TSEC Corporation
2021 Annual General Shareholders' Meeting - Minutes

Time: 09:00am, Wednesday, April 7, 2021

Venue: No. 335-12, Daxi Road, Pingtung City, Pingtung County (Pingtung Plant of the Company)

Number of shares present: The total shares represented by shareholders present in person or by proxy was 230,908,013 shares, accounting for 51.797% of the total number of ordinary shares issued by the Company, which amounts to 445,796,730 shares.

Directors present: Weiren Investment Co., Ltd. (Representative Liao Kuo Jung), Anchuan Industrial Co., Ltd. (Representative Liao Wei Jan), Chengxi Investment Co., Ltd. (Representative Hsu Cheng Chi), Independent Director Lin Ku Tung, Independent Director Chiang Huai Te, Independent Director Wu Chia En

Attendees: General Manager - Hong Chen Jen, Assistant Manager - Chen Tai An, Accounting Supervisor - Zhang Shu Kai, CPA - Huang Hai Yue

Chairman: Representative Liao Kuo Jung, Weiren Investment Co., Ltd.

Minutes taker: Ku Ming Yu

I. Meeting called to order: The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairman's Address: (Omitted)

III. Reports

Proposal 1

Subject: Business report, 2020.

Description: Please refer to Appendix 1 for the business report, 2020.

Shareholders' speech: The shareholder with account number 56392, 7428, 134925, 93597 and other shareholders put forward certain questions. The shareholders acknowledged the replies made by the Chairman and relevant personnel designated by the Chairman to the questions raised.

Proposal 2

Subject: Auditing report for settlement of 2020 by the Audit Committee.

Description: Please refer to Appendix 2 for the Audit Committee report.

Shareholders' speech: The shareholder with account number 56392, 7428 and other shareholders put forward certain questions. The shareholders acknowledged the replies made by the Chairman and relevant personnel designated by the Chairman to the questions raised.

Proposal 3

Subject: Status Report of Robust Operation Program Execution.

Description: Please refer to Appendix 3 for the Status Report of Robust Operation Program Execution.

Shareholders' speech: The shareholder with account number 56392, 7428 and other shareholders put forward certain questions. The shareholders acknowledged the replies made by the Chairman and relevant personnel designated by the Chairman to the questions raised.

IV. Ratification

Proposal 1 (Proposed by the Board of Directors)

Subject: Please ratify the business report of 2020 and each financial statement.

Description: I. The business report, parent company-only and consolidated financial statements of 2020 have been audited and certified by Deloitte's Accountant Huang, Hai-Yue and Chen, Chiang-Hsun; along with the business report, such reports are audited by the Audit Committee.

II. Please refer to Appendix 1 and Appendix 4 for the business report, auditor's report, and financial statements.

Resolution: The proposal be and hereby was approved as seen below:

Item	Votes in favor (incl. electronic votes)	Votes against (incl. electronic votes)	Invalid votes (incl. electronic votes)	Votes abstained (incl. electronic votes)
Cumulative votes	219,703,321	123,407	0	11,081,285
% of the represented shares present	95.15%	0.05%	0%	4.80%

Proposal 2 (Proposed by the Board of Directors)

Subject: Please ratify the appropriation for losses, 2020.

Description: The after-tax net loss of 2020 is NTD 285,849,879. Please refer to Appendix 5 for the table of appropriation for losses.

Resolution: The proposal be and hereby was approved as seen below:

Item	Votes in favor (incl. electronic votes)	Votes against (incl. electronic votes)	Invalid votes (incl. electronic votes)	Votes abstained (incl. electronic votes)
Cumulative votes	219,774,077	191,409	0	10,942,527
% of the represented shares present	95.18%	0.08%	0%	4.74%

V. Election

Proposal 1 (Proposed by the Board of Directors)

Subject: Electing two additional seats of director.

Description: I. To accommodate the demands of the Company's operation development, it is planned to add two more seats of director, from seven directors currently to nine directors.

II. The directors-elected are inaugurated on the date of election. The term is same as the existing directors, or from the date of election to March 28, 2022.

III. Pursuant to Article 16 of the Articles of Incorporation, the election of the Company's directors adopts the candidate nomination system. The list of candidates was resolved by the Board of Directors on February 25, 2021. Please refer to Appendix 6 for the list of candidates.

IV. The matters related to electing additional directors, shall follow the Company's "Articles of Incorporation" and "Procedures for Election of Directors."

V. Please elect.

Resolution: The voting results of this proposal and the list of elected Directors are as follows.

Designation	Account or Certificate Number	Account Name	Votes
Director	7	Farglory International Investment Corporation	201,310,979
Director	120957	Yu Sheng Energy Corporation	201,060,604

VI. Discussions

Proposal 1 (Proposed by the Board of Directors)

Subject: Amending some provisions in the Company's "Articles of Incorporation.".

Description: I. To meet the demands of the Company's future operating funds, and add/amend the provisions related to the preferred shares, it is proposed to amend some provisions in the "Articles of Incorporation".

II. Please refer to Appendix 7 for the comparison table of the provision before and after amendment.

Shareholders' speech: The shareholder with account number 56392, 7428 and other shareholders put forward certain questions. The Chairman and relevant personnel designated by the Chairman addressed the issues and questions raised.

Resolution: The proposal be and hereby was approved as seen below:

Item	Votes in favor (incl. electronic votes)	Votes against (incl. electronic votes)	Invalid votes (incl. electronic votes)	Votes abstained (incl. electronic votes)
Cumulative	213,361,650	6,684,913	0	10,861,450

votes				
% of the represented shares present	92.4%	2.90%	0%	4.70%

Proposal 2 (Proposed by the Board of Directors)

Subject: Issuance of private placed preferred shares.

Description: I. For responding the demands from expansion of the new generation of battery and module production line, supplement to the operating funds, and the funds for the Company's future development such as power station investment and overseas operation, while taking account into the capital market condition, the timeliness, feasibility and issuance costs of fund raising, as well as introducing strategic investor for the development of the Company, with more diversified and flexible channels for fund raising, it is proposed to conduct a cash capital increase via private placement of preferred shares-A pursuant to Article 43-6, the Securities and Exchange Act. The intended total issuance amount is NTD 750 million at maximum, with maximum 75,000,000 shares. The face value per share is NTD 10. The paid-up capital is expected to increase to maximum NTD 750,000,000. The placement will be conducted within one year from the date of resolving this private placement proposal at 2021 AGM, at once or in batches.

II. Pursuant to Article 43-6 of the "Securities and Exchange Act" and the "Directions for Public Companies Conducting Private Placements of Securities," the matters to be specified are as the following:

(1) Basis and Reasonableness of the Private Placement Pricing:

1. The pricing of the privately placed preferred shares, is based on no less than 80% of the theoretical price. The theoretical price takes account of each right of the issuance conditions, and selects proper pricing model, to calculate the price of the negotiable securities. This model shall cover and consider each right of the issuance conditions holistically. Shall any right is excluded from such consideration, such unconsidered right shall be removed from the issuance conditions. The Board of Directors is authorized to determine the actual pricing date and the issuance price, which is not lower than the percentage resolved by 2021 AGM.

2. The pricing of the privately placed preferred shares is conducted pursuant to the "Directions for Public Companies Conducting Private Placements of Securities," while taking account into the Company's future development. As the timing to transfer, subject, and quantity the privately placed securities are restricted, and inferior liquidity resulted from prohibition of public-listing, it is deemed the pricing method is reasonable, and shall not materially affect shareholders' interests.

(2) Method for Selecting Specified Persons

1. Selecting Method:

   The eligible placee for the private placement of preferred shares are limited to the qualified persons specified in Article 43-6 of the Securities and Exchange Act, and Letter (91) Tai-Cai-Zheng-Yi-Zhi No. 0910003455 from FSC, dated June 13, 2002.

2. Purpose of Selection:

   The first priority is these who may directly or indirectly improve the operating performance for the Company's future operation.

3. If the placees are insiders or related parties of the company, the list of placees and the their relationship with the Company are as the following:

   (a) List of placees and the their relationship with the Company

Placee	Relationship with the Company
Yu Sheng Energy Corporation	The person in charge is a related party to a representative from the juristic person director of the Company.

   (b) Disclosures if the placee is a juristic person

Name of the juristic person	Top Ten Shareholders and the Shareholding Proportion	Relationship with the Company
Yu Sheng Energy Corporation	Ge, Zhang-Yu: 97%; Chien, Ming-Shu: 1%; Chien, Chu-Fang: 1%; Wang, Xue-Ying: 1%	The person in charge is a related party to a representative from the juristic person director of the Company.

4. Necessity and Expected Effects:

   The introduction of the placees is expected to provide the effects that are value-added, or helpful for market development and technical cooperation, and thus the Company's profit is enhanced. This is actually a positive effect to the shareholders' interests. The qualified placees are qualified for the preferred share private placement, as specified in Article 43-6 of the Securities and Exchange Act, and the qualified strategic investors, specified in the "Directions for Public Companies Conducting Private Placements of Securities".

(3) The reason of requiring private placement, limit, purposes of funds, and expected effects:

1. Reason for not opting public placement:

   By taking account into the capital market condition, the timeliness, feasibility and issuance costs of fund raising, or introducing strategic investor for the development of the Company, the transfer restrictions for private placement ensures the long-term partnerships between the Company and the strategic investors, and the stability of the Company's operation is enhanced. Therefore the private placement is selected for fund raising. Also via the authorization to the Board of Directors, the placement is conducted depending on the actual demands of the Company's operation; thus the flexibility and agility of the fund raising is enhanced effectively. Consequently, it is necessary to conduct the cash capital increase via the private placement of new shares.

2. Limit of the private placement:

The intended total issuance amount is NTD 750 million at maximum, with maximum 75,000,000 shares. The face value per share is NTD 10. The paid-up capital is expected to increase to maximum NTD 750,000,000. The placement will be conducted within one year from the date of resolving this private placement proposal at 2021 AGM, at once or in batches.

3. The funds raised this time are expected to be deployed to the expansion of the new generation of battery and module production line, supplement to the operating funds, and the funds for the Company's future development such as power station investment and overseas operation. It is expected achieve the expansion of battery and module production capacity, acquisition of power plant investment, improvement of financial structure, decrease of debt ratio, and enhancement to the current ratio and quick ratio. Therefore is positive to the stability of the Company's operation and shareholders' interests. In addition, by introducing of the strategic investors, they will assist the Company for market development and technical cooperation, and thus the Company's profit is enhanced. This is actually a positive effect to the shareholders' interests.

The private placement of negotiable securities may be conducted in three batches within one year from the date of resolving this private placement proposal at 2021 AGM. The purposes of funds raised from each placement and their expected effects are as the following:

Batch	Expected shares for the private placement	Purpose of fund	Expected effect to be achieved
First batch	35,000,000 shares	Supplement to the operating funds	Other than continuously improving the financial structure, by introducing of the strategic investors, they will assist the Company for market development and technical cooperation, and thus the Company's profit is enhanced. This is actually a positive effect to the shareholders' interests.
Second batch	20,000,000 shares		
Third batch	20,000,000 shares		

III. Please refer Appendix 8 for the issuance conditions for this private placement of preferred shares.

IV. Objection or reservation of independent directors: No.

V. Will there be any significant change in managerial control within the one-year period immediately preceding the day on which the Board of Directors resolves on the private placement, or if there will be a significant change in managerial control after the introduction of strategic investor through private placement: No.

VI. The private placement of preferred shares is conducted fully pursuant to Article 43-8 of the Securities and Exchange Act, and the explanation specified in the competent authority’s letter. Within three years upon the delivery of the placed preferred shares by the Company, unless meeting the special conditions specified by laws and regulations, the shares are not transferable on will; the privately placed preferred shares do not apply for the public listing and trading.

VII. The key content of the proposal, includes but not limited to the issuance name, price, number of shares to be issued, issuance conditions, amount of fund raising, program items, intended progress of fund utilization, expected potential effects, and other matters not included herein. For such content, it is proposed to 2021 AGM to authorize the Board of Directors determine pursuant to the regulations of the competent authorities, market conditions, and the Company’s operation. Afterwards, in the event where amendments, changes, or modifications are required due to the competent authorities’ instructions, evaluations of operation, or changes of environment or laws and regulations, it is also proposed to 2021 AGM to authorize the Board of Directors the full authority to deal with.

VIII. To accommodate the private placement of preferred shares, it is proposed to 2021 AGM to authorize the Chairman, or the designee by him, to sign and negotiate all the contracts and documents related to the private placement, and deal with the related matters.

IX. For any matter not included herein, it is proposed 2021AGM to authorize the Chairman the full power to proceed pursuant to the related laws and regulations.

Explanatory Notes: The Company received a letter from the "Securities and Futures Investors Protection Center (SFIPC)" on March 18, 2021, requesting the Company to explain to its shareholders in detail "the purpose of the envisaged private placement, the impact on management rights and the impact on shareholders’ equity," which are explained as follows:

(I) The purpose of the private placement: please refer to the instructions.

(II) Impact on management rights

The Company currently has 7 directors, with the proposed election of 2 more Directors to be determined by resolution during the 2021 Shareholders' Meeting. The candidates Yu Sheng Energy Corporation and Farglory International Investment Corporation are all related persons of the Company's current Directors.

The private placement of preferred stock in this envisaged transaction is limited to NT$750 million. Based on 80% of the Company’s recent stock price as a baseline for the issuance price, it is estimated that 25,000,000 shares will be issued (NT$30 per share), amounting to approximately 5.6% of the Company’s equity (The current number of issued shares is 445,796,730; the number of issued shares in this proposal is 75,000,000 shares, which is calculated based on the par value).

In addition to the publicly disclosed Yu Sheng Energy Corporation, other applicants considered for this private placement mainly takes into account the introduction of strategic investors in line with expectations on future production technology exchanges and enhancements, as well as power plant development and investment collaboration. The potential investors’ synergies with the Company’s development and management is also considered to ensure there is no impact on the Company’s management rights.

(III) Impact on shareholders' equity

The issuance price of privately placed preferred shares is set in accordance with the "Directions for Public Companies Conducting Private Placements of Securities," and shall be based on no less than 80% of the theoretical price. It is expected that the offer price of this private placement will be equal to or higher than the par value of the stock. In addition, in accordance with the preferred stock issuance rules and conditions (as attached), shareholders holding preferred shares need to hold the shares for three years before conversion to common shares or to be recovered by the Company at the original issuance price, and no listing transaction is processed during the period. Although preferred stock have a dividend of 2% and can participate in common shares allotment and other conditions, they cannot be freely transferred and circulated within three years, nor veto power over specific matters on the exercise of voting power. Therefore, preferred stocks do not harm the rights and interests of ordinary shareholders holding common stock.

Shareholders' speech: The shareholder with account number 56392, 7428 and other shareholders put forward certain questions. The Chairman and relevant personnel designated by the Chairman addressed the issues and questions raised.

Resolution: The proposal be and hereby was approved as seen below:

Item	Votes in favor (incl. electronic votes)	Votes against (incl. electronic votes)	Invalid votes (incl. electronic votes)	Votes abstained (incl. electronic votes)
Cumulative votes	218,531,704	1,545,312	0	10,830,997
% of the represented shares present	94.64%	0.67%	0%	4.69%

Proposal 3 (Proposed by the Board of Directors)

Subject: Proposing to relieve directors from the non-competition restrictions; please review.

Description: I. Pursuant to Article 209, the Company Act, "a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval".

II. Shall the Company's directors invest or operate any company within or similar to the Company's business scope, and also act as directors of such companies, it is proposed to approve relieving the newly-elected directors from such non-competition restrictions pursuant to Article 209, the Company Act if their acts do not harm the Company's interests.

III. Please refer to Appendix 9 for the content of relieving directors from the non-competition restrictions.

Explanatory Notes: The Company received a letter from the "Securities and Futures Investors Protection Center(SFIPC)" on March 18, 2021, requesting the Company to detail to its shareholders "positions held and nature of business of other companies where the candidate Director also holds office" in response to the "Proposal to Lift Non-Compete Restrictions on a Director." The description is as follows:

The two additional candidate Directors to be determined by resolution during the 2021 Shareholders' Meeting (Farglory International Investment and Yu Sheng Energy Corporation), do not concurrently hold positions in competing companies.

Resolution: The proposal be and hereby was approved as seen below:

Item	Votes in favor (incl. electronic votes)	Votes against (incl. electronic votes)	Invalid votes (incl. electronic votes)	Votes abstained (incl. electronic votes)
Cumulative votes	208,577,034	9,663,334	0	12,667,645
% of the represented shares present	90.33%	4.18%	0%	5.49%

VII. Extraordinary Motions: None.

VIII. Adjournment (meeting ended at 12:40 pm, April 7, 2021)

Note: Proposals put forward for recognition, elections, and discussion items at this Shareholders' Meeting will be discussed on a case-by-case basis and then resolved through votes. The voting results are recorded in the resolution of each proposal.

The minutes of this regular meeting of shareholders only contain the main points of the meeting and the results of voting on the proposals. The contents, procedures, and shareholder speeches of the meeting are subject to the actual audio and video recordings made during the meeting.

Appendix 1

TSEC Corporation
2020 Business Report

I. 2020 Business Results

1. Achievements of business plan

TSEC continues the 2019 market planning for its operations strategy. TSEC's brand reputation and sales volume has successfully established the company as the number one solar cell manufacturer in Taiwan. Backed by the support of large-scale orders for modules, such as the 180MW installation in Changhua Coastal Industrial Park for Chenya Energy, the 150MW installation in salt field of Chiayi City for Star Energy and others, the Company was able to avoid the vicious competition of low-price dumping in the international market and successfully stop consecutive quarterly losses to turn profitable, and the Company's main strategies include:

(1) In response to the international trends, G1-sized chips are used to replace the original M2.

Due to that chip foundries' plan to retire the old M2 chips, the Company began to upgrade the battery production line at the end of 2019 and introduced the larger G1 chips to meet the needs of increasing modules' wattage. The upgrade was to replace the original 5.375w monocrystalline PERC M2 battery (with a side length of 156.75mm) with a larger 5.544w G1 battery (with a side length of 158.75mm). The power generation area is increased approximately by 3.1%. The production line upgrade also helped the Company gain affirmation from project owners who have large-scale sites, successfully winning a majority of module orders in the market.

(2) TSEC's production capacity for modules leads industry peers in Taiwan

Although there are several solar module manufacturers in Taiwan, the construction time of large-scale domestic project sites exceeding 60MW can take about 3 to 4 months, which demands a lot out from the production capacity of module manufacturers. Not counting the other smaller module factories, the only available manufacturers in Taiwan with sufficient capacity are TSEC and United Renewable Energy (URE), which continues the trend of big ones getting bigger for module manufacturers.

(3) China-manufactured batteries and modules find it difficult to invade the Taiwan market

Our government launched the VPC program for pacesetters in the optoelectronics industry in 2016, allowing businesses that use VPC-certified high-performance modules to have 6% discount on electricity. The VPC is a subsidy program under the national green energy policy, and indirectly protects Taiwan's module manufacturers from the dumping efforts by China and other foreign manufacturers. In recent years, the VPC program has performed adequately in preventing dumping of imported products. Domestic customers have also valued highly of product durability and service reliability of things made in Taiwan, making it difficult for foreign manufacturers to erode the market with low price offers.

(4) Reached 30% market share of modules in Taiwan in 2nd half of 2020

As of the end of October 2020, the national cumulative installation capacity has reached 4.74GW. With the addition of grid interconnection of Chenya Energy and other large-scale project sites, it is estimated that 5.1GW can be reached for the whole year. The Company's module sales for 2020 is about 420MW, which is approximately 28% of the market share in Taiwan. There is still room for improvement, but the quarterly analysis has shown that the target of 30% has been reached in the second half of the year, showing that the popularity of the Company's modules has surpassed that of other manufacturers.

As previously predicted, Taiwan's large-scale project sites have become available one after another. Except for 2020 Q1, which has the pandemic and Lunar New Year factors, the periods after Q2 witness the delivery of large-scale projects, and the production and sales become relatively stable, accounting for 80% of the average production and sales. The Company's overall performance is better than that of 2019. Except for the Q1 asset loss of NT$381 million, the Company reaches a profitable level for the whole year. With the efforts from the financial units, the Company obtains NT$2 billion in restructured syndicated loans and successfully raises NT$1.72 billion from capital increase, greatly improving its financial situation.

2. Budget implementation: According to the current laws and regulations, the Company does not disclose the 2020 financial budgets.

3. Financial income and expenses and profitability analysis (IFRS)

(1) Financial income

Unit: In NT$1,000

Item/Year	2019	2020
Pre-tax net income	(182,928)	(325,403)
Net cash generated by operating activities (outflow)	426,607	(143,325)
Net cash used in investing activities	(332,686)	(258,596)
Net cash inflow used in financing activities	155,726	1,601,419
Effect of exchange rate changes on cash and cash equivalents	(1,070)	(1,416)
Net outflow of cash and cash equivalents	248,577	1,198,082
Beginning of year cash and cash equivalents	185,195	433,772
End of year cash and cash equivalents	433,772	1,631,854

(2) Profitability analysis

Unit: %

Item/Year	2019	2020
Return on assets	(2.55)	(3.02)
Return on shareholders' equity	(6.21)	(5.96)
Operating Income to paid-in capital ratio	(2.54)	(6.62)
Profit margin	(4.51)	(6.16)
After-tax earnings per share (NT$)	(0.60)	(0.74)

4. Status on research and development

The Bureau of Energy of the Ministry of Economic Affairs has organized nomination of high-quality solar products (Taiwan Excellent PV Awards) since 2013, and the Company has won awards for seven consecutive years (2014 to 2020). In response to the domestic 5PC demand, we are committed to improving the production quality of monocrystalline 5-cells, while taking into consideration the improvements to conversion efficiency and yield, in order to optimize the manufacturing process and reduce production costs. We have developed the multi-busbar (MBB) technology, thereby improving battery efficiency, and introduced equipment for large-sized batteries and M6-sized batteries to increase the total battery wattage. Regarding the output wattage of 60-cell and 72-cell modules, we have also introduced new materials to optimize the module packaging, further increasing the output wattage of modules. Other innovative technologies we use include new battery structures (such as tunnel oxide passivated contacts (TopCon), heterojunction technology solar cells (HJT), interdigitated back contact (IBC) solar cells and others) and new-generation module packaging (such as patch modules, shingled modules, high-density modules, etc.).

II. Summary of 2021 Business Plan

1. Business Guidelines

   Starting 2020, the market of solar power installation in Taiwan has moved from small roof installation projects to factory roof and ground projects, which is even more sensitive to the quality and price of modules. In response to these changes, the Company has adhered to the business strategy of "higher quality at a lower cost", and cultivated the domestic market in Taiwan to avoid the cut-throat competition of prices in the international market. TSEC has not abandoned the international market, and will continue to develop product diversity and find collaboration in high-end products with global manufacturers.

2. Expected sales and its basis: The Company has does not disclose the 2021 financial forecasts.

3. Important manufacturing and sales policies

   (1) The Company has invested in the research, development and manufacturing of high-end PERC batteries for years, and will continue to improve the performance in 2021. In 2020, the actual average conversion efficiency is 22.18%, and the target for 2021 has been increased to 22.39% or more. Large-sized M6 batteries are introduced to improve battery wattage.

   (2) Implement product differentiation strategy and launch 355W to 365W high-performance modules in 2021

   Monocrystalline solar cells are still based on the high conversion efficiency of PERC, but the wafers will gradually be replaced by newer ones such as M6 or larger. The Company plans to upgrade the standard specifications module 6X20 from 330-335w to 355-365w, which will be separate it away from the competing products made by other manufacturers in Taiwan.

(3) Strive for a market share of modules in Taiwan exceeding 40%

The Company has become a leader in module manufacturing in Taiwan in the second half of 2020, and the market share of modules sold has increased from 25% at the beginning of the year to nearly 30% for the year. The sales strategy includes using large-scale projects to stabilize the basic production uptime in 2021, taking orders from smaller-scale clients to increase the overall gross profit margin and adopting the first-mover advantage for new products to improve market share and profitability.

III. Future Development Strategies

The Company will put total quality management and promote lean management into practice to strengthen the overall competitiveness. The implementation will focus on long-term monitoring of manufacturing process to manufacture quality, stable and reliable products, further improving customer satisfaction. During the transition of product specifications, the stable supply of products with both new and old specifications is ensured. At the same time, the costs of materials for batteries and BOM for modules will continuously be reduced to help the development of new modules and materials, building the product differentiation advantages. The Company will be sales service-oriented, and emphasize on product quality and quick service to improve product value. The Company will also gradually invest in downstream power generation businesses to create a foundation for sustainable operations with low-risk electricity revenue. Corporate governance will continuously be improved, and the performance of operations management will be enhanced, which will help shape the culture of corporate governance.

IV. Impact of the Competitive Environment, Regulatory Environment, and Macroeconomic Environment

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. 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.

At present, the government of Taiwan has prioritized the coexistence of aquaculture and electricity for sites used for solar energy generation, and limited the use of other small agricultural land, with the intention of protecting the integrity of agricultural land. However, as most farmers in Taiwan are small-scale farmers, and the labor required for developing industries further reduces the farming popluation, the solar industry players generally believe that the government should lead the efforts of quality agriculture to conduct large-scale restructuring of land to grow high-value crops, and promote coexistence of agriculture and power generation to encourage young people to take on farming, so that farmers can have another substantial and stable source of income.

V. Conclusion

For 2021, the Company will make every effort to increase its domestic market share of modules and continue to develop project sites to meet the domestic demand, and then expand into the overseas market to live up to the expectation of all shareholders.

Best wishes to all valued shareholders.

TSEC Corporation

Chairman: Weiren Investment

President: Cheng-Jen Hung

Head of Accounting Department: Shu-Kai Chang

February 25, 2021

Appendix 2

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

Appendix 3

Status Report of Robust Operation Program Execution

一、Summary of Robust Operation Program

(1) Research, Development, and Procurement:

1. Deepening the Partnerships: providing stable and quality sources of batteries and modules, such as silicon chips, gel materials, tedlars, and EVA, to ensue the technology leadership and material sourcing for the Company's product R&D.
2. During the process of converting specifications, supplies of both new and old specifications are ensured to be stable. The procurement function closely monitor the supply of G1 sized chips as the reference to the time of upgrading machines. Secure short-term material supply contracts with the major suppliers in the market, to ensure stable sources of chips. For gels, new vendors are continuously introduced for achieve a better cost/performance ratio.
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.

(2) Business Development

The short term plan for the Company is to root the down-stream models, and this is also TSEC's core of operation. Competitive module companies are lacking in Taiwan. However, the high-performance solar batteries and modules of TSEC have obtained certain market share. To adapt with the active promotion of the domestic solar power system and green energy policies by Taiwanese government, TSEC takes Taiwan as the major selling base for its solar modules, and looks to position the overseas sales.

In the future, to promote the renewable energies, the government has the law to stipulate these power users whose power contract exceeding certain capacity shall participate the installation of renewable energy related equipment, and purchase certificates of renewable energies; breaching this law results in penalties. For long-run, the operation approach will actively shift from manufacturing to expanding and building power plants on land, to embrace the liberalization of power and carbon right trading business. It is expected to facilitate the major domestic power users to build and operate solar power plants, while integrating the solar photovoltaic manufacturing-related industries to develop the smart energy.

(3) Financial Structure.

While maintaining robust financial structure is always the prerequisite, the funds required for operation are raised timely, to serve as the momentum for the Company's production and sales growth, and finally the sustainable operation.

二、Execution Status of 2020 (Unit: Thousand NTD)

Year	2020	2019	Difference	%
Operating Revenue	4, 623, 829	4, 440, 874	182, 955	4. 12%
Operating Gross Income	488, 933	219, 233	269, 700	123. 02%
Net Operating Income (Loss)	(295, 041)	(96, 424)	(198, 617)	-205. 98%
Pre-Tax Net Income (Loss)	(325, 403)	(182, 928)	(142, 475)	-77. 89%
After-Tax Net Income (Loss)	(284, 866)	(200, 415)	(84, 451)	-42. 14%

(1) In 2019, the major product for sale was shifted to the solar module, and the overall performance has been greatly improved from the previous year; consequently, the operating revenue is generated. Currently, as the adaption to the government's green energy policies, and the release of the domestic solar fields, the Company's module sales

tends to the stable growth.

(2) For the operating gross income, since the sales approach shifted, solar batteries have become one of the materials for solar modules. The module products closely follow the market, and thus the price is steadier than batteries. As the utilization rate is maintained at a certain level, and various manufacturing costs are under good control, the gross income has performer much better than 2019.

(3) The operating strategies ahead will still focus on the high-performance solar module, and the development of product mix such as solar power plants, and seek to create the best condition to improve profit for the best interests of shareholders.

Appendix 4

Deloitte.

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 2020 consolidated financial statements of the Group is stated as follows:

Occurrence and Authenticity of Revenue from New Customers in Top Ten Revenue-Contributing

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

We conducted control tsets to understand the internal controls over sales transactions with new customers in top ten revenue-contributing and designed corresponding audit procedures to confirm and assess the effectiveness of the design and implementation thereof. We also performed substantive testing on the transactions with new customers in top ten revenue-contributing on a sample basis by inspecting third-party shipping documents, the customers' receipts of delivery, cash payments and whether there's a material sales return in subsequent period in order to confirm the transactions are free from material misstatement.

Other Matter

We have also audited the parent company only separate 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 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 consolidated 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 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 Earnings 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 receivables (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)
LOSS BEFORE INCOME TAX FROM CONTINUING OPERATIONS	(325,403)	(7)	(182,928)	(4)

(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 Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
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 translating 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 loss 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 Translating 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 instrument 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)

Deloitte.

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 opinion on these matters.

The key audit matter of 2020 financial statements of TSEC Corporation is stated as follows:

Occurrence and Authenticity of Revenue from New Customers in Top Ten Revenue-Contributing

During 2020, the operating revenue from new customers in top ten revenue-contributing was $2,325,025 thousand, which constitutes 49% of the Company’s operating revenue. The amount is material to the Company’s financial statements. In addition, as the management may be under pressure to achieve the expected financial goals, the inherent risk of fraud in revenue recognition has increased. Thus, was the risk in revenue recognition related to the actual occurrence of the sales transactions with the new customers in top ten revenue-contributing identified as a key audit matter. For related accounting policies, refer to Note 4 of the financial statements.

We conducted control tsets to understand the internal controls over sales transactions with new customers in top ten revenue-contributing and designed corresponding audit procedures to confirm and assess the effectiveness of the design and implementation thereof. We also performed substantive testing on the transactions with new customers in top ten revenue-contributing on a sample basis by inspecting third-party shipping documents, the customers’ receipts of delivery, cash payments and whether there’s a material sales return in subsequent period in order to confirm the transactions 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 Earnings 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 receivables (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 Earnings 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 translating 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 loss 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 Translating 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 instrument 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 refund (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)

Appendix 5

TSEC

Proposal of Covering of Losses

31-Dec-20

Unit: NT $

Items	Amount (NT$)
Accumulated losses as of Dec. 31, 2019	395,690,760
2020 Net loss after tax	285,849,879
Covering of losses: Paid-in-capital from share premium account as of Dec. 31,2020	-681,540,639
Accumulated losses as of Dec. 31, 2020	0

Appendix 6

Candidate List for Additional Directors

Designation	Account or Certificate Number	Name	Education Background	Experience	Shares Held
Director	7	Farglory International Investment Corporation	N/A	N/A	8,908,244
Director	120957	Yu Sheng Energy Corporation	N/A	N/A	20,000

Appendix 7

TSEC Corporation

Comparison Table of Article of Incorporation Before and After Amendment

Article	Before amendment	After amendment	Reason for amendment
Article 6-1	The rights and obligations of Company with issuing preferred stocks and the main conditions for issuance are as follows: I. If the final annual accounts have a surplus, the Company should first pay all taxes and make up for the losses of previous years in accordance with the law. If there is still a surplus, the Company shall allocate a legal reserve and a special reserve in accordance with the Articles of Incorporation. The remaining balance will be distributed to as dividends, with the preferred stocks receiving the portion they shall receive for the year. II. Special dividends are capped at an annual interest rate of 6%, calculated based on the issued price and are given out in cash annually. The board specifies a record date to pay the dividends from the previous year after final financial reports are acknowledged at the annual shareholders' meeting. The distribution of dividends for the issue year and the reacquired year is calculated based on the actual issuance date of the year. III. The Company has discretionary powers on the dividend distribution of preferred stocks. If there is no surplus or insufficient surplus in the annual final accounts, and the Company resolves to cancel the dividend distribution for preferred stocks, it will not constitute a default. If the issued preferred stocks are noncumulative, the undistributed or under-distributed dividends will not be accumulated and deferred to future years with a surplus. IV. For shareholders of preferred stocks receiving the dividends described in Paragraph 2, if the issued preferred stocks are non-participating, they shall not	The rights and obligations of Company with issuing preferred stocks and the main conditions for issuance are as follows: I. If the final annual accounts have a surplus, the Company should first pay all taxes and make up for the losses of previous years in accordance with the law. If there is still a surplus, the Company shall allocate a legal reserve and a special reserve in accordance with the Articles of Incorporation. The remaining balance will be distributed to as dividends, with the preferred stocks receiving the portion they shall receive for the year. II. Special dividends are capped at an annual interest rate of 6%, calculated based on the issued price and are given out in cash annually. The board specifies a record date to pay the dividends from the previous year after final financial reports are acknowledged at the annual shareholders' meeting. The distribution of dividends for the issue year and the reacquired year is calculated based on the actual issuance date of the year. III. The Company has discretionary powers on the dividend distribution of preferred stocks. If there is no surplus or insufficient surplus in the annual final accounts, and the Company resolves to cancel the dividend distribution for preferred stocks, it will not constitute a default. If the issued preferred stocks are noncumulative, the undistributed or under-distributed dividends will not be accumulated and deferred to future years with a surplus. <u>IV. For shareholders of preferred stocks receiving the dividends described in Paragraph 2, if the issued preferred stocks are participating, they may participate in</u>	<u>Amendments to the rights and obligations of preferred shares and the major issuance conditions.</u>

Article	Before amendment	After amendment	Reason for amendment
	participate in the distribution of surplus and capital reserve as cash and capitalization that common shares offer. V. Shareholders of preferred stocks have the priority over the shareholders of common shares to the distribution of the Company's remaining assets. The order of compensation for all shareholders of preferred stocks is the same, but the compensation does not exceed the amount of issuance. VI. Shareholders of preferred stocks have no voting rights and election rights in shareholders meetings, but have voting powers at preferred shareholders meetings and shareholder meetings related to the rights and obligations of preferred shareholders if elected as directors. VII. If the preferred stocks issued by the Company are convertible preferred stocks, they shall not be converted within one year from the date of issuance. The board is authorized to determine the conversion period based on the actual issuance conditions. Shareholders of convertible preferred stocks may apply for partial or complete conversion in accordance with the issuance conditions at a ratio of one preferred stock to one common share (conversion ratio at 1:1). After being converted into common shares, their rights and obligations will be the same as common shares. The distribution of dividends for preferred stocks in the conversion year is based on the percentage of actual issue days over the number of days in the whole day. However, the stocks that are converted into common shares before the record date of stock split or dividends for the year will not participate in the distribution of dividends of preferred stocks for the year and the distribution of annual dividends for subsequent years, but will participate in the distribution of	<u>the distribution of surplus and capital reserve as cash and capitalization that common shares offer.</u> V. Shareholders of preferred stocks have the priority over the shareholders of common shares to the distribution of the Company's remaining assets. The order of compensation for all shareholders of preferred stocks is the same, but the compensation does not exceed the amount of issuance. <u>VI. Shareholders of preferred stocks have voting rights and election rights in shareholders meetings, and have voting powers at shareholder meetings and shareholder meetings related to the rights and obligations of preferred shareholders if elected as directors.</u> VII. If the preferred stocks issued by the Company are convertible preferred stocks, they shall not be converted within one year from the date of issuance. The board is authorized to determine the conversion period based on the actual issuance conditions. Shareholders of convertible preferred stocks may apply for partial or complete conversion in accordance with the issuance conditions at a ratio of one preferred stock to one common share (conversion ratio at 1:1). After being converted into common shares, their rights and obligations will be the same as common shares. The distribution of dividends for preferred stocks in the conversion year is based on the percentage of actual issue days over the number of days in the whole day. However, the stocks that are converted into common shares before the record date of stock split or dividends for the year will not participate in the distribution of dividends of preferred stocks for the year and the distribution of annual dividends for subsequent years, but will participate in the distribution of surplus and capital reserve for	

Article	Before amendment	After amendment	Reason for amendment
	surplus and capital reserve for common shares. VIII. Preferred stocks have no maturity date. The shareholders of preferred stocks shall not request the Company to reacquire the shares they hold. However, the Company may reacquire part of or all preferred stocks at the original issue price at any time starting the next day from the day one year after the issuance. Preferred stocks that are not reacquired will retain the rights and obligations of the aforementioned issuance conditions. If the Company resolves to issue dividends for the year, the part of dividends that should be paid before the reacquisition date will be calculated based on the actual number of issue days of the year. IX. When the Company issues new shares by cash capital increase, shareholders of preferred stocks have the same preferred options for new shares as the shareholders of common shares. X. The capital reserve of preferred stocks issued at a premium shall not be capitalized during the period of issuance of such preferred stocks. The board of directors is authorized to determine the name, issue date and specific issuance conditions of preferred stocks which are subject to the Company's articles of incorporation and relevant laws and regulations, depending on the conditions of the capital market and the willingness of investors.	common shares. VIII. Preferred stocks have no maturity date. The shareholders of preferred stocks shall not request the Company to reacquire the shares they hold. However, the Company may reacquire part of or all preferred stocks at the original issue price at any time starting the next day from the day one year after the issuance. Preferred stocks that are not reacquired will retain the rights and obligations of the aforementioned issuance conditions. If the Company resolves to issue dividends for the year, the part of dividends that should be paid before the reacquisition date will be calculated based on the actual number of issue days of the year. IX. When the Company issues new shares by cash capital increase, shareholders of preferred stocks have the same preferred options for new shares as the shareholders of common shares. X. The capital reserve of preferred stocks issued at a premium shall not be capitalized during the period of issuance of such preferred stocks. The board of directors is authorized to determine the name, issue date and specific issuance conditions of preferred stocks which are subject to the Company's articles of incorporation and relevant laws and regulations, depending on the conditions of the capital market and the willingness of investors.	
Article 27	The Articles of Incorporation were established on June 17, 2010. The 1st revision was conducted on June 30, 2011. The 2nd revision was conducted on June 15, 2012. The 3rd revision was conducted on June 20, 2013. The 4th revision was conducted on April 28, 2014.	The Articles of Incorporation were established on June 17, 2010. The 1st revision was conducted on June 30, 2011. The 2nd revision was conducted on June 15, 2012. The 3rd revision was conducted on June 20, 2013. The 4th revision was conducted on April 28, 2014.	Added revision dates

Article	Before amendment	After amendment	Reason for amendment
	The 5th revision was conducted on May 25, 2015. The 6th revision was conducted on May 9, 2016. The 7th revision was conducted on June 15, 2017. The 8th revision was conducted on March 29, 2019. The 9th revision was conducted on June 12, 2020.	The 5th revision was conducted on May 25, 2015. The 6th revision was conducted on May 9, 2016. The 7th revision was conducted on June 15, 2017. The 8th revision was conducted on March 29, 2019. The 9th revision was conducted on June 12, 2020. The 9th revision is conducted on April 7, 2021.	

Appendix 8

Issuance Conditions for Privately Placed Preferred Shares-A

I. The distribution of the Company's earnings is conducted pursuant to the Articles of Incorporation. The distributable earnings shall firstly be distributed to the Preferred Shares-A for the current year, or current season with the accumulated undistributed dividends. In the event of no earning, or insufficient earning to be distributed for all Preferred Shares-A, such distributable earnings shall still firstly distribute to the Preferred Share-A, and the shortage will be made up firstly when annual or quarterly earning is provided.

II. The dividend rate of the Preferred Shares-A is annual rate 2%, and calculated based on the issuance price per share. The dividends are paid in cash. The ex-dividend base date of the preferred shares is authorized to the Board to determined. The distribution of dividends for the issue year/quarter and the reacquired year/quarter is calculated based on the actual issuance date of the year.

III. Share the amount of intended dividends for the common shares exceed the amount of the Preferred Shares-A dividends, the holders of the Preferred Shares-A are entitled for the distribution.

IV. Other than the abovementioned dividends, the Preferred Shares-A are entitled for participating the distribution of earnings and reserves for the common shares.

V. The Preferred Shares-A are entitled to converted to the common shares from the next day of the third anniversary of holding.

VI. The holders of the Preferred Shares-A have right to vote in the general shareholders' meetings, as well as to elect directors (independent directors included. The Preferred Shares-A are also entitled to vote in extraordinary shareholders' meetings and for the matters related to the Preferred Share-A holders' interests.

VII. For distributing the Company's remaining properties, the Preferred Shares-A has higher priority over the common shares, but shall not exceed the sum of issuance priced plus the payable dividends.

VIII. The issuance period of Preferred Shares-A is infinite. The holders of Preferred

Shares-A are not entitled to request the Company to reacquire the Preferred Shares-A held by them early. However, the Company may reacquire all or part of the Preferred Shares-A from the next day of the third anniversary since issuance, with the actual issuance price in cash, or other method permitted by laws and regulations. The rights and obligations of the remaining Preferred Shares-A follow the issuances condition until being reacquired. If the Company resolves to issue dividends for the year reacquiring the Preferred Shares-A, the part of dividends that should be paid before the reacquisition date will be calculated based on the actual number of issue days of the year.

IX. When the Company issues new common shares by cash capital increase, shareholders of Preferred Shares-A have the same preferred options for new shares as the shareholders of common shares.

X. Shall the Preferred Shares-A satisfy the conditions for early reacquisition, or the issuance period expire, but the Company is unable to reacquire all or part of such shares due to force majeure or event not attributable to the Company, each of the abovementioned issuance conditions stays in force until all Preferred Shares-A are reacquired. The dividends are calculated at the original rate for the extended period. The rights entitled by Preferred Shares-A pursuant to the Articles of Incorporation shall not be harmed.

XI. Preferred Shares-A are not traded publicly during the issuance period.

Appendix 9

Proposal to Relieve Director Candidates from the Non-Competition Restrictions

Designation	Name of Director	Name of the Competitor and Designation in the Competitor
Director	Farglory International Investment Corporation	Nil
Director	Yu Sheng Energy Corporation	Nil