financial information from 2014 to 2018 was audited and certified by CPAs As of the annual report publication date, there is no analysis of 2019 Q1 financial data audited by the CPAs

Note 2: the following formula shall be specified at the end of this table:

1. Financial structure
   (1) Liability to Asset Ratio=Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis
   (1) Receivable (Including the Receivable and Notes Receivable from Operation)= Net Sales / Average Trade Receivables (Including the Receivable and Notes Receivable from Operation)
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Payables (Including the Payables and Notes Payables from Operation)= Sale Costs / Average Trade Payables (Including the Payables and Notes Payables from Operation)
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity= Net Income / Average Equity
   (3) Net Margin = Net Income / Net Sales
   (4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) /Weighted Average Number of Shares Outstanding (Note 3)
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital (Expenditures, Inventory Additions, and Cash Dividend)
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital). (Note 4)
6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 3: When measuring the formula of EPS, the followings shall be noted:
1. The basis shall be the weighted average common shares, but not the issued shares at the year end.
2. For any capital increase in cash, or treasury share transaction, the outstanding period shall be considered when calculating the weighted average shares .
3. For any earnings or capital surplus to capital increase, the retrospective adjustment shall be applied when calculating the EPS of previous years or for six months, the issuance period of such capital increase needs not be considered.
4. If the preference shares are the accumulated preference share not convertible, the dividends of the given year (whether distributed or not) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preference shares are not accumulated, when there is net profit after tax, the dividends of preference shares shall be deducted from the net profit after tax, but no adjustment is needed for loss.

Note 4: Attentions shall be paid to the followings for cash flow analysis:
1. The net cash flow from operating activities refers to the net cash flow from operating activities in the income statement.
2. Capital expenditure refers to the cash outflow of the capital investment every year.
3. The addition of inventory is only calculated when the balance at the end of term greater than the balance at the beginning of the term. If the inventory decreased at the end of the year, it is counted as zero
4. Cash dividends include the cash dividends for common shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 5: issuers shall categorize each operating costs and operating expenses based on the nature as fixed or variable. If estimation or subjective judgement is involved, the reasonability and consistency shall be paid attention to.

Note 6: In case the shares have no face value or the face value is not NTD 10, the abovementioned percentage in the paid-up capital shall be replaced by the equity attributable to the owners of parent company in the balance sheet.

(2) Financial analysis- parent company-only financial report

Analysis Item (Note 2)	Year (Note 1)	2016	2017	2018	2019	2020
		Financial analysis in the recent five years				
Financial structure (%)	Liability to Asset ratio	48.88%	56.53%	64.29%	58.75%	49.24%
	Long-term Fund to Property, Plant and Equipment Ratio	115.50%	99.99%	87.08%	82.23%	150.25%
Solvency (%)	Current Ratio (%)	90.26%	76.68%	48.71%	44.68%	168.66%
	Quick Ratio (%)	56.36%	49.12%	25.48%	27.19%	122.57%
	Times Interest Earned (Times)	1.12	-7.2	-9.09	-0.55	-2.71
Operating Performance	Average Collection Turnover (Times)	21.69	12.90	8.20	18.09	10.98
	Days Sales Outstanding	17	28	45	20	33
	Average Inventory Turnover (Times)	9.55	8.67	6.77	8.13	6.55
	Average Payment Turnover (Times)	9.46	10.56	7.01	8.21	8.41
	Average Inventory Turnover Days	38	42	54	45	56
	Property, Plant and Equipment Turnover (Times)	1.60	1.18	0.61	0.71	0.87
	Total Assets Turnover (Times)	0.99	0.75	0.45	0.55	0.55
Profitability	Return on Total Assets (%)	1.06%	-9.28%	-11.85%	-1.31%	-2.51%
	Return on Equity (%)	0.31%	-21.80%	-32.51%	-6.48%	-7.16%
	Net profit before tax to paid-up capital ratio (%) (Note 6)	0.26%	-20.16%	-26.29%	-4.84%	-7.33%
	Net Margin (%)	0.16%	-13.64%	-28.97%	-4.50%	-6.08%
	Earnings Per Share (NTD)	0.03	-2.20	-3.86	-0.60	-0.74
Cash flows	Cash Flow Ratio (%)	8.55%	-4.08%	6.94%	14.67%	-10.86%
	Cash Flow Adequacy Ratio (%)	68.38%	50.16%	33.67%	34.91%	15.33%
	Cash Flow Reinvestment Ratio (%)	3.47%	-1.36%	1.76%	4.42%	-2.30%
Leverage	Operating Leverage	12.65	-1.06	-0.47	-14.26	-5.20
	Financial Leverage	4.6	0.88	0.91	0.45	0.77

Please explain the reasons for changes in each financial ratio during the most recent two years. (Analysis is not required if the magnitude of increase or decrease is less than 20%)

1. Operation performance: the sales of the term concentrated at the end of the term, and the receivables increased, so that the collection turnover decreased.
2. Profitability: the impairment of property, plant and equipment was recognized in the term.
3. Cash flow: the sales of the term concentrated at the end of the term, and the receivables increased, so that cash flow rate decreased.
4. Leverage: the impairment of property, plant and equipment was recognized in the term, and thus the operating income decreased.

Note 1: From 2013, the Company has applied the financial statements prepared pursuant to IFRSs; the financial information above was audited and certified by CPAs

Note 2: the following formula shall be specified at the end of this table:

1. Financial structure
   (1) Liability to Asset Ratio=Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Receivable (Including the Receivable and Notes Receivable from Operation)= Net Sales / Average Trade Receivables (Including the Receivable and Notes Receivable from Operation)
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Payables (Including the Payables and Notes Payables from Operation)= Sale Costs / Average Trade Payables (Including the Payables and Notes Payables from Operation)
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity= Net Income / Average Equity

(3) Net Margin = Net Income / Net Sales
(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) /Weighted Average Number of Shares Outstanding (Note 3)

5. Cash Flow
(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital (Expenditures, Inventory Additions, and Cash Dividend)
(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital). (Note 4)

6. Leverage
(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 3: When measuring the formula of EPS, the followings shall be noted:
1. The basis shall be the weighted average common shares, but not the issued shares at the year end.
2. For any capital increase in cash, or treasury share transaction, the outstanding period shall be considered when calculating the weighted average shares .
3. For any earnings or capital surplus to capital increase, the retrospective adjustment shall be applied when calculating the EPS of previous years or for six months, the issuance period of such capital increase needs not be considered.
4. If the preference shares are the accumulated preference share not convertible, the dividends of the given year (whether distributed or not) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preference shares are not accumulated, when there is net profit after tax, the dividends of preference shares shall be deducted from the net profit after tax, but no adjustment is needed for loss.

Note 4: Attentions shall be paid to the followings for cash flow analysis:
1. The net cash flow from operating activities refers to the net cash flow from operating activities in the income statement.
2. Capital expenditure refers to the cash outflow of the capital investment every year.
3. The addition of inventory is only calculated when the balance at the end of term greater than the balance at the beginning of the term. If the inventory decreased at the end of the year, it is counted as zero
4. Cash dividends include the cash dividends for common shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 5: issuers shall categorize each operating costs and operating expenses based on the nature as fixed or variable. If estimation or subjective judgement is involved, the reasonability and consistency shall be paid attention to.

Note 6: In case the shares have no face value or the face value is not NTD 10, the abovementioned percentage in the paid-up capital shall be replaced by the equity attributable to the owners of parent company in the balance sheet.

Note 7: the net cash flow from operating activities is negative and thus not calculated.

Note 8: The Company only prepares parent-only financial reports on the annual basis.

TSEC Corporation

Audit Committee Report

The board of directors has produced the Company's 2020 business report, financial statements and proposals for offsetting losses, and the financial statements (both consolidated and standalone) have been audited by certified accountants Alice Huang and Connie Chen of Deloitte Taiwan, with the auditing report attached. The abovementioned documents have been reviewed and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

Sincerely,

The 2021 Annual General Meeting

Convener of the Audit Committee: Gu-Tong Lin

February 25, 2021

IV. Financial Statements of the Most Recent Fiscal Year

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)

(Continued)

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)								
			Retained Earnings (Accumulated Deficits)		Other Equity				
	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)

TSEC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(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

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 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)

			Proportion of Ownership (%)	
			December 31	
Investor	**Investee**	**Nature of Activities**	**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	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	December 31 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)

	2020	2019
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 Comprehensive 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

	Balance as of January 1, 2019	Cash Flows	Non-cash Changes					Balance as of December 31, 2019
			New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Effect of Foreign Currency Exchange Differences	Others	
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**
<u>Financial assets</u>		
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
<u>Financial liabilities</u>		
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.

Sensitivity analysis

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	**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	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	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	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

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

Refers to amounts charged to associates.

f. Contract liabilities

Line Item	Related Party Category/Name	For the Year Ended December 31	
		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			

	Foreign Currency	Exchange Rate	Carrying Amount
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.

TABLE 5

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.

V. Company's Individual Financial Statement of the Most Recent Fiscal Year Audited and Certified by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TSEC Corporation

Opinion

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

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

Basis for Opinion

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 Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matter of the Company's 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 49% of the Company's operating revenue, and is material to the Company's financial statements. In addition, as the management may be under pressure to achieve the expected 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 financial statements.

We understood the Company'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.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Hai-Yueh Huang and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2021

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

TSEC CORPORATION

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)	$ 1,616,670	17	$ 422,888	6
Financial assets at fair value through profit or loss (Notes 4 and 7)	60,006	1	-	-
Accounts receivable (Notes 4, 8 and 22)	685,147	7	171,646	2
Accounts receivable from related parties (Notes 4, 22 and 30)	153,981	2	-	-
Other receivables (Notes 4 and 8)	29,097	-	29,287	-
Other receivables from related parties (Notes 4 and 30)	235	-	297	-
Current tax assets (Notes 4 and 23)	108	-	111	-
Inventories (Notes 4 and 9)	806,611	8	480,565	6
Other current assets (Notes 16 and 31)	157,347	2	194,394	3
Total current assets	3,509,202	37	1,299,188	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 11)	157,469	2	139,123	2
Property, plant and equipment (Notes 4, 12, 17, 27 and 31)	4,851,851	52	5,970,526	76
Right-of-use assets (Notes 4 and 13)	10,144	-	19,522	-
Investment properties (Notes 4, 14 and 31)	187,789	2	-	-
Other intangible assets (Notes 4 and 15)	1,436	-	3,047	-
Deferred tax assets (Notes 4 and 23)	220,050	2	181,050	2
Other non-current assets (Notes 16, 27 and 31)	426,115	5	199,968	3
Total non-current assets	5,861,309	63	6,518,448	83
TOTAL	$ 9,370,511	100	$ 7,817,636	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17, 27 and 31)	$ 514,431	5	$ 725,148	9
Short-term bills payable (Notes 17 and 31)	279,366	3	-	-
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	1,464	-	-	-
Contract liabilities (Notes 4, 22 and 30)	46,708	1	84,645	1
Accounts payable (Note 18)	616,254	7	386,398	5
Other payables (Notes 19 and 27)	223,330	2	268,895	4
Lease liabilities - current (Notes 4, 13 and 27)	8,658	-	10,867	-
Current portion of long-term borrowings (Notes 17, 27 and 31)	379,434	4	1,425,945	18
Other current liabilities	11,020	-	6,051	-
Total current liabilities	2,080,665	22	2,907,949	37
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 27 and 31)	2,516,435	27	1,663,725	22
Provisions (Note 4)	12,374	-	7,844	-
Deferred tax liabilities (Notes 4 and 23)	248	-	2,469	-
Lease liabilities - non-current (Notes 4, 13 and 27)	1,809	-	8,894	-
Guarantee deposits received (Note 27)	2,335	-	2,335	-
Total non-current liabilities	2,533,201	27	1,685,267	22
Total liabilities	4,613,866	49	4,593,216	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	4,756,645	51	3,224,420	41
TOTAL	$ 9,370,511	100	$ 7,817,636	100

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

TSEC CORPORATION

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, 22 and 30)	$ 4,702,866	100	$ 4,454,956	100
OPERATING COSTS (Notes 9, 20 and 22)	4,218,263	90	4,237,489	95
GROSS PROFIT	484,603	10	217,467	5
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(1,630)	-	(72)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	19	-	-	-
REALIZED GROSS PROFIT	482,992	10	217,395	5
OPERATING EXPENSES (Notes 20, 22 and 30)				
Selling and marketing	90,861	2	89,009	2
General and administrative	261,730	5	177,019	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	397,742	8	315,199	7
OTHER OPERATING INCOME AND EXPENSES (Notes 12 and 22)	(383,848)	(8)	4	-
LOSS FROM OPERATIONS	(298,598)	(6)	(97,800)	(2)
NON-OPERATING EXPENSES				
Finance costs (Note 22)	(115,379)	(2)	(151,814)	(3)
Share of profit or loss of subsidiaries and associates (Notes 4 and 11)	(2,628)	-	549	-
Interest income	636	-	2,110	-
Rental income (Note 30)	19,020	-	189	-
Other income (Note 30)	23,629	-	7,920	-
Gain on disposal of investments, net (Notes 4 and 11)	-	-	44,094	1
Foreign exchange gain, net (Note 22)	47,726	1	11,346	-
Gains or losses on financial assets (liabilities) at fair value through profit or loss	(1,397)	-	48	-
Total non-operating expenses	(28,393)	(1)	(85,558)	(2)

(Continued)

TSEC CORPORATION

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	$ (326,991)	(7)	$ (183,358)	(4)
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 23)	41,141	1	(17,258)	-
NET LOSS	(285,850)	(6)	(200,616)	(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 21)	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 21)	(399)	-	(195)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 23)	80	-	39	-
Other comprehensive income for the year, net of income tax	924	-	533	-
TOTAL COMPREHENSIVE LOSS	$ (284,926)	(6)	$ (200,083)	(4)
LOSS PER SHARE (Note 24)				
Basic	$ (0.74)		$ (0.60)	
Diluted	$ (0.74)		$ (0.60)	

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

TSEC CORPORATION

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

			Retained Earnings		Other Equity		
	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 Equity
BALANCE AT JANUARY 1, 2019	$ 4,768,550	$ 332,205	$ 78	$ (1,960,666)	$ (225)	$ (175,824)	$ 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
Recognition of employee share options by the Company (Note 25)	-	5,460	-	-	-	-	5,460
Changes in percentage of ownership interests in subsidiaries	-	-	-	(75)	-	-	(75)
Net loss for the year ended December 31, 2019	-	-	-	(200,616)	-	-	(200,616)
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(156)	689	533
Total comprehensive loss for the year ended December 31, 2019	-	-	-	(200,616)	(156)	689	(200,083)
BALANCE AT DECEMBER 31, 2019	3,790,167	5,460	-	(395,691)	(381)	(175,135)	3,224,420
Issuance of ordinary shares for cash	667,800	1,055,124	-	-	-	-	1,722,924
Recognition of employee share options by the Company (Note 25)	-	94,227	-	-	-	-	94,227
Net loss for the year ended December 31, 2020	-	-	-	(285,850)	-	-	(285,850)
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	(319)	1,243	924
Total comprehensive loss for the year ended December 31, 2020	-	-	-	(285,850)	(319)	1,243	(284,926)
BALANCE AT DECEMBER 31, 2020	$ 4,457,967	$ 1,154,811	$ -	$ (681,541)	$ (700)	$ (173,892)	$ 4,756,645

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

TSEC CORPORATION

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	$ (326,991)	$ (183,358)
Adjustments for:		
Depreciation	576,760	710,039
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	115,379	151,814
Interest income	(636)	(2,110)
Shared-based payment expenses recognized	94,227	5,460
Share of loss (profit) of subsidiaries and associates	2,628	(549)
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 subsidiaries and associates	1,630	72
Realized gain on transactions with subsidiaries and associates	(19)	-
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	(517,610)	147,941
Accounts receivable from related parties	(156,597)	-
Other receivables	(60)	(2,439)
Other receivables from related parties	62	(297)
Inventories	(326,046)	81,569
Other current assets	(121,630)	(11,554)
Contract liabilities	(37,937)	(25,822)
Notes payable	-	(2,115)
Accounts payable	232,903	(253,224)
Other payables	18,444	2,806
Provisions	4,530	4,093
Other current liabilities	4,969	210
Cash (used in) generated from operations	(113,156)	580,228
Interest received	420	1,391
Finance costs paid	(113,189)	(155,068)
Income tax refunded (paid)	3	(45)
Net cash (used in) generated from operating activities	(225,922)	426,506
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	-	(120,000)
Net cash inflow on disposal of associates	-	46,357
Increase in investment in subsidiaries accounted for using the equity method	(22,984)	(8,500)

(Continued)

TSEC CORPORATION

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

	2020	2019
Net cash inflow on disposal of subsidiaries	$ -	$ 30,000
Payments for property, plant and equipment (Note 27)	(338,031)	(208,597)
Proceeds from disposal of property, plant and equipment	9,758	22,897
Increase in refundable deposits	-	(9,826)
Decrease in refundable deposits	33,974	-
Payments for intangible assets	(192)	(366)
Increase in other financial assets - restricted assets	-	(52,874)
Decrease in other financial assets - restricted assets	149,149	-
Net cash used in investing activities	(168,326)	(300,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(202,453)	(152,579)
Increase in short-term bills payable	279,366	-
Decrease in short-term bills payable	-	(29,989)
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
Net cash generated from financing activities	1,589,047	122,880
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,017)	(873)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,193,782	247,604
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	422,888	175,284
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,616,670	$ 422,888

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

TSEC CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(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 financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The 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 Company 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 financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the Financial Supervisory Commission (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 Company 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 Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company 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 Company'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 Company'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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company'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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations")

b. Basis of preparation

The 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, and associates and the related equity items, as appropriate, in these parent company only financial statements.

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 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 financial statements are authorized for issue; and

3) Liabilities for which the Company 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. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company'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.

e. 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries, and the subsidiaries refer to entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. In addition, changes to the Company's other interests in the subsidiary are recognized based on the shareholding ratio.

When the Company's change in the ownership interest in the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company 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 Company 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 Company'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 Company 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 Company 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 Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent that interests in the associate are not related to the Company.

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 Company 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 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 29.

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.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable and other receivables) and lease receivables.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable and lease receivables. For all other financial instruments, the Company 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 Company 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 Company considers the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

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 Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

The Company 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 Company 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 Company's obligations.

n. Revenue recognition

The Company 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 Company 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 Company 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 Company 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 Company recognizes revenue over time. The Company 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. Leasing

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

1) The Company 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 Company as lessee

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 649	$ 549
Checking accounts and demand deposits	1,400,979	187,339
Cash equivalents		
Time deposits with original maturities of 3 months or less	215,042	235,000
	$ 1,616,670	$ 422,888

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		
Non-derivative financial instruments (not under hedge accounting)		
Forward exchange 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 Company 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	$ 737,430	$ 226,463
Less: Allowance for impairment loss	(52,283)	(54,817)
	$ 685,147	$ 171,646
Other receivables		
Receivables from disposal of investments (Note 11)	$ 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 Company 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 Company's credit risk was significantly reduced. The Company'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 Company 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 Company'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 Company's different customer base.

The Company 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 Company 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 Company'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%	
Gross carrying amount	$ 684,644	$ 2,755	$ -	$ 50,031	$ 737,430
Loss allowance (Lifetime ECLs)	(2,122)	(130)	-	(50,031)	(52,283)
Amortized cost	$ 682,522	$ 2,625	$ -	$ -	$ 685,147

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%	
Gross carrying amount	$ 168,776	$ 3,166	$ 1,855	$ 52,666	$ 226,463
Loss allowance (Lifetime ECLs)	(335)	(1,035)	(781)	(52,666)	(54,817)
Amortized cost	$ 168,441	$ 2,131	$ 1,074	$ -	$ 171,646

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 29.d for details of the Company's concentration of credit risk of accounts receivable as of December 31, 2020 and 2019.

b. Other receivables

The Company adopted a policy of dealing only with creditworthy counterparties. The Company 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 Company 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 Company'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 Company'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 $4,198,982 thousand and $4,215,018 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 Company's strategy of holding these investments for long-term purposes.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019

Investments in subsidiaries	$ 43,217	$ 19,348
Investments in associates	114,252	119,775
	$ 157,469	$ 139,123

Investments in Subsidiaries

	December 31	
	2020	**2019**
Unlisted equity investments		
Holdgood Energy Corporation	$ 33,450	$ 10,481
TSEC America, Inc.	7,540	7,976
Yunsheng Optoelectronics Corporation	477	-
Yunxing Optoelectronics Corporation	477	-
Houchang Energy Corporation	453	453
Houxin Energy Corporation	438	438
Changyang Optoelectronics Corporation	382	-
	$ 43,217	$ 19,348

Proportion of ownership of subsidiaries is as follows:

	December 31	
	2020	**2019**
Holdgood Energy Corporation	60.74%	66.67%
TSEC America, Inc.	100.00%	100.00%
Yunsheng Optoelectronics Corporation	100.00%	-
Yunxing Optoelectronics Corporation	100.00%	-
Houchang Energy Corporation	100.00%	100.00%
Houxin Energy Corporation	100.00%	100.00%
Changyang Optoelectronics Corporation	80.00%	-

Refer to Table 3 of Note 35 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

In July 2019, the Company 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 Company subscribed for additional new shares of Hou Gu Energy Development Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 60.74%.

On September 11, 2018, the Company 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.

The Company established Houchang Energy Corporation and Houxin 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.

The Company and its subsidiary Holdgood Energy Corporation jointly established Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics

Corporation for $750 thousand in January 2020, all of which are engaged in electricity research and development, operations, sales and related consulting services of solar energy generation systems. The Company's shareholding ratios of the above-mentioned three companies were all 50%. In April 2020, the Company acquired part of the shares of Changyang Optoelectronics Corporation and all of the shares of Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics for $450 thousand and $200 thousand, respectively, from its subsidiary Holdgood Energy Corporation and other non-controlling interests. After the acquisition of shares, the Company's shareholding ratios of the above-mentioned three companies were 80%, 100%, and 100%, respectively.

The share of profit or loss of subsidiaries accounted for using the equity method in 2020 and 2019 was recognized based on the subsidiaries' audited financial statements for the same years.

For changes in the shareholding ratios of partially owned subsidiaries, refer to Note 26; for the details on changes in investments accounted for using the equity method, refer to Statement 4.

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.	20.00%	20.00%

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2020	**2019**
The Company's share of:		
Net loss	$ (3,941)	$ (28)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss) for the year	$ (3,941)	$ (28)

Starting from February 1, 2019, the Company 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 Company's shareholding ratio of Yuan-Yu Solar Energy Co., Ltd. was 20%.

Refer to Table 3 of Note 35 for the nature of activities, principal places of business and countries of incorporation of the associates. For details of investments accounted for using the equity method, refer to Table 4.

The Company 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 Company'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 Company'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.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Land	$ 1,071,526	$ 1,071,526
Buildings	2,344,234	2,674,037
Machinery	1,391,106	2,167,894
Office equipment	1,423	2,398
Miscellaneous equipment	43,189	52,567
Construction in progress	373	2,104
	$ 4,851,851	$ 5,970,526

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2020	$ 1,071,526	$ 3,602,084	$ 5,961,579	$ 25,123	$ 255,234	$ 2,104	$ 10,917,650
Additions	-	4,501	8,252	-	9,366	288	22,407
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	3,313,352	3,134,230	24,806	249,551	373	7,793,838
Accumulated depreciation and impairment							
Balance at January 1, 2020	-	928,047	3,793,685	22,725	202,667	-	4,947,124
Depreciation expense	-	138,004	392,807	975	17,539	-	549,325
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	-	969,118	1,743,124	23,383	206,362	-	2,941,987
Carrying amount at December 31, 2020	$ 1,071,526	$ 2,344,234	$ 1,391,106	$ 1,423	$ 43,189	$ 373	$ 4,851,851
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	7,475	-	4,142	563	22,218
Disposals	-	(20,908)	(3,466)	-	(1,467)	-	(25,841)
Reclassification	-	39	-	-	-	(39)	-
Balance at December 31, 2019	1,071,526	3,602,084	5,961,579	25,123	255,234	2,104	10,917,650
Accumulated depreciation and impairment							
Balance at January 1, 2019	-	780,430	3,274,308	21,656	181,082	-	4,257,476
Depreciation expense	-	148,706	519,769	1,069	23,052	-	692,596
Disposals	-	(1,089)	(392)	-	(1,467)	-	(2,948)
Balance at December 31, 2019	-	928,047	3,793,685	22,725	202,667	-	4,947,124
Carrying amount at December 31, 2019	$ 1,071,526	$ 2,674,037	$ 2,167,894	$ 2,398	$ 52,567	$ 2,104	$ 5,970,526

In accordance with IAS 36 - Impairment of Assets, if any indications of impairment exist for property, plant and equipment, the Company'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 Company assessed that some of the machinery and equipment did not meet production requirements, and expected that these assets had no future cash inflows. Therefore, the Company 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 32 for details on the purchases of machines required for production and the significant commitments stated in the construction contracts.

Refer to Notes 17 and 31 for the carrying amounts of property, plant and equipment pledged by the Company to secure borrowings.

Refer to Note 22.h for capitalized interest for the years ended December 31, 2020 and 2019.

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

14. 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 Company, 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 Company's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 31.

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

15. 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.

16. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepayments	$ 130,542	$ 6,695
Prepayments expenses	21,832	21,131
Other financial assets - restricted assets	4,183	162,860
Others	790	3,708
	$ 157,347	$ 194,394
Non-current		
Prepayments for equipment (capitalized interest included)	$ 292,376	$ 41,782
Other financial assets - restricted assets	79,716	70,188
Refundable deposits	54,023	87,998
	$ 426,115	$ 199,968

Other financial assets - restricted assets (current and non-current) were used as pledge deposits and reserve accounts for secured borrowings from performance guarantee, banks 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 31 for the details.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	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 31.

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					
International Bills Finance Corporation	$ 30,000	$ 62	$ 29,938	2.10%	None
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
	$ 280,000	$ 634	$ 279,366		

December 31, 2019: None.

c. Long-term borrowings

	December 31 2020	December 31 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 Company 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 2020. As of December 31, 2019, the balance was $1,086,600 thousand and the interest rate was 2.61%.

During the loan period, the Company 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 Company 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 Company 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 Company in May 2020 and August 2019, respectively, where it was agreed that the Company 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 Company 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 2022. As of December 31, 2019, the balance was $500,000 thousand and the interest rate was 2.61%.

During the loan period, the Company 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 Company 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 Company 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 Company in June 2020 and September 2019, respectively, where it was agreed that the Company 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 loans 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 Company 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 Company 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 Company would be viewed as not in breach of the financial commitments of the contract.

c) In February 2018, the Company 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 Company 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 Company 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 Company 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. 1090075 and document No. 1080142 to the Company in May 2020 and August 2019, respectively, where it was agreed that the Company 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 31.

18. 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 Company has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

19. OTHER PAYABLES

	December 31	
	2020	2019
Current		
Other payables		
Payables for salaries or bonuses	$ 87,571	$ 75,855
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	7,776	7,699
Payables for environmental cost	6,844	4,479
Payables for sales tax	2,068	-
Others	40,827	39,518
	$ 223,330	$ 268,895

20. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The Company 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

21. 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 25)	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	-	3,933	1,527	5,460

employee share options				
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 22.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)

22. NET LOSS

a. Operating revenue

1) Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable (Note 8)	$ 685,147	$ 171,646	$ 320,902
Accounts receivable from related parties (Note 30)	$ 153,981	$ -	$ -
Contract liabilities			
Module sales	$ 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 Company'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 Statement 11 for further information about the details of revenue.

3) Partially completed contracts

	December 31	
	2020	2019
Module sales		
From January 1, 2020 to December 31, 2020	$ -	$ 84,645
From January 1, 2021 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	$ 549,325	$ 692,596
Right-of-use assets	17,073	17,443
Investment properties	10,362	-
Intangible assets	1,803	4,287
	$ 578,563	$ 714,326
An analysis of depreciation by function		
Operating costs	$ 544,238	$ 675,487
Operating expenses	32,522	34,552
	$ 576,760	$ 710,039
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

	2020	2019
	$ 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 20)	$ 29,026	$ 30,617
Share-based payments (Note 25)	94,227	5,460
Payroll expenses	639,641	620,465
Labor and health insurance expenses	62,780	64,238
Remuneration of directors and supervisors	6,155	3,065
Other employee benefits	54,063	54,659
Total employee benefit expenses	$ 885,892	$ 778,504
An analysis of employee benefit expense by function		
Operating costs	$ 648,376	$ 621,930
Operating expenses	237,516	156,574
	$ 885,892	$ 778,504

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 Company did not estimate employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019 because the Company 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	(60,019)	(23,883)
Net gain	$ 47,726	$ 11,346

h. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest expense	$ 90,643	$ 119,059
Finance costs	25,973	31,677
Interest on lease liabilities	546	617
Others	672	950
Less: Capitalized interest	(2,455)	(489)
	$ 115,379	$ 151,814

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%

23. INCOME TAXES

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

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year	$(41,141)	$ 17,258
Income tax (benefit) expense recognized in profit or loss	$(41,141)	$ 17,258

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

	For the Year Ended December 31	
	2020	2019
Loss before tax from continuing operations	$(326,991)	$(183,358)

	2020	2019
Income tax expense calculated at the statutory rate	$ (65,398)	$ (36,672)
Tax-exempt income	-	(8,944)
Nondeductible expenses in determining taxable income	9,633	798
Realized deductible temporary differences	-	(33,780)
Unrecognized loss carryforwards	16,241	93,438
Adjustments for prior years' deferred income tax	(1,617)	2,418
Income tax (benefit) expense recognized in profit or loss	$ (41,141)	$ 17,258

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

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 108	$ 111

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	$ 112,355	$ -	$ 179,589
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	$ 38,920	$ 80	$ 220,050

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized foreign exchange gain	$ 2,469	$ (2,221)	$ -	$ 248

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	-	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 gain	$ -	$ 2,469	$ -	$ 2,469

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

	December 31	
	2020	2019
Loss carryforwards	$ 2,795,711	$ 2,714,506
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
$ 9,364	2021
140,992	2022
133,526	2027
238,290	2028
89,609	2029
126,950	2030
$ 738,731	

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 2022	$ -	$ 83,122

Expiry in 2027	104,293	133,526
Expiry in 2028	238,290	238,290
Expiry in 2029	89,609	87,963
Expiry in 2030	126,950	-
	$ 559,142	$ 542,901

g. Income tax assessments

The Company's income tax returns through 2018 have been assessed by the tax authorities.

24. 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	$(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 diluted loss per share	384,491	333,784

25. 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 day	13 day
Share price volatility rate	78.79%	37.99%
Risk-free interest rate	0.1918%	0.46%

26. PARTIALLY OWNED SUBSIDIARIES - NOT AFFECTING CONTROL

On July 3, 2019, March 20, 2020, and June 1, 2020, the Company 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.

On April 23, 2020, the Company acquired 30% of the shares of the non-controlling interests of its subsidiary, Changyang Optoelectronics Corporation, which increased its continuing interest from 50% to 80%. On April 23, 2020, the Company acquired 50% of the shares of the non-controlling interests of its subsidiaries Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, which increased its continuing interest from 50% to 100%.

Since the above-mentioned transactions did not change the Company's control over the subsidiaries, they are treated as equity transactions. For the details regarding the partial acquisition of Holdgood Energy Corporation, Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, refer to Note 27 of the Company's consolidated financial statements for the year ended December 31, 2020.

27. CASH FLOW INFORMATION

a. Non-cash transactions

1) For the years ended December 31, 2020 and 2019, the Company 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	$ 22,407	$ 22,218
Net increase in prepayments for equipment	253,049	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	$ 338,031	$ 208,597

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

	Balance as of January 1, 2020	Cash Flows	Non-cash Changes					Balance as of December 31, 2020
			New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Effect of Foreign Currency Exchange Differences	Others	
Short-term borrowings	$ 725,148	$ (202,453)	$ -	$ -	$ -	$ (8,264)	$ -	$ 514,431
Short-term bills payable	-	279,366	-	-	614	-	(614)	279,366
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
	$ 3,836,914	$ (133,877)	$ 11,817	$ -	$ 1,160	$ (8,264)	$ (5,282)	$ 3,702,468

For the year ended December 31, 2019

	Balance as of January 1, 2019	Cash Flows	Non-cash Changes					Balance as of December 31, 2019
			New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Effect of Foreign Currency Exchange Differences	Others	
Short-term borrowings	$ 887,844	$ (152,579)	$ -	$ -	$ -	$ (10,117)	$ -	$ 725,148
Short-term bills payable	29,989	(29,989)	-	-	570	-	(570)	-
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	$ (332,120)	$ 11,489	$ -	$ 1,187	$ (10,117)	$ (1,187)	$ 3,836,914

28. CAPITAL MANAGEMENT

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

29. 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 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, 2020

	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 assumption 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	December 31 2019
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 60,006	$ -
Financial assets at amortized cost (1)	2,615,248	934,415
Financial assets at FVTOCI		
Equity instruments	6,455	5,212
Financial liabilities		
Financial liabilities at FVTPL	1,464	-
Financial liabilities at amortized cost (2)	4,422,813	4,378,401

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), refundable deposits (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 payables, labor and medical insurance, pension and sales tax) and bonds issued.

d. Financial risk management objectives and policies

The Company's major financial instruments include financial assets at FVTPL, financial assets measured at FVTOCI, accounts receivable, accounts payable, short-term, long-term debt and lease liabilities etc. The Company's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company 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 Company 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 Company'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 Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company'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 Company'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 financial statements), refer to Note 34.

Sensitivity analysis

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

The following table details the Company'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 relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

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

The sensitivity of the Company 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 Company'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	$ 457,383	$ 282,025
Cash flow interest rate risk		
Financial assets	1,690,992	653,079
Financial liabilities	3,242,750	3,552,554

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's pretax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by $3,879 thousand and $7,249 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its long-term borrowings.

The Company's interest rate sensitivity increased 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 Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company 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 Company's concentration of credit risk of 67.86% and 46.71% in total trade receivables as of December 31, 2020 and 2019, respectively, was related to the Company's ten largest customers.

3) Liquidity risk

The Company managed and maintained sufficient cash and cash equivalents to support the operations of the Company 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 Company'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 Company 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	307,487	60,184	69,593
Non-interest bearing liabilities	230,259	304,150	198,736	-
Lease liabilities	1,287	2,575	4,817	1,830
	$ 295,386	$ 1,036,533	$ 654,101	$ 2,688,946

Additional information about the 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	24,094	44,081	148,529	51,103
Non-interest bearing liabilities	206,494	203,786	153,303	-
Lease liabilities	1,480	2,961	6,825	10,114
	$ 274,728	$ 701,762	$ 1,835,965	$ 1,745,490

Additional information about the maturity analysis for lease liabilities:

	Less than	1-5 Years	5 -10	10-15	15-20

	1 Year		Years	Years	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 Company'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	$ 2,145,645	$ 3,301,463
Amount unused	424,734	-
	$ 2,570,379	$ 3,301,463

30. TRANSACTIONS WITH RELATED PARTIES

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

a. The Company's related parties

Related Party	Relationship with the Company

Holdgood Energy Corporation	Subsidiary
Yuan-Yu Solar Energy Co., Ltd.	Associate

b. Operating revenue

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Sales	Associate	$ 214,100	$ -
	Subsidiary	87,140	16,970
		$ 301,240	$ 16,970

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

c. Rental revenue

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Rental revenue	Subsidiary - Holdgood Energy Corporation	$ 495	$ 189

The rental amount is determined by negotiations and collected on a monthly basis.

d. Other revenue

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Other revenue	Associate - Yuan-Yu Solar Energy Co., Ltd.	$ 2,040	$ 932

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

e. Accounts receivable - associates

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Accounts receivable - associates	Subsidiary - Holdgood Energy Corporation	$ 79,375	$ -
	Associate - Yuan-Yu Solar Energy Co., Ltd.	74,606	-
		$ 153,981	$ -

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.

f. Other receivables

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Other receivables	Associate - Yuan-Yu Solar Energy Co., Ltd.	$ 170	$ 170
	Subsidiary - Holdgood Energy Corporation	65	127
		$ 235	$ 297

Refers to amounts charged to subsidiary and associate.

g. Contract liabilities

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2020**	**2019**
Contract liabilities	Associate - Yuan-Yu Solar Energy Co., Ltd.	$ 37,645	$ -

h. Disposal of property, plant and equipment

	For the Year Ended December 31, 2020	
Related Party Category/Name	**Proceeds**	**Gain (Loss) on Disposal**
Subsidiary - Holdgood Energy Corporation	$ 22,897	$ -

Disposal of property, plant and equipment is the sale of solar energy equipment for funding of the subsidiaries' operations, and the price of disposal is determined through negotiations.

i. 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.

31. 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	1,035,348	1,293,223
Investment properties	157,717	-
Other financial assets - restricted assets (recognized as other current and non-current asset)	83,899	233,048
	$ 4,407,647	$ 4,940,022

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2020 and 2019, significant commitments of the Company 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

33. 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.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company'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 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			
USD	265	28.48 (USD:NTD)	7,540
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			
USD	266	29.98 (USD:NTD)	
JPY	18,884	0.2760 (JPY:NTD)	7,976
			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 Gains	Exchange Rate	Unrealized Foreign Exchange Gains
USD	29.5490 (USD:NTD)	$ 2,830	30.91 (USD:NTD)	$ 12,181

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and 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 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 29

10) Information on investees (excluding investees in mainland China): Table 3 (attached)

b. Information on investments in mainland China: None

c. Information of major shareholders: Table 4 (attached)

TABLE 1

TSEC CORPORATION

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 of the invested company 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.

TABLE 2

TSEC CORPORATION

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	4.55	30-40 days	-	-	$ 74,606	8.89	Note 1

Note 1: 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

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	$ 7,540	$ (37)	$ (37)	Notes 1 and 3
	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	Note 1
	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	438	-	-	Note 1
	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	453	-	-	Note 1
	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	382	(23)	(18)	Note 1
	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	477	(23)	(23)	Note 1
	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	477	(23)	(23)	Note 1
	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	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	95	(23)	(5)	Note 1
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	89	-	-	Note 1
	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	89	-	-	Note 1
	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	89	-	-	Note 1
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	89	-	-	Note 1
	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	89	-	-	Note 1
	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	89	-	-	Note 1

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 25, 2021, TSEC America, Inc. has not completed the liquidation procedures.

Note 4: Carrying amount includes unrealized gross margin.

TABLE 4

TSEC CORPORATION

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 and preferred 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.

TSEC CORPORATION

STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at FVTPL	Note 7
Statement of accounts receivable, net	2
Statement of inventories	3
Statement of other receivables	Note 8
Statement of financial assets at FVTOCI	Note 10
Statement of changes in investments accounted for using the equity method	4
Statement of changes in property, plant and equipment	Note 12
Statement of changes in accumulated depreciation and accumulated impairment of property, plant and equipment	Note 12
Statement of changes in right-of-use assets	5
Statement of changes in accumulated depreciation of right-of-use assets	6
Statement of changes in investment properties	Note 14
Statement of changes in accumulated depreciation of investment properties	Note 14
Statement of changes in other intangible assets	Note 14
Statement of deferred income tax assets	Note 23
Statement of other non-current assets	Note 15
Statement of short-term loans	Note 17
Statement of short-term bills payable	Note 17
Statement of contract liabilities	7
Statement of accounts payable	8
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Statement of current portion of long-term borrowings	9
Statement of long-term borrowings	9
Major Accounting Items in Profit or Loss	
Statement of operating revenue	11
Statement of operating costs	12
Statement of manufacturing expenses	13
Statement of operating expenses	14
Statement of other operating income and expenses	Note 22
Statement of labor, depreciation and amortization by function	15

TSEC CORPORATION

STATEMENT OF CASH
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Petty cash		$ 649
Checking accounts		8,928
Demand deposits		
NTD		1,373,360
USD	US$649 thousand @28.48	18,508
EUR	EUR5 thousand @35.02	183
Cash equivalents		
Time deposits		215,042
		$ 1,616,670

STATEMENT 2

TSEC CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related party	
Client A	$ 274,643
Client B	73,232
Client C	50,952
Client D	46,116
Others (Note)	292,487
	737,430
Less: Allowance for doubtful accounts	(52,283)
	$ 685,147
Related party	
Hou Gu Energy Development Corporation	$ 79,375
Yuan-Yu Solar Energy Co., Ltd.	74,606
	$ 153,981

Note: The amount from each individual client included under ‘Others’ does not exceed 5% of the total account balance.

STATEMENT 3

TSEC CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	$ 503,168	$ 482,875
Finished goods	291,881	273,155
Work in process	54,773	50,581
	849,822	$ 806,611
Less: Allowance for inventory valuation and obsolescence losses	(43,211)	
	$ 806,611	

TSEC CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2020		Increase in Investment (Note 1)		Profit or Loss from Investments (Notes 2 and 3)	Exchange Differences from Translation of Financial Statements of Associates Accounted for Using the Equity Method	Deferred Realized (Unrealized) Gross Profit	Balance, December 31, 2020			Net Asset Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount				Number of Shares	%	Amount		
Subsidiaries												
Holdgood Energy Corporation	1,000,000	$ 10,481	2,158,350	$ 21,584	$ 1,414	$ -	$ (29)	3,158,350	60.74	$ 33,450	$ 33,550	NA
TSEC America, Inc.	100,000	7,976	-	-	(37)	(399)	-	100,000	100.00	7,540	7,540	NA
Yunsheng Optoelectronics Corporation	-	-	50,000	500	(23)	-	-	50,000	100.00	477	477	NA
Yunxing Optoelectronics Corporation	-	-	50,000	500	(23)	-	-	50,000	100.00	477	477	NA
Houchang Energy Corporation	50,000	453	-	-	-	-	-	50,000	100.00	453	453	NA
Houxin Energy Corporation	50,000	438	-	-	-	-	-	50,000	100.00	438	438	NA
Changyang Optoelectronics Corporation	-	-	40,000	400	(18)	-	-	40,000	80.00	382	382	NA
Associates												
Yuan-Yu Solar Energy Co., Ltd.	12,000,000	119,775	-	-	(3,941)	-	(1,582)	12,000,000	20.00	114,252	115,834	NA
		$ 139,123		$ 22,984	$ (2,628)	$ (399)	$ (1,611)			$ 157,469	$ 159,151	

Note 1: The increase in investments in Holdgood Energy Corporation in the current year was due to an additional investment of 2,158,350 shares (in the amount of $21,584 thousand); the increase in investments in Changyang Optoelectronics Corporation was due to an additional investment of 40,000 shares (in the total amount of $400 thousand); the increase in investments in Yunsheng Optoelectronics Corporation was due to the establishment and an additional investment of 50,000 shares (in the amount of $500 thousand); the increase in investments in Yunxing Optoelectronics Corporation was due to the establishment and an additional investment of 50,000 shares (in the amount of $500 thousand).

Note 3: The investees are recognized based on the audited financial statements.

Note 4: The associate Yuan-Yu Solar Energy Co., Ltd. was recognized based on the audited financial statements.

TSEC CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1	Increase during the Year (Note 1)	Decrease during the Year (Note 2)	Balance at December 31
Cost				
Buildings	$ 27,007	$ 8,851	$ 10,069	$ 25,789
Transportation equipment	3,675	2,611	2,518	3,768
Machinery	6,283	355	4,328	2,310
	$ 36,965	$ 11,817	$ 16,915	$ 31,867

Note 1: The increase in right-of-use assets was due to the new leases.

Note 2: The decrease in right-of-use assets was due to the leases that have expired or were terminated early.

TSEC CORPORATION

STATEMENT OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1	Increase during the Year	Decrease during the Year (Note)	Balance at December 31
Accumulated depreciation				
Buildings	$ 14,451	$ 13,888	$ 9,639	$ 18,700
Transportation equipment	2,201	2,037	2,518	1,720
Machinery	791	1,148	636	1,303
	$ 17,443	$ 17,073	$ 12,793	$ 21,723

Note: For the reason for the decrease during the year, refer to statement 5 of Note 2.

TSEC CORPORATION

STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Yuan-Yu Solar Energy Co., Ltd.	$ 37,645
Others (Note)	9,063
	$ 46,708

Note: The amount of contract liabilities due to each individual under "Others" does not exceed 5% of total account balance.

TSEC CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor E	$ 61,010
Vendor F	60,824
Vendor G	58,667
Vendor H	50,718
Vendor I	45,052
Vendor J	38,263
Vendor K	36,683
Others (Note)	265,037
	$ 616,254

Note: The amount of accounts payable due to each individual vendor under "Others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Name	Creditor	Repayment Method	Annual Rate (%)	Amount Current Portion	Amount Non-current Portion	Collateral
Syndicated loan	Syndicated loan led by Taiwan Cooperative Bank	Note 1	2.49	$ 128,000	$ 1,472,000	Land, buildings and other financial assets - restricted assets
Syndicated loan	Syndicated loan led by Chang Hwa Commercial Bank	Note 2	2.50	124,085	991,785	Land, buildings and other financial assets - restricted assets
Less: Syndicated borrowing administration fee				(2,006)	(17,069)	
				250,079	2,446,716	
Loan for the financing of machinery	Yiho International Leasing Co., Ltd.	Term of contract is one and a half years from August 2019, repayment of principal and interest on a monthly basis	4.93	4,488	-	Machines
Loan for the financing of machinery	Shinshin Credit Corporation	Term of contract is one and a half years from December 2019, repayment of principal and interest on a monthly basis	3.80	11,697	-	Machines
Loan for the financing of machinery	IBT Leasing Co., Ltd.	Term of contract is one and a half years from June 2020, repayment of principal and interest on a monthly basis	4.00	8,661	758	Machines
Loan for the financing of machinery	Shinshin Credit Corporation	Term of contract is three years from July 2020, repayment of principal and interest on a monthly basis	3.96	14,762	28,154	Machines
Loan for the financing of machinery	Chailease Finance Co., Ltd.	Term of contract is three years from August 2020, repayment of principal and interest on a monthly basis	4.06	16,006	18,592	Machines
Loan for the financing of machinery	Hotai Finance Corporation	Term of contract is two and a half years from September 2020, repayment of principal and interest on a monthly basis	3.84	15,784	20,277	Machines
Loan for the financing of machinery	SinoPac Leasing Corporation	Term of contract is one and a half years from November 2020, repayment of principal and interest on a monthly basis	3.30	28,372	-	Machines
				99,770	67,781	
Bank mortgage loan	Taiwan Business Bank	Term of contract is two years from January 2020, repayment of principal and interest on a monthly basis	2.50	29,585	1,938	Machines
				$ 379,434	$ 2,516,435	

Note 1: The first repayment should be made after 3 months from November 16, 2020, and the repayment of the loan should be made once every period for a total of 20 periods, where 1 period is equivalent to 3 months. In the first to twelfth periods, 2% of the principal should be repaid every period, in the thirteenth to nineteenth periods, 4% of the principal should be repaid, and the remaining amount is to be repaid in full on the maturity date of the loan.

Note 2: The first repayment should be made after 24 months from February 23, 2018, and the repayment of the loan should be made once every period for a total of 7 periods, where 1 period is equivalent to 6 months. In the first to fourth periods, 5% of the principal should be repaid every period, in the fifth and sixth periods, 10% of the principal should be repaid, and the remaining amount is to be repaid in full on the maturity date of the loan.

TSEC CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item category	Item	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Buildings	Office and staff dormitory	2016.7.1-2022.12.31	2.78-2.94	$ 7,188	
Machinery	R&D equipment	2019.6.1-2022.5.1	2.78-2.94	1,029	
Transportation equipment	Company car	2018.6.8-2022.6.7	2.78-2.94	2,250	
				$ 10,467	

TSEC CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Sales revenue		
Total sales revenue	Solar module sales	$ 4,613,301
	Power plant sales	127,916
	Sale of electricity	8,304
		4,749,521
Less: Sales returns and allowances		(46,655)
Operating revenue		$ 4,702,866

TSEC CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material cost	
Balance, beginning of year	$ 240,278
Raw materials purchased	3,035,212
Raw materials, end of year	(503,168)
Transferred to manufacturing expenses	(241,110)
Transferred to operating expenses	(4,790)
	2,526,422
Direct labor	539,880
Manufacturing expenses	1,148,328
Manufacturing cost	4,214,630
Work in process, beginning of year	35,842
Work in process, end of year	(54,773)
Cost of finished goods	4,195,699
Finished goods, beginning of year	235,900
Allowance for inventory valuation loss	(11,756)
Finished goods, end of year	(291,881)
Transferred to manufacturing expenses	(33,311)
Transferred to operating expenses	(7)
Transferred to power plant cost	(32,262)
	4,085,894
Module cost transferred to power plant cost	32,262
Power plant engineering cost	80,826
	113,088
Cost of sale of electricity	19,281
	$ 4,218,263

TSEC CORPORATION

STATEMENT OF MANUFACTURING EXPENSES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation expense	$ 544,238
Indirect material cost	144,615
Hydroelectric gas fees	113,753
Employees’ wages	108,496
Consumables	98,331
Others (Note)	138,895
	$ 1,148,328

Note: The amount of each item under “Others” does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF OPERATING EXPENSES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research And Development Expenses	Expected Credit Loss Reversed	Total
Employees' wages	$ 30,962	$ 188,181	$ 18,373	$ -	$ 237,516
Depreciation expense	5,823	23,261	3,438	-	32,522
Delivery fee	19,399	15	213	-	19,627
Gain on recovery of bad debt	-	-	-	(2,534)	(2,534)
Others (Note)	34,677	50,273	25,661	-	110,611
	$ 90,861	$ 261,730	$ 47,685	$ (2,534)	$ 397,742

Note: The amount of each item under "Others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF EMPLOYEES' BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost (Note)						
Share-based payments	$ -	$ 94,227	$ 94,227	$ -	$ 5,460	$ 5,460
Payroll expenses	526,179	113,462	639,641	497,647	122,818	620,465
Labor and health insurance expenses	52,037	10,743	62,780	52,818	11,420	64,238
Pension	23,666	5,360	29,026	25,007	5,610	30,617
Remuneration of directors and supervisors	-	6,155	6,155	-	3,065	3,065
Others	46,494	7,569	54,063	46,458	8,201	54,659
	$ 648,376	$ 237,516	$ 885,892	$ 621,930	$ 156,574	$ 778,504
Depreciation	$ 544,238	$ 32,522	$ 576,760	$ 675,487	$ 34,552	$ 710,039
Amortization	$ 262	$ 1,541	$ 1,803	$ 874	$ 3,413	$ 4,287

Note 1: As of December 31, 2020 and 2019, the Company had 1,160 and 1,131 employees, respectively. There were 5 non-employee directors for both years.

Note 2: a) Average labor costs for the years ended December 31, 2020 and 2019 were $762 thousand and $689 thousand, respectively.

b) Average salary and bonus for the years ended December 31, 2020 and 2019 were $554 thousand and $551 thousand, respectively.

Note 3: The average salary and bonus increased by 0.5% year over year.

Note 4: The Company's compensation policies

Principles of the formulation of the Company's compensation policies

a) Employees' compensation: Employees' compensation mainly includes basic salary (including base salary and meal allowance), performance bonus, personal performance annual salary adjustment and year-end bonus, etc. Salaries are determined based on the market rate, job category, academic experience, professional knowledge and skills, and professional years of experience; salaries offered are better than the average market salary in the same industry.

b) Remuneration of managers is determined based on the Company's profitability and business strategy as well as the performance and contribution of the managers with reference to the market salary, and is reviewed by the compensation committee and submitted to the board of directors for approval.

c) Employees' bonuses: Bonuses are issued based on the Company's operating performance and the individual performance of the employees.

d) Annual salary adjustments: The Company conducts salary adjustments once a year to motivate the long-term development of employees, taking into consideration the overall economic environment, operating profit, employee performance appraisal results, with reference to the average market salary and overall salary adjustment situation of other companies in the same industry.

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.

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: Nil.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risk Assessment

I. Financial position - consolidated financial report

Unit: In NT$1,000

Year / Item	2019	2020	Difference	
			Amount	%
Current asset	1,312,690	3,450,180	2,137,490	162.83
Property, Plant and Equipment	6,009,318	4,951,333	(1,057,985)	(17.61)
Intangible asset	3,047	1,436	(1,611)	(52.87)
Other assets	526,127	1,015,496	489,369	93.01
Total assets	7,851,182	9,418,445	1,567,263	19.96
Current liabilities	2,936,219	2,106,104	(830,115)	(28.27)
Non-current liabilities	1,685,267	2,534,007	848,740	50.36
Total liabilities	4,621,486	4,640,111	18,625	0.40
Share capital	3,790,167	4,457,967	667,800	17.62
Capital surplus	5,460	1,154,811	1,149,351	21,050.38
Retained earnings	-395,691	-681,541	(285,850)	(72.24)
Non-controlling interests	5,276	21,689	16,413	311.09
Total Equity	3,229,696	4,778,334	1,548,638	47.95

Please describe the main reasons of material changes in assets, liabilities, and equities in the recent two years, and the effects (the percentage of change between two consecutive terms is 20% or above, the changed amount is over NTD 10 million):

(1) Increase of current assets: mainly resulted from the capital increase in cash of the year.

(2) Increase of other assets: mainly resulted from the increase of properties for investment

(3) Decrease of current liabilities: mainly resulted from the completion of the syndication in the year, and the bank loans maturing in one year were re-recognized as long-term loans.

(4) Increase of non-current liabilities: mainly resulted from the completion of the syndication in the year, and the bank loans maturing in one year were re-recognized as long-term loans.

(5) Increase of capital surplus: mainly resulted from the capital increase in cash of the year.

(6) Decrease of retained earnings: mainly resulted from the net loss after tax of the given year.

(7) Increase of uncontrolled equity: mainly resulted from the capital increase in cash of the year.

(8) Increase of equity: mainly resulted from the capital increase in cash of the year.

II. Financial performance- consolidated financial report

(I) Key reasons resulted in material changes to the operating revenue, net operating profit, and net profit before tax

Unit: In NT$1,000

Item / Year	2019	2020	Amount increased/decreased	Percentage of change (%)
Net operating revenue	4,440,874	4,623,829	182,955	4.12
Operating cost	4,221,641	4,136,478	(85,163)	(2.02)
Operating Gross Income	219,233	487,351	268,118	122.30
Operating expenses	315,661	398,544	82,883	26.26
Other net income, expense, and loss	4	-383,848	(383,852)	(9,596,300.00)
Operating Income (Loss)	-96,424	-295,041	(198,617)	(205.98)
Non-operating income and expense	-86,504	-30,362	56,142	64.90
Pre-tax net income	-182,928	-325,403	(142,475)	(77.89)
Continuing operations Current period net profit	-200,415	-284,866	(84,451)	(42.14)
Net profit from discontinuing operation	-	-	-	-
Current period net profit (loss)	-200,415	-284,866	(84,451)	(42.14)
Other comprehensive income of the current year (net amount after-tax)	533	924	391	73.36
Total comprehensive income in the current period	-199,882	-283,942	(84,060)	(42.05)
Net profit attributable to the owner of parent	-200,616	-285,850	(85,234)	(42.49)
Net profit attributable to uncontrolled equity	201	984	783	389.55
Net profit from total consolidated income attributable to the owner of parent	-200,083	-284,926	(84,843)	(42.40)
Total consolidated income attributable to uncontrolled equity	201	984	783	389.55

Please describe the main reasons of material changes in operating revenue, net operating profit, and net profit before tax in the recent two years, and the effects (the percentage of change between two consecutive terms is 20% or above, the changed amount is over NTD 10 million):

(1) Increase of operating gross income: the sales demands and price were more stable than ever in the year, and the operating costs decreased.

(2) Increase of operating expense: the costs of employee share options as remuneration were recognized in the term.

(3) Decrease of other net income, expense, and loss: the impairment of property, plant and equipment was recognized in the term.

(4) Increase of operating loss: the impairment of property, plant and equipment was recognized in the term.

(5) Increase of non-operating income and expense: the fluctuation of USD exchange rate resulted in the income from the foreign currency exchange.

(6) Increase of net loss before tax and for the term: the impairment of property, plant and equipment was recognized in the term.

(7) Increase of net loss of the continuing operations: the impairment of property, plant and equipment was recognized in the term.

(8) Increase of the total comprehensive income, net profit attributable to the owners of parent company, and total comprehensive income attributable to the owners of parent company: the impairment of property, plant and equipment was recognized in the term.

(II) Expected sales volume and the basis, and the possible effects to the Company's future finance business, and counter measures thereof

As the Company expects continuous growth of the future sales, the overall operational performance shall be driven by such. Also the Company will keep on contribute the R&D resources to keep the technical leadership with continuous enhancement of quality, and better partnership with clients for enhancing the competitive advantage of procurements. Thus the product will be forward-looking with cost competitive advantage. These shall help the growth of future revenue and profit. For the condition and development of the related industry, please refer to "Five Operation Overview II. Overview of Market and Production/Sales."

III. Cash flow

(I) Analysis of Changes to Cash Flow in the Recent Year (2020)

Unit: In NT$1,000

Item \ Year	2019	2020	Changes of Increase (Decrease)	
			Amount	%
Net cash generated/used by operating activities	426,607	-143,325	-569,932	-133.60
Net cash used in investing activities	-332,686	-258,596	74,090	22.27
Net cash inflow generated from financing activities	155,726	1,601,419	1,445,693	928.36

Material change description: (percentage of change is 20% or above)
Analysis of Cash Flow in the Recent Year

1. Operating activities: the net cash outflow was NTD 143,325 thousand. The decrease of net cash inflow was mainly resulted from the concentration of sales at the end of the term, with increased receivables.
2. Investing activities:t he net cash outflow was NTD 258,596 thousand. The decrease of net cash inflow was mainly resulted from reinvestment in Yuan-Yu last year; there is no such this year.
3. Financing activities: the net cash inflow was NTD 1,601,419 thousand. The increase of net cash inflow was mainly resulted from the capital increase in cash this year.

(II) Analysis of Cash Flow for the Next Year (2020)

Unit: In NT$1,000

Cash balance at the beginning of the term (1)	Net cash flow from operating activities for the whole year (2)	Cash inflow (outflow) from investments and financing activities for the whole year (3)	The amount of remaining (shortage of) cash (1)+(2)-(3)	Remedies for insufficient cash	
				Investment plan	Wealth management plan
2,117,049	98,699	1,218,921	996,827	–	–

(III) Improvement plan for insufficient liquidity: the Company has no concern of insufficient liquidity

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year (2020):

Through the capital increase in cash, bank loans and self-owned funds, the capacity equipment was expanded in 2020. The total input capital expenditure was NTD 85,772 thousand. the capacity of production lines were improved and the production volume was increased, both positively influenced the finance of the Company.

V. The reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) Reinvestment Policy in the Recent Year

The reinvestments are made by the management based on the Company's operation or strategic objectives. The related units provide and summarize the professional information, and the investee's history, outlook, market condition, and managerial health are evaluated, as the reference for the management's decision-making.

(II) The Key Reasons for Profit of Loss from the Reinvestment in the Recent Year, and the Improvement Plan

December 31, 2020/Unit: NTD Thousand

Description: / Item	Investment incomes recognized in 2020	Shareholding Ratio (%)	Major reasons for profit or loss	Improvement plan	Other investment plan in the future
Holdgood Energy Co., Ltd.	1,414	60.74	The company is still at the startup stage, and committed to the development of solar power stations in Taiwan. No significant revenue has been generated.	Actively developing clients in Taiwan	Nil
TSEC AMERICA,INC.	(37)	100	The company is still at the startup stage, and committed to the development of solar power stations in the U.S. No significant revenue has been generated.	Actively developing clients in the U.S.	Nil
Yunsheng Optoelectronics Co., Ltd.	(23)	100	The company is still at the startup stage, and committed to the development of solar power stations in Taiwan. No significant revenue has been generated.	Actively develop large tenders in Taiwan	Nil
Yunxing Optoelectronics Co., Ltd.	(23)	100	The company is still at the startup stage, and committed to the development of solar power stations in Taiwan. No significant revenue has been generated.	Actively develop large tenders in Taiwan	Nil
Changyang Optoelectronics Co., Ltd.	(18)	80	The company is still at the startup stage, and committed to the development of solar power stations in Taiwan. No significant revenue has been generated.	Actively develop large tenders in Taiwan	Nil
Yuan-Yu Solar Energy Co., Ltd.	(3,941)	20	The company is still at the startup stage, and committed to the development of solar power stations in Taiwan. No significant revenue has been generated.	Actively develop large tenders in Taiwan	Nil

(III) Investment in the Next Year: Nil.

VI. Risk Management and Assessment

(I) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. The effect upon the company's profits (losses) of interest rate fluctuations, and response measures to be taken in the future.

Most of the Company and the subsidiaries' loans are made in NTD, with floating interest rate. As the impacts from COVID-19 at the beginning of 2020, interest rate were lowered by various countries to mitigate the economic impacts. The Central Bank of Taiwan also reduced the interest rate and thus decrease the interest burden of the Company. For the mid- and long-term, the Company and the subsidiaries are on the progress of repaying mid- and long-term loans. The interest rate hike of NTD has limited impact to Company and the subsidiaries' long-term operational risks. From the view of international monetary market, the economic recovery in the U.S is impacted by COVID-19, and the possible US-Sino trade war, it is not likely to hike interest rate significantly.

Even the NTD interest rate tends to be upward in the future, the Company and the subsidiaries may hedge the interest rate in the domestic monetary market at the right timing. Also, the Company's shares are publicly listed, via the information disclosure to reduce the information costs and risks for the financial institutions, the Company may bargain for better rates. The liability ratio may also be reduce via fundraising in the capital market.

2. The effect upon the company's profits (losses) of exchange rate fluctuations, and response measures to be taken in the future.

The future operational strategies of Company and the subsidiaries will focus on the domestic sales of solar modules and operation/maintenance of power stations. The foreign exchange positions are mainly generated from the short-term operational cycle and thus no mid- and long-term foreign exchange risks. The operating revenue of Company and the subsidiaries are mainly denominated in USD and EUR; however, the procurements of raw materials and equipment are mostly paid in USD and EUR, so there receivables and payables may accommodate each other for natural hedging. In case greater foreign exchange positions are generated in the future, the Company and the subsidiaries may conduct the derivatives transaction for the purpose of hedging, pursuant to the derivatives transaction procedure set forth in the "Procedures for Acquisition or Disposal of Assets," to minimize the foreign exchange risks.

3. The effect upon the company's profits (losses) of inflation and , and response measures to be taken in the future

The most procurement and sales of the Company and the subsidiaries are integrated with the major global market. Therefore, the domestic inflation has limited impacts to the operations of the Company and the subsidiaries. The Company and the subsidiaries monitor the fluctuations of prices in the international markets closely. In case where the costs are increased due to onshore and offshore inflation, the Company and the subsidiaries will adjust and negotiate the sales and procurement price timely as responses.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. The operational philosophy of the Company and its subsidiaries is robust and practical, and the focuses are on the major business of the Company and its subsidiaries. No high-risk investment and highly leveraged investment are taken.
2. The Company and the subsidiaries have established the "Regulations Governing Loaning of Funds to Others," for loaning funds to others. As of the annual report publication date, there is no fund loaned to others by the Company and the subsidiaries.
3. The Company and the subsidiaries have established the "Regulations Governing Endorsement and Guarantee," to be referred to when conduct endorsement and guarantee. As of the annual report publication date, there is no endorsement and guarantee by the Company and the subsidiaries.
4. The financial hedging strategies of the Company and the subsidiaries aim to avoid the risk of exchange rate fluctuation. The derivatives transactions are conducted pursuant to the Company's "Procedures for Acquisition or Disposal of Assets," and fully disclosed in financial statements.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

1. In April 2013, the Company applied the development of new leading product by the Industrial Development Bureau (IDB). With the support from IDB, the project of “quasi-monocrystalline solar cell with high efficiency” was passes successfully. The governmental subsidy was NTD 10 million, and the self-raised fund was NTD 16 million. It demonstrated that the technologies developed solely by the Company was recognized by the nation with subsidy. The project was recognized by the review panel in December 2014 and then concluded. The intended goal was successfully achieved and even exceeded. The conversion efficiency of the quasi-monocrystalline solar cell with high efficiency was raised to over 19.8%. In January 2016, the Company applied “Industrial Energy Technology Project” of the Bureau of Energy, Ministry of Economic Affairs. With the support of the Bureau of Energy, Ministry of Economic Affairs, the “monocrystalline solar cell product with high efficiency” project was successfully passed. The governmental subsidy was NTD 6.45 million and the self-raised fund was NTD 8.55 million. It demonstrated again that technologies developed solely by the Company and the deep development were recognized and assisted by the country. The V-Cell monocrystalline solar cell with high efficiency of 21.3% or more conversion efficiency was fully developed at the end of December 2016. The Company will continue the development of advanced manufacturing process technologies, to pursue the goal of being a world-class solar cell and module manufacturers.
2. The R&D development plan of the Company may be divided as the near term, mid-term, and long term. By deepening the collaboration with the academic institutes, the good academic-industrial partnerships are established.

(A) Near-term R&D development plan:

The near-term R&D objective is to improve quality of mass productions for the monocrystalline V-Cell, upgrade the conversion efficiency and yield rate for the optimization of production conditions and cost reduction, to meet the VPC demands in the domestic market. Besides, the MBB technologies are developed actively to increase the cell efficiency. The active preparation to development of large size cell is also made. For the watts of 60- and 72 piece modules, the new materials will be introduced, and the packaging manufacturing process will be optimized to increase the wattage of modules. NTD 30 million is expected to be input.

(B) Mid-term R&D development plan

The mid-term objective is to assess and introduce the high-end manufacturing process technologies and materials, and increase the effect utilization of photoelectricity, including introduction of new machines, resistance reduction and application of electrode material. Other innovative technologies include the development of new cell structures (tunnel oxide passivated contact solar cells, heterojunction solar cell, back-contact solar cells), which can greatly improve the photoelectric conversion efficiency of solar cells, as well as focuses on the development in terms of module packaging methods (half-cut double glass modules, paving module, and seamless welded modules). This will help the Company become a leading manufacturer of solar cells and modules in terms of technology development and cost control. NTD 20 million is expected to be input.

(C) Long-term R&D development plan

The long-term objective is the mass production and application of new cell structure and modules. This well help the leader in terms of technical development and cost control in the solar energy product industry. Moreover, we intend to become a new-type power operator, to create, develop and apply the green electricity, and develop the small- and mid regional power deployment planning system and energy management system via the integrating capability of the up-, mid- and downstream. NTD 10 million is expected to be input.

(D) Academic-industrial collaboration plans

From the beginning of 2012 to 2010, the Company has jointly applied for and successfully passed the industry-academic collaborative projects of the Ministry of Science and Technology, with National Cheng Kung University, National Central University and Taiwan

University of Science and Technology, including: the development of laser doping combining the spin on dopant; development of diamond-like carbon film passivation layer technology for the high-efficiency silicon crystalline solar energy; diffusion by spin-on dopants for n-type PERT silicon solar cell manufacturing, using micro/nano composite patterned substrates to improve the photoelectric conversion efficiency of silicon-based solar cells; developing screen printing coating polymer paste for the application to the production of local emitter and back passivation silicon crystalline solar cells; developing plasma-assisted chemical vapor deposition multilayer SiOxNy: H/SiNx: H reflection-resistant films for the application to solar cells; developing low-reflective silicon nano-surface structure manufacturing technology for application to polycrystalline silicon solar cells, and by using atomic layer deposition system to grow passivation layers to improve the conversion efficiency of heterojunction solar cells. The Company is committed to establishing good relationship for the industry-academia collaboration. The early R&D may firstly be conducted in the academic field for advanced manufacturing processes and forward-looking technologies based on the demands of companies, with the expectation of successfully introducing the product line into mass production. Meanwhile the professional talents in the solar energy area may be cultivated in academic research units, for expecting them the Company in the future to contribute what they have learned.

3. NTD 60,888 thousand is expected to be input in 2021. The amount may be revised based on the actual use. The contributed R&D expenses in the recent two years are as the following:

Unit: NTD thousand

Item	2019	2020
R&D Expense	50,441	47,685
Amount of Revenue	4,440,874	4,623,829

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The Company’s operations comply with the domestic and foreign laws and regulations, while the development trends and changes of the domestic and foreign policies are closely monitored. The related information is collected as the reference for decision-making by the management, in order to adjust the operational strategies. As of the annual report publication date, the Company’s finance business has not been affected by the changes to domestic/foreign key policies and legislations.

(V) Impacts of technology and industry evolution on the company’s finance and business, and measures to be taken in response.

As the technologies in the solar photoelectric industry are relatively mature, there is significant room for the development of basic materials and manufacturing process. The most possible development direction is replacing P-type chips with N-type chips as the major upstream material for solar cell. Meanwhile the new-generation cell manufacturing process, e.g. HJT, may become mainstream in three to five years. These new technologies will greatly enhance the power generation efficiency of solar cells and lower the generation costs. On the other hand, the current production methods will be replaced gradually.

To respond to the evolution of future production structure, the Company has taken corresponding strategies. In addition to the R&D Department mastering the relevant technological development thoroughly, and conducting development for the new process, the Company also cooperates with Japanese and the U.S. supply chain partners, as well as Russian equipment vendors to jointly develop new products. The Company’s core specialty has always been technologies and quality. We firmly believe that the industrial structure evolutions are operation risks but also opportunities for development. The new generation solar photovoltaic manufacturing process technology will provide the Company with excellent opportunities to lead the peers, and create new competitive advantages.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

As a player in the green energy industry, the Company has clearly disclose the operational philosophy of the Company as the following:

“Everything on the Earth started from the solar energy. We believe that the development of solar photoelectric industry is the most effective solution to the global warming and global energy shortage. The Company stays true to the philosophy of doing good for the Earth and human beings, and is committed to the expansion of solar photoelectric industry for the sustainable development of the Earth. “

With this philosophy, the Company has developed to one of the most efficient solar photoelectric company. The developed technologies and product quality lead the global industry. The high-performance solar cells produced by the Company are wide applied by the solar power stations in Europe, the U.S. , Japan, and China. For the corporate image, the Company has established the excellent reputation around the world in the regards of operational philosophy, operational mission, corporate governance, professional production/sales management and satisfactory services. In Taiwan, more than 100 solar power stations are established in Hsinchu, Miaoli, Taichung, Nantou, Chiayi, Changhua, Kaohsiung, Taitung and Pingdong, and the management system with cloud real-time monitoring.

To promote energy saving and carbon reduction, and fulfil CSR, the Company works with the Pingdong County Government, to sponsor green power education in Pingdong County regularly. Part of income from power sales is donated for schools or procuring books.

In the regard of employee care, the Company strictly comply with laws and regulations to protect the employee benefits, while collaborating several domestic colleges for the industry-academic courses as the diversified learnings to the employees. The Company will keep on striving to implement the operational philosophy and create the outstanding corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

In the recent year and up to the publication date of prospectus, the Company and the subsidiaries have no plan to merger and acquire other companies. Shall there be any merger and acquisition in the future, cautious assessment will be conducted, and the synergies of merger will be considered to ensure the interests of the original shareholders.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

The Company built new plant in 2018 to expand capacity. The capital expenditure and working costs would increase at the beginning. The plant was commissioned in 2018. The Company will continuously assess the changes in the industry to lower the operating risks

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

1. Assessment to the consolidation of purchasing

   All major raw materials purchased by the Company and the subsidiaries are sourced from two or more suppliers to keep deliveries stable. The Company and the subsidiaries maintain good relations with suppliers, while diversifying risks. Therefore, since the foundation of the Company and the subsidiaries, there has been no interruption of supplies due to product shortage.

2. Assessment to the consolidation of sales

   To actively expand the domestic sales of modules, the Company participate the tenders of solar power station development from the domestic public agencies. The module offices and service teams for power station construction are established in New Taipei City, Hsinchu, Changhua, Tainan, and Pingdong, to obtain the largest market share of modules in Taiwan. Therefore, there shall be no risk of client consolidation. However, the Company and the subsidiaries keep on monitor and assess the regional markets and the clients' credit risks for timely responses.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken
The stake transfer among representatives of juridical directors and managerial officers are the personal plan for wealth management, with no impact to the Company.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken
As of the annual report publication date, there has been no change in managerial control of the Company.

(XII) Litigious and non-litigious matters

1. In the most recent two fiscal years and up to the annual report publication date, litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities, their facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute:
    (1) A Spanish client, Siliken Manufacturing S.L.U. was announced bankrupt by a court in January 2013. The Company has reported the creditor's right for USD 453,517.01 pursuant to laws. The bankruptcy proceeding is still on the way.
    (2) A Spanish client, Eurener, S.L. entered the bankruptcy proceeding in April 2013. The Company has reported the creditor's right for USD 299,875.59 pursuant to laws. The bankruptcy proceeding is still on the way.
2. In the most recent two fiscal years and up to the annual report publication date, litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities: Nil.

(XIII) Other important risks, and mitigation measures being or to be taken
In the most recent fiscal year and up to the annual report publication date, there has been no other material risks of the Company.

VII. Other important matters:

Information is as essential as other operating assets to the Company; therefore proper safeguard shall be provided. Information security protect information from various threats, so that the Company's operation is not interrupted and the risk of operational losses is minimized. The information security aims to protect information and the supporting processing devices and systems, confidentiality, completeness and availability of network are under no threat of whatever format, so that the sustainable operation is secured.
The most essential section in the information security risk control is personnel. The information security related information are promoted to employees from time to time, to enhance their sensitivity to the information security The access restrictions are applied to the machine rooms of information devices to control employee's access from being accessed by unauthorized persons. During the daily operation course, other than firewalls and anti-virus software for preventing

malicious virus attack and leakage of key confidential information, the data in mainframes and the ERP system are backed up regularly for disaster recoveries.

Eight. Special items to be included

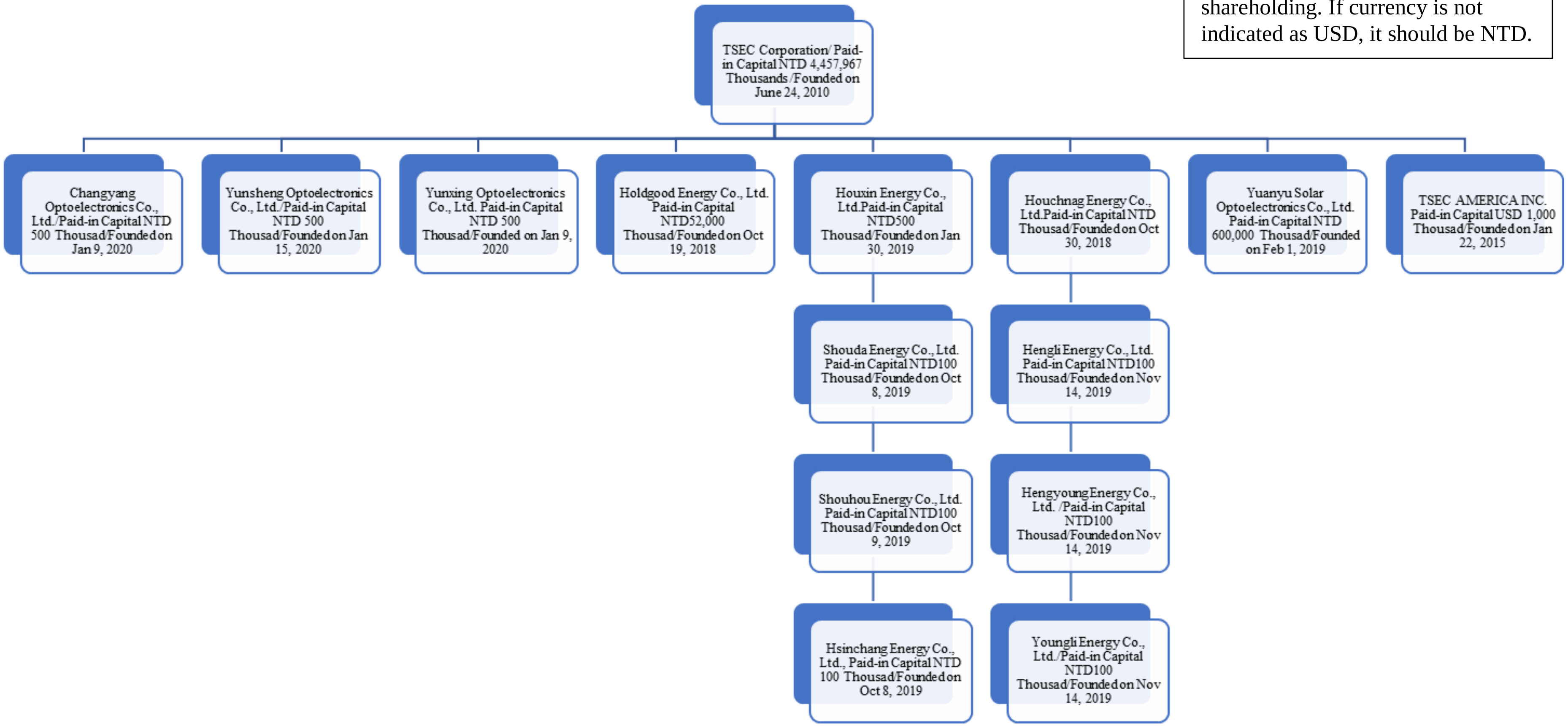
I. Information Related to the Company's Affiliates

(I) Consolidated Business Report of Affiliates

1. Organization chart of affiliates

December 31, 2020

If shareholding percentage is not indicated, it refers to 100% shareholding. If currency is not indicated as USD, it should be NTD.



2. Basic Information of Each Affiliates

December 31, 2020; Unit: NTD＄; dollar in foreign currency

Name of Enterprise	Date of Foundation	Address	Paid-in Capital	Major business or production
TSEC AMERICA, INC.	January 22, 2015	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	USD1,000,000	Sales of power generation equipment and solar energy related products
Holdgood Energy Co., Ltd.	October 19, 2018	8F, No. 225, Beixin Rd., Sec. 3, Fuxing Village, Xindian District, New Taipei City	NTD52,000,000	Self-usage power generation equipment utilizing renewable energy industry
Houxin Energy Co., Ltd.	January 30, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry
Yuan-Yu Solar Energy Co., Ltd.	February 1, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD600,000,000	Self-usage power generation equipment utilizing renewable energy industry
Shouda Energy Co., Ltd.	October 8, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry
Shouhou Energy Co., Ltd.	October 9, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry
Hsinchang Energy Co., Ltd.	October 8, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry
Houchang Energy Co., Ltd.	October 30, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry
Hengli Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry
Hengyoung Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry

Name of Enterprise	Date of Foundation	Address	Paid-in Capital	Major business or production
Youngli Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry
Changyang Optoelectronics Co., Ltd.	January 9, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry
Yunsheng Optoelectronics Co., Ltd.	January 15, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry
Yunxing Optoelectronics Co., Ltd.	January 9, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry

3. Common shareholders for the companies with presumed relationship of control or subordination: Nil.

4. The industries covered by the business operated by the affiliates overall. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates should be provided: for the covered industries, please refer to the "basic information of each affiliate." The division of work among affiliates are as the following:

Name of affiliates	Relationship with the Company	Division of work
Holdgood Energy Co., Ltd.	Subsidiary of the Company	Power station established with the modules produced by TSEC

5. Relationship among affiliates, shareholding percentage in each other, shares and actual amount of investment

December 31, 2020; Unit: NTD Thousand/ dollar of foreign currency

Name of affiliates	Relationship with the Company	Shares of the Company held by the affiliate		Shares of the affiliate held by the Company		
		Shares	Shareholding proportion (%)	Shares (thousand shares)	Shareholding proportion (%)	Actual invested amount
TSEC AMERICA, INC.	Subsidiary	-	-	100	100	31,129 (USD 1,000,000)
Holdgood Energy Co., Ltd.	Subsidiary	-	-	3,158	60.74	31,584
Houchang Energy Co., Ltd.	Subsidiary	-	-	50	100	500
Houxin Energy Co., Ltd.	Subsidiary	-	-	50	100	500
Hengyoung Energy Co., Ltd.	Sub-subsidiary	-	-	10	100	100
Hengli Energy Co., Ltd.	Sub-subsidiary	-	-	10	100	100
Youngli Energy Co., Ltd.	Sub-subsidiary	-	-	10	100	100
Shouhou Energy Co., Ltd.	Sub-subsidiary	-	-	10	100	100
Shouda Energy Co., Ltd.	Sub-subsidiary	-	-	10	100	100
Hsinchang Energy Co., Ltd.	Sub-subsidiary	-	-	10	100	100
Yunsheng Optoelectronics Co., Ltd.	Subsidiary	-	-	50	100	500
Yunxing Optoelectronics Co., Ltd.	Subsidiary	-	-	50	100	500
Changyang Optoelectronics Co., Ltd.	Subsidiary	-	-	40	80	400

6. The names of the directors, supervisors, and president of each affiliate

December 31, 2020

Name of Enterprise	Designation	Name or representative	Shareholding	
			Shares (Thousand shares)	Shareholding proportion (%)
TSEC AMERICA, INC.	Chairman	TSEC Corporation Representative: Hsieh, Cheng-Yang	100	100
Holdgood Energy Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	3,158	60.74
	Director	Weiren Investment Limited Representative: Liao, Wei-Jan	999	19.21
	Director	TSEC Corporation Representative: Wang, Liang-Kai	3,158	60.74
	Supervisors	Chen, Tai-An	0	0
	Supervisors	Cheng, Cheng-Kuo	35	0.68
Houchang Energy Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao, Wei-Jan	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Houxin Energy Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao, Wei-Jan	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Hengyoung Energy Co., Ltd.	Chairman	Houchang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
Hengyoung Energy Co., Ltd.	Director	Houchang Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houchang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Hengli Energy Co., Ltd.	Chairman	Houchang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Houchang Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houchang Energy Co., Ltd. Representative: Chen, Tai-An	10	100

Youngli Energy Co., Ltd.	Chairman	Houchang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Houchang Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houchang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Shouhou Energy Co., Ltd.	Chairman	Houxin Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Houxin Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100
	Director	Houxin Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houxin Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Shouda Energy Co., Ltd.	Chairman	Houxin Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Houxin Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100
	Director	Houxin Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houxin Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Hsinchang Energy Co., Ltd.	Chairman	Houxin Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Houxin Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100
	Director	Houxin Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houxin Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Yunxing Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao, Wei-Jan	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Yunsheng Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao, Wei-Jan	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Changyang Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	40	80

	Director	TSEC Corporation Representative: Liao, Wei-Jan	40	80
	Director	TSEC Corporation Representative: Wang, Liang-Kai	40	80
	Supervisors	Holdgood Energy Co., Ltd. Representative: Chen, Tai-An	10	20

7. Financial Positions and Operating Results of Each Affiliates

December 31, 2020, Unit: NTD Thousand

Name of Enterprise	Paid-in Capital	Total assets	Total liabilities	Net Value	Operating Revenue	Operating Income	Income of the Period (after tax)	Earnings Per Share (NTD, after-tax)
TSEC AMERICA, INC.	31,129	7,546	6	7,540	0	-37	-37	-0.37
Holdgood Energy Co., Ltd.	52,000	137,382	82,143	55,239	8,102	3,677	2,409	0.46
Houchang Energy Co., Ltd.	500	453	0	453	0	0	0	0
Houxin Energy Co., Ltd.	500	438	0	438	0	0	0	0
Hengyoung Energy Co., Ltd.	100	89	0	89	0	0	0	0
Hengli Energy Co., Ltd.	100	89	0	89	0	0	0	0
Youngli Energy Co., Ltd.	100	89	0	89	0	0	0	0
Shouhou Energy Co., Ltd.	100	89	0	89	0	0	0	0
Shouda Energy Co., Ltd.	100	89	0	89	0	0	0	0
Hsinchang Energy Co., Ltd.	100	89	0	89	0	0	0	0
Yunsheng Optoelectronics Co., Ltd.	500	477	0	477	0	-23	-23	-0.46
Yunxing Optoelectronics Co., Ltd.	500	477	0	477	0	-23	-23	-0.46
Changyang Optoelectronics Co., Ltd.	500	477	0	477	0	-23	-23	-0.46

Note: if an affiliate is a foreign company, the related amounts shall be translated into NTD at the exchange rate of the statement date.

(II) Consolidated financial statements of the affiliates: please refer to Page 99 to 170 of the Annual Report for the consolidated financial statements of the parent company and subsidiaries.

(III) Affiliation Reports: no circumstance requires the affiliation reports.

Statement of Consolidated Financial Statements of Affiliated Enterprises

For Fiscal Year 2020 (from January 1 to December 31, 2020), pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", the companies shall be included for preparation of the consolidated financial statements of affiliated enterprises, are identical to the companies required by IFRS 10 to be included for preparation of the consolidated financial statements of the parent company and subsidiaries. The information to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the abovementioned consolidated financial statements of the parent company and subsidiaries. Therefore the consolidated financial statements of affiliated enterprises are not prepared separately.

Please note.

TSEC Corporation

Chairman: Weiren Investment Limited
Representative: Liao, Kuo-Ron

February 26, 2021

II. The company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Not applicable.

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Not applicable.

IV. Other matters that require additional description: Nil.

Nine. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Nil.

TSEC Corporation

Chairman: Weiren Investment Limited
Representative: Liao, Kuo-Ron