Stock Code: 6443

TSEC Corporation
The Annual Report, 2021

Printed on May 13, 2022

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

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

Spokesperson:

Name: Chiang, Zhi-Hao

Title: Vice President

Contact Number: (02)2912-2199

Email: ir@tsecpv.com

Deputy Spokesperson

Name: Liao, Wei-Ran

Title: Senior Vice President

Contact Number: (02) 2912-2199

Email: ir@tsecpv.com

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

Headquarter:

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

Tel: (02) 2912-2199

Plants:

Address: No. 85, Guang Fu N. Rd., Hukou Country, Hsinchu County

Tel: (03) 696-0707

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

Tel: (08)753-6899

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

Name: Stock Affairs Agency Department, First Securities Inc.

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

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

Tel: (02)2563-5711

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

Name of CPAs: Alice Huang and Connie Chen

Accounting Firm: Deloitte Taiwan

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

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

Tel: (02)2725-9988

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

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

Table of Content

One. Letter to Shareholders

TSEC Corporation

2021 Business Report

I. **2021** Business Results

1. Achievements of business plan

Since the successful transformation in 2018, TSEC's business strategy has been changed to focus on domestic module sales. TSEC brand awareness and product sales continue to lead the peers in Taiwan's optoelectronics market. The Company's 2021 operating performance was fair, mainly due to the high price fluctuations in the upstream, making it difficult to transfer the costs of module orders from large-scale solar projects, so in Q2 and Q3, the Company suffered losses. However, since Q4, the domestic market has entered a rush of installation; the price of modules in the end market rose together, and the losses turned into profits for the whole year. Major operating strategies in 2021 include:

(1) Introduced the advanced manufacturing processes and led the peers in Taiwan

In 2021, the Company began to introduce new equipment for new generations such as M6, M10 and above successively. These advanced processes, including new production lines for cells and modules, which will help TSEC to maintain its leading position in technology and products. Due to the pandemic, the technicians of cell/module equipment manufacturers were unable to come to Taiwan immediately to assist in the adjustment of the new production lines, resulting in a slight delay in the M6 mass production schedule. However, with the help of the new equipment, the attention of international and domestic downstream customers has been attracted.

(2) Actively seek cooperation opportunities with international major manufacturers

Since 2020, TSEC has started to cooperate with international major manufacturers for nearly two years of new cell testing. In 2021, TSEC actively switch the testing spec from G1 to the newer M6 cells. The products are likely to expand to communication application from power generation; it is expected the shipment in mid- to large-scale in 2022. This opportunity made TSEC well-known in Taiwan, and it also proved that the quality of the Company's products has been jointly recognized by international major manufacturers.

(3) In 2021, the module market in Taiwan accounted for more than 30% of the annual sales share

TSEC's cumulative module sales volume in 2021 was 570MW. Comparing to the same period in 2020, the sales volume of modules increased by about 113%. The main reason was that in addition to obtaining module orders from some large-scale project fields, when prices of materials increased, the Company still honored the contracts in good faith, and maintains a good and mutual reliable supply-demand relationship with small and medium-sized customers. According to the statistics, the Company's share of the Taiwan market in the overall sales has exceeded 30% for the whole year.

(4) Reduced bank lending rates, completed the first phase of private placement to strengthen the financial structure

Following Q4 2020, the Company successfully raised NT$1.7 billion, and at the end of the same year, the Company passed a large-amount governmental interest subsidy for staying in Taiwan, which has effectively improved the overall financial structure in Q1 2021. In order to solidify the cooperation with international major manufacturers, the Company privately placed total 25.89 million shares in November 2021, with a total amount of nearly NT$615 million. About 31% of the placement is invested by the National Development Fund, Executive Yuan, and the rest are subscribed by domestic solar energy manufacturers in the up- and downstream supply chain; the funds were used for the expansion of the second cell production line and operations.

The Company actively cultivates the Taiwan market. Being led by the government's green energy policy, large-scale project fields have continued to be opened. The production and sales are relatively stable and the average production and sales were close to 90%. However, due to the pandemic in mainland China in Q2 2021 became severe, leading to the price rises of raw materials. As the costs of long-term contract with large orders could not be transferred immediately, losses were generated in Q2 and Q3. Until Q4, the prices of materials were stabilized, and triggered by the rush of installation at the downstream, the whole year earned the profit instead of losses, mainly contributed to the success of the Company's strategies such as dynamic adjustment of product prices and diversification of procurement risks.

II. Summary of **2022** Business Plan

1. Business Guidelines

The solar photovoltaic market in Taiwan will embrace a prosperous year in 2022. The fluctuation of material prices and the control of inventory will be essential to the Company's operation and management.

Estimating based on the Company's financial model, if there is no labor shortage, the production costs of TSEC's solar modules can achieve certain economies of scale. The increase from two production lines to four production lines will achieve an annual capacity of 1.5GW. , and it is estimated that the cost per watt will be further reduced. The Company's module manufacturing costs symbolizes the leadership among several major manufacturers in Taiwan. Considering labor and inflation, the manufacturing cost per watt (excluding material cost) should have the opportunity to compete with Southeast Asian modules; however, the material cost is relatively unstable, testing the Company's ability to price the procurement and transfer costs.

The structure of mid-range photovoltaic project fields in Taiwan is very different from the roof type in the past. With the implementation and evolution of government policies, the structure has changed from the roof to the subsidence of the ground, to the solar panels above fish farms, the promotion of green energy has continued to increase. The Company's operating strategy not only takes price inflation into account, but also must expand outward from the previous domestic market, and insist the operating strategy with four pillars, namely “low cost,” “high quality,” “differentiation” and “quick response to market changes.”

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

3. Important manufacturing and sales policies

(1) Accelerate the introduction of large-size product differentiation and improve production quality and efficiency

Currently there are the latest cell/module production lines in Taiwan, and the only domestic manufacturer capable of making M10 and G12 large-size cells is TSEC. From the current average output efficiency of M6 bifacial cells, the annual average efficiency target will be pushed up to nearly 23%. The new production capacity with larger size will not only help the Company to differentiate its products in Taiwan, but the increase in wattage will also help to reduce production costs and improve overall profitability.

(2) Increase capacity utilization and reduce production costs with economies of scale

Maintaining the capacity utilization rate above 85% will help further reduce production costs and lead the industry.

(3) Improve procurement pricing power

Although the Company was affected by the shortage of materials such as chips, glass and EVA in Q2 and Q3 2021, it was still the manufacturer least impacted among Taiwanese manufacturers. In addition to the integration of the management team, including materials, production management, and finance for the inventory positioning, the Company's capacity also plays an essential role in the supply chain. With the expansion of the Company's capacity, the procurement unit will further enhance the interaction with suppliers in terms of materials, and give good pricing pressure.

(4) Strive for the highest market share in Taiwan's module market and continue to expand overseas markets

The Company has become a real bellwether in solar optoelectronic 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 30% for the year. With the government's vigorous promotion of green energy and the support of large-scale orders, the Company is helped to further increase its market share, with a target of more than 35%. In addition, with the international turmoil, Taiwanese manufacturers are relatively a good option for overseas markets, so TSEC will not be absent in the international market, and has conducted numerous international partnership and certification, waiting to show its strengths.

III. Future Development Strategies

TSEC will continue to focus on improving product quality and promoting streamlined management. It will conduct diversified developments in terms of product strategy. From solar power generation, communication applications to energy storage systems, these options will be the key pillars in the Company's medium and long-term product development strategy. Other than product planning, more attentions were paid to ESG and corporate governance internationally than in the past. On the one hand, the Company will continue to implement corporate governance policies, enhance and improve the performance of operation management, to shape and deepen corporate governance culture. The goal is not lower than the second level of corporate governance evaluation; on the other hand, a carbon risk and carbon asset management system will be established to meet the ultimate goal of carbon neutrality. For the carbon footprints generated by related units, products, services and other activities, the management will be established for inquiry, carbon reduction and offset, and thus the sustainable development of a low-carbon environment is promoted.

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°C. 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). The following is an analysis to estimate the competitive situation in 2022 based on the Company's experience in 2021:

(1) The VPC policy remains unchanged, and improving technology and capacity is the key to preventing overseas manufacturers from invading the Taiwanese market

The government launched the optoelectronic pioneer VPC program since 2016, providing a protective umbrella for the photovoltaic and effectively prevents Chinese manufacturers from entering the Taiwanese market through unfair competition.

(2) Brand new large-size cells/module production capacity, coping with the mainstream in the international market

In 2021, the international optoelectronic market will be dominated by the PERC monocrystalline cell M6 (side length 166mm); however, the generation gap between Taiwanese and the international mainstream products is nearly a year, and the G1 (side length 158.75mm) chip specification is still the main product in Taiwan. The difference of wattage resulted from size is about 10%. The Company has already constructed a new production line for cells and modules, which is compatible with the optoelectronic products of different sizes for production, and is expected to enhance the competitiveness of the Company's product specifications after 2022.

(3) Applying a more efficient process to increase production capacity, so the Company may lead the Taiwanese peers

After the rapid introduction of high-efficiency optoelectronic products M6 and above in the global market, the end market in Taiwan has also begun to seek higher-efficiency products to reduce installation costs and improve returns. Therefore, while seeking greater capacity, the manufacturers shall be aware that high capacity does not equal to the output of mainstream high-efficiency module products. Just like the consumer electronic market, new products are introduced all the time, and only the partnership with large-capacity optoelectronic manufacturers with higher performance, the early profits are secured. The Company's cell plants have introduced relevant new processes, and optimized the M6 and M10 machine stations to improve efficiency and yield.

V. Conclusion

For 2022, 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

Representativ
e: Liao, Kuo-Ron

President:
Cheng-Jen
Hung

Accounting Manager: Chang, Li-Ling

April 30, 2022

Two. Company Profile

I. Date of establishment: June 25, 2010

II. Company History

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

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

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

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

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

(VI) Other Information:

Key milestones of the Company are the followings:

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

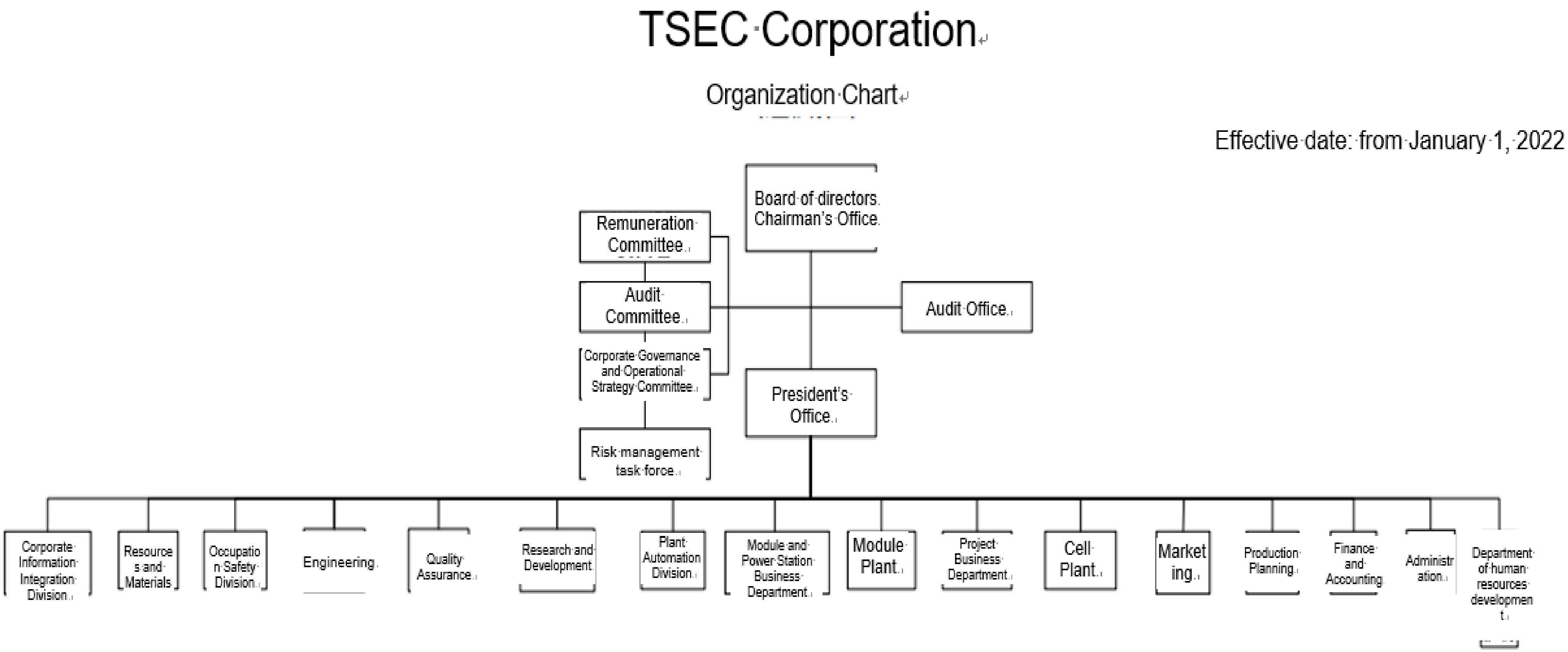
Date	Key Milestones
December 2011	The first solar power station was built on the roof top of the plant, and connected to Taipower in parallel
March 2012	Established the solar power station subsidiary, Formosa Sun Energy Corp.
June 2012	Entered the long-term collaborative development and sales agreement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

Date	Key Milestones
February 2015	Obtained the Opinion to High Technology Business from the Industrial Development Bureau (IDB)
March 2015	Ranked 433rd in the domestic manufacturing industry for 2014 by Commonwealth Magazine
June 2015	Obtained the approval letter for listing from Stock Exchange
September 2015	Entering the syndicated credit contract with eight banks including Chang Hua Bank, for NTD 2.07 billion
October 2015	Publicly listed (Stock code: 6443)
October 2015	The first capital increase in cash of 2015 for NTD 365.4 million
October 2015	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for the second time
May 2016	Ranked 378th in the domestic manufacturing industry for 2015 by Commonwealth Magazine
June 2016	The capital increase in cash of 2016 for NTD 750 million
August 2016	Entering the syndicated credit contract with seven banks including Cooperative Bank, for NTD 1 billion
December 2016	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for the third time
December 2016	Won the 13th National Innovation Award
April 2017	The Pingtung Plant commenced construction
April 2017	Ranked 353rd in the domestic manufacturing industry for 2016 by Commonwealth Magazine
November 2017	The capital increase in cash of 2017 for NTD 525 million
December 2017	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for the fourth time
February 2018	Entering the syndicated credit contract with eight banks including Chang Hua Bank, for NTD 1.25 billion
April 2018	Commission ceremony for the Pingtung module plant
May 2018	Pingtung Branch was founded
December 2018	The Pingtung plant was certified with ISO 14001, OHSAS 18001, and TOSHMS
September 2019	The capital increase in cash of 2019 for NTD 650 million
November 2020	Entering the syndicated credit contract with ten banks including Cooperative Bank, for NTD 2 billion
December 2020	The capital increase in cash of 2020 for NTD 667.8 million
December 2021	Complete the capital increase of 2021 via private placement, for NT$615 million.

Three. Corporate Governance Report

I. Organizational system:

(I) Organizational Structure



(II) Business Operated by Each Key Function

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

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

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

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

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

(I) Directors and supervisors

1. Directors and supervisors

February 7, 2021

Designation	Name	Nationality or place of registration	Gender /Age	Date on election or inauguration	Term	Date when first elected	Shareholding when elected		Current shareholding		Shareholding of spouses and children of minor age		Shareholding through nominees	
							Shares (share)	Shareholding Ratio (%)	Shares (share)	Shareholding Ratio (%)	Shares (share)	Shareholding Ratio (%)	Shares (share)	Shareholding Ratio (%)
Chairman	Weiren Investment Limited	Republic of China	-	2019.03.29	3 years	2010.10.12	8,781,528	1.842%	6,325,538	1.419%	0	0.00%	0	0
	Representative: Liao, Kuo-Ron	Republic of China	Male/70-80 years old				728,557	0.153%	287,524	0.064%	0	0.00%	0	0
Director	An Chuang Industrial Corporation	Republic of China	-	2019.03.29	3 years	2011.6.30	65,450	0.014%	43,099	0.010%	0	0.00%	0	0
	Representative: Liao, Wei-Jan	Republic of China	Male				290,623	0.061%	81,379	0.018%	154,300	0.03%	0	0
Director	Farglory Land Development Co., Ltd.	Republic of China	-	2019.03.29	3 years	2019.03.39	40,273,521	8.446%	26,520,764	5.949%	0	0.00%	0	0
	Representative: Hsu, Hung-Chang	Republic of China	Male				0	0	0	0.000%	0	0.00%	0	0
Director	Cheng Hsi Investment Corporation	Republic of China	-	2019.03.29	3 years	2013.6.20	3,936,000	0.825%	1,822,919	0.409%	0	0.00%	0	0
	Representative: Hsu, Cheng-Ji	Republic of China	Male				0	0.000%	0	0.000%	0	0.00%	0	0
Independent Director	Wu, Chia-En	Republic of China	Male	2019.03.29	3 years	2014.4.28	18,837	0.004%	6,495	0.001%	0	0.00%	0	0
Independent Director	Chiang, Huai-De	Republic of China	Male	2019.03.29	3 years	2014.4.28	0	0	0	0.000%	0	0.00%	0	0
Independent Director	Lin, Gu-Tong	Republic of China	Male	2019.03.29	3 years	2019.03.29	0	0	0	0.000%	0	0.00%	0	0

2. Major Shareholders of Juridical Person Shareholder

April 11, 2022

Name of juridical person shareholder	Major shareholders of juridical person shareholder	Shareholding proportion
Weiren Investment Limited	Liao-Wang, Li-Hui	52.38%
	Chien, Shu-Yin	1.19%
	Liao, Wei-Ran	22.62%
	Liao, Wei-Ren	23.81%
An Chuang Industrial Corporation	Liao, Wei-Ran	99.00%
	Liao, Wei-Ren	1.00%
Farglory International Investment Corporation	Chao, Teng-Hsiung	19.04%
	Chao-Chen, Shou	31.80%
	Chao, Wen-Yu	16.39%
	Chao, Wen-Chia	10.26%
	Chao, Hsin-Ching	10.26%
	Chao, Tzu-Hsun	3.07%
	Chao, Tzu-Ching	3.07%
	Chao, Tzu-Yi	2.13%
	Chao, Tzu-Chi	2.00%
	Chao, Tzu-Chun	2.00%
Yu Sheng Energy Corporation	Holdgood Energy Co., Ltd.	49.41%
	BRAVE C&H SUPPLY CO., LTD	19.00%
	Giga Solar Material Corporation	14.25%
	WAFERING TECHNOLOGY CORPORATION	11.88%
	ENGTOWN CONSTRUCTION CORPORATION	2.85%
	Cheng Hsi Investment Corporation	2.38%
	Ke, Chan-Yu	0.23%
	Chien, Ming-Shu	0.00%
	Chien, Chiu-Fang	0.00%
	Wang, Hsueh-Ying	0.00%
Cheng Hsi Investment Corporation	Yang, Hsun-Wen	0.20%
	Hsu, Chen-Ji	99.50%
	Yang, Jin-Hai	0.05%
	Hsu, Chen-Tsai	0.10%

	Yang-Yeh, Chia-Chih	0.05%
	Yang, Chih-Wen	0.05%
	Yang, Chang-Wen	0.05%

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

April 11, 2022

Name of Corporate	Major Shareholders of Corporate
Holdgood Energy Co., Ltd.	Weiren Investment Limited 46.72%; TSEC Corporation 45.49%; Cheng Hsi Investment Corporation 4.26%; Liao-Wang Li-Hui 1.26%; Wang, Liang-Kai 0.75%; Deguang Education Investment Co., Ltd. 0.28%; Chien, Shu-Ying 0.22%; Cheng, Chen-Kuo 0.21%; He, Hao 0.18%; Li, Ming-Hua 0.13%
BRAVE C&H SUPPLY CO., LTD	Tsai, Fu-Te 5.94%; Chen, Kan-Fu 4.35%; Chanyu Industrial Co., Ltd 2.29%; Yu, Pai-Tang 2.21%; Chung, Jui-Chiao 1.99%; Longbang Co., Ltd. 1.90%; Chincheng Co., Ltd. 1.74%; Wu, Pao-Ming 1.18%; Wang, Yu-Fang 1.14%; Lien, Cheng-Chiang 1.07%
Giga Solar Material Corporation	GIGASTORAGE CORPORATION 39.15%; Hungyang Venture Capital Co., Ltd. 10.54%; Tengxi Investment Co., Ltd 6.18%; Invesco Solar ETF held in custody by the HSBC 3.22%; WAFERING TECHNOLOGY CORPORATION 0.66%; SNC Investment Account operated by BNP under custody of Citi 0.61%; JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds 0.55%; JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds 0.54%; Chuan-Ru Investment Co., Ltd. 0.44%; Jufeng Global Investment Co., Ltd. 0.40%
WAFERING TECHNOLOGY CORPORATION	GIGASTORAGE CORPORATION 100%
ENGTOWN CONSTRUCTION CORPORATION	Lin, Kun-Jung 26%; Liu, Jui-Yen 24.5%; Lin, Yi-Chen 17.7%; Liu, Yi-Ting 15%; Ting, Yun-Lan 11%; Lin, Man-Tang 0.3%; Chan, Pao-Chu 5.5%
Cheng Hsi Investment Corporation	Hsu, Cheng-Chi 99.50%; Yang, Hsun-Wen 0.20%; Hsu, Cheng-Tsai 0.10%; Yang, Chin-Hai 0.05%; Yang-Yeh, Chia-Chih 0.05%; Yang, Chih-Wen 0.05%; Yang, Chang-Wen 0.05%

4. Directors' Professional Qualifications and Independence

April 30, 2022

Qualification / Name		Professional qualification (Note 1)	Experience	Independence status (Note 1)	Number of other companies in which also concurrently serving as an independent director.
Chairman	Liao, Kuo-Ron	Possessing five-year or more work experience required for the Company's business; MBA, The University of Tennessee; currently serves as the Chairman of the Company; not having any circumstance set forth in Article 30 of the Company Act.	The University of Tennessee MBA President, Gintech Energy Corporation Chairman, Huxen Corporate Vice President, CITI and ABN AMRO	(3)(4)(5)(6)(7)(8)(9)(11)	1
Director	Liao, Wei-Ran	Possessing five-year or more work experience required for the Company's business; Master, New York State University, currently serves as Senior Vice President of the Company; not having any circumstance set forth in Article 30 of the Company Act.	Master, New York State University Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	(3)(4)(5)(6)(7)(8)(9)(11)	0
Director	Lin, Li-Chiang	Possessing five-year or more work experience required for the Company's business; PhD, Wang Yanan Institute for Studies in Economics, Xiamen University; currently serves as Deputy Assistant President, Investment and Development Division, Headquarter Administration Division, Farglory group; not having any circumstance set forth in Article 30 of the Company Act.	PhD, Wang Yanan Institute for Studies in Economics, Xiamen University Master in Information Science, School of Computing and Information, University of Pittsburgh, Pennsylvania, the U.S. MBA, Business School, University of Pittsburgh, Pennsylvania, the U.S. Deputy Assistant President, Investment and Development Division, Headquarter Administration Division, Farglory group	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Director	Liu, Weng-Cheng	Possessing five-year or more work experience required for the Company's business; graduated from Tamkang University; currently serves as Chairman of Yu Sheng Energy Corporation; not having any circumstance set forth in Article 30 of the Company Act.	Bachelor, Tamkang University Chairman, Yu Sheng Energy Corporation Chief of Production Business Department and Marketing Department, Formosan Rubber Group Deputy Assistant President, Head of Project, Audit Head, Siliconway Optoelectronics Co., Ltd. Advisor, Formosan Rubber Group	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0

Qualification / Name		Professional qualification (Note 1)	Experience	Independence status (Note 1)	Number of other companies in which also concurrently serving as an independent director.
Director	Hsu, Chen-Ji	Possessing five-year or more work experience required for the Company’s business; EMBA, National Taiwan University; currently serves as Director and President of Formosan Rubber Group; not having any circumstance set forth in Article 30 of the Company Act.	EMBA, National Taiwan University Director and President of Formosan Rubber Group Chairman, Ruifu Development	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	1
Independent Director	Wu, Chia-En	Possessing five-year or more work experience required for the Company’s business; PhD., University of Rochester, the U.S.; served as Associate Professor and Dean of Department of International Business, and Full-time Associate Professor of Department of International Trading, Yu Da University of Science and Technology; Full-time Associate Professor, Department of Public Finance, NCCU, and Part-time Associate Professor of Department of Public Finance and Taxation, Takming University of Science and Technology; not having any circumstance set forth in Article 30 of the Company Act.	PhD., University of Rochester, the U.S. Associate Professor and Dean of Department of International Business, Yu Da University of Science and Technology Full-time Associate Professor of Department of International Trading, Yu Da University of Science and Technology Full-time Associate Professor, Department of Public Finance, NCCU Part-time Associate Professor of Department of Public Finance and Taxation, Takming University of Science and Technology	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director	Chiang, Huai-De	Possessing five-year or more work experience required for the Company’s business; PhD in Mechanic Engineering, University of Minnesota, the U.S.; served as the Vice Director, Office of Renewable Energy Promotion Project, Bureau of Energy, Ministry of Economic Affairs; not having any circumstance set forth in Article 30 of the Company Act.	PhD in Mechanic Engineering, University of Minnesota, the U.S. Research fellow of Energy Policy Research Center, ITRI Vice Director, Office of Renewable Energy Promotion Project, Bureau of Energy, Ministry of Economic Affairs Leader, Clean Energy Technology Team, Energy and Resources Laboratory, ITRI Development Engineer, Textron Lycoming, the U.S. Assistant to Technology Consultant, General Electric, the U.S.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director	Lin, Gu-Tong	Possessing five-year or more work experience required for the Company’s business; MBA, The University of Tennessee, and holder of CPA license; served as Chairman, Deloitte Taiwan; not having any circumstance set forth in Article 30 of the Company Act.	MBA, The University of Tennessee Bachelor, Department of Accounting, NCCU Chairman, Deloitte Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	3

Note 1: Directors, during the two years before being elected and during the term of office, meet any of the following

situations, please tick the appropriate corresponding boxes:

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

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

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

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

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

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

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

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

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

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

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

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

5. Diversity and independence of the board of directors:

(1) Diversity of the board of directors:

To enhance the corporate governance, while promoting the health development for the composition and structure of the Board of Directors, the board member diversity policy has been adjusted in paragraph 2, Article 22 of the Company’s “Corporate Governance Best Practice Principles,” amended in 2020. The policy sets forth that “the composition of the board of directors shall be determined by taking operating structure, directions of business development, trends of future development into consideration, while assessing various diversification aspect, for example, basic qualifications and values (e.g. age, gender, nationality, and culture), professional knowledge and skills (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience.

● Implementation of board members’ diversity:

Core items of diversity / Name of Director	Basic conditions										Professional knowledge and skills					
	Nationality	Gender	Concurrently serves as the Company’s employee	Age				Independent Director Tenure			Industry	Commerce	Accounting	Finance	Law	Marketing
				Under 50	51-60	61-70	71 above	Under 3 years	4-6 years	7-9 years						
Liao, Kuo-Ron	Republic of China	Male	V				V				V	V		V		V
Liao, Wei-Ran	Republic of China	Male	V	V							V	V		V		V
Hsu, Chen-Ji	Republic of China	Male				V						V				V
Liu, Weng-Cheng	Republic of China	Male				V						V				V
Lin, Li-Chiang	Republic of China	Male		V									V	V		
Chiang, Huai-De	Republic of China	Male				V				V		V	V			

Wu, Chia-En	Republic of China	Male				V				V		V	V	V	V	
Lin, Gu-Tong	Republic of China	Male				V		V				V	V	V	V	

(2) Independence of board of directors:

The current board of directors consists of eight directors, including three independent directors; the board members possess abundant experience and expertise in the industry, commerce, accounting, finance, and marketing. Additionally, to maintain the independence of the board, the target is to have at least one-third of board members as the independent directors (currently 37.5%), and no more than quarter of the board members are spouses or relatives within 2nd degree of kinship to each other (currently 25%). Also, to implement the gender equality of the board's composition, at least one female directors is needed (currently none)

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

February 7, 2021; Unit: Share

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

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

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

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

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

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

Unit: NTD Thousand/ Thousand Shares

Designation	Name	Remunerations to directors								Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from concurrently servings as employees								Sum of A, B, C, D, E, F, and G as a percentage of net income after tax		Remuneration from investees other than subsidiaries
		Wages (A)		Pension upon retirement (B)		Compensation for Director (C)		Service Expense (D)				Wages, bonuses, and special allowances, etc. (E)		Pension upon retirement (F)		Employee Compensation (G)						
																The Company		Companies included in the financial statements				
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	Cash Amount	Share Amount	Cash Amount	Share Amount	The Company	Companies included in the financial statements	
Chairman	Weiren Investment Limited Representative: Liao, Kuo-Ron	1,540	1,540	–	–	–	–	50	50	3.4%	3.4%	7,593	7,593	–	–	–	–	–	–	19.8%	19.8%	–
Director	An Chuang Industrial Corporation Representative: Liao, Wei-Jan	1,280	1,280	–	–	–	–	55	55	2.9%	2.9%	3,981	3,981	108	108	–	–	–	–	11.7%	11.7%	–
Director (note)	Farglory International Investment Corporation Representative: Lin, Li-Chiang	621	621	–	–	–	–	50	50	1.4%	1.4%	–	–	–	–	–	–	–	–	1.4%	1.4%	–
Director (note)	Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	621	621	–	–	–	–	50	50	1.4%	1.4%	–	–	–	–	–	–	–	–	1.4%	1.4%	–
Director (note)	Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang	658	658	–	–	–	–	5	5	1.4%	1.4%	–	–	–	–	–	–	–	–	1.4%	1.4%	–
Director	Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji	1,280	1,280	–	–	–	–	55	55	2.9%	2.9%	–	–	–	–	–	–	–	–	2.9%	2.9%	–
Independent Director	Wu, Chia-En	1,205	1,205	–	–	–	–	165	165	3.0%	3.0%	–	–	–	–	–	–	–	–	3.0%	3.0%	–

Independent Director	Chiang, Huai-De	1,325	1,325	—	—	—	—	150	150	3.2%	3.2%	—	—	—	—	—	—	—	—	3.2%	3.2%	—
Independent Director	Lin, Gu-Tong	1,325	1,325	—	—	—	—	165	165	3.2%	3.2%	—	—	—	—	—	—	—	—	3.2%	3.2%	—

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

2. Other than the remuneration disclosed in said table, the remuneration received by any of the Company's directors for providing services to the parent, any companies included in the financial statement, or investees, e.g., as an advisor other than employee in the most recent year: none

Range of Remunerations

Range of Remunerations Paid to Each Director of the Company	Name of Director			
	Sum of foregoing three items (A+B+C)		Sum of foregoing seven items (A+B+C+D+E+F+G)	
	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements
Below NTD 1,000,000	Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang Farglory International Investment Corporation Representative: Lin, Li-Chiang Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang Farglory International Investment Corporation Representative: Lin, Li-Chiang Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang Farglory International Investment Corporation Representative: Lin, Li-Chiang Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang Farglory International Investment Corporation Representative: Lin, Li-Chiang Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Weiren Investment Limited Representative: Liao, Kuo-Ron An Chuang Industrial Corporation Representative: Liao, Wei-Jan Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong	Weiren Investment Limited Representative: Liao, Kuo-Ron An Chuang Industrial Corporation Representative: Liao, Wei-Jan Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong	Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong	Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji Wu, Chia-En; Chiang, Huai-De; Lin, Gu-Tong
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	—	—	—	—
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	—	—	An Chuang Industrial Corporation Representative: Liao, Wei-Jan	An Chuang Industrial Corporation Representative: Liao, Wei-Jan
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	—	—	Weiren Investment Limited Representative: Liao, Kuo-Ron	Weiren Investment Limited Representative: Liao, Kuo-Ron
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	—	—	—	—
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	—	—	—	—
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	—	—	—	—
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	—	—	—	—
Over 100,000,000 (inclusive)	—	—	—	—
Total	9	9	9	9

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

Unit: In NT$1,000

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

Range of Remunerations

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

3. Remunerations to President and Vice Presidents

(1) Approach to disclose name individually

Unit: NTD Thousand/ Thousand Shares

職稱	姓名	薪資(A)		退職退休金(B)		獎金及特支費等(C)		員工酬勞金額(D)				A、B、C及D等四項總額及占稅後純益之比例(%)		有無領取來自子公司以外轉投資事業或母公司酬金
		本公司	財務報告內所有公司	本公司	財務報告內所有公司	本公司	財務報告內所有公司	本公司		財務報告內所有公司		本公司	財務報告內所有公司	
								現金金額	股票金額	現金金額	股票金額			
President	Hung, Chen-Ren	5,032	5,032	108	108	—	—	—	—	—	—	11.1%	11.1%	—
Senior Vice President	Liao, Wei-Ran	3,981	3,981	108	108	—	—	—	—	—	—	8.8%	8.8%	—
Vice President	Chiang, Zhi-Hao	3,432	3,432	108	108	—	—	—	—	—	—	7.6%	7.6%	—
Vice President	Wang, Liang-Kai	3,539	3,539	108	108	—	—	—	—	—	—	7.9%	7.9%	—

Range of Remunerations

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

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

(2) Top Five Executives with the Highest Remunerations

Unit: NTD Thousand/ Thousand Shares

Designation	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from investees other than subsidiaries
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		Companies included in the financial statements		The Company	Companies included in the financial statements	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
President	Hung, Chen-Ren	5,032	5,032	108	108	—	—	—	—	—	—	11.1%	11.1%	—
Senior Vice President	Liao, Wei-Ran	3,981	3,981	108	108	—	—	—	—	—	—	8.8%	8.8%	—
Vice President	Chiang, Zhi-Hao	3,539	3,539	108	108	—	—	—	—	—	—	7.6%	7.6%	—
Vice President	Wang, Liang-Kai	3,432	3,432	108	108	—	—	—	—	—	—	7.9%	7.9%	—

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

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

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

Unit: In NT$1,000

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

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

(1) Remuneration policies, standards and packages

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

(2) Procedures for determining remuneration

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

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

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

(3) Connection with business performance and future risk exposure

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

III. Status of Corporate Governance

(I) Operation of the Board of Directors

During the current year (2021) and 2022 up to the publication date of annual report, eleven (A) meetings were held; the attendance of the directors is as following:

Title	**Name**	**Actual attendance (B)**	**Attendance by proxy**	**Actual attendance rate (%) (B/A)**	**Remarks**
Chairman	Weiren Investment Limited Representative: Liao, Kuo-Ron	9	2	82%	
Director	An Chuang Industrial Corporation Representative: Liao, Wei-Jan	11	0	100%	
Director	Farglory Land Development Co., Ltd. Representative: Hsu, Hung-Chang	1	0	100%	Resigned on April 7, 2021; the representative, Hsu, Hung-Chang resigned on the same day.
Director	Farglory International Investment Corporation Representative: Lin, Li-Chiang	10	0	100%	Additional directors were elected in the shareholders' meeting on April 7, 2021; on April 13, 2021, the new corporate shareholder appointed the representative.
Director	Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	10	0	100%	Additional directors were elected in the shareholders' meeting on April 7, 2021; on April 13, 2021, the new corporate shareholder appointed the representative.
Director	Cheng Hsi Investment Corporation Representative: Hsu, Cheng-Ji	11	0	100%	
Independent Director	Wu, Chia-En	11	0	100%	
Independent Director	Chiang, Huai-De	10	1	91%	
Independent Director	Lin, Gu-Tong	11	0	100%	

Other items to be stated:

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

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

Term/Date of Board Meeting	**Content of Proposal**	**Opinions of Independent Directors**	**The Company's Treatment for Opinions of Independent Directors**
16th meeting of the 4th term February 25, 2021	1. Intention to amend the "Articles of Incorporation" 2. Proposal of issuance of private placed preferred shares. 3. Approval the Company's "Statement of Internal Control System," 2021 4. The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2021	Nil	Nil
17th meeting of the 4th term May 7, 2021	1. For the CPA's audit service fee for 2021 2. Proposal to dissolve the subsidiary, Houxin Energy Co., Ltd. 3. Proposal to build the warehouse in Pingtung Module Plant and the plan of renovation of the old warehouse. 4. Proposal to re-appoint the head of accounting	Nil	Nil
18th meeting of the 4th term June 30, 2021	Adjustment to the 2017 cash capital increase project	Nil	Nil
19th meeting of the 4th term August 6, 2021	1. Proposal to make endorsements/guarantees to the reinvestee, Yuan-Yu Solar Energy Co., Ltd., to pledge the equity in that reinvestee as the collateral for the debt, and authorize the chairman to negotiate, agree, and sign the collateral documents such as share pledge contracts and other related matters. 2. Proposal to amend the "Management Operation for Related-party Transactions" under the internal control system. 3. Proposal to amend the "Corporate Governance Best Practice Principles" 4. Proposal to amend the "The Management Regulations for Corporate Governance and Operational Strategy Committee"	Nil	Nil
Board of directors Term/Date	**Content of Proposal**	**Independent Director Opinion**	**The Company's Treatment for Opinions of Independent Directors**

20th meeting of the 4th term November 11, 2021	1. Proposal to amend the "Rules of Procedure for Board of Directors Meetings;" the " Operational Procedures for Loaning of Funds;" the "Operational Procedures for Making Endorsements/Guarantees;" and the "Operational Procedures for the Acquisition and Disposal of Assets by Public Companies." 2. The Company intended to participate the second capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. ("Holdgood" hereafter) in 2021 3. Proposal of capital expenditure for line expansion in Pingtung Plant. 4. Proposal of capital expenditure for line expansion in Hsinchu Plant.	Nil	Nil
21st meeting of the 4th term November 18, 2021	Establish the issuance price and related matters for the A-preferred shares private placement.	Nil	Nil
24th meeting of the 4th term March 7, 2022	Approval the Company's "Statement of Internal Control System," 2021 2. As the "Articles of Incorporation" amended, for the private placement of preferred shares approved by the 2021 shareholders' meeting, the unissued part will cease issuance.	Nil	Nil
26th meeting of the 4th term April 26, 2022	Proposal to issue maximum 35,000,000 shares for the capital increase in cash	Nil	Nil

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

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

Board of directors Term/Date	Content of Proposal	Implementation
21st meeting of the 4th term November 18, 2021	Establish the issuance price and related matters for the A-preferred shares private placement.	As Yu Sheng Energy Corporation is the subscriber of the A-preferred shares private placement, and its chairman, Liu, Weng-Cheng also serves as the Company's director, Mr. Liu recused himself without participating the discussion and voting of the proposal; after consulting all attending directors by the chair, all agreed to amend paragraph 4 of the description, and approved other parts as proposed.
24th meeting of the 4th term March 7, 2022	Promotion and Remuneration Adjustment for 2022 Managerial Officers.	Director, Liao, Wei-Ran also serves as a managerial officer of the Company, and is a relative within second degree of kinship to the Chairman, Liao, Kuo-Ron, so he had conflict of interest for the proposal. Before the discussion of the proposal, these directors with interests were requested to recuse. The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

III. Implementation of Board Appraisal

Appraisal Cycle	Appraisal Period	Appraisal Scope	Appraisal Method	Appraisal Content

Annually	2020/01/01 ~ 2020/12/31	Individual board member	Self-assessment of director	Performance appraisal for individual board member 1. Alignment of the goals and mission of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. Professionalism and continuing education of directors 1.6. Internal control
Annually	2020/01/01 ~ 2020/12/31	Functional Committee	Internal self-assessments of functional committees	Performance appraisals of functional committees 1. Participation in the operation of the company 2. Awareness of the duties of functional committees 3. Improvement of decision quality of functional committees 4. Composition and member election of functional committees 1.5. Internal control

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

Enhancing the Board's functions	Assessment to the Implementation
Establishing independent directors	Enhancing the objectivity and independence of independent directors to supervise the Board's operation
Establishing the Remuneration Committee	Facilitating the Board to implement and assess the overall remuneration and benefit system, and review the appropriateness of the compensations to the directors and managerial officers on regular basis.
Establishing the Audit Committee	Exercise the duties set forth in the Securities and Exchange Act, the Company Act, and other laws and regulations.
Establishing the Corporate Governance and Operational Strategy Committee	Facilitating the communications regarding the development strategies and material issues, to form the mid- and long term strategies and annual plans implementable. And via the regular reports regarding the review outcomes of risk control by the risk management panel, the Board members are enabled to grasp the overall risk controls and strategies.
Continuously improving information transparency	The Company has assigned the dedicated unit for disclosing information and update information on the Company's website.
Actively establishing communications with stakeholders	The spokesperson and deputy spokes persons are assigned as the communication channel for stakeholders. The proposals of shareholders are accepted by schedule of AGM. Shareholders entitled

	to propose may apply such during the acceptance period. The Company will convene Board meetings to review pursuant to regulations.
Improving the operational efficiency and decision-making ability of the Board	The Company has established the "Rules of Agenda for Board Meeting," for better implementation of the Board's functions, and promotion of the virtuous development of the Board's engagement of decision-making.
Improving the professional knowledge	The directors shall participate continuing education for the hours required by the competent authorities every year. The board members are also encouraged to attend professional courses, with promotion of related laws and regulations in the Board, to meet the legal requirements.
Establishing the corporate governance officer	To implement the corporate governance, and improve the effectiveness of the Board, on August 8, 2019, the Board approved to establish a corporate governance officer to assist in the regard of information required for directors performing duties and other necessary assistance.

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

Operation of the Audit Committee

During the current year (2021) and 2022 up to the publication date of annual report, the Audit Committee held eleven (A) meetings; the attendance of the independent directors is as following:

Designation	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%)	Remarks
Independent Director	Wu, Chia-En	11	0	100%	
Independent Director	Chiang, Huai-De	10	1	91%	
Independent Director	Lin, Gu-Tong	11	0	100%	

Other items to be stated:

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

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

Audit Committee Term/Date	**Content of Proposal**	**Resolutions and follow-up**	**The Company's treatment to the opinions of the Audit Committee**
13th meeting of the 1st term February 25, 2021	1. Intention to amend the "Articles of Incorporation" 2. Proposal of issuance of private placed preferred shares. 3. Approval the Company's "Statement of Internal Control System," 2021 4. The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2021	Approved by all members unanimously	Nil

14th meeting of the 1st term, May 7, 2021	1. For the CPA's audit service fee for 2021 2. Proposal to dissolve the subsidiary, Houxin Energy Co., Ltd. 3. Proposal to build the warehouse in Pingtung Module Plant and the plan of renovation of the old warehouse. 4. Apply credit facilities from financial institutions	Approved by all members unanimously	Nil
15th meeting of the 1st term June 30, 2021	1. Proposal to apply credit facilities from financial institutions 2. The Company's derivative transactions occurred	Approved by all members unanimously	Nil
16th meeting of the 1st term, August, 2021	1. Proposal to make endorsements/guarantees to the reinvestee, Yuan-Yu Solar Energy Co., Ltd., to pledge the equity in that reinvestee as the collateral for the debt, and authorize the chairman to negotiate, agree, and sign the collateral documents such as share pledge contracts and other related matters. 2. Proposal to amend the "Management Operation for Related-party Transactions" under the internal control system.	Approved by all members unanimously	Nil
17th meeting of the 1st term, November 11, 2021	1. Proposal to amend the "Rules of Procedure for Board of Directors Meetings;" the " Operational Procedures for Loaning of Funds;" the "Operational Procedures for Making Endorsements/Guarantees;" and the "Operational Procedures for the Acquisition and Disposal of Assets by Public Companies." 2. The Company intended to participate in the second capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. ("Holdgood" hereafter) in 2021 3. Add more collateral setup and issue promissory notes for the new warehouse in the site of Pingtung Module Plant 4. Proposal of capital expenditure for line expansion in Pingtung Plant.	Approved by all members unanimously	Nil
18th meeting of the 1st term, November 18, 2021 (Special meeting)	Establish the issuance price and related matters for the A-preferred shares private placement.	Approved by all members unanimously	Nil
19th meeting of the 1st term, December 23, 2021	1. It is intended to prepare the business plan (financial budget included) for 2022. 2. Amend partial internal control system/ internal management system	Approved by all members unanimously	Nil
21st meeting of the 1st term March 14, 2022	1. Approval the Company's "Statement of Internal Control System," 2021 2. Amendment to the "Articles of Incorporation" 3. For the private placement of preferred shares approved by the 2021 shareholders' meeting, the unissued part will cease issuance.	Approved by all members unanimously	Nil
22nd meeting of the 1st term April 26, 2022	1. Proposal to issue maximum 35,000,000 shares for the capital increase in cash	Approved by all members unanimously	Nil

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

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

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

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

The Audit Committee held 7 meetings in 2021. The reviews were focused on the following:

1. Audit of financial statements and accounting policies and procedures
2. Internal control system and related policies and procedures
3. Material transactions of assets or derivatives
4. Material loaning of funds, endorsement, or guarantee
5. Placement or issuance of negotiable securities
6. Status of derivatives or cash investments
7. Compliance
8. Whether there is any transaction between managerial officers and directors with related parties, and potential conflict of interest
9. Appealing report
10. Preventive programs of corruption and investigation reports of corruption
11. Information security
12. Company's risk management
13. Assessment of CPA's qualification, independence, and performance
14. Assignment, discharge, or compensation of CPA
15. Assignment and discharge of finance, accounting, or internal audit officers
16. Performance of the Audit Committee's Duties
17. Self-assessment questionnaires for Audit Committee's performance

● Reviewing financial reports

The board of directors has produced the Company's 2021 business report, financial statements and proposals for offsetting losses, and the financial statements have been audited by certified accountants of Deloitte Taiwan, with the auditing report attached. The said business report, financial statements and proposals for offsetting losses have audit by the Audit Committee, and been deemed no inconsistency.

● Assessing the effectiveness of the internal control system

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

● Assigning CPAs

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

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

Other items to be stated:

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

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

Board of directors	Content of Proposal	Resolution of the Audit Committee meeting	The Company's treatment to the opinions of the Audit Committee
9th meeting of the 4th term 2020.2.25	1. Intention to amend the "Articles of Incorporation," and the "Procedures for Election of Directors" 2. Approval the Company's "Statement of	Approved by all members unanimously	Nil

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

Board of directors	Content of Proposal	Resolution of the Audit Committee meeting	The Company’s treatment to the opinions of the Audit Committee
12th meeting of the 4th term 2020.9.8	1. Proposal to adjust the items, issuance limit and issuance conditions for the capital increase in cash program 2. Proposal to purchase machines for the Hsinchu cell plant	Approved by all members unanimously	Nil
13th meeting of the 4th term 2020.9.22	1. To establish the “Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers”	Approved by all members unanimously	Nil
14th meeting of the 4th term 2020.11.4	1. Proposal to established the matters related to the issuance limit and issuance conditions for the capital increase in cash via issuing common shares in 2020 2. Proposal to amend the “Corporate Governance Best Practice Principles” 3. Proposal to formulate the “Risk Management Policy and Procedures”	Approved by all members unanimously	Nil
15th meeting of the 4th term 2020.12.24	1. Foundation of 100% held foreign subsidiary	Approved by all members unanimously	Nil
16th meeting of the 4th term 2021.2.25	5. Intention to amend the “Articles of Incorporation” 6. Proposal of issuance of private placed preferred shares. 7. Approval the Company’s “Statement of Internal Control System,” 2020 8. The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2021	Approved by all members unanimously	Nil

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

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

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

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
(I) Has the board of directors formulated the diversity policy and concrete management target, and implemented accordingly?	✓		1. Diversity of the board of directors: To enhance the corporate governance, while promoting the health development for the composition and structure of the Board of Directors, the board member diversity policy has been adjusted in paragraph 2, Article 22 of the Company's "Corporate Governance Best Practice Principles," amended in 2020. The policy sets forth that "the composition of the board of directors shall be determined by taking operating structure, directions of business development, trends of future development into consideration, while assessing various diversification aspect, for example, basic qualifications and values (e.g. age, gender, nationality, and culture), professional knowledge and skills (e.g., law, accounting, industry, finance, marketing or technology), professional skills, and industry experience. (Note 1) 2. Independence of board of directors: The current board of directors consists of eight directors, including three independent directors; the board members possess abundant experience and expertise in the industry, commerce, accounting, finance, and marketing. Additionally, to maintain the independence of the board, the target is to have at least one-third of board members as the independent directors (currently 37.5%), and no more than quarter of the board members are spouses or relatives within 2nd degree of kinship to each other (currently 25%). Also, to implement the gender equality of the board's composition, at least one female directors is needed (currently none)	No significant variance
(II) Other than the establishment of Remuneration Committee and Audit Committee which are required by law, does the Company plan to set up other functional committees?	✓		Other than establishing the Audit and Remuneration Committee as required by laws, to promote the corporate governance, and to formulate, execute, track, and review the key operational strategies, the Corporate Governance and Operational Strategy Committee was approved by the Board on May 27, 2019.	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
(III) Does the Company stipulate performance assessment regulations and assessment methods for the board of directors and conduct the performance assessment on a yearly basis, and was the result of performance assessment reported to the board of directors for the reference of individual directors' salary and nomination of reappointment?	✓		The Board has approved the Company’s “Procedures of Performance Appraisal on the Board of Directors.” The appraisals on the Board and functional committees (the Remuneration Committee and Audit Committee included) are appraised annually; the outcomes are reported to the Board. The appraisal procedure is that at the end of each year, the agenda working group of the Board will execute and plan the appraisals with the internal questionnaires, through the internal self-assessment, and elf-assessments of board and committee members. The assessment scope includes the performances of the overall Board of Directors, individual board members, the Remuneration Committee, and the Audit Committee. The criteria of the performance appraisals on the Board of Directors and functional committees mainly consist of degree of participation in the Company's operation, upgrading the quality of the Board of Directors and functional committees' decision making, formation and structure of the Board of Directors and functional committees, election and continuing education of board and committee members, and internal controls. The appraisal outcomes are reported to the Board of Directors, and serves as reference for determining remuneration to individual directors, election and nomination of directors. The outcomes of the performance appraisals for 2021 are considered good, and were reported to the Board and disclosed on the Company’s website on March 7, 2022.	No significant variance
(IV) Does the Company regularly evaluate its external auditors’ independence?	✓		The Audit Committee evaluates the independence and competency of the CPAs every year. Other than providing the “Independence Statement of Auditor” by the CPAs, the evaluation is conducted pursuant to the standards set forth in Article 47 of the Accountant Act and No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (Note 2) After confirming that the CPAs and the company have no other financial interests or business relationship except for fees of certification and taxation-related, and the CPAs’ family members do not violate the independence requirements either. The evaluation results of the most recent year have been discussed and approved by the Audit Committee on March 7, 2022, and submitted to the board of directors on March 7, 2022 to approve the independent evaluation of CPAs.	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
IV. Do TWSE/TPEx Listed Companies appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors' compliance of law, handling matters related to board meetings and shareholders' meetings according to law, and recording minutes of board meetings and shareholders' meetings)?			By the resolution of the Board on August 8, 2019, Liao, Wei-Ran, Senior Vice President of the Chairman's office was assigned as the corporate governance officer. Liao, Wei-Ran, S.V.P had served as a manager in a financial institution for more than three years and thus are qualified. The key functions of corporate governance officer include handling matters relating to board meetings and shareholders meetings according to laws; producing minutes of board meetings and shareholders meetings; assisting in onboarding and continuing educations of directors; furnishing information required for business execution by directors; and assisting directors with legal compliance Key Implementations for 2021: 1. Assisting the independent and general directors to perform duties, furnishing information required, and arranging continuing educations for directors: (1) Furnishing the latest amendments and developments regarding the businesses the Company operates and corporate governance to directors, and updating timely. (2) Reviewing the classification of information, and providing the information required to directors, to keep the smooth communication and interaction among directors and heads of departments. (3) Pursuant to the Corporate Governance Best Practice Principles, the independent directors meet the internal audit officer and CPAs individually, to understand the Company's financial position, and assist the arrange of such meetings if required. (4) Assisting the arrangement of the annual continuing education for the independent and general directors. 2. Assisting agenda process of Board meetings and compliance of the resolutions: (1) Reporting the implementation of the corporate governance to the Board, independent directors, and the Audit Committee, and confirming the convention of Board meetings complying with the requirements set forth in the related laws and regulations and the Corporate Governance Best Practice Principles. (2) Assisting and reminding directors to comply with laws and regulations while performing duties or making official resolutions in Board meetings; shall there be any resolution violating laws, advices shall be provided. (3) In charge of the verification and disclosure of material information related to the key	

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

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

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

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

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

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
IX. Please explain the improvement status of the corporate governance assessment results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose improvement measures for those matters that have not been improved.	✓		The Company has proposed the improvement approaches regarding the result of the 8th (2021) Corporate Governance Evaluation as the following: 1. Enhancing the board of directors' composition and operation Diversity of the Board's composition: it is intended to add one more female director in the next director election. 2. Continuously improving information transparency Timeliness and completeness of the disclosed Information (including shareholders' meeting, financial reports, the Company's material information (English version included). 3. Implementation of the corporate social responsibility (The 9th term is adjusted as "promotion of sustainable development) The policies are promoted pursuant to the Corporate Governance 3.0 -Sustainable Development Roadmap, to improve and upgrade the level of corporate governance.	No significant variance

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

1. Information about the Company's Remuneration Committee Member

Designation	Name	Professional qualification	Experience	Independence status Conformity	Number of positions as a Remuneration Committee Member in other public listed companies
Independent Director	Wu, Chia-En	Possessing five-year or more work experience required for the Company's business; PhD., University of Rochester, the U.S.; served as Associate Professor and Dean of Department of International Business, and Full-time Associate Professor of Department of International Trading, Yu Da University of Science and Technology; Full-time Associate Professor, Department of Public Finance, NCCU, and Part-time Associate Professor of Department of Public Finance and Taxation, Takming University of Science and Technology; not having any circumstance set forth in Article 30 of the Company Act.	PhD., University of Rochester, the U.S. Associate Professor and Dean of Department of International Business, Yu Da University of Science and Technology Full-time Associate Professor of Department of International Trading, Yu Da University of Science and Technology Full-time Associate Professor, Department of Public Finance, NCCU Part-time Associate Professor of Department of Public Finance and Taxation, Takming University of Science and Technology	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0

Independent Director	Chiang, Huai-De Convener	Possessing five-year or more work experience required for the Company's business; PhD in Mechanic Engineering, University of Minnesota, the U.S.; served as the Vice Director, Office of Renewable Energy Promotion Project, Bureau of Energy, Ministry of Economic Affairs; not having any circumstance set forth in Article 30 of the Company Act.	PhD in Mechanic Engineering, University of Minnesota, the U.S. Research fellow of Energy Policy Research Center, ITRI Vice Director, Office of Renewable Energy Promotion Project, Bureau of Energy, Ministry of Economic Affairs Leader, Clean Energy Technology Team, Energy and Resources Laboratory, ITRI Development Engineer, Textron Lycoming, the U.S. Assistant to Technology Consultant, General Electric, the U.S.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director	Lin, Gu-Tong	Possessing five-year or more work experience required for the Company's business; MBA, The University of Tennessee, and holder of CPA license; served as Chairman, Deloitte Taiwan; not having any circumstance set forth in Article 30 of the Company Act.	MBA, The University of Tennessee Bachelor, Department of Accounting, NCCU Chairman, Deloitte Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Others	Li, Yi-Gong	Possessing five-year or more work experience required for the Company's business; served as HR head in AT&T/Lucent, Taiwan, Carrier Taiwan, GE/Harris Asia, Nestle, and RCA; not having any circumstance set forth in Article 30 of the Company Act	Vice President, Taiwan Electronic Packaging Senior Chief, HR Division, AT&T/Lucent, Taiwan Senior HR Manager, Carrier Taiwan Head of HR, GE/Harris Asia HR Manager, Nestle Senior HR Manager, RCA	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0

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

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

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

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

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

(5) Not a director, supervisors or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or appoints director/supervisors representative in

the Company according to Paragraph 1 or 2, Article 27 of the Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

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

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

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

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

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

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

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

2. Duties

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

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

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

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

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

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

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

3. Operation of the Remuneration Committee:

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

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

Designation	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Chiang, Huai-De	7	0	100	
Member	Wu, Chia-En	7	0	100	
Member	Lin, Gu-Tong	7	0	100	
Member	Li, Yi-Gong	7	0	100	

Other items to be stated:

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

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

In 2021 and as of the annual report publication date, the Remuneration Committee's operation is as the following:

Date	Implementation Status
8th Meeting, 3rd Term May 7, 2021	1. Subject: Proposal to re-appoint the head of accounting Resolution: Approved after discussed by all attending members to adjust the remuneration structure. 2. Subject: Promotion and Remuneration Adjustment for 2021 Managerial Officers. Resolution: Approved after discussed by all attending members. 3. Subject: Dragon Boat Festival Bonus Distribution for 2021 Managerial Officers. Resolution: Approved after discussed by all attending members.
9th Meeting, 3rd Term June 30, 2021	1. Subject: Remuneration Adjustment for 2021 Managerial Officers. Resolution: Approved after discussed by all attending members.
10th Meeting, 3rd Term August 6, 2021	1. Subject: Mid-Autumn Festival Bonus Distribution for 2021 Managerial Officers. Resolution: Approved after discussed by all attending members.

	2. Subject: To withdraw the proposal of special bonus to the project team if the 2021 project profit target is achieved. Resolution: Approved after discussed by all attending members. 3. Subject: To withdraw the proposal of special compensation intended to be paid to the directors for supervision project teams to achieve the project objectives for 2021, and paid on quarterly basis. Resolution: Approved after discussed by all attending members.
11th Meeting, 3rd Term December 23, 2021	1. Subject: To withdraw the proposal of special bonus (compensation) to the project team if the Q3 2021 to Q1 2022 project profit targets are achieved. Resolution: Approved after discussed by all attending members. 2. Subject: Proposal of special compensation intended to be paid to the directors and project teams if they achieve the project objectives for 2021 Resolutions: Approved after discussed by all attending members to revise partial content of Attachment 4. 3. Subject: The special bonus are intended to be paid to the project teams when achieving the project objectives for Q1 and Q2 2022, and paid on quarterly basis. Resolution: After discussed by all attending members, the proposal was pending for the discussion in the next meeting. 4. Subject: The special compensation are intended to be paid to the directors for supervision project teams when achieving the project objectives for Q1 and Q2 2022, and paid on quarterly basis. Resolution: After discussed by all attending members, the proposal was pending for the discussion in the next meeting. 5. Subject: Year-End Bonus Distribution for 2021 Managerial Officers. Resolution: Approved after discussed by all attending members. 6. Subject: Renewal of annual contract with Cheng, Chen-Kuo, the administration officer. Resolution: Approved after discussed by all attending members. 7. Subject: Working plan of the Remuneration Committee for 2022. Resolution: Approved after discussed by all attending members.
12th Meeting, 3rd Term January 27, 2022	1. Subject: Proposal of special compensation (bonus) to be paid to the directors and managerial officers as resolved in the previous board meeting because they achieved the project objectives for 2021. Resolution: Approved after discussed by all attending members. 2. Subject: To formulate the Q1 and Q2 incentive program for the board and management team. Resolution: Approved after discussed by all attending members.
13th Meeting, 3rd Term March 7, 2022	1. Subject: Proposal to distribute the 2021 directors' remunerations. Resolution: Approved after discussed by all attending members. 2. Subject: Promotion and Remuneration Adjustment for 2021 Managerial Officers. Resolution: Approved after discussed by all attending members.
14th Meeting, 3rd Term March 14, 2022	1. Subject: To amend some of the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers" Resolution: the proposal involved the remunerations of independent directors, two members concurrently serving as independent directors recused from voting; the proposal was approved by the Committee, and submitted to the board of directors as amended.

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

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does the company establish an exclusively (or concurrently) dedicated unit to promote sustainable development have executives appointed by the board of directors to handle the promotion under the board of directors' supervision?		✓	The Company intends to start the governance framework planning for the sustainable development after the full re-election of directors (independent directors included) in 2022, and setup the dedicated (concurrent) unit for the sustainable development, to take charge of promotion and implementation of the related policies.	The promotion and implementation will be conducted after the full re-election of directors in 2022.
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		The Company has the "Risk Management Policy and Procedures" approved by the Board, and the "Risk Management Panel" has been set up under the "Corporate Governance and Operational Strategy Committee." The President is responsible for coordinating the promotion and operation of risk management plans, and the accountable unit in each department is in charge of promoting the risk management in their respective department. The risks are assessed annually and the operations are reported to the Board. The scope of risk management include hazardous risks, operational risks, financial risks, strategic risks, compliance/contractual risks, and other risks; with the effective executions of risk management process (including risk identification, risk measurement, risk monitoring, risk reporting and disclosures, responses to risks), the risk management strategies of the Company will be implemented.	No significant variance
III. Environmental Topic				
(I) Has the Company set an environmental management system designed to industry characteristics?	✓		The Company is a professional solar cell and module manufacturer. While pursuing the growth of corporate, we promote renewal energy and apply resource properly to lower	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			the environmental pollution for the sustainable development of environment. Therefore, the high standards of environment specifications were referred for the pollution prevention facilities when designing the plant. Once the plant was completed, the ISO 14001 environment management system was also built. The Hsinchu Plant and the Pingtung Plant were certified ISO14001 environment management system in 2018, and the certificate is still valid now. The continual improvements are made based on P.D.C.A of system management, and the pollution prevention facilities are tested by qualified testing institutions regularly, while establishing related operational regulations and monitoring to maintain the normal operation of the pollution prevention facilities. No significant variance	
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?	✓		By observing the Company's unit power consumption intensity indicator, it has continued to decline from 2012 to 2016. However, from 2017 to 2018, due to the adjustment of process and production capacity, the unit power consumption intensity indicator benchmark has been greatly different. Therefore, it is proposed to adjust the comparison base year from 2012 to 2019, and various energy-saving measures have been continuously promoted. The target of reducing power consumption by 9% comparing to the base year is scheduled to be achieved in 2022, which will be disclosed on the Company's website.	No significant variance
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		The Company has formulated the “Procedures and Policy of Risk Management,” and regularly holds meetings of risk management task force, which also proposes risk response to severe weather changes in terms of climate change.	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
(IV) Does the Company collect data for greenhouse gas emissions, water usage and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	✓		1. Disclose the greenhouse gas, power consumption, water consumption and waste in the Hsinchu Plant on the Company's website, and set a target volume of reduction. 2. The Hsinchu Plant and Pingtung Plant have obtained the ISO14001 Environmental and Management System Certificate and the certifications are still valid; the Hsinchu Plant has been verified every year since being certified with ISO 14064 in 2012.	No significant variance
IV. Social Topic				
(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		To fully fulfill the corporate social responsibility, and protect the basic human rights of all employees, clients and stakeholders, TSEC observes the internationally recognized human right standards, such as "Universal Declaration of Human Rights", "The United Nations Global Compact", and "International Labor Convention", as well as the Labor Standard Act of Taiwan. The local labor related laws and regulations of the locations where we present, with the managerial policies and procedures established.	No significant variance
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		Reasonable employee benefits have been formulated and implemented, and employee appraisals have been conducted by complying with the national labor laws; the business performance has been appropriately reflected in employee benefits and remuneration through employee bonuses.	No significant variance
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and	✓		1. Hsinchu Plant and Pingtung Plant have obtained ISO 45001 Occupational Safety and Health Management System, and Taiwan Occupational Safety and Health Management System	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
health training?			(TOSHMS) certificates, and the certifications are still valid. 2. The number of occupational disasters (excluding traffic occupational disasters) of the Company in 2021 was seven cases and seven people, and the number of occupational disaster days was 10 days. The FSI in 2021 was 0.04 for Hsinchu Plant and 0.14 for Pingtung Plant. When any occupational disaster occurs, investigations are conducted for the improvement and prevention, to avoid recurrence, and ensure the safety of employees at work.	
(IV) Has the Company established effective career development training plans?	✓		The "Training Committee" is in place to formulate the training policies and plan the annual training programs, with the six major training pillars executed by establishing "Education and Training Management Procedure," for diversified trainings and great on-the-service education. Introduced the TTQS from the Workforce Development Agency to the training system, and won the "Bronze Medal" as recognition.	No significant variance
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers' rights and consumer appeal procedures?	✓		The Company has the "Procedures of Supplier Management" in place. Before engaging a supplier, its history of environmental and social impacts are assessed. The "Regulations for Auditing Supplier's Quality" are also established to carefully define the quality, service level, green products, risks of environment, health and safety, ethic codes, and social responsibility of suppliers, and select qualified suppliers.	No significant variance
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and	✓		The Company has the "Procedures of Supplier Management" in place. Before engaging a supplier, its history of environmental and social impacts are assessed. The "Regulations for Auditing Supplier's Quality" are also established to carefully define the quality, service level, green products, risks of environment,	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance
	Yes	No	Summary	
health or labor right, and their implementation status?			health and safety, ethic codes, and social responsibility of suppliers, and select qualified suppliers. In addition, RBA certification was promoted in 2022, further requiring suppliers to implement the regulations of labor rights that shall be complied with.	
V. Does the Company refer to the international report to prepare standards or guidelines such as corporate social responsibility reports that disclose the non-financial related information of the Company? Has the said Report acquire 3rd certification party verification or statement of assurance?		✓	The Company intends to start the governance framework planning for the sustainable development after the full re-election of directors (independent directors included) in 2022, and setup the dedicated (concurrent) unit for the sustainable development, to take charge of promotion and implementation of the related policies.	The promotion and implementation will be conducted after the full re-election of directors in 2022.
VI. If the Company has stipulated its own corporate social responsibility rules according to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please state the difference between its operations and the stipulated rules: The Company has not yet established its corporate social responsibility practice principles, but the duties are fulfilled by actively referring the spirits of the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"				
VII. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility: Promotional Tour for Green Energy: As the Company established power stations in Pingtung, the Company learned the shortage of green energy education to these children living in rural areas. From 2013, the regular promotional tour for green energy has been conducted. Currently, the tour has been to Chang-Le Elementary School, Lin-Bian Elementary School, Shui-Chunag Elementary School (Longchuan Branch), and Yukuang Elementary School. Other than the classroom session, the site-visitings at the power stations have been included. The tour has been received well. To promote the concept of energy saving and carbon reduction, and expand the renewable energy, we expect to be a pioneer of green energy in Taiwan as a fulfillment of CSR. Environment, Safety and Health, and Energy Policy: The Company is a professional solar cell and module manufacturer. While pursuing the growth of corporate,we value the prevention of pollution, mitigation of global warming and regulation, bio diversity and protection of ecosystem, promotion of renewal energy and resource sustainable application. Also the Company is committed to enhance the safe and health working conditions to prevent injuries and hazards to health, and fulfil or exceed the laws and obligations related to environment, safety and health, and energy. The scope of advice				

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

and engagement including workers related to the Company or other stakeholder. We also promise to integrate information and resources to execute the following environment, safety and health, and energy policies, as fulfillment of CSR, to achieve the goal of sustainable development:
(1) Be compliant and committed to the environment protection; (2) Control the environment safety risks and keep on improvement; (3) Promote environment safety education for everyone's participation; (4) Be committed to energy saving and carbon reduction and adopt the green procurement.

- December 2020 The Hsinchu Plant and Pingtung Plant were certified with ISO 45001:2018 Occupational Health and Safety Management System.
- August 2019 The Hsinchu Plant was awarded as the "Excellent Working Place with Friendly Breastfeeding Room" by the Hsinchu County Government.
- December 2018 The Pingdong Plant was awarded with the "Certification of Health Working Place- Health Promotion Label" by Health Promotion Administration, MOHW,
- December 2018 The Pingdong plant was certified with ISO 14001, OHSAS 18001, and TOSHMS
- August 2018 The Pingdong Plant was certified as the Working Place with Friendly Breastfeeding Room by the Pingdong County Government.
- December 2016 The Hsinchu Plant was awarded with the "Certification of Health Working Place- Health Promotion Label" again by Health Promotion Administration, MOHW,
- October 2016 Awarded as "Excellent Specialist of Occupational Health and Safety"
- April 2016 The Hsinchu Plant was extended for five years by the Labor Commission, Executive Yuan for "Recognition of Industrial Unit's Labor Safety and Health Management System Performance"
- October 2015 Two silicon crystalline solar module products and three silicon crystalline solar cell products were certified with ISO/TS 14067:2013 product carbon footprint validation
- August 2015 The Hsinchu Plant was awarded as the "Excellent Unit of Occupational Health and Safety" by the Ministry of Labor
- July 2015 The Hsinchu Plant was certified as the Working Place with Friendly Breastfeeding Room by the Hsinchu County Government.
- December 2014 The Hsinchu Plant was certified with ISO 50001 for energy management system
- December 2014 Won the "Implementation Award of Environmental" by British Standards Institution (BSI)
- January 2014 The Hsinchu Plant was awarded with the "Certification of Health Working Place- Health Promotion Label" by Health Promotion Administration, MOHW,
- November The Hsinchu Plant was awarded as the "Excellent Service Unit of the Collaboration Organization for the National

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variance from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies, and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">2013 Labor Safety and Health Community, by the Labor Commission, Executive Yuan, 2012”
● June 2013 The Hsinchu Plant was passed by the Labor Commission, Executive Yuan for “Recognition of Industrial Unit’s Labor Safety and Health Management System Performance”
● February 2013 Monocrystalline and polycrystalline solar cell series products were certified with PAS 2050:2011 product carbon footprint validation
● October 2012 The Hsinchu Plant was certified with ISO 14064-1:2006 for Greenhouse Gas
● December 2011 The Hsinchu Plant was certified with ISO 14001:2004 Environment Management System; TOSHMS Taiwan Occupation Health and Safety Management System; and CNS 15506:2011, OHSAS</td></tr>
</table>

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

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

Assessment Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
(III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?	✓		The "Ethical Corporate Management Best Practice Principles" established by the Company specify that no improper benefits, or any conduct not ethical or illegal is permitted. Reporting such illegal or unethical conduct is encouraged. As required, the regular promotions are made to the directors and employee for them to be aware of the importance of ethical conducts. The aforementioned assessment mechanism for the risk of unethical conducts are reviewed regularly for the adequacy and effectiveness of the preventive measures, with proper adjustment or revision if required.	No significant variance
II. Ethic Management Practice				
(I) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		Before any transaction, the Company conducts various assessment, including the ethical conducts, toward the counterparty, to avoid transactions with any party with unethical conducts. In the commercial contracts, the compliance with ethical conducts is also specified.	No significant variance

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(II) Whether the company has set up a unit which is dedicated (or concurrent) to promoting the company’s ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?</td><td>✓</td><td></td><td>The Company has assigned an administration unit take charge of formulating and implement the ethical management policy and preventive measures for unethical conducts, while reporting t to the Board regularly. The administration unit has reported the current implementation of ethical management to the Board on December 12, 2021.<table><tr><td>Suppliers’ commitment</td><td>· Whenever participating the construction and procurement projects tendered publicly, the suppliers must complete the “Contractor Link Commitment.”</td></tr><tr><td>Education and training</td><td>• Orientation (for total 110 sessions, 2,849 attendees and 1,424 man hour).
· Regulatory trainings regarding insiders to new directors.</td></tr><tr><td>Commitment</td><td>· 100% of directors and executives sign the Ethical Corporate Management Commitment.</td></tr><tr><td>Promotion</td><td>· Case studies are promoted via emails to all employees from time to time
· Case studies are promoted via various operation and management meetings to the managers at all levels from time to time</td></tr></table></td><td>No significant variance</td></tr>
<tr><td>(III) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?</td><td>✓</td><td></td><td>To prevent any unethical behavior, other than establishing he communication channels, such as telephone, fax, and emails, for employees and external parties to whistle blow or file complaints, the internal communication channels may also be applied to report to the related officers. A whistle-blowing system is also established for outsourcing. The identities of whistle-blower and the content are kept confidential.</td><td>No significant variance</td></tr>
</table>

Assessment Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
(IV) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	✓		The accounting system and internal control system are established for implementation. The internal auditors, based on the outcomes from assessments of unethical conduct risks, formulate the audit plans covering the subjects, scopes, items, and frequency, for auditing the implementation of prevention programs. The outcomes of audit are reported to the senior management and the unit in charge of ethical management, while being documented as reports to the Board. To ensure the continual effectiveness of system design and implementation, the annual reviews and revisions are conducted, for outstanding corporate governance and risk control mechanism, as well as the basis to evaluate the effectiveness of overall internal control system, and prepare the Statement of Internal Control System.	No significant variance
(V) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		To implement the ethical management and conducts, as well as reinforce the prevention of internal corruptions, the Company promotes the disciplinary requirements and outstanding corporate culture in the orientations to newly recruited. The internal trainings of ethical management for employees from time to time. When new director or managerial officer gets onboard, the “Handbook for Promotion Insider Regulations” is provided. The handbook includes the obligation of reporting insiders and prohibition of insider trading. The promotional emails about preventing insider trading are sent from time to time.	No significant variance
III. Implementation of Complaint Procedures				

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

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

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

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

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

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

1. Statement of Internal Control System

TSEC Corporation

Statement of Internal Control System

Date: March 7, 2022

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2021:

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

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

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

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

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

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

VII. This Statement was passed by the Board of Directors in their meeting held on March 7, 2022, with none of the 8 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

TSEC Corporation

Chairman: Liao, Kuo-Ron Signature/Seal

President: Hung, Cheng-Jen

Signat

ure/Seal

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

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

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

1. The Company held the AGM of 2021 on April 7, 2021. The resolutions of the present shareholders and the implementation of the resolutions are as following:

Key proposals to be resolved by AGM	Resolutions and implementation
Ratifying the 2020 Business Report and Financial Statements	Resolved.
Ratifying the losses offsetting of 2020	Resolved.
Proposal to add two seats for directors and their election.	The list of elected by voting as following 1. Farglory International Investment Corporation 2. Yu Sheng Energy Corporation
Discussion of amending some provisions in the Company's "Articles of Incorporation"	Resolved. Implemented as the resolution.
Proposal for issuance of private placed preferred shares.	Resolved. Implemented as the resolution.
Proposal for relieving directors from the non-competition restrictions; please review.	Resolved.

2. From January 1, 2021 to the publication date of the annual report, the board of directors

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
4th Term 16th February 25, 2021	The 2020 Business Report and Financial Statements	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal for losses offsetting of 2020	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Intention to amend the "Articles of Incorporation"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal of issuance of private placed preferred shares.	The chair inquired the opinions from the present directors; approved the proposal as it was

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
		unanimously.
	Candidate List for Additional Directors	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to evaluate the independence of the CPAs, please deliberated.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Approval the Company's "Statement of Internal Control System," 2020	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Formulating the matters related to convening the AGM 2021	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to apply credit facilities from financial institutions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the Company's derivative transactions occurred,	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The Company participated the first capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2021	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
4th Term 17th May 7, 2021	For the 2021 Q1 consolidated financial statements, please deliberate.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the CPA's audit service fee for 2021	The chair inquired the opinions from the present directors; approved the

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
		proposal as it was unanimously.
	Proposal to appoint directors to the subsidiary in Hongkong, TSECPV (HK) LIMITED	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to dissolve the subsidiary, Houxin Energy Co., Ltd.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to build the warehouse in Pingtung Module Plant and the plan of renovation of the old warehouse.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to re-appoint the head of accounting	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Promotion and Remuneration Adjustment for 2021 Managerial Officers.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
4th Term 18th June 30, 2021	Proposal to apply credit facilities from financial institutions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The Company has applied credit facilities from financial institutions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Adjustment to the 2017 cash capital increase project	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Subject 4: For the Company’s derivative transactions occurred	The chair inquired the opinions from the present directors;

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
		approved the proposal as it was unanimously.
	Promotion and Remuneration Adjustment for 2021 Managerial Officers.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
4th Term 19th August 6, 2021	For 2021 Q2 consolidated financial statements	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to make endorsements/guarantees to the reinvestee, Yuan-Yu Solar Energy Co., Ltd., to pledge the equity in that reinvestee as the collateral for the debt, and authorize the chairman to negotiate, agree, and sign the collateral documents such as share pledge contracts and other related matters.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to apply credit facilities from International Bills and Finance	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the Company’s derivative transactions occurred, please deliberate.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to appoint the supervisory and managerial officer to the derivatives.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to amend the “Management Operation for Related-party Transactions” under the internal control system.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to amend the “Corporate Governance Best Practice Principles”	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to amend the “The Management Regulations for Corporate Governance and Operational Strategy	After consulting the attending directors by

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	Committee"	the chair, the amended provisions were approved as proposed except for Article 4 and 7 remained unamended.
4th Term 20th November 11, 2021	For the 2021 Q3 consolidated financial statements, please deliberate.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The proposal to apply financing facility from Changhua Bank, please deliberate.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the Company's derivative transactions added, please ratify.	After consulting the attending directors by the chair, the ratification would be made with the content of the updated "additional forward foreign exchange hedging trading."
	For the Company's derivative transactions settled, please ratify.	After consulting the attending directors by the chair, the ratification would be made with the content of the updated "settled forward foreign exchange hedging trading."
	Proposal to amend the "Rules of Procedure for Board of Directors Meetings;" the " Operational Procedures for Loaning of Funds;" the "Operational Procedures for Making Endorsements/Guarantees;" and the "Operational Procedures for the Acquisition and Disposal of Assets by Public Companies."	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The Company intended to participate the second capital increase in cash of the subsidiary, Holdgood Energy Co., Ltd. in 2021	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Add more collateral setup and issue promissory notes for the new warehouse in the site of Pingtung Module Plant	The chair inquired the opinions from the present directors; the amount for capex was adjusted to NTD434

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
		million, and approved unanimously.
	Proposal of capital expenditure for line expansion in Pingtung Plant.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal of capital expenditure for line expansion in Hsinchu Plant.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
4th Term 21st November 18, 2021	Establish the issuance price and related matters for the A-preferred shares private placement.	As Yu Sheng Energy Corporation is the subscriber of the A-preferred shares private placement, and its chairman, Liu, Weng-Cheng also serves as the Company’s director, Mr. Liu recused himself without participating the discussion and voting of the proposal; after consulting all attending directors by the chair, all agreed to amend paragraph 4 of the description, and approved other parts as proposed.
4th Term 22nd December 23, 2021	It is intended to prepare the business plan (financial budget included) for 2022.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Amend partial internal control system/ internal management system	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Formulating the 2022 audit plan	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
4th Term 24th March 7, 2022	Proposal to appropriate the 2021 employees' and directors' remunerations.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	2021 parent-only and consolidated financial statements	For the deliberation of the 2021 parent-only and consolidated financial statements to be deliberated this time, the accounting firm of CPAs had different opinion regarding the accounting treatment for the issuance of preferred shares; therefore the proposal was not discussed and would be re-proposed and deliberated in the next meeting.
	The 2021 earnings distribution proposal is prepared	For the deliberation of 2021 earning distribution, the accounting firm of CPAs had different opinion regarding the accounting treatment for the issuance of preferred shares, and the settlement of 2021 financial statements may be affected. Therefore the proposal was not discussed and would be re-proposed and deliberated in the next meeting.
	Proposal to evaluate the independence of the CPAs	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Approval the Company's "Statement of Internal Control System," 2021	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	Amendment to the "Articles of Incorporation"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the amendment to the "Rules of Procedure for Shareholders Meetings"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the private placement of preferred shares approved by the 2021 shareholders' meeting, the unissued part will cease issuance.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to re-elect the directors	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Formulating the matters related to convening the AGM 2022	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For proposal of 2021 directors' remuneration distribution.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Promotion and Remuneration Adjustment for 2022 Managerial Officers.	Before discussing the proposal, these who have interest in were requested to recuse. The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For proposal to amend some provisions of the "Ethical Corporate Management Best Practice Principles."	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the Company's derivative transactions settled.	The chair inquired the

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
		opinions from the present directors; approved the proposal as it was unanimously.
	The Company's derivative transactions occurred and added	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities from the following financial institutions. Please authorize the Chairman to handle all matters related to this financing.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
4th Term 25th March 14, 2022	2021 parent-only and consolidated financial statements	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	The 2021 earnings distribution proposal is prepared	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	To amend some of the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers"	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
4th Term 26th April 26, 2022	Nomination of the director (independent directors included) candidate list	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to relieve the new directors and their representatives from non-compete restrictions	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to change the 2022 AGM convention method and add proposals	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	For proposal to establish the “Procedures for Ethical Management and Guidelines for Conduct”	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Proposal to issue maximum 35,000,000 shares for the capital increase in cash	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	Adjustment to the expected benefits of the 2020 cash capital increase project	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For the Company’s derivative transactions occurred, settled, and added	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities from the following financial institutions. Please authorize the Chairman to handle all matters related to this financing.	The chair inquired the opinions from the present directors; approved the proposal as it was unanimously.

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

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

Designation	Name	Date of inauguration	Date of discharge	Reason of resignation or discharge
Accounting Head	Chang, Shu-Kai	August 14, 2018	May 7, 2021	Resignation

IV. Information on CPA professional fees

(I) CPA professional fees for 2021

Unit: In NT$1,000

Name of Accounting Firm	Name of Accountants	Audit Fee	Non-Audit Fees					Audit Period	Remarks
			System design	Commercial/industrial registration	Human resources	Others	Subtotal		
Deloitte Taiwan	Alice Huang	2,350	0	0	0	150	2,350	2021.1.1~2021.12.31	
	Connie Chen							2021.1.1~2021.12.31	

Unit: In NT$1,000

Fee Items / Amount Range		Audit Fee	Non-Audit Fees	Total
1	Less than NTD2,000 thousand	—	—	—
2	NTD 2,000 thousand (inclusive) to NTD 4,000 thousand	2,200	150	2,350
3	NTD 4,000 thousand (inclusive) to NTD 6,000 thousand	—	—	—
4	NTD 6,000 thousand (inclusive) to NTD 8,000 thousand	—	—	—
5	NTD 8,000 thousand (inclusive) to NTD 10,000 thousand	—	—	—
6	Over NTD 10,000 thousand (inclusive)	—	—	—

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

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

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

V. Information about replacement of CPAs: Nil.

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

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

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

Designation	Name	2021				Current year as of April 11, 2022			
		Common shares		Preferred shares (Note 1)		Common shares		Preferred shares	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Weiren Investment Limited	(1,800,000)	0	0	0	0	0	0	0
	Representative: Liao, Kuo-Ron	(280,000)	0	0	0	0	0	0	0
Director	An Chuang Industrial Corporation	0	0	0	0	0	0	0	0
	Representative: Liao, Wei-Jan	0	0	0	0	0	0	0	0
Director	Cheng Hsi Investment Corporation	(290,000)	0	0	0	0	0	0	0
	Representative: Hsu, Cheng-Ji	0	0	0	0	0	0	0	0
Director (note 2)	Farglory International Investment Corporation	0	0	0	0	0	0	0	0
	Representative: Lin, Li-Chiang	0	0	0	0	0	0	0	0
Director (note 2)	Yu Sheng Energy Corporation	0	0	17,684,210	0	0	0	0	0
	Representative: Liu, Weng-Cheng	0	0	0	0	0	0	0	0
Director (Note 3)	Farglory Land Development Co., Ltd.	(26,520,764)	0	0	0	0	0	0	0
	Representative: Hsu, Hung-Chang	0	0	0	0	0	0	0	0
Independent Director	Wu, Chia-En	0	0	0	0	0	0	0	0
Independent Director	Chiang, Huai-De	0	0	0	0	0	0	0	0
Independent Director	Lin, Gu-Tong	0	0	0	0	0	0	0	0
Chairman and CEO	Liao, Kuo-Ron	(280,000)	0	0	0	0	0	0	0
President	Hung, Chen-Ren	0	0	0	0	0	0	0	0
Vice President	Liao, Wei-Ran	0	0	0	0	0	0	0	0
Vice President	Chiang, Zhi-Hao	0	0	0	0	0	0	0	0
Vice President	Wang, Liang-Kai	0	0	0	0	0	0	0	0
Deputy Assistant President (Note 4)	Tsou, Chi-Hung	0	0	0	0	0	0	0	0
Deputy Assistant President,	Wu, Chuan-Jie	0	0	0	0	0	0	0	0

Deputy Assistant President,	Cheng, Chen-Kuo	(160,000)	0	0	0	0	0	0	0
Deputy Assistant President,	Yu, Cheng-Ye	0	0	0	0	0	0	0	0
Deputy Assistant President,	Chen, Tai-An	(30,000)	0	0	0	0	0	0	0
Finance Head	Li, Ming-Hua	(25,000)	0	0	0	0	0	0	0
Accounting Head (Note 5)	Chang, Shu-Kai	0	0	0	0	0	0	0	0
Accounting Head (Note 6)	Chang, Li-Ling	0	0	0	0	0	0	0	0

Note 1: Privately Placed A-Preferred Shares in December 2021
Note 2: Took the office on April 7, 2021 from the by-election
Note 3: Resigned on April 7, 2021
Note 4: Discharged on March 13, 2022
Note 5: Discharged on May 7, 2021
Note 6: Took the office on May 8, 2021

(II) Equity transfer information

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

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

(III) Equity pledge information:

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

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

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

April 11, 2022; Unit: Share; %

Name	Shareholdings by oneself		Shareholding of spouses and children of minor age		Shareholding through nominees		Disclosure of information on related parties, defined as IAS 10, or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and Name relationships		Remarks
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Name	Relation	
Invesco Solar ETF held in custody by	21,224,000	4.50%	0	0.00%	–	–			

the HSBC										
Yu Sheng Energy Corporation	17,704,210	3.75%	0	0.00%	－	－				
National Development Fund, Executive Yuan	8,210,526	1.74%	0	0.00%	－	－				
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,712,000	1.21%	0	0.00%	－	－				
BNP investment operating SNC investment account, under custody of Citi	5,155,316	1.09%	0	0.00%	－	－				
Farglory International Investment Corporation	5,120,244	1.09%	0	0.00%	－	－				
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,093,000	1.08%	0	0.00%	－	－				
Weiren Investment Limited	4,525,538	0.96%	0	0.00%	－	－				
Unisuper pension fund trustee U under custody of HSBC	4,100,000	0.87%	0	0.00%	－	－				
Mitsubishi UFJ Morgan-Three-way SBL Transaction under custody of HSBC	3,850,000	0.82%	0	0.00%	－	－				

Note 1: the shareholders disclosed in the table are the top ten shareholders after adding the number of preferred shares
Note 2: the shareholding percentage is calculated based on the total issued shares 471,691,466 shares.

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

Four. Information on Capital Raising Activities

I. Capital and Shares

(I) Share Capital

1. Formation of Share Capital

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

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

December 2020	25.8	700,000	7,000,000	445,796	4,457,967	NTD 667,800 thousands for capital increase in cash	—	Note 12
January 2022	23.75	700,000	7,000,000	25,895	4,716,914	Issued the preferred shares for NT$258,947 thousand	—	Note 13

Note 1: Approved by Letter Jing-Shou-Shan-Zi No. 09901129020, dated June 24, 2010
Note 2: Approved by Letter Jing-Shou-Shan-Zi No. 09901220130, dated October 6, 2010
Note 3: Approved by Letter Jing-Shou-Shan-Zi No. 10001038270, dated March 4, 2011
Note 4: Approved by Letter Jing-Shou-Shan-Zi No. 10101177960, dated August 28, 2012
Note 5: Approved by Letter Jing-Shou-Shan-Zi No. 10301126840, dated June 30, 2014
Note 6: Approved by Letter Jing-Shou-Shan-Zi No. 10301159440, dated August 4, 2014
Note 7: Approved by Letter Jing-Shou-Shan-Zi No. 10401220380, dated October 16, 2015
Note 8: Approved by Letter Jing-Shou-Shan-Zi No. 10501168750, dated July 20, 2016
Note 9: Approved by Letter Jing-Shou-Shan-Zi No. 10601169400, dated December 18, 2017
Note 10: Approved by Letter Jing-Shou-Shan-Zi No. 10801062100, dated May 29, 2019
Note 11: Approved by Letter Jing-Shou-Shan-Zi No. 10801145800, dated October 23, 2019
Note 12: Approved by Letter Jing-Shou-Shan-Zi No. 10901241590, dated December 22, 2020
Note 13: Approved by Letter Jing-Shou-Shan-Zi No. 11001236160, dated Jan 4, 2022

2. Types of Shares

April 11, 2022; Unit: Person; share

Types of Shares	Approved Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common shares	445,796,730	228,308,534	700,000,000	Listed Shares
Preferred shares	25,894,736			Not listed (TWSE/TPEx)

3. Information Related to Shelf Registration: Nil.

(II) Shareholder Structure

1. A Common shares

April 11, 2022; Unit: Person; share

Shareholder structure / Quantity	Government agencies	Financial institution	Other juridical persons	Individual	Foreign Institute and others	Total
Persons		5	234	83,142	115	83,496
Shares Held		1,742,283	27,048,815	345,068,752	71,936,880	445,796,730
Shareholding proportion	0.00%	0.39%	6.07%	77.40%	16.14%	100.00%

2. A-Preferred shares

April 11, 2022; Unit: Person; share

Shareholder structure / Quantity	Government agencies	Financial institution	Other juridical persons	Individual	Foreign Institute and others	Total
Persons	1	0	1	0	0	2
Shares Held	8,210,526	0	17,684,210	0	0	25,894,736
Shareholding proportion	31.71%	0.00%	68.29%	0.00%	0.00%	100.00%

(III) Distribution of Equity

1. Common shares

April 11, 2022

Shareholding category	Number of shareholders	Shares Held	Shareholding proportion
1 to 999	18,724	2,497,867	0.56%
1,000 to 5,000	52,498	104,842,088	23.52%
5,001 to 10,000	6,805	55,589,180	12.47%
10,001 to 15,000	1,807	23,402,759	5.25%
15,001 to 20,000	1,264	23,797,657	5.34%
20,001 to 30,000	924	23,851,354	5.35%
30,001 to 40,000	441	15,944,251	3.58%
40,001 to 50,000	299	14,041,748	3.15%
50,001 to 100,000	435	31,071,695	6.97%
100,001 to 200,000	175	24,922,051	5.59%

200,001 to 400,000	64	18,434,986	4.14%
400,001 to 600,000	21	10,183,754	2.28%
600,001 to 800,000	8	5,937,000	1.33%
800,001 to 1,000,000	4	3,464,000	0.78%
1,000,001 and above	27	87,816,340	19.70%
Total	83,496	445,796,730	100.00%

2.Preferred shares

April 11, 2022

Shareholding category	Number of shareholders	Shares Held	Shareholding proportion
1 to 999	0	-	0.00%
1,000 to 5,000	0	-	0.00%
5,001 to 10,000	0	-	0.00%
10,001 to 15,000	0	-	0.00%
15,001 to 20,000	0	-	0.00%
20,001 to 30,000	0	-	0.00%
30,001 to 40,000	0	-	0.00%
40,001 to 50,000	0	-	0.00%
50,001 to 100,000	0	-	0.00%
100,001 to 200,000	0	-	0.00%
200,001 to 400,000	0	-	0.00%
400,001 to 600,000	0	-	0.00%
600,001 to 800,000	0	-	0.00%
800,001 to 1,000,000	0	-	0.00%
1,000,001 and above	2	25,894,736	100.00%
Total	2	25,894,736	100.00%

(V) List of Major Shareholders

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

April 11, 2022 /Unit: shares

Shares / Name of major shareholder	Shares Held	Shareholding proportion
Invesco Solar ETF held in custody by the HSBC		4.50%
Yu Sheng Energy Corporation	17,704,210	3.75%
National Development Fund, Executive Yuan	8,210,526	1.74%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	5,712,000	1.21%
BNP investment operating SNC investment account, under custody of Citi	5,155,316	1.09%
Farglory International Investment Corporation	5,120,244	1.09%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,093,000	1.08%
Weiren Investment Limited	4,525,538	0.96%
Unisuper pension fund trustee U under custody of HSBC	4,100,000	0.87%
Mitsubishi UFJ Morgan-Three-way SBL Transaction under custody of HSBC	3,850,000	0.82%

Note 1: the shareholders disclosed in the table are the top ten shareholders after adding the number of preferred shares

Note 2: the shareholding percentage is calculated based on the total issued shares 471,691,466 shares.

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

Unit: NTD/ Thousand Shares

Item/Year			2020	2021	2022 up to March 31
Market price per share	Highest		45.80	48.95	44.75
	Lowest		4.20	26.25	35.00
	Average		17.86	35.34	40.28
Net value per share	Before distribution		10.67	11.51	—
	After distribution		10.67	11.51	—
Earnings per Share	Weighted average number of shares		384,491	445,855	—
	EPS (before adjustment)		-0.74	0.10	0.06
	EPS (after adjustment)		-0.74	0.10	0.06
Dividends per share	Cash dividends		—	—	—
	Stock dividends	Out of earnings	—	—	
		Out of additional paid-in capital	—	—	
	Accumulated, unpaid dividends		—	—	
ROI analysis	Price earnings ratios		—	—	
	P/D ratio		—	—	

	Cash dividend yield	—	—	

Note 1: P/E ratio = Average closing price per share for the year/Earnings per share.
Note 2: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

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

(VII) Dividend policy and Implementation

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

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

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

(2) Make up for past losses.

(3) Allocate 10% as legal reserve.

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

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

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

2. Dividend distribution proposed to the AGM

On March 7, 2022, the board of directors resolved that the beginning deficit to be offset was NT$681,540,639, and offset with the capital reserve NT$681,540,639; plus the net profit after tax for the year (2021), NT$46,316,982, with the legal reserve of NT$4,631,698 and the special reserve of NT$41,685,284 set aside, the ending undistributed earnings was NT$0.

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

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

(VIII) Employee and directors' remuneration

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

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

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for

calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

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

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

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

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

<u>Resolved by the Board on March 7, 2022:</u>

Remuneration to employees and directors allocated in cash or in the form of stock bonus: Shall there be discrepancy from the recognized expense and annual estimated amounts, the discrepancy, reasons, and status of handling shall be disclosed: the proposed amounts to be distributed as employee, director, and supervisor remuneration for 2021 are employee remuneration in cash: NTD2,392,153, and director and supervisor remuneration in cash: NTD1,440,000. The 2021 recognized expenses and the amount of intended distribution are identical.

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

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

II. Issuance of Corporate Bonds: Nil.

III. Issuance of Preference Shares:

Issuance date (Note 1) / Items	January 17, 2022 Privately Placed A-Preferred Shares (Note 3)
Par value	NT$10
Issuance Price	NT$23.75 per share
Shares	25,894,736 shares
Total amount	NT$614,999,980

<table>
<tr><td rowspan="4">Rights and obligations</td><td colspan="2">Distribution of dividend and bonus</td><td>2% per annum (accumulated)</td></tr>
<tr><td colspan="2">Distribution of remaining properties</td><td>For distributing the Company’s remaining properties, the A-Preferred Shares has higher priority over the common shares, but shall not exceed the sum of issuance priced plus the payable dividends.</td></tr>
<tr><td colspan="2">Exercise of voting right</td><td>Entitled to the voting rights in the common shareholders’ meetings, and entitle to elect directors (independent directors included)</td></tr>
<tr><td colspan="2">Other</td><td>Nil</td></tr>
<tr><td rowspan="3">Outstanding preferred shares</td><td colspan="2">Amount of collected or converted</td><td>0</td></tr>
<tr><td colspan="2">Balance of uncollected or unconverted</td><td>25,894,736 shares</td></tr>
<tr><td colspan="2">Terms of collection or conversion</td><td>1. The A-Preferred Shares are entitled to be converted to the common shares from the next day of the third anniversary of holding.
2. The issuance period of A-Preferred Shares is infinite. The holders of Preferred A-Shares are not entitled to request the Company to reacquire the A-Preferred Shares held by them early. However, the Company may reacquire all or part of the A-Preferred Shares 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.</td></tr>
<tr><td rowspan="6">Market price per share</td><td rowspan="3">2021</td><td>Highest</td><td>N/A</td></tr>
<tr><td>Lowest</td><td>N/A</td></tr>
<tr><td>Average</td><td>N/A</td></tr>
<tr><td rowspan="3">Current year as of April 30, 2022 (Note 4)</td><td>Highest</td><td>N/A</td></tr>
<tr><td>Lowest</td><td>N/A</td></tr>
<tr><td>Average</td><td>N/A</td></tr>
<tr><td rowspan="2">With other rights</td><td colspan="2">Amount of collected or converted as of the publication date of the annual report</td><td>Years yet lapsed to conversion</td></tr>
<tr><td colspan="2">Procedures for issuance, conversion, or subscription</td><td>Same as the description for the terms of collection or conversion</td></tr>
<tr><td colspan="3">Effects of the issuance terms on the rights of holders of preferred shares, possible dilution to the equity, and effects on the rights of current shareholders</td><td>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.</td></tr>
</table>

IV. Global Depositary Receipts: Nil.

V. Employee Share Option Certification: Nil.

VI. New Restricted Employee Shares: Nil.

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

VIII. Implementation of the Capital Allocation Plans

Up to now, among all the programs related to fund raising or negotiable securities placement, these programs whose actual completion dates are within three years from the filing, include the capital increase in cash in 2017 and 2020. The related content and implementation are described as following:

(I) Capital increase in cash program in 2017

1. Program description and expected effect

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

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

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

(4) Projects and progress of fund application

Unit: In NT$1,000

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

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

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

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

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

(6)Expected potential effects generated

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

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

Unit: kW; NTD thousand

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

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

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

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

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

2. Implementation

Unit: In NT$1,000

Project	Execution as of June 30, 2021			Description of execution
Plant construction	Amount used	Expectation	789,987	(1) Plant building: Implementation completed in 2019 Q1, without material variance. (2) Purchasing machines and equipment: The project was completed on June 30, 2021. However, due to the exchange rate difference of payment, and some equipment not meeting the specifications promised by the supplier, the price was lower than expected, and the actual capital expenditure was lower than expected.
		Actual	789,987	
	Actual progress	Expectation	100.00%	
		Actual	100.00%	
Purchasing machines and equipment	Amount used	Expected	320,000	
		Actual	288,673	
	Implementation progress	Expected	100.00%	
		Actual	90.21%	
Total	Amount used	Expectation	1,109,987	
		Actual	1,078,660	
	Actual progress	Expectation	100.00%	
		Actual	97.18%	

Note: On June 30, 2021, the board of directors resolved to adjust the project amount, revised down the planned amount of machinery equipment to NT$288,673 thousand, and the overall project amount was adjusted to NT$1,078,660 thousand.

3. Effect evaluation

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

Unit: kW; NTD thousand

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

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

Unit: kW; NTD thousand

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

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

Description of achievement as of Q1, 2022

Unit: kW; NTD thousand

Year		Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2019	Expectation	400,407	406,271	4,676,139	534,100	225,375
	Actual	361,494	356,390	4,006,563	360,041	124,117
	% of achievement	90.28%	87.72%	85.68%	67.41%	55.07%

Year		Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2020	Expectation	479,110	479,110	5,373,050	625,739	244,894
	Actual	448,196	453,287	4,524,861	636,342	387,533
	% of achievement	93.55%	94.61%	84.21%	101.69%	158.25%
2021	Expectation	500,000	500,000	5,498,625	600,780	232,758
	Actual	472,477	454,666	4,863,099	427,600	212,015
	% of achievement	94.50%	90.93%	88.44%	71.17%	91.09%
As of Q1, 2022	Expectation	125,000	125,000	1,347,531	142,445	49,212
	Actual figures (Note)	135,650	133,049	1,564,980	97,014	45,121
	% of achievement	108.52%	106.44%	116.14%	68.11%	91.69%

Note: Due to overtime and the increase in the wattage per piece in a module, the production and sales volume exceeded the original production capacity

The Company applied the funds to pay for the module capacities in Pingtung Plant, to build plant and purchase machinery equipment. Comparing to the actual figures of solar energy modules in 2019, the achievement rates of production volume, sales volume, gross profit, and net operating profit were 90.28%, 87.72%, 85.68%, 67.41%, and 55.07%, respectively. The reason that the achievement rate of gross profit and net operating profit were relatively low, are that in Q2 2019, the capacities were reserved for the shipment of large-scale tenders, and thus the capacity utilization decreased; in Q4, the shipment was delayed as the customer believed the weather and site conditions were poor; plus the payment of various bonus for festivals, the gross profit and net operating profit fell short of expectation. During 2020 to 2021, the actual production volume, sales volume, gross profit, and net operating profit of solar energy modules performed well comparing to the expectation. As of Q1 2022, the achievement rates of production volume, sales volume, gross profit, and net operating profit were 108.52%, 106.44%, 116.14%, 68.11%, and 91.69%, respectively. The gross profit declined moderately because the raw material prices rose, but the market prices of solar energy module declined; provide, the Company well controlled the operating expenses, so the achievement of net operating profit was well. Overall, the benefits are shown as expected.

4. Impact on shareholders' equity

Total funds needed for the project is NT$1,109,987 thousand; of which, NT$525,000 thousand was funded with the fund raised in the issuance of new shares for cash capital increase in 2017; the remaining is funded with the self-owned funds. The project delayed the completion until Q2 2021, mainly because some of the machines provided by the equipment supplier failed to meet the promised specs, and the acceptance and payment were only conducted after the rectifications were made, and thus the payment schedule was delayed. The same reason also resulted in the different exchange rates for the purchasing prices and payment amount, which the payment amount was lower than expected. The board of directors resolved on June 30, 2021 to lower the project amount to NT$1,078,660 thousand. There was no irregularity, and the progress of plant building is line with the expected progress, with the mass production started. The benefits were achieved well (please refer to the preceding paragraph), and reflected in the Company's revenue and profits. After assessment, there is no significant effect to the shareholders' equity.

(II) Capital increase in cash program in 2020

1. Program description and expected effect

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

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

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

(4) Projects and progress of fund application

Unit: In NT$1,000

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

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

(5)Expected potential effects generated

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

Unit: kW; NTD thousand

Year	Item	Production Volume	Sales Volume	Sales Value	Operating Gross	Profit from

					Income	operations
2021	Solar Module	200,332	170,282	1,639,078	162,730	67,309
2022		216,000	183,600	1,733,184	176,538	69,992
2023		218,700	185,895	1,713,720	167,071	59,738
2024		221,400	188,190	1,693,240	149,394	40,414

Expected payback period

Unit: In NT$1,000

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

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

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

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

2. Implementation

Unit: In NT$1,000

Project	Execution as of March 31, 2022			Description of execution
Purchasing machines and equipment	Amount used	Expectation	526,290	(1)Purchasing machines and equipment: The fund utilization plan has been completed in Q1 2022 as planned, and there was no major irregularity. (2) Repayment to bank loans The fund utilization plan has been completed in Q4 2021 as planned, and there was no major irregularity. (3) Supplement to the operating funds: Due to the strong orders received and the rising price of raw materials, the execution has been completed ahead of schedule in Q1 2021, and there was no major irregularity.
		Actual	526,290	
	Actual progress	Expectation	100.00%	
		Actual	100.00%	
Repayment of loans	Amount used	Expected	816,140	
		Actual	816,140	
	Implementation progress	Expected	100.00%	
		Actual	100.00%	
Supplement to the operating funds	Amount used	Expected	380,494	
		Actual	380,494	
	Implementation progress	Expected	100.00%	
		Actual	100.00%	
Total	Amount used	Expectation	1,722,924	
		Actual	1,722,924	
	Actual progress	Expectation	100.00%	
		Actual	100.00%	

3. Effect evaluation

(I) Purchasing machines and equipment

(II) Year		Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2021	Expectation	200,332	170,282	1,639,078	162,730	67,309
	Actual	-	-	-	-	-
2022 Q1	Expectation	54,000	45,900	433,296	44,135	17,498
	Actual	-	-	-	-	-

As shown in the table above, as of Q1 2022, the expected benefits of the Company's 2020 cash capital increase plan for purchasing machinery equipment have not yet demonstrated. The main reason is that the machinery equipment installation schedule was delayed due to COVID-19, and the Bureau of Standards, Metrology and Inspection revised the certification process for solar module VPC, delaying the time of obtaining certification for M6 module VPC

(II) Loan Repayment

① Saving interest expenditures

The interest expenses incurred due to borrowing in 2019-2021 was NT$119,059 thousand, NT$90,643 thousand, and NT$83,319 thousand, respectively. It is obvious that the interest expenses decreased ad the borrowings are repaid. Overall, the benefits from borrowing repayment with the funds are supposed to be shown.

② Achievement of benefits for the purpose of the original borrowings

The Company intended to repay borrowings with the fund; the borrowings were funded to the operations and procuring materials. The Company started to draw the funds from the leasing companies mainly during 2018 and 2019; and the timings to draw facilities from bank to procure materials were mostly at the beginning of 2020. Based on the 2018-2021 CPA-audited parent-only financial statements, the operating revenues were NT$(1,237,414) thousand, NT$(97,800) thousand, NT$(298,598) thousand, and NT$48,790 thousand, respectively, showing an upward trend year by year. From the view of operating income (loss), the operating income (loss) during 2018-2021 were NT$3,992,482 thousand, NT$4,454,956 thousand, NT$4,702,866 thousand, and NT$6,253,96 thousand, respectively. In 2020, a one-time-off provision of solar energy equipment impairment loss was made for NT$383,651 thousand, so the operating loss increased from 2019. Provided, without this factor, the net operating profit was achieved in 2020. It is obvious that since the Company shifted the operating strategies to the domestic sales of solar energy module, the operation has been improved with the supportive domestic renewable policies, and thus the benefits of the borrowing are deemed shown.

(III) Supplement to the operating funds

The Company raised NT$380,494 thousand from the issuance of new shares for cash capital increase in 2020, and the funds were used to replenish the working capital. The Company's parent-only operating income in 2021 was NT$6,253,966 thousand, increased by 32.98% from 2020; the net operating profit and earnings per share all outperformed in 2020, so the benefits of replenishing working capital should have already demonstrated

Purpose of unused fund

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

If any change of plan involved.

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

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

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

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

(III) Capital increase in cash program in 2019

1. Program description and expected effect

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

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

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

(4) Projects and progress of fund application

Unit: In NT$1,000

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

2. Implementation

Unit: In NT$1,000

Project	Status of implementation	2020 Q1	As of 2020 Q1	Progress advanced or laggard from the timeline and improvement

					plan.
Repayment to bank loans	Amount used	Expectation	78,783	455,000	Completed as planned
		Actual	78,742	455,000	
	Implementation progress	Expectation	17.31%	100.00%	
		Actual	17.31%	100.00%	

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

3. Evaluation of difference between the expected and actual effects
   Once the Company' capital increase through issuance of new shares completes, based on the interest rate of loans intended to be repaid, it is expected the interest expenditure saved in 2019 and 2020 are NTD 2,953 thousand and NTD 17,141 thousands, respectively. Other than mitigating the financial burden, the solvency and financial structure are improved as well, and thus the long-term competitiveness is enhanced.
   The Company' capital increase through issuance of new shares raised NTD 455,000 thousand, which was fully used to repay bank loans. Comparing the interest rate of the actual repaid loans, and the expected interest rate, there was no material discrepancy. Thus from the view of saved interest after the fund raising, there is no great discrepancy from the expected effects and actual achievement.
4. Purpose of unused funds
   The Company' capital increase through issuance of new shares in 2019 has completed as of March 31, 2020.
5. If any change of plan involved
   The Company' capital increase through issuance of new shares in 2019 has completed as of March 31, 2020. Thus there was no change of plan involved.

Five. Operation Overview

I. Business

(I) Scopes

1. Major Businesses of the Company

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

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

2. Weights of Major Businesses of the Company (2021)

Unit: In NT$1,000

Year / Item	2021	
	Amount	Percentage (%)
Solar Module	6,131,140	99.58%
Power station sales	2,298	0.04%
Incomes from the wholesale power fee	23,754	0.38%
Total	6,157,192	100.00%

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

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

(A) High-performance solar PERC cells

V-Cell serial products

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

(B) High-performance solar modules

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

4. New products (services) planned to be developed

(A) High-performance solar modules products

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

(B) Heterojunction (HJT) solar cell serial products

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

(C) Interdigitated back contact (IBC) products

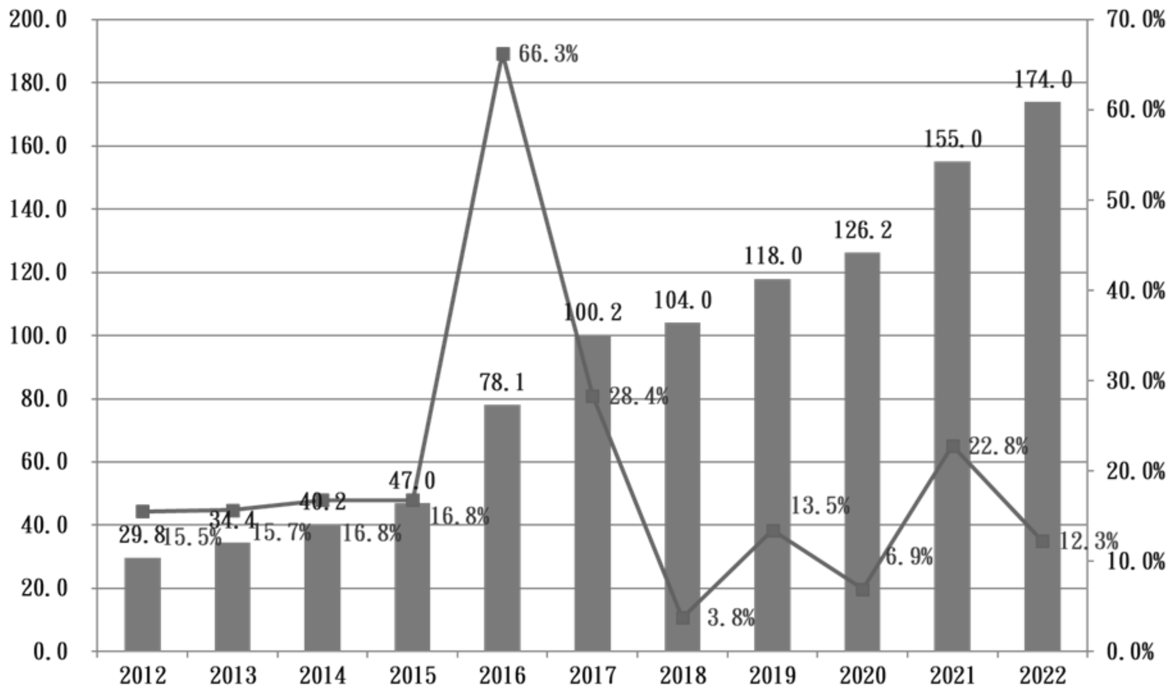
Same as HJT Cell, this is a forward looking manufacturing process technology for the next generation silicone crystalline solar cells. They share the same material, N-type silicone wafers, but IBC’s manufacturing process is relatively complicated. The Company, with the principle of developing forward-looking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

(II) Industry Overview

Review of the International Solar Photoelectronic Market in 2021

Since the COVID-19 vaccine was developed and deployed, the international optoelectronics market began to recover rapidly in 2021, and the total installation volume worldwide reached a new high. Based on the estimations from the Company's research, the total installed capacity in 2021 was more than 155GW, a substantial increase of 22.8% from 126.2GW in 2020. In particular, the European Union has been a pioneer in international carbon rights, and the "carbon border tax" it promoted has played the bellwether in various issues, showing that various countries emphasize issues such as extreme climate change, greenhouse effect, and global warming, as these are urgent. The figure shows the total annual installations around the world for different year:

Unit:GW



Key event in the 202 industry include the followings:

1. <u>Upstream prices of solar photovoltaics fluctuated greatly, with an increase of more than 30%</u>

The soaring costs of optoelectronic manufacturing was mainly due to the following two important factors:

A. Rising prices in the backdrop of accommodative monetary policy

After the raging pandemic, various countries successively adopted accommodative monetary policies in 2021 to increase investments, stimulate the domestic economy and improve domestic consumption, but it also paved the path to the inflation at the same time, and the risk of economic crisis increased sharply. After the "world central bank" (Federal Reserve of the U.S.) imposed the "zero interest rate + quantitative easing" measures, governments around the world followed the same path of the U.S. and imposed various stimulus programs for more than 1 trillion USD in total, resulting in the rising costs of raw materials, including solar photovoltaic materials such as braces, cables, silicon raw materials, silver paste, aluminum frames, glass, among other basic materials.

B. In order to accelerate the achievement of “peak carbon dioxide emissions” & “carbon neutrality,” many provinces in China have adopted power limitation measures

Other than the upward pressure on prices brought by the pandemic, China, the world's largest manufacturer, imposed a series of power limitation measures in the latter half of the year. As speculated by the market, the power limitation measures are related to the carbon reduction transformation policy of Chinese government, mainly because China has actively promises to reach the “peak carbon dioxide emissions” by 2030, when carbon dioxide emissions will no longer increase, but slowly decrease after reaching the peak; by 2060, all carbon dioxide emissions will be offset by planting trees, energy saving and emission reductions, i.e. "carbon neutrality." However, while power was limited, the power consumption for people's livelihood in China after the easing of the pandemic has reached a new high, resulting in a sudden surge in the price of coal mines required for thermal power generation in China. For the manufacturers, the increase in power costs was reflected in the prices of products, including solar energy materials.

2. The U.S. and Europe’s boycott against various products made in Xinjiang

In order to sanction China for violating the human rights of Uyghur Muslims in Xinjiang, the U.S. adopted sanctions both import and export-wise. On June 24, 2021, the U.S. announced to ban on the import of some polysilicon solar products produced in Xinjiang. This action would inevitably affect the solar energy supply chain and force the U.S. companies to switch to raw materials sourced from other places. The U.S. Department of Commerce has also blacklisted five Xinjiang companies for export. The blacklisted companies include Hoshine Silicon Industry Co., Ltd., Xinjiang Daqo New Energy, Xinjiang East Hope Nonferrous Metals Co., Xinjiang GCL New Energy Material Co., and Xinjiang Production and Construction Corps. Xinjiang accounts for about 50% of global polysilicon supply. Although Europe does not impose such mandatory requirements like the U.S., many European companies unofficially also demand non-Xinjiang products; therefore, this human rights dispute has caused the oligopolistic chip manufacturers LONGi Green Energy Technology and Tianjin Zhonghuan Semiconductor to take advantage of the issue to raise the price of chips, from a low of 32 cents to as high as 79.9 cents currently, an increase of nearly 1.5 times. As the most upstream silicon material suppliers continue to expand, and most of the international optoelectronic project fields are still driven by the green energy policies of various governments, the market estimates that with the release of non-Xinjiang silicon material sources, the price of chips in the second half of 2022 will to return to the previous mid- to low ends of 40 cents per piece.

3. Solar chip specifications accelerate toward large size

The market expects that the wattage of modules will increase year by year. In addition to the conversion efficiency of cells, the increase in wattage also depends on the size of the cell. The larger the chip, the more solar energy it absorbs, in other words, the higher the wattage of the cell. In the second half of 2020, two major chip manufacturers in China launched three chips, M6, M10 and G12, with sizes much larger than the existing M2 or G1, and the increase in wattage per module is relatively significant.

At present, M6 has the largest market share in the international market, and various Taiwanese manufacturers have also reported to modify their existing machines. However, although a modification is cheaper than purchasing a new production line, but it is only available for M6 cells. The Company chose a once-for-all solution, to purchase a new production line, and upgraded its capacity to M10 or G12. This approach is not only backward compatible with M6, but also avoids the fate of being phased out quickly in the international market.

4. Headwinds and tailwinds for the total volume of fields in Taiwan:

Although the Taiwanese government has spared no effort in promoting the green energy policy, it is inevitable that the central and local governments have their own ideas on policy implementation; consequently, the 6.5GW installation that should have been completed by the end of 2020 was delayed until Q2 2021. Based on the statistics from the Energy Bureau, the total installed capacity in 2021 was 1.88GW, and there is still 12.2GW to be installed to achieve the goal of completing 20GW in 2025, meaning that the average annual installed capacity must be more than 3GW. With the deployment of global carbon rights and carbon tax in all aspects around the world, the pressure on the annual photovoltaic installation in Taiwan will only be increasing, and the government's administrative strength is tested. However, this is a favorable beginning for solar cells and module manufacturers. Provided, the cumbersome application process of project fields, and the differences between local governments urgently need the active coordination and resolutions from the central government.

Outlook of Photoelectric Market in 2022

Based on the analysis of procurement data, the cost of international solar modules increased from US$0.20 per watt in 2020 to more than US$0.28 in the second half of 2021, an increase of nearly 50%, mainly due to the soaring price of polysilicon. Since October 2020, the price of polysilicon has risen by about 250%, and the costs of materials such as silver, copper, aluminum and glass have also increased, forcing module prices to return to the water level at the end of 2017.

Although the world has gradually gotten rid of the shadow of COVID-19, the economic recovery has led to rising demand. With the tight supply chain, it will naturally drive the price surging, and the elevated freights have also impacted the investment costs and willingness for solar power plants. Since September 2019, the freights have risen by 500%, which has increased the price of the module by more than 20% additionally. For instance, in 2019, the freight rate per watt of modules in the U.S. was about 1.5 to 2 cents, but in 2021, it has reached a more than 6 cents at the highest.

In nutshell, there are two voices in the international market: one is that the subsidies in various countries have their upper limits, and the increase in material shipping costs will have a negative impact on the total global installations, resulting in a decrease in the total global installations in 2022 from 2021; however, the other side believes that the market prices and costs will gradually be normalized, mainly because the accelerated expansion of polysilicon plants, and the pressure of carbon reduction targets in various countries, will drive the global demand for solar energy is stronger than ever. The Company forecasts that, due to the imminent implementation of the "carbon border tax" promoted by the European Union, rather than paying carbon taxes to other countries, the annual demand for green energy in major countries around the world will maintain a double-digit growth rate, as a norm.

The following are the major momentum and directions in 2022:

1. Accelerate the promotion of large-sized cells and modules above M10

Since the output wattage of the module is the most direct way to reduce the use of foundation piles, cables and area in the project fields, the larger size M10/G12 modules are applied to reduce the costs, and become the new favorite among the downstream project field owners. The field investment cost can be reduced by as much as 8%, and the drivers behind the scenes to promote the use of large-size wafers are two Chinese major monocrystalline chip manufacturers, LONGi and Zhonghuan, which has also triggered the two major manufacturers to invest in new crystal pulling equipment. However, although this large-scale equipment battle stems from the battle between the two major chip manufacturers, it will affect the whole industry, where the investments in new equipment are required for the downstream cell and module plants.

Since cost reduction is the priority of the project field investors, the international end demand will jump from the G1 chip to the M6, and will further move towards the M10. Its market share in 2022 will be larger than the existing M6, becoming a new generation of mainstream products in the world. The followings are the description of each chip size:

年	國際市場主流尺寸	附註
2021	M6(166mm) 為主，G1(158.75mm)為輔	M6 與 G1 皆為同一拉晶爐可以製作，差異在於切割面積大小，以成本效益來說，晶片切面越大，單片發電瓦數越高。
2022	M10(182mm)為主，M6 為輔	各家短兵相見，M6 勢必成為過氣武器，2022 年國際將轉以 M10 為主。
2023	M10+G12(210mm) 為主，M6 為輔	兩大晶片龍頭將主導晶片方向往更大尺寸邁進，M6 產品將呈現疲態，M10+G12 取而代之。

With the consideration of cost-effectiveness by the chip plants and downstream project field owners, the elimination round of cell and module plants is expected to have the winner by the end of 2022. The production lines below M6 around the world will be quickly eliminated, and the manufacturers unable to afford new production lines will be kicked out involuntarily due to falling behind the pace of global chip sizes.

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

The United Nations Climate Change Conference (COP26) held a 14-day meeting in Glasgow, UK, in 2021, and initially reached the first major agreement, promising to stop deforestation and protect tropical rainforest resources by 2030. The goal of COP26 is, by negotiating and formulating specific commitments in many countries, to achieve global "control of climate warming within 1.5°C" and achieve carbon neutrality as much as possible. However, China and Russia, the world's largest carbon emitters, have not fully participated in the collaboration, making the commitment of COP26 weaker than before. The market generally believes that with the issue of carbon rights and carbon tax, and the reality of the global warming trend, China and Russia will continue to work on reducing carbon emissions and developing green energy in their own countries; especially China is the largest maker of solar energy, be it rational or emotional, China will be committed to increasing green energy and reducing carbon emission. According to previous market forecasts, the global module demand will exceed 155GW by the end of 2021.

<u>The future development goals of key regions and countries are as follows:</u>

- Facing the power shortage crisis, Chinese President Xi Jinping vowed on October 12, 2021 to develop wind power and solar energy with great force, so that the national carbon emissions will peak in 2030, meaning that the carbon emissions will not be increased or exceeded the peak every year thereafter, achieve net zero by 2060. It is forecasted that the installed capacity will exceed 60MW in 2022, maintaining the leading position in the photovoltaic market.

- In recent years, the U.S. has imposed a series of suppressions on Chinese manufacturers, including the imposition of anti-dumping and anti-subsidy duties, and sanctions against chip produced in Xinjiang. In addition, the U.S. has also launched an investigation into the avoidance of dumping of Chinese manufacturers by setting up cell/module plants in Southeast Asia. These actions by the U.S. have undoubtedly caused panic in the end market, which is the beginning of an opportunity for Taiwanese manufacturers. The U.S. continues to reduce the ITC-Incentive Tax Credit for the installation of solar energy year by year, from 30% to 26% in 2020-2022, and further to 22% in 2023. However, with grid parity, promotion of renewable energy regulation, and the subsidies from each state, SEIA’s research estimates that even without ITC subsidies in the future since 2024, the volume of solar photoelectric installations will be stronger than ever. It is estimated that the installed capacity will reach more than 25GW in 2022.

- The European Commission has proposed a plan to reduce the EU's greenhouse gas emissions by at least 55% from 1990 levels by 2030, in order to ensure that it can become an union with net-zero by 2050. In order to achieve this ambitious goal, the EU released a "Fit for 55" covering 12 policies in mid-July 2021, which has made governments and exporters in many countries nervous. The policy mainly focuses on the collection of carbon tax on several major imported industries, and the industries in Taiwan may be taxed by the EU, including four industries, namely steel, plastics and rubber, paper, and cement; but the EU will subsequently expand to other categories, such as consumer staple goods. European countries are already on the verge introducing solar photovoltaic development. Whether voluntary or not, green energy is the option that has to be done. It is estimated that in 2022, the total installed capacity in Europe may exceed 30GW.

- In India, despite the Covid-19 pandemic and rising prices in the optoelectronic supply chain, India’s module demand in the first half of 2021 alone still reached 4.5-4.8 GW, comparing to 2.2 GW in the same period in 2020, increased more than double. In addition, since India's protective tariffs expired in the first half of 2021, the country has become one of the main battlefields for various module manufacturers. The market estimates that India's total installed capacity in 2022 should be maintained at around 8-10GW.

Overall, solar power generation only accounted for 2.85% of the world's total power generation in 2020, as the industry just sprouted.

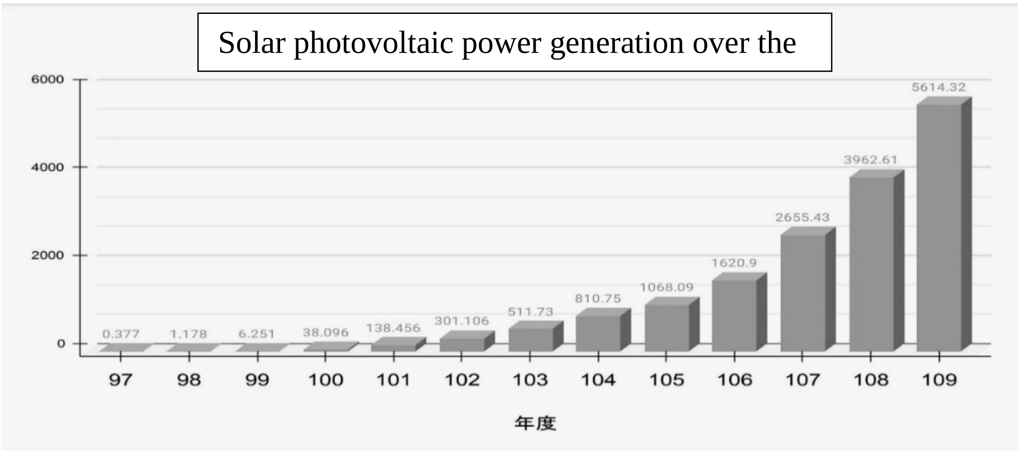
Outlook of the Taiwan market

98% of energy in Taiwan relies on import, including oil, coal, natural gas, and nuclear fuel. It has always been a concern in terms of national security; and because Taiwan is an island country, power cannot be supported across borders. It is very important to enhance energy independence and diversification. Meanwhile, to response to environmental deterioration and energy shortages, the world is entering a critical moment of energy transition. Therefore, it is unavoidable for Taiwan to promote energy transition to achieve carbon reduction goals, reduce dependence on imported energies, and drive the green energy technologies and industry in Taiwan to grow.

To implement the energy transition and achieve the goal of reaching 20% of power generation as from renewable energies in 2025, the Executive Yuan passed the "Green Energy Technology Industry Innovation Promotion Program" (“the Program” hereafter) on October 27, 2015, as an integral part of the “5+2” industry innovation, seeking to promote the green energy technology industry to become a new engine for Taiwan's energy transition and economic development, and set the goal of reaching 20GW of photovoltaic devices by 2025.

The solar photovoltaic energy is the second largest renewable energy, only next to the water power generation. In 2020, Taiwan's solar power generation has exceeded 5,614 million kWh (as shown in the figure below), an increase of more than 800 times comparing to a decade ago. The development of renewable energy not only reduces the pressure of energy import, but also retains the excellent technologies, talents and capital in Taiwan, creating employment rate and attracting foreign investment, to grow Taiwan's GDP and promote economic development.

In 2021, the total installed capacity in Taiwan was only 1.88GW. The main reason is that in Q2 and Q3, the end market was very cautious about the prices and costs, but the installation rush in Q4 pushed up the installations. The table below shows the total demand for Taiwan in 2022, based on the Energy Bureau's statistics in November 2021. After a market survey, the Bureau estimated that the total installed capacity in 2022 may exceed the sum of 2020-2021, showing the government's determination and strong market demands.



Other than the encouragement from the international organization, RE100 to have many renowned companies to join the Zero Emission Alliance and contribute to the environment together, Europe, the US, Japan and China are also actively planning carbon rights, i.e. the carbon tax and green energy certificates and other related issues. Research predicts that this new type of trade war may be a nightmare for major manufacturing countries in the future; as numerous Taiwanese companies returned in 2019, coupled with the active domestic development of electric vehicles, scooters and electric buses in Taiwan, the demand for power is poised to rise. It is estimated that the total annual power consumption in Taiwan will increase from 270 billion kWh to more than 300 billion kWh. As a conclusion, to the optoelectronics market in Taiwan, 2025 is not the end, but a start. Based on the government's ultimate goal of carbon neutrality in 2050, Taiwan Semiconductor Association estimated that at least 60% of Taiwan's power generation must come from green power generation, for Taiwan to achieve the commitment to zero carbon emissions.

Overview of Technologies and R&D

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

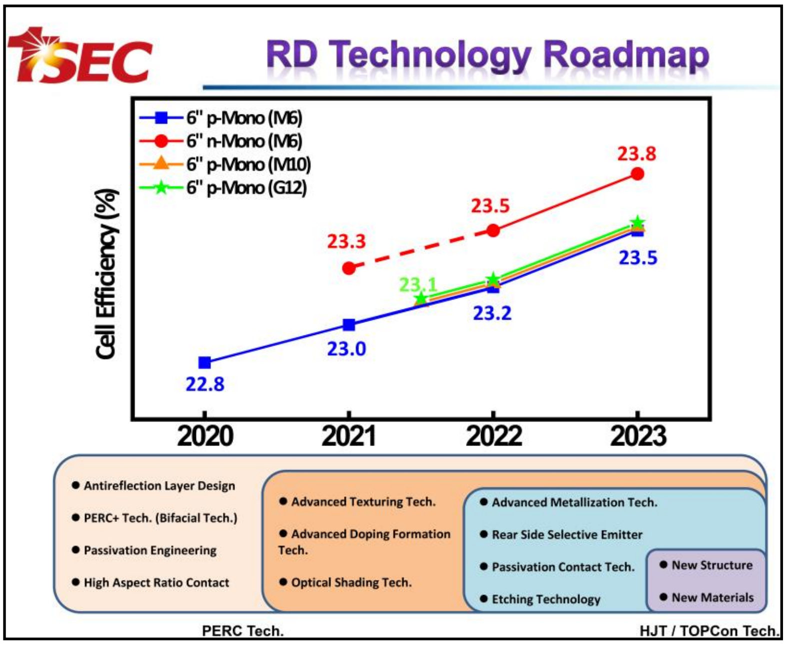
(A) Core technology innovation: All core technologies have been successfully developed and introduced into mass production to expand the leading edge with competitors.

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

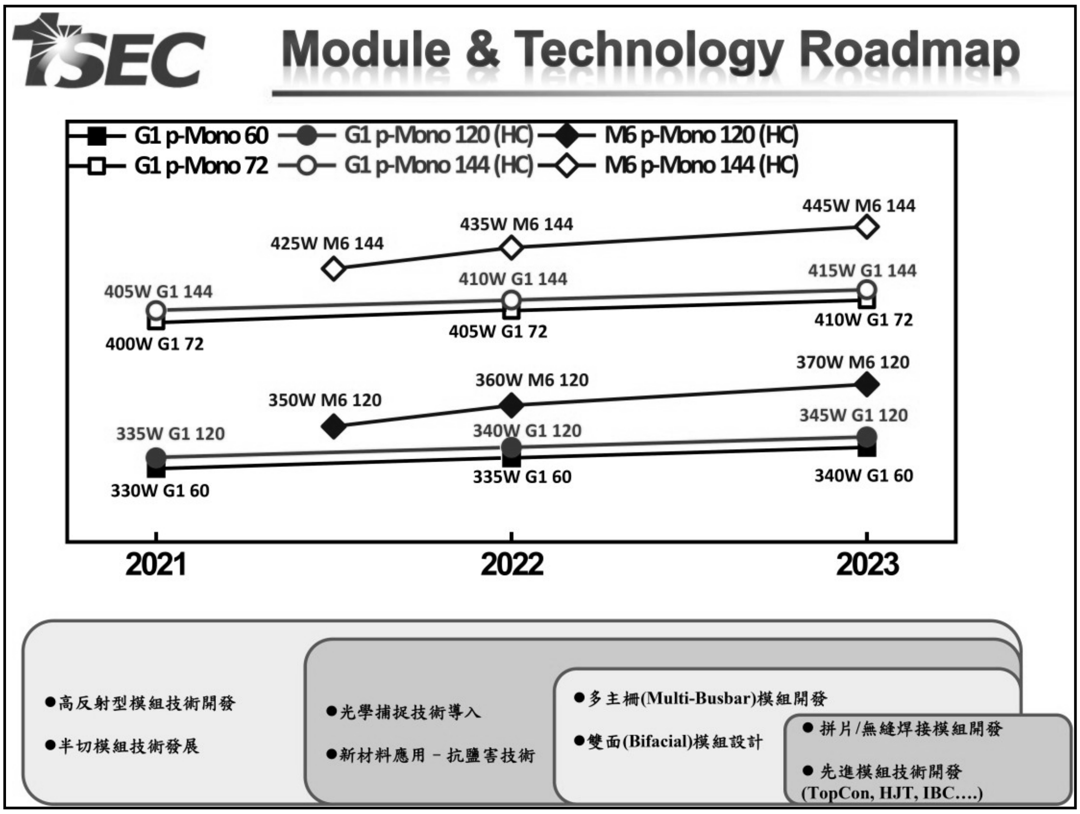
(C) Improvement of existing technology: Adjust the improvement of existing manufacturing process technology from time to time based on the latest R&D results, including efficiency improvement, yield improvement, cost reduction, new electrode pattern design, etc., to ensure that the technologies lead.

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

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



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



TSEC
Module & Technology Roadmap
G1 p-Mono 60
G1 p-Mono 120 (HC)
M6 p-Mono 120 (HC)
G1 p-Mono 72
G1 p-Mono 144 (HC)
M6 p-Mono 144 (HC)
425W M6 144
435W M6 144
445W M6 144
405W G1 144
410W G1 144
415W G1 144
400W G1 72
405W G1 72
410W G1 72
350W M6 120
360W M6 120
370W M6 120
335W G1 120
340W G1 120
345W G1 120
330W G1 60
335W G1 60
340W G1 60
2021
2022
2023
●高反射型模組技術開發
●半切模組技術發展
●光學捕捉技術導入
●新材料應用－抗鹽害技術
●多主柵(Multi-Busbar)模組開發
●雙面(Bifacial)模組設計
● 拼片/無縫焊接模組開發
● 先進模組技術開發 (TopCon, HJT, IBC….)

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

Unit: NTD thousand; %

Item \ Year	2021		Current year as of March 31, 2022
	Individual financial statement	Consolidated financial statement	Consolidated unaudited figures
Net Revenue (A)	6,253,966	6,157,192	2,005,719
R&D Expense (B)	44,555	44,555	9,603
Percentage of R&D Expense in the Net Revenue (%) (B/A)	0.71%	0.72%	0.48%

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

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

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

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

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

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

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

In 2021, the Company completed the construction and development of large-size (M6 and M10) cells and modules, and actively introduced solar cell etching technology, which is expected to further improve the solar photoelectric conversion efficiency and the output power of solar modules to provide customers with more efficient and high-quality product options.

Year	Development Result	
2011	Integration of key equipment	Integration of electrical property testing and classification equipment
	Σ-serial products	6” 2BB polycrystalline solar cells
		6” 3BB polycrystalline solar cells
		6” 2BB monocrystalline solar cells
		6” 3BB monocrystalline solar cells
2012	Σ-serial products	5” 3BB monocrystalline solar cells
		Non-consecutive backside of solar cells
	E-Cell serial products	E-Cell polycrystalline solar cells

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

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

Year	Development Result	
	Simulated the impacts from solar photoelectric modules to the ecosystems in dams, and the test was conducted on drinking water where the module was immersed.	
	The aluminum frame passed the 24-day Copper Accelerated Salt Spray Test (CASS Test)	
	Development of modules of Shield Series	Water surface solar photoelectric module of 60 pieces 6” monocrystalline cells
		Salt beach solar photoelectric module of 60 pieces 6” monocrystalline cells
		General solar photoelectric module of 60 pieces 6” monocrystalline
2019	Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA	Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (325W) Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (380W) Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (330W) Solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (390W)
	Obtained the MIT Simile Label for products made in Taiwan	
	Awarded as outstanding solar optoelectronic products 2019 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
2020	Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA	Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (375W) Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (410W) Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (380W) Solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (415W)
	Obtained the MIT Simile Label for products made in Taiwan	
	Awarded as outstanding solar optoelectronic products 2020 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
2021	Obtained the MIT Simile Label for products made in Taiwan	Development of M6 single crystalline PERC cells Solar photoelectric module of 60 pieces M6 monocrystalline half-cut (120 sub-panes) solar cells (385W) Solar photoelectric module of 75 pieces M6 monocrystalline half-cut (144 sub-panes) solar cells (465W)
	Integration of new key equipment	
	Awarded as outstanding solar optoelectronic products 2021 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
	Certified with IEC 61215:2016 and IEC61730:2016 for modules	

3. Future R&D Plans

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

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

(2) Establishing the self-manufacturing capability of the local equipment vendors: decreasing

production costs and secure the self-owned technologies, for improving the overall industry momentum.

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

II. Overview of Market and Production/Sales

(I) Market Analysis

1. Sales Regions of Major Products

Unit: NTD thousand; %

Sales Region \ Year	2020		2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Asia	4,617,801	99.87	6,154,723	99.96
Europe	3,658	0.08	2,052	0.03
Others	2,370	0.05	417	0.01
Total	4,623,829	100.00	6,157,192	100.00

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

1. Key Purposes of Major Products

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

2. Production Processes of Major Products

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

(III) Supply Status of Major Materials

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

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

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

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

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

1. Major supplier in the recent two years

Unit: In NT$1,000

Item	2020				2021			
	Name	Amount	Percentage in the net purchase of whole year	Relation with the issuer	Name	Amount	Percentage in the net purchase of whole year	Relation with the issuer
1	XIL	354,854	11.93	Nil	ZHH	903,770	19.63	Nil
2	Flat Group	274,353	9.23	Nil	XIL	751,976	16.33	Nil
3	ZHH	108,510	3.65	Nil	Flat Group	463,190	10.06	Nil
	Others	2,236,158	75.19	—	Others	2,485,278	53.98	—
Net purchase		2,973,875	100.00	—	Net purchase	4,604,214	100.00	—

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

2. Major clients in the recent two years

Unit: In NT$1,000

Item	2020				2021			
	Name	Amount	Percentage in the net sale of whole year	Relation with the issuer	Name	Amount	Percentage in the net sale of whole year	Relation with the issuer
1	Company G	970,523	20.64	Nil	Company S	707,147	11.31%	Nil
2	Company C	878,406	18.68	Nil	Company J	626,145	10.01%	Nil
3	Others	2,853,937	60.68	—	Others	4,920,674	78.68	—
Net sales		4,702,866	100.00	-	Net sales	6,253,966	100.00	—

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

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

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

Production volume and value / Year / Major product (or by department)	2020			2021		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Solar cell panes	500	498.60	2,438,463	600	583.52	3,287,774
Solar Module	500	431.88	3,817,620	680	592.00	5,839,910
Total	1000	930.48	6,256,083	1,280	1,175.52	9,127,684

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

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

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

Sales volume and value / Year / Major product (or by department)	2020				2021			
	Domestic sale		Overseas sale		Domestic sale		Overseas sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Solar cell	0.57	6,868	14.68	35,016	2.54	25,606	8.47	28,603
Solar Module	453.28	4,524,762	—	—	569.77	6,076,931	—	—
Other operating revenue	—	57,183	—	—	-	26,052	—	—
Total	453.85	4,588,813	14.68	35,016	572.31	6,128,589	8.47	28,603

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

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

Unit: person/year/year-old

項目		2020	2021	Current year as of March 31, 2022
Number of employee (persons)	Managerial officers	12	11	11
	General staff	172	190	195
	Production line staff	953	1165	1331
	Total	1,137	1366	1537
Average age		33.3	33.75	33.3
Average years of service		3.73	3.68	3.36
Distribution of academic background	Ph D.	0.53	0.59	0.46
	Master	7.74	6.73	6.64
	College	63.15	65.30	65.53

項目		2020	2021	Current year as of March 31, 2022
	Senior high school	27.26	25.70	25.57
	Junior high and lower	1.32	1.68	1.82
	合計	100.00%	100.00%	100.00%

IV. Disbursements for Environmental Protection

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

1. Application of pollution discharge permits

Mar 31, 2022

A. Hsinchu Plant

Items	Name and description of the Permit
Operation permit of stationary pollution source	On May 30, 2012, the Hsinchu plant has been approved by Hsinchu County Government for the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Chu-Xian-Huan-Kong-Tsao-Zheng-Zi No. J0922-00) On January 28, 2022, Hsinchu County Government approved the extension of the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Chu-Xian-Huan-Kong-Tsao-Zheng-Zi No. J0922-05)
Permit of Water Pollution Prevention Measure Program	On September 26, 2011, the Hsinchu plant has been approved by Hsinchu County Government for the permit document of water pollution prevention (Approved with Letter Chu-Xian-Huan-Pai-Hsu-Zi No. 00814-00) On October 29, 2021, Hsinchu County Government approved the extension and change to the permit document of water pollution prevention (Approved with Letter Chu-Xian-Huan-Pai-Hsu-Zi No. 00814-04)
Waste Disposal Plan	On September 15, 2011, the Hsinchu plant has been approved by Hsinchu County Government for the industrial waste disposal plan (Approved with Letter Fu-Huan-Yeh-Zi No. 1000107925) On September 26, 2020, Hsinchu County Government approved the changes to the industrial waste disposal plan (Approved with Letter Fu-Shou-Huan-Yeh-Zi No. 1098658107)

B. Pingdong Plant

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

Items	Name and description of the Permit
Operation permit of stationary pollution source	On March 14, 2019, the Pingdong plant has been approved by Pingdong County Government for the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0875-00) On On October 7, 2021, Pingtung County Government approved the changes of the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0875-02)
Permit of Water Pollution Prevention Measure Program	On March 20, 2018, the Pingdong plant has been approved by Pingdong County Government for the permit document of water pollution prevention (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-00)
Discharge Permit for Water Pollution Prevention	On November 21, 2018, the Pingdong plant has been approved by Pingdong County Government for the discharge permit for water pollution prevention (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-00) On April 15, 2020, the Pingdong plant has been approved by Pingdong County Government for the discharge permit of wasted water to the surface water (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-01)
Waste Disposal Plan	On June 29, 2018, the Pingdong plant has been approved by Pingdong County Government for the industrial waste disposal plan (Approved with Letter Ping-Fu-Huan-Fei-Zi No. 10732516100) On March 2, 2022, Pingtung County Government has approved the industrial waste disposal plan (Approved with Letter Ping-Fu-Huan-Fei-Zi No. 11130941100)

2. Pollution prevention fee payables and the payment

Unit: NTD thousand

Category	2019	2020	2021
Hsinchu plant- treatment expenses for polluted water	4,458	4,844	5,192
Hsinchu plant- air pollution prevention expenses	171	228	310
Hsinchu plant- soil pollution prevention expenses	21	14	22
Pingdong plant- water pollution prevention expenses	1	1	3
Pingdong plant- air pollution prevention expenses	464	607	1,085
Pingdong plant- soil pollution prevention expenses	1	1	2

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

A. Hsinchu Plant

(1) Dedicated Air Pollution Control Specialist (Class A): Wang, Tsung-Yuan (105)

Huan-Shou-Shum-Zheng-Zi No. FA230127

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

(3) Waste Disposal Technician (Class B): Wang, Tsung-Yuan (105) Huan-Shou-Shum-Zheng-Zi No. HA041013

B. Pingtung Plant

(1) Dedicated Wastewater And Sewage Treatment Specialists (Class B): Lin, Man-Ting (110) Huan-Shou-Shum-Zheng-Zi No. GA180539

(2) Waste Disposal Technician (Class B): Lin, Man-Ting (98) Huan-Shou-Shum-Zheng-Zi No. HB440385

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

A. Hsinchu Plant December 31, 2021/Unit: NTD Thousand

Name of Equipment	Quantity	Date of Acquisition	Cost of an investment	Undiscounted balance	Purpose and expected potential effects generated
Scrubbing tower	One set	April 2021	79,978	39,827	Preventive equipment for air pollution/ Proper treatment of wasted gas; compliant with the regulatory requirements
Equipment for organic treatment of gas emission	One set	April 2021	12,142	6,046	
SEX-004 Equipment for organic treatment of gas emission	One set	October 2016	994	630	
AEX-004 Scrubbing tower	One set	October 2016	841	533	
NOx emission treatment system	One set	October 2016	444	282	
Dust collection and emission treatment system for manufacturing process	One set	October 2016	4,600	2,915	
Wasted water treatment system	One set	June 2011	62,953	21,484	Preventive equipment for water pollution/ Proper treatment of wasted water; compliant with the regulatory requirements

B. Pingtung Plant December 31, 2021/Unit: NTD Thousand

Name of Equipment	Quantity	Date of Acquisition	Cost of an investment	Undiscounted balance	Purpose and expected potential effects generated
Gas emission system for general manufacturing process	One set	May 2018	7,324	5,884	Preventive equipment for air pollution/ Proper treatment of wasted gas; compliant with the regulatory requirements
Wasted water treatment system	One set	May 2018	16,700	13,139	Preventive equipment for water pollution/ Proper treatment of wasted water;

Name of Equipment	Quantity	Date of Acquisition	Cost of an investment	Undiscounted balance	Purpose and expected potential effects generated
					compliant with the regulatory requirements
Air pollution control equipment	One set	April 2021	6,720	6,440	Preventive equipment for air pollution/ Proper treatment of wasted gas; compliant with the regulatory requirements

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

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

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

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

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

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

1. Establishment of occupational health and safety management system: Once the plant was completed, the environment, safety and health management system based on OHSAS 18001, and TOMSHS. TUV Environmental and Occupation Health and Safety Management System and TOMSHS, OHSAS were certified in 2011. The validity of OHSAS 18001 (ISO 45001 since 2020) and TOSHMS certificates are maintained through the annual external validation. The occupational health and safety management system is conducted via identification the hazardous factors, risk assessment, and control. The systematic operations are applied to prevent incidents and lower the hazardous risk to employees for safer environment.
2. Safety trainings: The safety trainings are the means to communicate the safety concept and knowledge to the employees. Annual safety training plans are established every year. Not only the newly recruited shall complete the statutory trainings such as general health and safety and hazard knowledge, the fire drill are conducted every year. Through the practices of using fire extinguishers, operating fire hydrants, and the simulations of evacuation from indoor smoke, the fire drills for all are executed. Also for the contingency skills, the employees assigned with firefighting duties are trained for contingency training, including wearing fire fighting suit, A-class protective suits, SCBA, and operating wireless communication, fire fighting towers, and devices for handling disasters.
3. Contingency preparation in plants: to maintain the safety in the plants, and prevent the occurrence and expansion of disasters, the sufficient disaster preventions and damage-stopping devices are needed. The following equipment is prepared based on the nature of plants for achieving the goal of damage prevention, control, and management.

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

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

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

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

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

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

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

4 Promotion of health: to enhance employee's health, the regular health checks and special health checks are conducted, for employees to understand their health status. The Medical Room also conduct the health classification management and analyze abnormalities found in health check, to establish the annual health promotion plans. The Company values the

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

V. Labor relations:

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

Implementation of Employee Benefit Protection :

1. Employee benefit measures

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

(2) Employee benefit implementations

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

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

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

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

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

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

(3) Health and Safety

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

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

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

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

2. Employee education and training

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

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

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

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

3. Retirement system and implementation

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

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

Pension Scheme	Old system	New system
Laws applicable	Labor Standards Act	Labor Pension Act
Contribution method	2% of the total employee wage is contributed to the special account in Bank of Taiwan (originally the Central Trust Bureau) under the Company’s name.	6% of personal insured wage is contributed to the personal pension account at the Labor Insurance Bureau based on the insurance range.
Amount of Contribution	Nil	NTD32,657 thousand was contributed in 2021.

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

4. Negotiation between Laborer and Employer:

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

the related laws and regulations.

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

(5) Implementation of Employee Benefit Protection :

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

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

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

Date	Name of Session	Sponsor of the Training	Hours of Education	Total
June 18, 2022	Accounting Research and Development Foundation	Legal responsibility of “protection to whistleblower” and the case study	3.0	12.0
June 18, 2022	Accounting Research and Development Foundation	Financial accounting and valuation practice of property, Plant and Equipment	3.0	
July 30, 2022	Taiwan Corporate Governance Association	How do corporates enhance the capability to execute strategies	3.0	
September 1, 2021	Financial Supervisory Commission	The 13th Taipei Corporate Governance Forum (afternoon session)	3.0	

VI. Important Contracts

Mar 31, 2022

Nature of Contracts	Counterpart	Starting and End Dates of Contracts	Major Content	Restrictive Terms
Syndicated Credit Contract	Chang-Hua Bank, Cooperative Bank, Taiwan Business Bank, Agricultural Bank of Taiwan, Taichung Commercial Bank, Sunny Bank, Entie Commercial Bank, SinoPac Bank, and CTBC Bank	Five years from the date of first use	Loan of NTD One Billion Two Hundred Fifty Million	The financial statements shall maintain certain financial ratios
Syndicated Credit Contract	Cooperative Bank, Chang-Hua Bank, Bank of Panhsin, Entie Commercial Bank, Taiwan Business Bank, First Bank, Land Bank, Hua-Nan Bank, Taiwan Cooperative Bills, and Mega Bills	Five years from the date of first use	Loan of NTD Two Billion	The financial statements shall maintain certain financial ratios
Early Stage Technology License Agreement	Chen, Yi-Chen and National Central University	2016/02/01~2023/01/31	Technology License	Nil
Early Stage Technology License Agreement	Chen, Yi-Chen and National Central University	2021/6/1~2022/05/31	Technology License	Nil
Raw material supply agreement	Zhonghuan Hong Kong Holding Limited	2022/1/1~2022/12/31	Transaction of silicone chips	Maintaining certain procurement volume
Raw material supply agreement	Company Epsilon	2020/9/1~2022/12/31	Transaction of silicone chips	
Transaction contract of modules	Company G	2021/4/15~ 2022/7/31	Module transaction	Nil
Transaction contract of modules	Company E	2022/3/16~2022/10/30	Module transaction	Nil

Six. Financial Status

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

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

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

(1) Condensed Consolidated Balance Sheets

Unit: In NT$1,000

Item \ Year		Financial Data in the Recent Five Years (Note)				
		2017	2018	2019	2020	2021
Current asset		2,249,716	1,227,118	1,312,690	3,450,180	3,728,864
Property, Plant and Equipment		7,215,628	6,663,797	6,009,318	4,951,333	4,873,104
Intangible asset		8,339	6,968	3,047	1,436	4,254
Other assets		796,516	402,332	526,127	1,015,496	1,623,709
Total assets		10,270,199	8,300,215	7,851,182	9,418,445	10,229,931
Current liabilities	Before distribution	3,258,493	2,497,336	2,936,219	2,106,104	2,650,475
	After distribution	3,258,493	2,497,336	2,936,219	2,106,104	2,650,475
Non-current liabilities		2,696,852	2,838,761	1,685,267	2,534,007	2,449,909
Total liabilities	Before distribution	5,955,345	5,336,097	4,621,486	4,640,111	5,100,384
	After distribution	5,955,345	5,336,097	4,621,486	4,640,111	5,100,384
Equity attributable to shareholders of the parent		4,150,848	2,964,118	3,224,420	4,756,645	5,129,452
Share capital		4,768,550	4,768,550	3,790,167	4,457,967	4,457,967
Capital surplus		332,452	332,205	5,460	1,154,811	800,321
Retained earnings	Before distribution	(950,183)	(1,960,588)	(395,691)	(681,541)	46,317
	After distribution	(950,183)	(1,960,588)	(395,691)	(681,541)	46,317
Other equities		29	(176,049)	(175,516)	(174,592)	(175,153)
Treasury shares		0	0	0	0	0
Non-controlling interests		164,006	0	5,276	21,689	95
Total Equity	Before distribution	4,314,854	2,964,118	3,229,696	4,778,334	5,129,547
	After distribution	4,314,854	2,964,118	3,229,696	4,778,334	5,129,547

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

(2) Condensed Comprehensive Income Statement

Unit: In NT$1,000

Year / Item	Financial Data in the Recent Five Years (Note)				
	2017	2018	2019	2020	2021
Operating Revenue	6,544,370	3,830,638	4,440,874	4,623,829	6,157,192
Operating Gross Income	(224,957)	(657,488)	219,233	487,351	410,762
Operating Income (Loss)	(863,176)	(1,238,365)	(96,424)	(295,041)	355,446
Non-operating income and expense	(98,310)	(15,392)	(86,504)	(30,362)	(10,453)
Pre-tax net income	(961,486)	(1,253,757)	(182,928)	(325,403)	46,249
Net income of continuing operations for term	(963,744)	(1,211,326)	(200,415)	(284,866)	47,702
Loss from discontinuing operation	23,203	88,017	0	0	0
Current period net profit (loss)	(940,541)	(1,123,309)	(200,415)	(284,866)	47,702
Other comprehensive income recognized for the period (net amount after tax)	(768)	(5,918)	533	924	(511)
Total comprehensive income in the current period	(941,309)	(1,127,227)	(199,882)	(283,942)	47,191
Net profit attributable to the owner of parent	(950,966)	(1,156,660)	(200,616)	(285,850)	46,317
Net profit attributable to uncontrolled equity	10,425	33,351	201	984	1,385
Net profit from total consolidated income attributable to the owner of parent	(951,734)	(1,162,578)	(200,083)	(284,926)	45,756
Total consolidated income attributable to uncontrolled equity	10,425	33,351	201	984	1,435
Earnings per Share	(2.23)	(3.86)	(0.60)	(0.74)	0.10

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

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

(1) Condensed Consolidated Balance Sheets

Unit: In NT$1,000

Item \ Year		Financial Data in the Recent Five Years (Note 1)				
		2017	2018	2019	2020	2021
Current asset		2,430,808	1,216,423	1,299,188	3,509,202	3,719,656
Property, Plant and Equipment		6,379,885	6,663,797	5,970,526	4,851,851	4,873,104
Intangible asset		8,339	6,968	3,047	1,436	4,254
Other assets		729,994	412,834	544,875	1,008,022	1,632,815
Total assets		9,549,026	8,300,022	7,817,636	9,370,511	10,229,829
Current liabilities	Before distribution	3,169,891	2,497,143	2,907,949	2,080,665	2,650,468
	After distribution	3,169,891	2,497,143	2,907,949	2,080,665	2,650,468
Non-current liabilities		2,228,287	2,838,761	1,685,267	2,533,201	2,449,909
Total liabilities	Before distribution	5,398,178	5,335,904	4,593,216	4,613,866	5,100,377
	After distribution	5,398,178	5,335,904	4,593,216	4,613,866	5,100,377
Share capital		4,768,550	4,768,550	3,790,167	4,457,967	4,457,967
Capital surplus		332,452	332,205	5,460	1,154,811	800,321
Retained earnings	Before distribution	(950,183)	(1,960,588)	(395,691)	(681,541)	46,317
	After distribution	(950,183)	(1,960,588)	(395,691)	(681,541)	46,317
Other equities		29	(176,049)	(175,516)	(174,592)	(175,153)
Treasury shares		0	0	0	0	0
Total Equity	Before distribution	4,150,848	2,964,118	3,224,420	4,756,645	5,129,452
	After distribution	4,150,848	2,964,118	3,224,420	4,756,645	5,129,452

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

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

(2) Condensed Comprehensive Income Statement

Unit: In NT$1,000

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

Item \ Year	Financial Data in the Recent Five Years (Note 1)				
	2017	2018	2019	2020	2021
Operating Revenue	6,971,356	3,992,482	4,454,956	4,702,866	6,253,966
Operating Gross Income	(226,815)	(662,155)	217,395	482,992	400,688
Operating Income (Loss)	(856,783)	(1,237,414)	(97,800)	(298,598)	48,790
Non-operating income and expense	(104,703)	(16,343)	(85,558)	(28,393)	(4,779)
Pre-tax net income	(961,486)	(1,253,757)	(183,358)	(326,991)	44,011
Net income of continuing operations for term	(963,744)	(1,211,326)	(200,616)	(285,850)	46,317
Loss from discontinuing operation	12,778	54,666	0	0	0
Current period net profit (loss)	(950,966)	(1,156,660)	(200,616)	(285,850)	46,317
Other comprehensive income of the current year (net amount after-tax)	(768)	(5,918)	533	924	(561)
Total comprehensive income in the current period	(951,734)	(1,162,578)	(200,083)	(284,926)	45,756
Earnings per Share	(2.23)	(3.86)	(0.60)	(0.74)	0.10

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

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

Year	Name of Accounting Firm	Name of Accountants	Audit opinion
2017	Deloitte Taiwan	Alice Huang and Chen, Chung-Cheng	Unqualified opinions
2018	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2019	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2020	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2021	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions

II. Financial Analysis in the Recent Five Years

1. Comprehensive financial analysis in the recent five years

(1) Financial analysis- consolidated financial report

Analysis Item (Note 2) \ Year (Note 1)		Financial analysis in the recent five years				
		2017	2018	2019	2020	2021
Financial Structure. (%)	Liability to Asset ratio	57.99%	64.29%	58.86%	49.27%	49.86%
	Long-term Fund to Property, Plant and Equipment Ratio	97.17%	87.08%	81.79%	147.68%	155.54%
Solvency (%)	Current Ratio (%)	69.04%	49.14%	44.71%	163.82%	140.69%
	Quick Ratio (%)	44.53%	25.90%	27.39%	118.27%	72.30%
	Times Interest Earned (Times)	(6.75)	(9.09)	(0.54)	(2.67)	1.66
Operating Performance	Average Collection Turnover (Times)	23.19	11.35	16.90	10.77	8.55
	Days Sales Outstanding	16	32	22	34	43
	Average Inventory Turnover (Times)	8.63	6.83	8.10	6.42	4.83
	Average Payment Turnover (Times)	9.60	6.68	8.18	8.25	7.11
	Average Inventory Turnover Days	43	53	45	57	76
	Property, Plant and Equipment Turnover (Times)	1.01	0.55	0.70	0.84	1.25
	Total Assets Turnover (Times)	0.68	0.41	0.55	0.54	0.63
Profitability	Return on Total Assets (%)	(8.90%)	(11.97%)	(1.30%)	(2.48%)	1.06%
	Return on Equity (%)	(21.45%)	(33.28%)	(6.47%)	(7.11%)	0.96%
	Operating Income to Paid-in Capital Ratio (%) (Note 6)	(20.16%)	(26.29%)	(4.83%)	(7.30%)	1.04%
	Net Margin (%)	(14.37%)	(31.62%)	(4.51%)	(6.16%)	0.77%
	Earnings Per Share (NTD)	(2.20)	(3.86)	(0.60)	(0.74)	0.10
Cash flows	Cash Flow Ratio (%)	0.92%	(4.43%)	14.53%	(6.81%)	18.90%
	Cash Flow Adequacy Ratio (%)	48.36%	29.58%	30.33%	11.11 %	12.45 %
	Cash Flow Reinvestment Ratio (%)	0.30%	(1.12%)	2.67%	(1.46%)	4.83%
Leverage	Operating Leverage	(1.04)	(0.55)	(14.45)	(5.28)	27.00
	Financial Leverage	0.89	0.91	0.45	0.77	(4.28)

Please explain the reasons for changes in each financial ratio during the most recent two years. (Analysis is not required if the magnitude of increase or decrease is less than 20%)
1. Operation performance: the sales of the term concentrated at the end of the term, and the receivables increased, so that the collection turnover decreased.
2. Profitability: the impairment of property, plant and equipment was recognized in the term.
3. Cash flow: the sales of the term concentrated at the end of the term, and the receivables increased, so that cash flow rate decreased.
4. Leverage: the impairment of property, plant and equipment was recognized in the term, and thus the operating income decreased.

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

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

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

3. Operating Performance Analysis

(1) Receivable (Including the Receivable and Notes Receivable from Operation)= Net Sales / Average Trade Receivables (Including the Receivable and Notes Receivable from Operation)

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Payables (Including the Payables and Notes Payables from Operation)= Sale Costs / Average Trade Payables (Including the Payables and Notes Payables from Operation)

(5) Average Inventory Turnover Days = 365 / Average Inventory Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity= Net Income / Average Equity

(3) Net Margin = Net Income / Net Sales

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

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital (Expenditures, Inventory Additions, and Cash Dividend)

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital). (Note 4)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 3: When measuring the formula of EPS, the followings shall be noted:

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

Note 4: Attentions shall be paid to the followings for cash flow analysis:

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

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

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

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

Analysis Item (Note 2) / Year (Note 1)		Financial analysis in the recent five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Liability to Asset ratio	56.53%	64.29%	58.75%	49.24%	49.86%
	Long-term Fund to Property, Plant and Equipment Ratio	99.99%	87.08%	82.23%	150.25%	155.53%
Solvency (%)	Current Ratio (%)	76.68%	48.71%	44.68%	168.66%	140.34%
	Quick Ratio (%)	49.12%	25.48%	27.19%	122.57%	71.95%
	Times Interest Earned (Times)	(7.2)	(9.09)	(0.55)	(2.71)	1.64
Operating Performance	Average Collection Turnover (Times)	12.90	8.20	18.09	10.98	8.69
	Days Sales Outstanding	28	45	20	33	42
	Average Inventory Turnover (Times)	8.67	6.77	8.13	6.55	4.92
	Average Payment Turnover (Times)	10.56	7.01	8.21	8.41	7.24
	Average Inventory Turnover Days	42	54	45	56	74
	Property, Plant and Equipment Turnover (Times)	1.18	0.61	0.71	0.87	1.29
	Total Assets Turnover (Times)	0.75	0.45	0.55	0.55	0.64
Profitability	Return on Total Assets (%)	(9.28%)	(11.85%)	(1.31%)	(2.51%)	1.03%
	Return on Equity (%)	(21.80%)	(32.51%)	(6.48%)	(7.16%)	0.94%
	Net profit before tax to paid-up capital ratio (%) (Note 6)	(20.16%)	(26.29%)	(4.84%)	(7.33%)	0.99%
	Net Margin (%)	(13.64%)	(28.97%)	(4.50%)	(6.08%)	0.74%
	Earnings Per Share (NTD)	(2.20)	(3.86)	(0.60)	(0.74)	0.10
Cash flows	Cash Flow Ratio (%)	(4.08%)	6.94%	14.67%	(10.86%)	19.00%
	Cash Flow Adequacy Ratio (%)	50.16%	33.67%	34.91%	15.33%	25.01%
	Cash Flow Reinvestment Ratio (%)	(1.36%)	1.76%	4.42%	(2.30%)	4.86%
Leverage	Operating Leverage	(1.06)	(0.47)	(14.26)	(5.20)	31.03
	Financial Leverage	0.88	0.91	0.45	0.77	(2.49)

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

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

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

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

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

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

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

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

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

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

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

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

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

III. Supervisors' Committee Report for the Most Recent Fiscal Year's Financial Statement

TSEC Corporation
Audit Committee Report

The board of directors has produced the Company's 2021 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 2022 Annual General Meeting

Convener of the Audit Committee: Gu-Tong Lin

March 17, 2022

IV. Financial Statements of the Most Recent Fiscal Year

please refer to Page 1661to 328

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

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

I. Financial position - consolidated financial report

Unit: In NT$1,000

Item \ Year	2020	2021	Amount increased (decreased)	Percentage (%)
Current asset	3,450,180	3,728,864	278,684	8.08
Property, Plant and Equipment	4,951,333	4,873,104	(78,229)	(1.58)
Intangible asset	1,436	4,254	2,818	196.24
Other assets	1,015,496	1,623,709	608,213	59.89
Total assets	9,418,445	10,229,931	811,486	8.62
Current liabilities	2,106,104	2,650,475	544,371	25.85
Non-current liabilities	2,534,007	2,449,909	(84,098)	(3.32)
Total liabilities	4,640,111	5,100,384	460,273	9.92
Share capital	4,457,967	4,457,967	0	0
Capital surplus	1,154,811	800,321	(354,490)	(30.70)
Retained earnings	(681,541)	46,317	727,858	106.80
Non-controlling interests	21,689	95	(21,594)	(99.56)
Total Equity	4,778,334	5,129,547	351,213	7.35

Change analysis (if the changes are greater than 20% and the amount is NT$10 million or more)

(1) Increase of other assets: mainly resulted from the increase in the advances for equipment.

(2) Current liabilities increased from the previous period: mainly because the accounts payable increased with the increased stocking in 2021.

(3) Capital reserve decreased from the previous period: mainly because the capital reserve was used in 2021 to offset deficits.

(4) Retained earnings increase from the previous period: mainly because the demands rebounded at the end of 2021, and drove the revenue and profit to grow.

(5) Non-controlling interests decrease from the previous period: mainly because Hougood Development conducted the cash capital increase, and the Company lost the control as not participating the subscription.

II. Financial performance- consolidated financial report

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

Unit: In NT$1,000

Year / Item	2020	2021	Amount increased (decreased)	Percentage of change(%)
Net operating revenue	4,623,829	6,157,192	1,533,363	33.16
Operating cost	4,136,478	5,746,430	1,609,952	38.92
Operating Gross Income	487,351	410,762	(76,589)	(15.72)
Operating expenses	398,544	355,446	(43,098)	(10.81)
Other net income, expense, and loss	(383,848)	1,386	385,234	100.36
Operating Income (Loss)	(295,041)	56,702	351,743	119.22
Non-operating income and expense	(30,362)	(10,453)	19,909	65.57
Pre-tax net income	(325,403)	46,249	371,652	114.21
Continuing operations Current period net profit	(284,866)	47,702	332,568	116.75
Net profit from discontinuing operation	-	-	-	-
Current period net profit (loss)	(284,866)	47,702	332,568	116.75
Other comprehensive income of the current year (net amount after-tax)	924	(511)	(1,435)	(155.30)
Total comprehensive income in the current period	(283,942)	47,191	331,133	116.62
Net profit attributable to the owner of parent	(285,850)	46,317	332,167	116.20
Net profit attributable to uncontrolled equity	984	1,385	401	40.75
Net profit from total consolidated income attributable to the owner of parent	(284,926)	45,756	330,682	116.06
Total consolidated income attributable to uncontrolled equity	984	1,435	451	45.83

1. Change analysis (if the changes are greater than 20% and the amount is NT$10 million or more)

(1) Operating revenue: mainly because the demands rebounded at the end of 2021, and drove the revenue to grow.

(2) Operating costs: mainly because the demands rebounded at the end of 2021, and drove the revenue, as well as the cost to increase.

(2) Other net incomes and expenses: it was mainly due to the impairment loss provided for the plant in 2020, but there was no such thing during the period.

(4) Operating income and loss: mainly because the demands rebounded at the end of 2021, and drove the revenue and profit to grow.

(5) Non-operating income and expense: mainly because the financing costs decreased, and some interests were capitalized, so the non-operating expenses decreased from 2019.

(6) Net profit before tax: mainly because the demands rebounded at the end of 2021, and drove the revenue and profit to grow.

(7) Net profit from continuing operations: mainly because the demands rebounded at the end of 2021, and drove the revenue and profit to grow.

(8) Net profit of the period: mainly because the demands rebounded at the end of 2021, and drove the

revenue and profit to grow.

(9) Total comprehensive income in the current period: mainly because the demands rebounded at the end of 2021, and drove the revenue and profit to grow.

(10) Net loss attributed to the owner of the parent: mainly because the demands rebounded at the end of 2021, and drove the revenue and profit to grow.

(11) Net profit from total comprehensive income attributable to the owner of parent of the period: mainly because the demands rebounded at the end of 2021, and drove the revenue and profit to grow.

2. Sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response: the Company did not disclose the 2022 finance forecast, so it is not intended to disclose the effect of expected sales volume upon the Company's financial operations as well as measures to be taken in response.

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

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

III. Cash flow

(I) Analysis of Changes to Cash Flow in the Recent Year (2021)

Unit: In NT$1,000

Item \ Year	2020	2021	Amount increased (decreased)	Percentage of change(%)
Net cash generated/used by operating activities	(143,325)	500,909	644,234	449.49
Net cash inflow (outflow) from operating activities	(258,596)	(1,331,287)	(1,072,691)	(414.81)
Net cash inflow (outflow) from financing activities	1,601,419	259,749	(1,341,670)	(83.78)

Description of change analysis:

1. Financing activities: the net cash inflow was NTD 500,909 thousand. The increase of net cash inflow was mainly resulted from the better operating conditions.
2. Investing activities: net cash outflow was NT$1,331,287 thousand. The net cash outflow increased mainly because more machinery equipment was bought to expand the capacity in the year.
1. Financing activities: the net cash inflow was NTD259,749 thousand. The decrease of net cash inflow was mainly resulted from the repayment to borrowings successively.

(II) Analysis of Cash Flow for the Next Year (2022)

Unit: In NT$1,000

Cash balance at the beginning of the term (1)	Net cash flow from operating activities for the whole year (2)	Cash inflow (outflow) from investments and financing activities for the whole year (3)	The amount of remaining (shortage of) cash (1)+(2)-(3)	Remedies for insufficient cash	
				Investment plan	Wealth management plan
1,048,598	210,895	(1,455,129)	(195,636)	-	Fundraising

1. Analysis of Cash Flow for the Next Year
   (1) Operating activities: mainly because the net cash inflows generated from the stably grown operation.
   (2) Investing activities: mainly because more machinery equipment was bought to expand the capacity in the year, and the net cash outflows were generated from investing activities consequently.
   (3) Financing activities: mainly because the borrowings from financial institutions were repaid, the net cash outflows were generated from financing activities consequently.
2. Expected corrective measures to be taken in response to insufficient cash, and provide a liquidity analysis for the coming year: In the coming year, the expected cash outflow is to fund the future operation, and repay debts; other than using the self-owned working capital, the fundraising or financing may be adopted to fund the needs.

(IV) Improvement plan for insufficient liquidity:

The Company and the subsidiaries intend to adopt the following countermeasures to improve the operation and financial structure:

(1) In order to reinforce the financial structure, the Company will restructure the syndicates with banks, to improve the financial health and ensure the long-term operation and development.

(2) In order to actively promote the action plan to raise the necessary funds, it is planned to conduct the cash capital increase.

(3) The Company maintains good financing relationships with banks, without record of bad credit, and the Company has pledge the land and plant as collaterals for the financing facilities.

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year (2021):

Through the capital increase in cash, bank loans and self-owned funds, the capacity equipment was expanded in 2021. The total input capital expenditure was NTD927,707 thousand. The capacity of production lines was improved and the production volume was increased, both positively influenced the finance of the Company.

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

(I) Reinvestment Policy in the Recent Year

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

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

December 31, 2020/Unit: NTD Thousand

Explanation / Item	Investment incomes recognized in 2021	Shareholding Ratio (%)	Major reasons for profit or loss	Improvement plan	Other investment plan in the future
TSEC AMERICA,INC.	(32)	100.00	The company is still at the startup stage, and committed to the development of solar power stations in the U.S. No significant revenue has been generated.	Actively developing clients in the U.S.	Nil
TSECPV(HK) LIMITED	(36)	100.00	The Company is still at the startup stage, and committed to obtain orders from international clients. No significant revenue has been generated.	Actively develop the customers for international trading	Nil
Holdgood Energy Co., Ltd.	2,142	45.49	The company is still at the startup stage, and committed to the development of solar power stations in Taiwan. No significant revenue has been	Actively developing clients in Taiwan	Nil

Explanation / Item	Investment incomes recognized in 2021	Shareholding Ratio (%)	Major reasons for profit or loss	Improvement plan	Other investment plan in the future
			generated.		
Houxing Energy Corporation (Note)	(126)	-	The general expenses during the start-up period have not yet generated significant income due to the cancellation of the project development plan.	N/A	Nil
Yuan-Yu Solar Energy Co., Ltd.	(7,334)	20.00	The company is still at the startup stage, and committed to the development of solar power stations in Taiwan. No significant revenue has been generated.	Actively develop large tenders in Taiwan	Nil

Note: The board of directors resolved on May 7, 2021 to liquidate and dissolve Houxin Energy Co., Ltd., and the liquidation has been completed.

(III) Investment in the Next Year: Nil.

VI. Risk Management and Assessment

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

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

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

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

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

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

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

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

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. The operational philosophy of the Company and its subsidiaries is robust and practical, and the focuses are on the major business of the Company and its subsidiaries. No high-risk investment and highly leveraged investment are taken.
2. The Company and the subsidiaries have established the "Regulations Governing Loaning of Funds to Others," for loaning funds to others. As of the annual report publication date, there is no fund loaned to others by the Company and the subsidiaries.
3. The Company and the subsidiaries have established the "Regulations Governing Endorsement and Guarantee," to be referred to when conduct endorsement and guarantee. As of the annual report publication date, there is no endorsement and guarantee by the Company and the subsidiaries.
4. The financial hedging strategies of the Company and the subsidiaries aim to avoid the risk of exchange rate fluctuation. The derivatives transactions are conducted pursuant to the Company's "Procedures for Acquisition or Disposal of Assets," and fully disclosed in financial statements.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

1. In April 2013, the Company applied the development of new leading product by the Industrial Development Bureau (IDB). With the support from IDB, the project of "quasi-monocrystalline solar cell with high efficiency" was passes successfully. The governmental subsidy was NTD 10 million, and the self-raised fund was NTD 16 million. It demonstrated that the technologies developed solely by the Company was recognized by the nation with subsidy. The project was recognized by the review panel in December 2014 and then concluded. The intended goal was successfully achieved and even exceeded. The conversion efficiency of the quasi-monocrystalline solar cell with high efficiency was raised to over 19.8%. In January 2016, the Company applied "Industrial Energy Technology Project" of the Bureau of Energy, Ministry of Economic Affairs. With the support of the Bureau of Energy, Ministry of Economic Affairs, the "monocrystalline solar cell product with high efficiency" project was successfully passed. The governmental subsidy was NTD 6.45 million and the self-raised fund was NTD 8.55 million. It demonstrated again that technologies developed solely by the Company and the deep development were recognized and assisted by the country. The V-Cell monocrystalline solar cell with high efficiency of 21.3% or more conversion efficiency was fully developed at the end of December 2016. The Company will continue the development of advanced manufacturing process technologies, to pursue the goal of being a world-class solar cell and module manufacturers.

2. The R&D development plan of the Company may be divided as the near term, mid-term, and long term. By deepening the collaboration with the academic institutes, the good academic-industrial partnerships are established.

(A) Near-term R&D development plan:

The near-term R&D objective is to improve quality of mass productions for the monocrystalline V-Cell, upgrade the conversion efficiency and yield rate for the optimization of production conditions and cost reduction, to meet the VPC demands in the domestic market. Besides, In addition, the Company is actively developing novel etching technology to improve cell efficiency. For large-sized cells (M6 and M10), the Company will actively invest in developing the best production method. For G1 size full and half-cut modules, and large-size (M6 and M10) half-cut modules, new materials are introduced to optimize the packaging process conditions, thereby increasing the module wattage. NTD 30 million is expected to be input.

(B) Mid-term R&D development plan

The mid-term objective is to assess and introduce the high-end manufacturing process technologies and materials, and increase the effect utilization of photoelectricity, including introduction of new machines, resistance reduction and application of electrode material. Other innovative technologies include the development of new cell structures (tunnel oxide passivated contact solar cells, heterojunction solar cell, back-contact solar cells), which can greatly improve the photoelectric conversion efficiency of solar cells, as well as focuses on the development in terms of module packaging methods (half-cut double glass modules, paving module, and seamless welded modules). This will help the Company become a leading manufacturer of solar cells and modules in terms of technology development and cost control. NTD 20 million is expected to be input.

(C) Long-term R&D development plan

The long-term objective is the mass production and application of new cell structure and modules. This well help the leader in terms of technical development and cost control in the solar energy product industry. Moreover, we intend to become a new-type power operator, to create, develop and apply the green electricity, and develop the small- and mid regional power deployment planning system and energy management system via the integrating capability of the up-, mid- and downstream. NTD 15 million is expected to be input.

(D) Academic-industrial collaboration plans

From the beginning of 2012 to 2010, the Company has jointly applied for and successfully passed the industry-academic collaborative projects of the Ministry of Science and Technology, with National Cheng Kung University, National Central University and Taiwan University of Science and Technology, including: the development of laser doping combining the spin on dopant; development of diamond-like carbon film passivation layer technology for the high-efficiency silicon crystalline solar energy; diffusion by spin-on dopants for n-type PERT silicon solar cell manufacturing, using micro/nano composite patterned substrates to improve the photoelectric conversion efficiency of silicon-based solar cells; developing screen printing coating polymer paste for the application to the production of local emitter and back passivation silicon crystalline solar cells; developing plasma-assisted chemical vapor deposition multilayer SiOxNy: H/SiNx: H reflection-resistant films for the application to solar cells; developing low-reflective silicon nano-surface structure manufacturing technology for application to polycrystalline silicon solar cells, and by using atomic layer deposition system to grow passivation layers to improve the conversion efficiency of heterojunction solar cells. The Company is committed to establishing good relationship for the industry-academia collaboration. The early R&D may firstly be conducted in the academic field for advanced manufacturing processes and forward-looking technologies based on the demands of companies, with the expectation of successfully introducing the product line into mass production. Meanwhile the professional talents in the solar energy area may be cultivated in academic research units, for expecting them the Company in the future to contribute what they have learned.

3. NTD 60,888 thousand is expected to be input in 2021. The amount may be revised based on

the actual use. The contributed R&D expenses in the recent two years are as the following:
Unit: NTD thousand

Item	2020	2021
R&D Expense	47,685	44,555
Amount of Revenue	4,623,829	6,157,192

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The Company’s operations comply with the domestic and foreign laws and regulations, while the development trends and changes of the domestic and foreign policies are closely monitored. The related information is collected as the reference for decision-making by the management, in order to adjust the operational strategies. As of the annual report publication date, the Company’s finance business has not been affected by the changes to domestic/foreign key policies and legislations.

(V) Impacts of technology and industry evolution on the company’s finance and business, and measures to be taken in response.

As the technologies in the solar photoelectric industry are relatively mature, there is significant room for the development of basic materials and manufacturing process. The most possible development direction is replacing P-type chips with N-type chips as the major upstream material for solar cell. Meanwhile the new-generation cell manufacturing process, e.g. HJT, may become mainstream in three to five years. These new technologies will greatly enhance the power generation efficiency of solar cells and lower the generation costs. On the other hand, the current production methods will be replaced gradually.

To respond to the evolution of future production structure, the Company has taken corresponding strategies. In addition to the R&D Department mastering the relevant technological development thoroughly, and conducting development for the new process, the Company also cooperates with Japanese and the U.S. supply chain partners, as well as Russian equipment vendors to jointly develop new products. The Company’s core specialty has always been technologies and quality. We firmly believe that the industrial structure evolutions are operation risks but also opportunities for development. The new generation solar photovoltaic manufacturing process technology will provide the Company with excellent opportunities to lead the peers, and create new competitive advantages.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

As a player in the green energy industry, the Company has clearly disclose the operational philosophy of the Company as the following:

“Everything on the Earth started from the solar energy. We believe that the development of solar photoelectric industry is the most effective solution to the global warming and global energy shortage. The Company stays true to the philosophy of doing good for the Earth and human beings, and is committed to the expansion of solar photoelectric industry for the sustainable development of the Earth. “

With this philosophy, the Company has developed to one of the most efficient solar photoelectric company. The developed technologies and product quality lead the global industry. The high-performance solar cells produced by the Company are wide applied by the solar power stations in Europe, the U.S. , Japan, and China. For the corporate image, the Company has established the excellent reputation around the world in the regards of operational philosophy, operational mission, corporate governance, professional production/sales management and satisfactory services. In Taiwan, more than 100 solar power stations are established in Hsinchu, Miaoli, Taichung, Nantou, Chiayi, Changhua, Kaohsiung, Taitung and Pingdong, and the management system with cloud real-time monitoring.

To promote energy saving and carbon reduction, and fulfil CSR, the Company works with the

Pingdong County Government, to sponsor green power education in Pingdong County regularly. Part of income from power sales is donated for schools or procuring books.

In the regard of employee care, the Company strictly comply with laws and regulations to protect the employee benefits, while collaborating several domestic colleges for the industry-academic courses as the diversified learnings to the employees. The Company will keep on striving to implement the operational philosophy and create the outstanding corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

In the recent year and up to the publication date of prospectus, the Company and the subsidiaries have no plan to merger and acquire other companies. Shall there be any merger and acquisition in the future, cautious assessment will be conducted, and the synergies of merger will be considered to ensure the interests of the original shareholders.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

The Company built new plant in 2018 to expand capacity. The capital expenditure and working costs would increase at the beginning. The plant was commissioned in 2018. The Company will continuously assess the changes in the industry to lower the operating risks

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

1. Assessment to the consolidation of purchasing

   All major raw materials purchased by the Company and the subsidiaries are sourced from two or more suppliers to keep deliveries stable. The Company and the subsidiaries maintain good relations with suppliers, while diversifying risks. Therefore, since the foundation of the Company and the subsidiaries, there has been no interruption of supplies due to product shortage.

2. Assessment to the consolidation of sales

   To actively expand the domestic sales of modules. Established module sales offices and power plant service teams in New Taipei City, Hsinchu, Changhua, Tainan, Pingtung and other places to achieve the goal of achieving the highest market share in Taiwan's module market. The share between large field customers and small- to mid-size customers is half and half.. Therefore, there shall be no risk of client consolidation. However, the Company and the subsidiaries keep on monitor and assess the regional markets and the clients' credit risks for timely responses.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

The stake transfer among representatives of juridical directors and managerial officers are the personal plan for wealth management, with no impact to the Company.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

As of the annual report publication date, there has been no change in managerial control of the Company.

(XII) Litigious and non-litigious matters

1. In the most recent two fiscal years and up to the annual report publication date, litigious, non-litigious or administrative disputes that have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities, their facts of the dispute,

amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute:

(1) A Spanish client, Siliken Manufacturing S.L.U. was announced bankrupt by a court in January 2013. The Company has reported the creditor's right for USD 453,517.01 pursuant to laws. The bankruptcy proceeding is still on the way.

(2) A Spanish client, Eurener, S.L. entered the bankruptcy proceeding in April 2013. The Company has reported the creditor's right for USD 299,875.59 pursuant to laws. The bankruptcy proceeding is still on the way.

2. In the most recent two fiscal years and up to the annual report publication date, litigious, non-litigious or administrative disputes that involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company have been concluded by means of a final and unappealable judgment, or are still under litigation, where such a dispute could materially affect shareholders' equity or the prices of the company's securities: Nil.

(XIII) Other important risks, and mitigation measures being or to be taken

In the most recent fiscal year and up to the annual report publication date, there has been no other material risks of the Company.

VII. Other important matters:

Information is as essential as other operating assets to the Company; therefore proper safeguard shall be provided. Information security protect information from various threats, so that the Company's operation is not interrupted and the risk of operational losses is minimized. The information security aims to protect information and the supporting processing devices and systems, confidentiality, completeness and availability of network are under no threat of whatever format, so that the sustainable operation is secured.

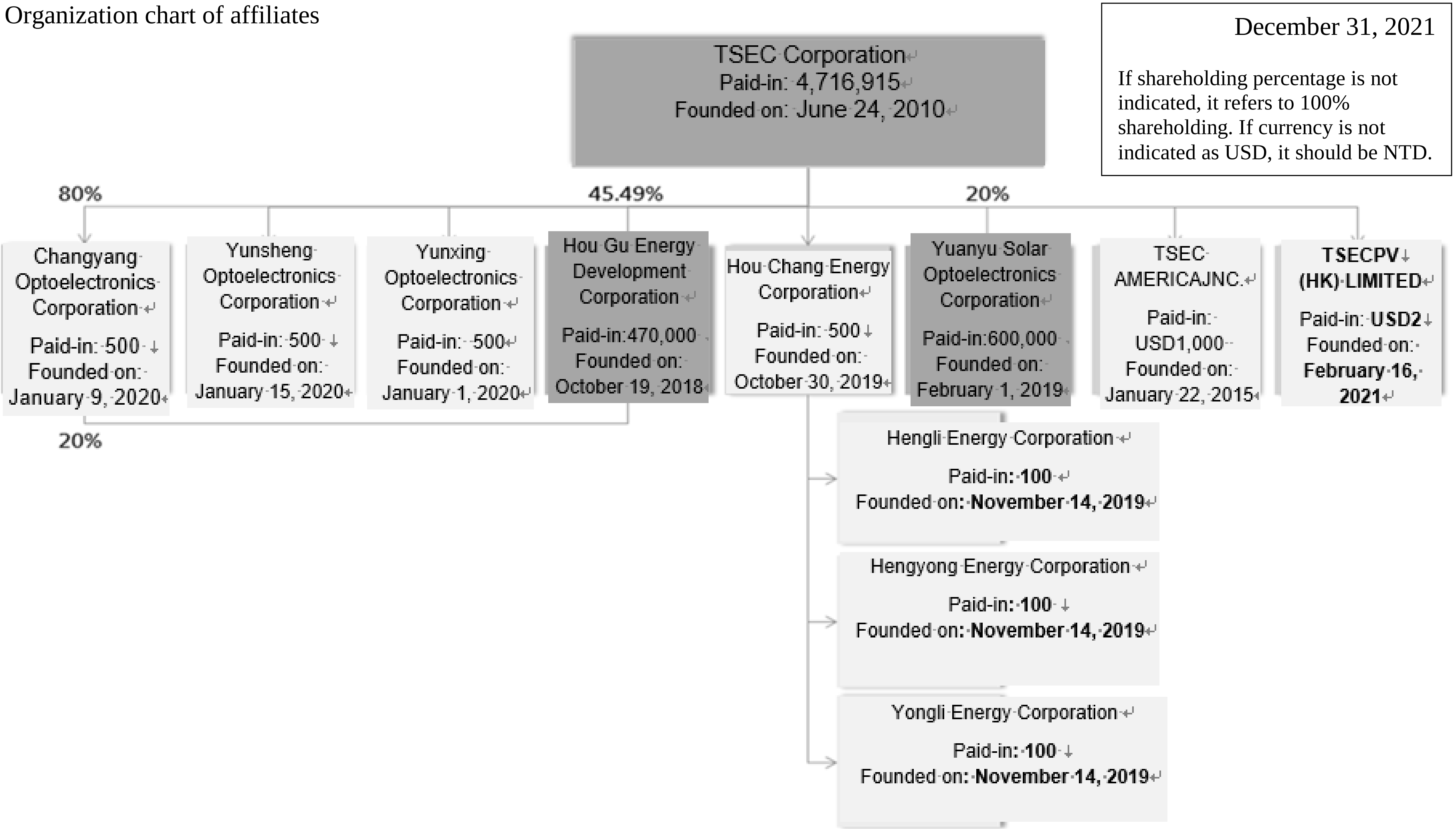
The most essential section in the information security risk control is personnel. The information security related information are promoted to employees from time to time, to enhance their sensitivity to the information security The access restrictions are applied to the machine rooms of information devices to control employee's access from being accessed by unauthorized persons. During the daily operation course, other than firewalls and anti-virus software for preventing malicious virus attack and leakage of key confidential information, the data in mainframes and the ERP system are backed up regularly for disaster recoveries.

Eight. Special items to be included

I. Information Related to the Company's Affiliates

(I) Consolidated Business Report of Affiliates

1. Organization chart of affiliates



2. Basic Information of Each Affiliates

December 31, 2021; Unit: NTD＄; dollar in foreign currency

Name of Enterprise	Date of Foundation	Address	Paid-in Capital	Major business or production
TSEC AMERICA, INC.	January 22, 2015	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	USD1,000,000	Sales of power generation equipment and solar energy related products
TSECPV (HK) LIMITED	February 16, 2021	4008-4009 40/F ONE PACIFIC PLACE 88 QUEENSWAY, HK	USD2,000	Sales of power generation equipment and solar energy related products
Holdgood Energy Co., Ltd.	October 19, 2018	8F, No. 225, Beixin Rd., Sec. 3, Fuxing Village, Xindian District, New Taipei City	NTD52,000,000	Self-usage power generation equipment utilizing renewable energy industry
Yuan-Yu Solar Energy Co., Ltd.	February 1, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD600,000,000	Self-usage power generation equipment utilizing renewable energy industry
Houchang Energy Co., Ltd.	October 30, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry
Hengli Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry
Hengyoung Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry
Youngli Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD100,000	Self-usage power generation equipment utilizing renewable energy industry
Changyang Optoelectronics Co., Ltd.	January 9, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry
Yunsheng Optoelectronics Co., Ltd.	January 15, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry

Name of Enterprise	Date of Foundation	Address	Paid-in Capital	Major business or production
Yunxing Optoelectronics Co., Ltd.	January 9, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	NTD500,000	Self-usage power generation equipment utilizing renewable energy industry

3. Common shareholders for the companies with presumed relationship of control or subordination: Nil.

4. The industries covered by the business operated by the affiliates overall. Where connections exist among the businesses operated by individual affiliates, a description of the mutual dealings and division of work among such affiliates should be provided: for the covered industries, please refer to the "basic information of each affiliate." The division of work among affiliates are as the following: Nil.
5. Relationship among affiliates, shareholding percentage in each other, shares and actual amount of investment

December 31, 2021; Unit: NTD Thousand/ dollar of foreign currency

Investor	Name of affiliates	Relationship with the Company	Shareholding of the investor			Shareholding in the Company		
			Actual invested amount	Shares	Ratio (%)	Actual invested amount	Shares	Ratio (%)
The Company	TSEC AMERICA, INC.	Subsidiary	NTD$31,129 USD 1,000,000	100	100.00	—	—	—
	Yunsheng Optoelectronics Co., Ltd.	Subsidiary	NTD$500	50	100.00	—	-	-
	Yunxing Optoelectronics Co., Ltd.	Subsidiary	NTD$500	50	100.00	—	-	-
	Houchang Energy Co., Ltd.	Subsidiary	NTD$500	50	100.00	—	—	—
	Changyang Optoelectronics Co., Ltd.	Subsidiary	NTD$400	40	80.00	—	-	-
	TSECPV (HK) LIMITED	Subsidiary	NTD$56 USD2,000	註	100.00	—	-	-
	Holdgood Energy Co., Ltd.	Associate	NTD$213,804	21,380	45.49	—	—	—
	Yuan-Yu Solar Energy Co., Ltd.	Associate	NTD$120,000	12,000	20.00	—	—	—
Hou Chang Energy Corporation	Hengyoung Energy Co., Ltd.	Sub-subsidiary	NTD$100	10	100.00	—	—	—
	Hengli Energy Co., Ltd.	Sub-subsidiary	NTD$100	10	100.00	—	—	—
	Youngli Energy Co., Ltd.	Sub-subsidiary	NTD$100	10	100.00	—	—	—

6. The names of the directors, supervisors, and president of each affiliate

December 31, 2021

Name of Enterprise	Designation	Name or representative	Shareholding	
			Shares (Thousand shares)	Shareholding proportion (%)
TSEC AMERICA, INC.	Chairman	TSEC Corporation Representative: Hsieh, Cheng-Yang	100	100
TSECPV (HK) LIMITED	Chairman	TSEC Corporation Representative: Liao, Wei-Jan	Note	100
Holdgood Energy Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	3,158	60.74
	Director	Weiren Investment Limited Representative: Liao, Wei-Jan	999	19.21
	Director	TSEC Corporation Representative: Wang, Liang-Kai	3,158	60.74
	Supervisors	Chen, Tai-An	0	0
	Supervisors	Cheng, Cheng-Kuo	35	0.68
Houchang Energy Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao, Wei-Jan	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Hengyoung Energy Co., Ltd.	Chairman	Houchang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
Hengyoung Energy Co., Ltd.	Director	Houchang Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houchang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Hengli Energy Co., Ltd.	Chairman	Houchang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Houchang Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houchang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Youngli Energy Co., Ltd.	Chairman	Houchang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Houchang Energy Co., Ltd. Representative: Liao, Wei-Jan	10	100

	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houchang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Yunxing Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao, Wei-Jan	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Yunsheng Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao, Wei-Jan	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Changyang Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	40	80
	Director	TSEC Corporation Representative: Liao, Wei-Jan	40	80
	Director	TSEC Corporation Representative: Wang, Liang-Kai	40	80
	Supervisors	Holdgood Energy Co., Ltd. Representative: Chen, Tai-An	10	20

7. Financial Positions and Operating Results of Each Affiliates

December 31, 2021, Unit: NTD Thousand

Name of Enterprise	Paid-in Capital	Total assets	Total liabilities	Net Value	Operating Revenue	Operating Income	Income of the Period (after tax)	Earnings Per Share (NTD, after-tax)
TSEC AMERICA, INC.	31,129	7,302	5	7,297	0	-33	-32	-0.01
TSEC (HK) LIMITED	56	20	0	20	0	-14	-36	-6.39
Houchang Energy Co., Ltd.	500	453	0	453	0	0	0	0
Hengyoung Energy Co., Ltd.	100	89	0	89	0	0	0	0
Hengli Energy Co., Ltd.	100	89	0	89	0	0	0	0
Youngli Energy Co., Ltd.	100	89	0	89	0	0	0	0
Yunsheng Optoelectronics Co., Ltd.	500	477	0	477	0	0	0	0
Yunxing Optoelectronics Co., Ltd.	500	477	0	477	0	0	0	0
Changyang Optoelectronics Co., Ltd.	500	477	0	477	0	0	0	0

Note: if an affiliate is a foreign company, the related amounts shall be translated into NTD at the exchange rate of the statement date.

(II) Consolidated financial statements of the affiliates: please refer to Page 166 to 245 of the Annual Report for the consolidated financial statements of the parent company and subsidiaries.

(III) Affiliation Reports: no circumstance requires the affiliation reports.

Statement of Consolidated Financial Statements of Affiliated Enterprises

For Fiscal Year 2021 (from January 1 to December 31, 2021), pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", the companies shall be included for preparation of the consolidated financial statements of affiliated enterprises, are identical to the companies required by IFRS 10 to be included for preparation of the consolidated financial statements of the parent company and subsidiaries. The information to be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the abovementioned consolidated financial statements of the parent company and subsidiaries. Therefore the consolidated financial statements of affiliated enterprises are not prepared separately.

Please note.

TSEC Corporation

Chairman: Weiren Investment Limited
Representative: Liao, Kuo-Ron

March 14, 2022

II. The company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Not applicable.

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Not applicable.

IV. Other matters that require additional description: Nil.

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

TSEC Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors’ Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, TSEC Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TSEC CORPORATION

By

____

ELLICK LIAO
Chairman

March 14, 2022

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, 2021 and 2020 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, 2021 and 2020, 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, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is described as follows:

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

The sales revenue from new customers in the top ten revenue-contributing section for the year ended December 31, 2021 was $2,166,453 thousand, which accounted for 35.19% of the Group's operating revenue, and is material to the Group's consolidated financial statements. In addition, as the management may be under pressure to achieve the financial goals, there is an increased inherent risk of fraud in revenue recognition. Thus, the risk of revenue recognition related to the actual occurrence of the sales transactions with the new customers in top ten revenue-contributing section has been identified as a key audit matter. For the related accounting policies, refer to Note 4 of the consolidated financial statements.

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

Other Matter

We have also audited the parent company standalone financial statements of TSEC Corporation as of and for the years ended December 31, 2021 and 2020 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, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2022

Notice to Readers

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

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

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,057,382	10	$ 1,631,854	17
Financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	60,006	1
Accounts receivable (Notes 4, 8 and 24)	754,026	7	686,323	7
Accounts receivable from related parties (Notes 4, 8, 24 and 33)	88,484	1	74,606	1
Other receivables (Notes 4 and 8)	12,418	-	29,097	-
Other receivables from related parties (Notes 4 and 33)	196	-	170	-
Current tax assets (Notes 4, 25 and 28)	55	-	223	-
Inventories (Notes 4 and 9)	1,572,140	15	806,611	9
Other current assets (Notes 17 and 34)	244,163	3	161,290	2
Total current assets	3,728,864	36	3,450,180	37
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 10)	6,063	-	6,455	-
Investments accounted for using the equity method (Notes 4 and 12)	323,355	3	114,252	1
Property, plant and equipment (Notes 4, 13, 18, 28 and 32)	4,873,104	48	4,951,333	53
Right-of-use assets (Notes 4, 14 and 28)	10,356	-	10,144	-
Investment properties (Notes 4, 15 and 34)	175,260	2	187,789	2
Other intangible assets (Notes 4 and 15)	4,254	-	1,436	-
Deferred tax assets (Notes 4, 24 and 28)	223,392	2	220,252	2
Other non-current assets (Notes 17, 30 and 33)	885,283	9	476,604	5
Total non-current assets	6,501,067	64	5,968,265	63
TOTAL	$ 10,229,931	100	$ 9,418,445	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 30 and 34)	$ 598,972	6	$ 514,431	5
Short-term bills payable (Notes 18, 30 and 34)	-	-	304,155	3
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	243	-	1,464	-
Contract liabilities (Notes 4 and 24)	294,232	3	46,708	1
Accounts payable (Note 19)	1,001,106	10	616,254	7
Other payables (Notes 20 and 30)	327,693	3	223,980	2
Lease liabilities - current (Notes 4, 14, 28 and 30)	9,178	-	8,658	-
Current portion of long-term borrowings (Notes 18, 30 and 34)	412,623	4	379,434	4
Other current liabilities	6,428	-	11,020	-
Total current liabilities	2,650,475	26	2,106,104	22
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18, 30 and 34)	2,140,785	21	2,516,435	27
Provisions (Note 4)	14,695	-	12,374	-
Deferred tax liabilities (Notes 4 and 25)	1,242	-	1,054	-
Lease liabilities - non-current (Notes 4, 14, 28 and 30)	1,533	-	1,809	-
Preferred stock liabilities - non-current (Notes 4 and 22)	287,949	3	-	-
Guarantee deposits received (Note 30)	3,705	-	2,335	-
Total non-current liabilities	2,449,909	24	2,534,007	27
Total liabilities	5,100,384	50	4,640,111	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	4,457,967	44	4,457,967	48
Capital surplus	800,321	8	1,154,811	12
Unappropriated earnings (accumulated deficits)	46,317	-	(681,541)	(7)
Other equity	(175,153)	(2)	(174,592)	(2)
Total equity attributable to owners of the Company	5,129,452	50	4,756,645	51
NON-CONTROLLING INTERESTS	95	-	21,689	-
Total equity	5,129,547	50	4,778,334	51
TOTAL	$ 10,229,931	100	$ 9,418,445	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, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24, 33 and 39)	$ 6,157,192	100	$ 4,623,829	100
OPERATING COSTS (Notes 9, 21 and 24)	5,745,928	93	4,134,896	89
GROSS PROFIT	411,264	7	488,933	11
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	(502)	-	(1,582)	-
REALIZED GROSS PROFIT	410,762	7	487,351	11
OPERATING EXPENSES (Notes 21, 24 and 33)				
Selling and marketing	94,290	2	90,861	2
General and administrative	200,152	3	262,532	6
Research and development	44,555	1	47,685	1
Expected credit loss (reversed) on accounts receivable (Note 8)	16,449	-	(2,534)	-
Total operating expenses	355,446	6	398,544	9
OTHER OPERATING INCOME AND EXPENSES (Notes 13 and 24)	1,386	-	(383,848)	(8)
PROFIT (LOSS) FROM OPERATIONS	56,702	1	(295,041)	(6)
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 24)	(81,712)	(1)	(116,047)	(3)
Share of profit or loss of associates (Note 12)	(7,334)	-	(3,941)	-
Interest income	1,268	-	646	-
Rental income	22,230	-	18,525	-
Other income (Note 33)	15,233	-	23,618	1
Loss on disposal of investments, net (Notes 4, 12 and 28)	(975)	-	-	-
Foreign exchange gain, net (Note 23)	45,070	1	48,234	1
Losses on financial assets (liabilities) at fair value through profit or loss	(4,233)	-	(1,397)	-
Total non-operating income and expenses	(10,453)	-	(30,362)	(1)

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 46,249	1	$ (325,403)	(7)
INCOME TAX BENEFIT (Notes 4 and 25)	1,453	-	40,537	1
NET PROFIT (LOSS)	47,702	1	(284,866)	(6)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 23)	(342)	-	1,243	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 23)	(211)	-	(399)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	42	-	80	-
Other comprehensive income (loss) for the year, net of income tax	(511)	-	924	-
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 47,191	1	$ (283,942)	(6)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 46,317	1	$ (285,850)	(6)
Non-controlling interests	1,385	-	984	-
	$ 47,702	1	$ (284,866)	(6)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 45,756	1	$ (284,926)	(6)
Non-controlling interests	1,435	-	984	-
	$ 47,191	1	$ (283,942)	(6)
EARNINGS (LOSS) PER SHARE (Note 26)				
Basic	$ 0.10		$ (0.74)	
Diluted	$ 0.10		$ (0.74)	

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Note 23)							
				Other Equity				
	Share Capital	Capital Surplus	Retained Earnings (Accumulated Deficits)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments	Total	Non-controlling Interests (Note 23)	Total Equity
BALANCE AT JANUARY 1, 2020	$ 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 27)	-	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 income (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
Capital surplus used to offset accumulated deficits	-	(681,541)	681,541	-	-	-	-	-
Issuance of preferred stock for cash	-	327,051	-	-	-	327,051	-	327,051
Decrease in non-controlling interests, net	-	-	-	-	-	-	(23,029)	(23,029)
Net profit for the year ended December 31, 2021	-	-	46,317	-	-	46,317	1,385	47,702
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	(169)	(392)	(561)	50	(511)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	46,317	(169)	(392)	45,756	1,435	47,191
BALANCE AT DECEMBER 31, 2021	$ 4,457,967	$ 800,321	$ 46,317	$ (869)	$ (174,284)	$ 5,129,452	$ 95	$ 5,129,547

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain (loss) before income tax	$ 46,249	$ (325,403)
Adjustments for:		
Depreciation	522,765	579,435
Amortization	1,499	1,803
Expected credit loss (reversed) on accounts receivable	16,449	(2,534)
Net loss on fair value changes of financial instruments at fair value through profit or loss	4,233	1,397
Finance costs	81,712	116,047
Interest income	(1,268)	(646)
Shared-based payment expenses recognized	-	94,227
Share of loss (profit) of subsidiaries and associates	7,334	3,941
Loss (gain) on disposal of property, plant and equipment	(1,386)	2,196
Loss on disposal of associates	975	-
Loss on inventories valuation and obsolescence	44,629	11,756
Impairment losses recognized on property, plant and equipment	-	381,652
Unrealized gain on transactions with associates	502	1,582
Net gain on foreign currency exchange	(325)	(1,737)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	54,552	(59,939)
Accounts receivable	(88,502)	(518,313)
Accounts receivable from related parties	(13,878)	(77,222)
Other receivables	(5,060)	(60)
Other receivables from related parties	(26)	-
Inventories	(810,158)	(337,802)
Other current assets	(88,504)	(123,301)
Contract liabilities	247,524	(37,937)
Accounts payable	387,315	232,903
Other payables	162,115	18,899
Provisions	2,321	4,530
Other current liabilities	(4,592)	4,969
Cash (used in) generated from operations	566,475	(29,557)
Interest received	1,484	430
Finance costs paid	(67,103)	(113,857)
Income tax paid	53	(341)
Net cash generated from (used in) operating activities	500,909	(143,325)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates (Note 12)	(208,000)	-
Loss of subsidiary control	(31,313)	-
Payments for property, plant and equipment (Note 30)	(927,707)	(429,657)
Proceeds from disposal of property, plant and equipment	1,769	9,758
Increase in refundable deposits	(130,841)	-

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
Decrease in refundable deposits	$ -	$ 21,801
Decrease in other receivables	17,700	-
Payments for intangible assets	(4,317)	(192)
Increase in other financial assets - restricted assets	(48,578)	-
Decrease in other financial assets - restricted assets	-	139,694
Net cash used in investing activities	(1,331,287)	(258,596)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	88,673	-
Decrease in short-term borrowings	-	(202,453)
Increase in short-term bills payable	-	276,309
Decrease in short-term bills payable	(281,734)	-
Proceeds from long-term borrowings	211,698	1,946,880
Repayments of long-term borrowings	(476,901)	(2,140,681)
Proceeds from issuance of preferred stocks (Note 22)	615,000	-
Increase in guarantee deposits received	1,370	-
Repayments of the principal portion of lease liabilities	(16,137)	(16,989)
Proceeds from issuance of ordinary shares	-	1,722,924
Increase in non-controlling interests, net	117,780	15,429
Net cash generated from financing activities	259,749	1,601,419
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(3,843)	(1,416)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(574,472)	1,198,082
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,631,854	433,772
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,057,382	$ 1,631,854

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

TSEC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 14, 2022.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assesses the possible impact that the application of other standards and interpretations did not have material impact on the Group's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 11 and Table 5 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investments in associates

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

j. Intangible assets

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

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

m. Provisions

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

n. Revenue recognition

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

Revenue from the sale of goods

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

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

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

Power plant sales

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

Sale of electricity

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

o. Leases

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

1) The Group as lessor

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

2) The Group as lessee

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

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

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

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

r. Share-based payment arrangements - employee share options

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

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

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications/climate change and related government policies and regulations when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 589	$ 649
Checking accounts and demand deposits	860,419	1,416,163
Cash equivalents		
Time deposits with original maturities of 3 months or less	196,374	215,042
	$ 1,057,382	$ 1,631,854

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

	December 31	
	2021	2020
Demand deposits	0.001%-0.05%	0.001%-0.50%
Time deposits with original maturities of 3 months or less	0.20%-0.82%	0.20%-0.82%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2021	December 31 2020
Financial assets - mandatorily at FVTPL		
Non-derivative financial assets		
Mutual funds	$ -	$ 60,006
Financial liabilities - held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	$ 243	$ 1,464

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Buy	USD/NTD	2022.01.28	USD424/NTD11,813
	USD/NTD	2022.04.11	USD892/NTD24,759
	USD/NTD	2022.04.15	USD896/NTD24,925
December 31, 2020			
Buy	USD/NTD	2021.01.01-2021.01.20	USD347/NTD10,202
	USD/NTD	2021.02.01-2021.02.10	USD797/NTD23,422

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

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31 2021	December 31 2020
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 783,578	$ 738,606
Less: Allowance for impairment loss	(29,552)	(52,283)
	$ 754,026	$ 686,323
Accounts receivable from related parties	$ 88,484	$ 74,606

(Continued)

	December 31	
	2021	2020
Other receivables		
Value-added tax rebate	$ 7,584	$ 7,804
Rent receivables	3,724	1,375
Receivables from disposal of investments	-	17,700
Others	1,110	2,218
	$ 12,418	$ 29,097

(Concluded)

a. Accounts receivable/Accounts receivable from related parties

The average credit period of accounts receivable is 30-75 days. No interest is charged on accounts receivable. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

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

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

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.30%	-	-	100%	
Gross carrying amount	$ 844,789	$ -	$ -	$ 27,273	$ 872,062
Loss allowance (Lifetime ECLs)	(2,279)	-	-	(27,273)	(29,552)
Amortized cost	$ 842,510	$ -	$ -	$ -	$ 842,510

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.31%	4.72%	-	100.00%	
Gross carrying amount	$ 760,426	$ 2,755	$ -	$ 50,031	$ 813,212
Loss allowance (Lifetime ECLs)	(2,122)	(130)	-	(50,031)	(52,283)
Amortized cost	$ 758,304	$ 2,625	$ -	$ -	$ 760,929

The movements of the loss allowance of receivables were as follows:

	For the Year Ended December 31	
	2021	2020
Balance, beginning of year	$ 52,283	$ 54,817
Add: Net remeasurement of loss allowance	16,449	-
Less: Amounts written off	(39,180)	-
Less: Net remeasurement of loss allowance	-	(2,534)
Balance, end of year	$ 29,552	$ 52,283

Refer to Note 32.d for details of the Group's concentration of credit risk of receivables as of December 31, 2021 and 2020.

b. Other receivables

The Group adopted a policy of dealing only with creditworthy counterparties. The Group determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of December 31, 2021 and 2020, the Group assessed that the expected credit loss rate of other receivables was 0%.

9. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 1,080,885	$ 482,875
Finished goods	354,926	273,155
Work in process	136,329	50,581
	$ 1,572,140	$ 806,611

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $5,730,871 thousand and $4,111,885 thousand, respectively. The cost of goods sold included inventory write-downs of $44,629 thousand and $11,756 thousand, respectively.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	**2020**
Non-current		
Foreign investments		
Unlisted shares		
Preferred shares - SAGA Heavy Ion Medical Accelerator in Tosu	$ 6,063	$ 6,455
Domestic investments		
Unlisted shares		
Ordinary shares - Eversol Corporation	-	-
	$ 6,063	$ 6,455

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

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%) December 31	
Investor	**Investee**	**Nature of Activities**	**2021**	**2020**
TSEC Corporation	TSEC America, Inc. (Note 1)	Sales of solar related products	100.00	100.00
	Holdgood Energy Corporation (Note 2)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	(Note 2)	60.74
	Houxin Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	-	100.00
	Houchang Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2021	Proportion of Ownership (%) December 31 2020
	Changyang Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	80.00	80.00
	Yunsheng Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Yunxing Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	TSECPV(HK) LIMITED (Note 5)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	-
Holdgood Energy Development Corporation	Changyang Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	20.00 (Note 2)	20.00
Hou Shing Energy Corporation	Shuohou Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	-	100.00
	Shuoda Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	-	100.00
	Hsinchang Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	-	100.00

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2021	Proportion of Ownership (%) December 31 2020
Hou Chang Energy Corporation	Hengyong Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Hengli Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Yongli Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00

(Concluded)

1) On September 11, 2018, the Group resolved to liquidate and dissolve its subsidiary TSEC America, Inc. As of March 14, 2022, TSEC America, Inc. has yet to execute its liquidation process.

2) In March and June 2019, the Group subscribed for additional new shares of Holdgood Energy Development Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 60.74%; refer to Note 29 for the details. In December 2021, the Group subscribed for additional new shares of Holdgood Energy Development Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 45.49%, and lost control of Holdgood Energy Development Corporation, and reclassified the investment to investment in associate; refer to Notes 12 and 28 for details.

3) On May 7, 2021, the Group resolved to dissolve and liquidate its subsidiaries Houxin Energy Corporation and Shuohou Energy Corporation. As of December 31, 2021, the liquidation process had been completed.

4) The Group and its ex-subsidiary Holdgood Energy Corporation jointly established Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation in 2020, all of which are engaged in electricity research and development, operations, sales and related consulting services of solar energy generation systems; and all have completed registration of the companies. The Group’s shareholding ratio in each of the above-mentioned three companies was 50%. The Group invested $750 thousand, $450 thousand and $200 thousand to buy shareholdings of Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, respectively, from the ex-subsidiary Holdgood Energy Corporation and non-controlling interests. The Group’s total shareholding ratios in the above-mentioned three companies were 80%, 100% and 100%, respectively.

5) The Group established TSECPV (HK) Limited as new subsidiary to engage in electricity research and development, operations, sales and related consulting services of solar energy generation systems. The registration of the new company was completed in February 2021.

Refer to Table 5 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

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

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31, 2020
Holdgood Energy Development Corporation	39.26%

The summarized financial information below represents amounts before intragroup eliminations.

Holdgood Energy Development Corporation

	December 31, 2020
Current assets	$ 10,550
Non-current assets	126,832
Current liabilities	(81,337)
Non-current liabilities	(806)
Equity	$ 55,239
Equity attributable to:	
Owners of the Company	$ 33,550
Non-controlling interests of Holdgood Energy Development Corporation	21,689
	$ 55,239

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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2021	2020
Material associates		
Holdgood Energy Development Corporation	$ 216,939	$ -
Associates that are not individually material		
Yuan-Yu Solar Energy Co., Ltd.	106,416	114,252
	$ 323,355	$ 114,252

a. Material associate

Name of Associate	Proportion of Ownership and Voting Rights December 31, 2021
Holdgood Energy Development Corporation	45.49%

The nature, principal place of business and country information of Company registration of above-mentioned associate, refer to Table 5.

The Company using equity method to evaluate associate above-mentioned.

The summarized financial information below represents amounts shown in the associates' financial statement prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Holdgood Energy Development Corporation

	December 31, 2021
Current assets	$ 155,577
Non-current assets	516,125
Current liabilities	(95,044)
Non-current liabilities	(99,766)
Equity	$ 476,892
Proportion of the Group's ownership	45.49%
Carrying amount	$ 216,939

	For the Year Ended December 31, 2021
Operating revenue	$ 20,246
Net profit for the year	$ 3,526
Other comprehensive income	128
Total comprehensive income for the year	$ 3,654

Holdgood Energy Development Corporation acquired 20,800 thousand shares of Yusheng Chuangneng Co., Ltd. for $208,000 thousand; the shareholding ratio was 49.4062%, and accounted for using the equity method.

b. Associates that are not individually material

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2021**	**2020**
Yuan-Yu Solar Energy Co., Ltd.	20%	20%

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2021	**2020**
The Group's share of:		
Loss from continuing operations	$ (7,334)	$ (3,941)
Other comprehensive income	-	-
Total comprehensive loss for the year	$ (7,334)	$ (3,941)

Refer to Table 5 for the nature of activities, principal places of business and countries of incorporation of the associates.

The share of profit or loss of the Group's associate accounted for using the equity method, Holdgood Energy Development Corporation, for the year ended December 31, 2021 was based on the associate's audited financial statements for the same year, and Yuan-Yu Solar Energy Co., Ltd. was based on the financial statements that have not been audited by accountants; the management considered that if the financial statements were audited by accountants, the adjustment amount will not have a significant impact on the consolidated financial statements. The share of profit or loss of the Group's associate accounted for using the equity method for the year ended December 31, 2020 was based on the associate's audited financial statements for the same year.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2021	December 31 2020
Land	$ 1,071,526	$ 1,071,526
Buildings	2,305,190	2,362,203
Machinery	1,387,558	1,472,619
Office equipment	483	1,423
Miscellaneous equipment	43,373	43,189
Construction in progress	64,974	373
	$ 4,873,104	$ 4,951,333

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2021	$ 1,071,526	$ 3,334,260	$ 3,217,957	$ 24,806	$ 249,551	$ 373	$ 7,898,473
Additions	-	56,833	452,233	-	15,835	108,676	633,577
Disposals	-	-	(224,397)	-	(1,453)	-	(225,850)
Reclassification	-	44,075	-	-	-	(44,075)	-
Loss of subsidiary control	-	(20,908)	(208,931)	-	-	-	(229,839)
Balance at December 31, 2021	1,071,526	3,414,260	3,236,862	24,806	263,933	64,974	8,076,361
Accumulated depreciation and impairment							
Balance at January 1, 2021	-	972,057	1,745,338	23,383	206,362	-	2,947,140
Depreciation expense	-	139,952	337,210	940	15,651	-	493,753
Disposals	-	-	(224,014)	-	(1,453)	-	(225,467)
Loss of subsidiary control	-	(2,939)	(9,230)	-	-	-	(12,169)
Balance at December 31, 2021	-	1,109,070	1,849,304	24,323	220,560	-	3,203,257
Carrying amount at December 31, 2021	$ 1,071,526	$ 2,305,190	$ 1,387,558	$ 483	$ 43,373	$ 64,974	$ 4,873,104
Cost							
Balance at January 1, 2020	$ 1,071,526	$ 3,622,992	$ 5,981,941	$ 25,123	$ 255,234	$ 2,104	$ 10,958,920
Additions	-	4,501	71,617	-	9,366	288	85,772
Disposals	-	-	(2,835,601)	(317)	(15,217)	-	(2,851,135)
Reclassification	-	1,851	-	-	168	(2,019)	-
Reclassified as investment properties	-	(295,084)	-	-	-	-	(295,084)
Balance at December 31, 2020	1,071,526	3,334,260	3,217,957	24,806	249,551	373	7,898,473
Accumulated depreciation and impairment							
Balance at January 1, 2020	-	929,680	3,794,530	22,725	202,667	-	4,949,602
Depreciation expense	-	139,310	394,176	975	17,539	-	552,000
Impairment loss	-	-	381,652	-	-	-	381,652
Disposals	-	-	(2,825,020)	(317)	(13,844)	-	(2,839,181)
Reclassified as investment properties	-	(96,933)	-	-	-	-	(96,933)
Balance at December 31, 2020	-	972,057	1,745,338	23,383	206,362	-	2,947,140
Carrying amount at December 31, 2020	$ 1,071,526	$ 2,362,203	$ 1,472,619	$ 1,423	$ 43,189	$ 373	$ 4,951,333

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

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

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

Refer to Note 35 for the details on the purchases of machines required for production and the significant commitments stated in the construction contracts.

Refer to Notes 18 and 34 for the carrying amounts of property, plant and equipment pledged by the Group to secure borrowings.

Refer to Note 24.h for capitalized interest for the years ended December 31, 2021 and 2020.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Buildings	$ 9,516	$ 7,089
Transportation equipment	543	2,048
Machinery	297	1,007
	$ 10,356	$ 10,144

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 44,024	$ 11,817
Loss of subsidiary control	$ (27,329)	$ -
Depreciation charge for right-of-use assets		
Buildings	$ 14,268	$ 13,888
Transportation equipment	1,505	2,037
Machinery	710	1,148
	$ 16,483	$ 17,073

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 9,178	$ 8,658
Non-current	$ 1,533	$ 1,809

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Buildings	2.43%-2.78%	2.78%-2.94%
Transportation equipment	2.94%	2.78%-2.94%
Machinery	2.78%	2.78%-2.94%

c. Material leasing activities and terms

The Group leases certain buildings for the use of offices and employee dormitories with lease terms of 1 to 2 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

The Group leases transportation equipment with lease term of 3 years. The Group does not have bargain purchase options to acquire the transportation equipment at the end of the lease term.

The Group leases equipment for use in business with lease term of 3 years. The Group does not have bargain purchase options to acquire the equipment at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases and low-value asset leases	$ 2,447	$ 896
Total cash outflow for leases	$ (19,699)	$ (18,431)

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

15. INVESTMENT PROPERTIES

	Buildings
Cost	
Balance at January 1, 2021 and December 31, 2021	$ 295,084
Accumulated depreciation	
Balance at January 1, 2021	107,295
Depreciation expenses	12,529
Balance at December 31, 2021	119,824
Carrying amount at December 31, 2021	$ 175,260
Cost	
Balance at January 1, 2020	$ -
Reclassification from property, plant and equipment	295,084
Balance at December 31, 2020	295,084

(Continued)

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

(Concluded)

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

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

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

As of December 31, 2021 and 2020, the maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2021	2020
Year 1	$ 22,230	$ 22,230
Year 2	3,705	22,230
Year 3	-	3,705
	$ 25,935	$ 48,165

The fair value of investment properties is measured by the independent appraisal company Jingrui Real Estate Appraisers Associates using Level 3 input values at each balance sheet date. The evaluation adopted the comparative valuation method.
The fair value as appraised was as follows:

	December 31	
	2021	2020
Fair value	$ 194,348	$ 203,521

All of the Group’s investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 34.

There was no capitalized interest for the investment properties for the year ended December 31, 2021 and 2020.

16. OTHER INTANGIBLE ASSETS

	December 31	
	2021	2020
Carrying amount		
Computer software	$ 4,254	$ 1,436

	For the Year Ended December 31	
	2021	2020
Cost		
Balance at January 1	$ 47,378	$ 47,186
Additions	4,317	192
Balance at December 31	51,695	47,378
Accumulated amortization		
Balance at January 1	45,942	44,139
Amortization expense	1,499	1,803
Balance at December 31	47,441	45,942
Carrying amount at December 31	$ 4,254	$ 1,436

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

17. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepayments	$ 215,894	$ 130,542
Prepayment expenses	24,656	22,190
Other financial assets - restricted assets	501	4,183
Others	3,112	4,375
	$ 244,163	$ 161,290
Non-current		
Prepayments for equipment (capitalized interest included)	$ 604,211	$ 320,637
Other financial assets - restrict assets	101,002	89,171
Refundable deposits	180,070	66,796
	$ 885,283	$ 476,604

Other financial assets - restricted assets (current and non-current) were used as pledged deposits and reserve accounts for secured borrowings from banks, performance guarantee and borrowings for purchases. As of December 31, 2021 and 2020, the interest rate range was 0.01%-0.82% and 0.02%-0.97%, respectively; refer to Note 34 for the details.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Bank credit loans	$ 598,972	$ 372,791
Bank mortgage loans	-	141,640
	$ 598,972	$ 514,431
Interest rate interval		
Bank credit loans	1.59%-2.25%	1.53%-2.70%
Bank mortgage loans	-	2.62%

Guarantees provided for the above-mentioned short-term borrowings are disclosed in Note 34.

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2021: None

December 31, 2020

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

Guarantees provided for the above short-term bills payable are disclosed in Note 34.

c. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings		
Syndicated loans	$ 2,462,890	$ 2,715,870
Less: Syndicated borrowing administration fee	(14,439)	(19,075)
	2,448,451	2,696,795
Machinery financing	-	167,551
Bank mortgage loans	104,957	31,523
	2,553,408	2,895,869
Less: Current portion	(412,623)	(379,434)
Long-term borrowings	$ 2,140,785	$ 2,516,435

1) Syndicated loans

a) In September 2015, the Group signed a syndicated loan contract led by Chang Hwa Bank. The total loan amount was $2,070,000 thousand, and the loan period was extended to November 2022. As of December 31, 2021, the loan is restructured, please see ref b.

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

In August 2016, the Group signed a syndicated loan contract led by Taiwan Cooperative Bank. The total loan amount was $1,000,000 thousand, and the loan period was extended to February 2021.

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

b) In November 2020, the Group signed a syndicated loan contract led by Taiwan Cooperative Bank. The syndicated loan is mainly for the refinancing of the outstanding syndicated loan as described in a) above, and for supporting long term working capital needs. The total loan amount was $2,000,000 thousand, and the loan period is till November 2025. The first repayment is made 3 months after the date of initial drawdown (1st period), and subsequent repayments of the principal are made once every period (three months = 1 period), for a total of 20 periods. In the first to twelfth periods, 2% of the principal should be repaid, in the thirteenth to nineteenth periods, 4% of the principal should be repaid, and the remaining amount should be repaid in the last period. As of December 31, 2021 and 2020, the balance was $1,472,000 thousand and $1,600,000 thousand and the interest rate was 2.39% and 2.49%; as of December 31, 2020 the balance of short-term bills payable was $250,000 thousand and the interest rate was 2.09%.

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

c) In February 2018, the Group signed a syndicated loan contract led by Chang Hwa Bank. The syndicated loan is mainly used for financing the construction of the solar module factory and the purchase of equipment. The total loan amount was $1,250,000 thousand, and the loan period is till February 2023. The first repayment is made 24 months after the date of initial drawdown (1st period), and subsequent repayments of the principal are made once every period (six months = 1 period), for a total of 7 periods. In the first to fourth periods, 5% of the principal should be repaid, in the fifth and sixth periods, 10% of the principal should be repaid, and the remaining amount should be repaid in the last period. As of December 31, 2021 and 2020, the balance was $990,890 thousand and $1,115,870 thousand, respectively, and the interest rate was 2.30% and 2.50%.

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

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

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

	December 31	
	2021	**2020**
Interest rate interval	-	3.30%-4.93%

3) The contract period of the bank mortgage loan is from 3 years to 6 years and 6 month and the principal and interest are repaid monthly.

	December 31	
	2021	**2020**
Interest rate	1.35%-2.41%	2.50%

For guarantees provided by the Company for long-term borrowings, refer to Note 34.

19. ACCOUNTS PAYABLE

	December 31	
	2021	**2020**
Accounts payable - operating	$ 1,001,106	$ 616,254

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

20. OTHER PAYABLES

	December 31	
	2021	2020
Current		
Other payables		
Payables for salaries or bonuses	$ 114,445	$ 87,720
Payables for transportation and customs clearance	48,388	33,898
Payables for purchases of equipment	40,320	31,729
Payables for value-added tax	17,376	2,068
Payables for labor and health insurance	15,531	12,617
Payables for labor costs	7,030	8,026
Payables for environmental cost	1,135	6,844
Others	83,468	41,078
	$ 327,693	$ 223,980

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

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

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 27,181	$ 23,666
Operating expenses	5,476	5,360
	$ 32,657	$ 29,026

22. CONVERTIBLE PREFERRED STOCK

On April 7, 2021, the Company's shareholders approved to issue 75,000 thousand shares of convertible preferred stock (Preferred A) with par value of $10 through private placement. On November 18, 2021, the Company's board of directors approved the issuance of 25,895 thousand shares of the Preferred A stock at a price of $23.75 per share. The Company collected the total amount of $615,000 thousand on December 2, 2021, and completed the registration of the share issuance. Subject to the conditions of the issuance, the preferred shares were split into preferred stock liability of $287,949 thousand (included in non-current liabilities) and conversion options of $327,051 thousand (included in capital surplus). The rights and obligations of the preferred stock in this issuance are as follows:

a. If the Company has net profit at the end of year, after payment for taxes, the Company shall first offset losses of previous years, then set aside to legal reserve 10% of the remaining profit, set aside to or reverse from a special reserve amounts in accordance with the laws and regulations, and then from any remaining profit of the fiscal year, the preferred stock dividends shall be distributed.

b. The annual dividend for Preferred A shares is 2% of the issue price per share and paid in cash. The board of directors shall set the ex-dividend date of the preferred shares. The dividend in a year or in a quarter is calculated based on the actual number of days of issuance. If the Company's proposed distribution of dividends for common stock for the current year or current quarter exceeds the dividends for Preferred A shares, holders of Preferred A shares will be entitled to dividends.

c. The Company has discretionary power over Preferred A dividends payout. If there is no profit or the profit is not sufficient for paying out dividends, the Company has the rights to cancel the dividend payout without violating the agreement.

d. The Preferred A stock is entitled not only to the abovementioned dividend but also entitled to cash dividend distribution paid out of earnings and capital surplus.

e. The preferred stock has no maturity date. The holders of the preferred stock have no right to ask the Company to buy back the preferred shares. The Company has the right to buy back all or part of the preferred shares after three years from the issue date. The preferred stocks still outstanding will retain the aforementioned rights and obligations. If the Company pays out dividends in the year of buyback, the dividend amount will be prorated based on the outstanding days.

f. When distributing the Company’s residual property, the distribution to preferred shareholders shall be limited to the multiple of the issue price and the number of outstanding shares at the time of distribution.

g. Preferred stock is non-voting, except during the preferred shareholders’ meetings and on the matters regarding the shareholders’ rights and obligations.

h. The preferred stocks should not be converted within three years from the date of issuance. The shareholders of the preferred stocks may apply for conversion of part or all of the preferred stocks held by them during the conversion period. Preferred stocks are converted according to the ratio of one preferred share to one ordinary share (the conversion ratio is 1 to 1). After the preferred stocks are converted into ordinary shares, their rights and obligations are the same as those of ordinary shares. The distribution of dividends after conversion of other shares will be based on the ratio of actual number of days outstanding in the current year to the numbers of days in the whole year. The preferred shares have the right to join the cash dividend distribution paid out of earnings and capital surplus, but may not participate in the distribution of ordinary shares, distribution of ordinary shares from capital surplus and capital reserve.

i. When the Company issues new stocks, Preferred A shareholders and common shareholders have the same subscription right.

On March 7, 2022, the Company’s board of directors resolved that the offering of the remaining 49,105 thousand shares will not be continued.

23. EQUITY

a. Share capital - ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	700,000	700,000
Shares authorized (in thousands of dollars)	$ 7,000,000	$ 7,000,000
Shares issued and fully paid (in thousands of shares)	445,797	445,797
Shares issued and fully paid (in thousands of dollars)	$ 4,457,967	$ 4,457,967

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

Of the authorized capital, a total of 5,000 thousand shares should be reserved for employee share option certificates, which should be issued in batches in accordance with the resolution of the board of directors.

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

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 473,270	$ 1,055,124
Exercise of employee share options (Note 26)	-	48,657
May be used to offset a deficit only		
Expired employee share options	-	49,503
Others	-	1,527
May not be used for any purpose		
Preferred stock share options (Note 20)	327,051	-
	$ 800,321	$ 1,154,811

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

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

The movements in capital surplus for the years ended December 31, 2021 and 2020 are as follows:

	Employee Share Options	**Capital Surplus**	**Preferred Stock Share Options**	**Other**	**Total**
Balance at January 1, 2020	$ -	$ 3,933	$ -	$ 1,527	$ 5,460
Issuance of ordinary shares	1,103,781	(48,657)	-	-	1,055,124
Recognized as cost of employee share options	-	94,227	-	-	94,227
Balance at December 31, 2020	1,103,781	49,503	-	1,527	1,154,811
Offset accumulated deficits	(630,511)	(49,503)	-	(1,527)	(681,541)
Issuance of convertible preferred stock		-	327,051	-	327,051
Balance at December 31, 2021	$ 473,270	$ -	$ 327,051	$ -	$ 800,321

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's amended Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 24.f.

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

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

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

The additional paid in capital of $681,541 thousand used to offset deficits in 2020 was approved in the shareholders' meeting on April 7, 2021.

The appropriations of earnings for 2021, which were proposed by the Company's board of directors on March 14, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 4,632
Special reserve	$ 41,685

The appropriation of earnings for 2021 will be resolved in the shareholders' meeting to be held in June 2022.

d. Other equity items

1) Exchange differences on the translation of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (700)	$ (381)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(211)	(399)
Income tax relating to items that may be reclassified subsequently to profit or loss	42	80
Balance at December 31	$ (869)	$ (700)

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (173,892)	$ (175,135)
Recognized for the year		
Unrealized gain - equity instruments	(392)	1,243
Share from associates accounted for using the equity method	78	-
Empact of loss of subsidiary control (Note 28)	(78)	-
Balance at December 31	$ (174,284)	$ (173,892)

e. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 21,689	$ 5,276
Attributable to non-controlling interests		
Net profit for the year	1,385	984
Other comprehensive income for the year	50	-
Issue of ordinary shares for cash by non-controlling interests	117,780	15,429
Loss of subsidiary control by non-controlling interests	(140,809)	-
Balance at December 31	$ 95	$ 21,689

24. NET INCOME (LOSS)

a. Operating revenue

1) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (Note 8)	$ 754,026	$ 686,323	$ 172,119
Accounts receivable from related parties (Note 33)	$ 88,484	$ 74,606	$ -
Contract liabilities			
Sale of goods	$ 294,232	$ 46,708	$ 84,645

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

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

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

	For the Year Ended December 31	
	2021	2020
From contract liabilities at the beginning of the year		
Sale of goods	$ 35,817	$ 84,396

2) Details of revenue from contracts with customers

Refer to Note 39 for further information about the details of revenue.

3) Partially completed contracts

	December 31	
	2021	2020
Sale of goods		
- from January 1 to December 31, 2021	$ -	$ -
- from January 1 to December 31, 2022	294,232	46,708
	$ 294,232	$ 46,708

b. Other operating income and expenses

	For the Year Ended December 31	
	2021	2020
Gain (loss) on disposal of property, plant and equipment	$ 1,386	$ (2,196)
Impairment loss of property, plant and equipment	-	(381,653)
	$ 1,386	$ (383,848)

c. Depreciation and amortization expenses

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 493,753	$ 552,000
Right-of-use assets	16,483	17,073
Investment properties	12,529	10,362
Intangible assets	1,499	1,803
	$ 524,264	$ 581,238
An analysis of depreciation by function		
Operating costs	$ 491,947	$ 546,913
Operating expenses	30,818	32,522
	$ 522,765	$ 579,435

	For the Year Ended December 31	
	2021	2020
An analysis of amortization by function		
Operating costs	$ 187	$ 262
Selling and marketing expenses	29	4
General and administrative expenses	1,282	1,535
Research and development expenses	1	2
	$ 1,499	$ 1,803

d. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Generating rental income		
Depreciation expense	$ 12,529	$ 10,362
Tax expense	359	322
	$ 12,888	$ 10,684

e. Employee benefit expenses

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans (Note 21)	$ 32,657	$ 29,026
Share-based payments (Note 27)	-	94,227
Payroll expenses	758,296	639,641
Labor and health insurance expenses	78,817	62,780
Remuneration of directors and supervisors	11,546	6,249
Other employee benefits	69,486	54,079
Total employee benefit expenses	$ 950,802	$ 886,002

(Continued)

	For the Year Ended December 31	
	2021	**2020**
An analysis of employee benefit expense by function		
Operating costs	$ 773,936	$ 648,376
Operating expenses	176,866	237,626
	$ 950,802	$ 886,002

(Concluded)

f. Compensation of employees and remuneration of directors and supervisors

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

The Group did not estimate compensation of employees and remuneration of directors for the years ended December 31, 2021 because the Group suffered a net loss before income tax for those years.

The compensation of employees and remuneration of directors for the year ended December 31, 2021, which were approved in the board of directors' meeting held on March 14, 2022, were as follows:

Accrual rate

	For the Year Ended December 31, 2021
Compensation of employees	5%
Remuneration of directors and supervisors	3%

Amount

	For the Year Ended December 31, 2021
Compensation of employees	$ 2,392
Remuneration of directors and supervisors	$ 1,440

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign currency exchange gains	$ 65,100	$ 107,745
Foreign currency exchange losses	(20,030)	(59,511)
Net gain	$ 45,070	$ 48,234

h. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest expense	$ 84,937	$ 91,231
Finance costs	9,394	25,973
Interest on lease liabilities	1,115	546
Others	1,238	752
Less: Capitalized interest	(14,972)	(2,455)
	$ 81,712	$ 116,047

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	$ 14,972	$ 2,455
Capitalization rate	2.48%	2.43%

25. INCOME TAXES FROM CONTINUING OPERATIONS

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

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year	$ 1,453	$ 40,537
Income tax benefit recognized in profit or loss	$ 1,453	$ 40,537

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

	For the Year Ended December 31	
	2021	2020
Profit (loss) before tax from continuing operations	$ 46,249	$ (325,403)
Income tax expense calculated at the statutory rate	$ 9,250	$ (65,080)
Tax-exempt income	(23)	-
Nondeductible expenses in determining taxable income	1,536	9,898
Realized deductible temporary differences	(12,197)	-
Unrecognized loss carryforwards	-	16,262
Adjustments for prior years' deferred income tax	(19)	(1,617)
Income tax benefit recognized in profit or loss	$ (1,453)	$ (40,537)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 42	$ 80

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ 55	$ 223

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Loss of Subsidiary Control	Closing Balance
Deferred tax assets					
Temporary differences					
Loss carryforwards	$ 179,791	$ 1,065	$ -	$ (322)	$ 180,534
Allowance for inventory valuation losses	8,643	8,926	-	-	17,569
Impairment loss of property, plant and equipment	15,322	(2,585)	-	-	12,737
Loss on investments in subsidiaries and associates accounted for using the equity method	4,542	13	-	-	4,555
Allowance for bad debt	8,675	(4,508)	-	-	4,167
Refund liabilities	2,475	464	-	-	2,939
Unrealized gain on transactions with associates	336	289	-	-	625
Unrealized loss on financial instruments	293	(244)	-	-	49
Exchange differences on the translation of the financial statements of foreign operations	175	-	42	-	217
	$ 220,252	$ 3,420	$ 42	$ (322)	$ 223,392
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	$ 248	$ 994	$ -	$ -	$ 1,242
Property, plant and equipment accelerated depreciation	806	973	-	(1,779)	-
	$ 1,054	$ 1,967	$ -	$ (1,779)	$ 1,242

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss carryforwards	$ 67,234	$ 112,557	$ -	$ 179,791
Impairment loss of property, plant and equipment	90,800	(75,478)	-	15,322
Allowance for bad debts	10,511	(1,836)	-	8,675
Allowance for inventory valuation losses	6,292	2,351	-	8,643
Loss on investments in subsidiaries and associates accounted for using the equity method	4,535	7	-	4,542
Refund liabilities	1,569	906	-	2,475
Unrealized gain on transactions with associates	14	322	-	336
Unrealized loss on financial instruments	-	293	-	293
Exchange differences on the translation of the financial statements of foreign operations	95	-	80	175
	$ 181,050	$ 39,122	$ 80	$ 220,252
Deferred tax liabilities				
Temporary differences				
Accelerated depreciation of property, plant and equipment	$ -	$ 806	$ -	$ 806
Unrealized foreign exchange gains	2,469	(2,221)	-	248
	$ 2,469	$ (1,415)	$ -	$ 1,054

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

	December 31	
	2021	2020
Loss carryforwards	$ 2,374,711	$ 2,818,423
Deductible temporary differences		
Impairment loss of financial assets	$ 1,705	$ 1,705

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 139,070	2022
133,526	2027
238,290	2028
89,609	2029
126,960	2030
$ 727,455	

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

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2027	$ 92,062	$ 104,293
Expiry in 2028	238,290	238,290
Expiry in 2029	89,609	89,609
Expiry in 2030	126,960	126,950
Expiry in 2024		
	$ 546,921	$ 559,142

g. Income tax assessments

The income tax returns of the Group, ex-subsidiary, Holdgood Energy Corporation, Houxin Energy Corporation, Houchang Energy Corporation, Shuohou Energy Corporation, Shuoda Energy Corporation, Hsinchang Energy Corporation, Hengyong Energy Corporation, Hengli Energy Corporation and Yongli Energy Corporation through 2019 have been assessed by the tax authorities, and there is no significant difference between the number of cases assessed and declared.

Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation were established in 2020 and therefore have not declared income tax.

26. EARNINGS (LOSS) PER SHARE

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

Net Earnings (Loss) for the Year

	For the Year Ended December 31	
	2021	2020
Earnings (loss) used in the computation of basic and diluted loss per share		
Earnings (loss) for the year attributable to owners of the Company	$ 46,317	$ (285,850)

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	445,797	384,491
Effect of potentially dilutive ordinary shares		
Employee share options	58	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	445,855	384,491

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

As of December 31, 2021, the Group's outstanding preferred shares were not included in the calculation of weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share because the preferred stocks were not yet convertible to ordinary shares.

27. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

	Grant Date
	December 2, 2021
Fair value of options	$14.11 per share
Exercise price	$25.80 per share
Expected life	11 days
Share price volatility rate	78.79%
Risk-free interest rate	0.1918%

28. DISPOSAL OF SUBSIDIARY - LOSS OF CONTROL DUE TO SUBSCRIPTION FOR ADDITIONAL NEW SHARES AT A PERCENTAGE DIFFERENT FROM EXISTING OWNERSHIP

In December 2021, the Group subscribed for additional new shares of Holdgood Energy Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest from 60.74% to 45.49%, and lost control. The investment was accounted for as associate.

a. Analysis of assets and liabilities on the date control was lost

	Holdgood Energy Corporation
Current assets	
Cash and cash equivalents	$ 31,313
Accounts receivable	1,062
Other current assets	5,202
Non-current assets	
Property plant and equipment	217,670
Investments accounted for using the equity method	208,336
Right-of-use assets	27,329
Prepayments for equipment	4,502
Deferred tax assets	322
Other non-current assets	57,966
Current liabilities	
Short-term bills payable	(22,421)
Accounts payable	(65,707)
Lease liabilities - current	(1,598)
Other current liabilities	(5,317)
Non-current liabilities	
Long-term borrowings	(71,941)
Deferred tax liabilities	(1,779)
Lease liabilities - non-current	(26,045)
Carrying amount	$ 358,894
Percentage before the subscription to additional shares at a rate different from its existing ownership	60.74%
Net assets disposed of	$ 217,992

b. Loss on disposal of subsidiary

	Holdgood Energy Corporation
Net assets disposed of	$ (217,992)
The difference between fair value of remaining equity investment and the premium and book value	216,939
Reclassification of other comprehensive income in respect of subsidiaries	78
Loss on disposals	$ (975)

Loss on disposal of subsidiary in 2021 included unrealized gain of $102 thousand.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

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

30. CASH FLOW INFORMATION

a. Non-cash transactions

1) For the years ended December 31, 2021 and 2020, the Group entered into the following non-cash investing and financing activities:

	For the Year Ended December 31	
	2021	2020
Cash paid for part of the cost of acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 633,577	$ 85,772
Net increase in prepayments for equipment	298,546	281,310
Empact of loss of subsidiary control in prepayments for equipment	4,502	-
Net (decrease) increase in payables for purchase of equipment	(8,591)	62,989
Effect of foreign currency exchange differences	(327)	(414)
Cash paid	$ 927,707	$ 429,657

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

			Non-cash Changes						
	Balance as of January 1, 2021	Cash Flows	New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Effect of Foreign Currency Exchange Differences	Others	Empact of Loss of Subsidiary Control	Balance as of December 31, 2021
Short-term borrowings	$ 514,431	$ 88,673	$ -	$ -	$ -	$ (4,132)	$ -	$ -	$ 598,972
Short-term bills payable	304,155	(281,734)	-	-	2,537	-	(2,537)	(22,421)	-
Long-term borrowings - current portion	379,434	(474,403)	-	512,909	-	-	-	(5,317)	412,623
Long-term borrowings	2,516,435	209,200	-	(512,909)	-	-	-	(71,941)	2,140,785
Guarantee deposits	2,335	1,370	-	-	-	-	-	-	3,705
Lease liabilities	10,467	(16,137)	44,024	-	1,115	-	(1,115)	(27,643)	10,711
Preferred stock liabilities	-	287,949	-	-	-	-	-	-	287,949
	$ 3,727,257	$ (185,082)	$ 44,024	$ -	$ 3,652	$ (4,132)	$ (3,652)	$ (127,322)	$ 3,454,745

For the year ended December 31, 2020

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

31. CAPITAL MANAGEMENT

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

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

32. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Overseas corporate unlisted shares	$ -	$ -	$ 6,063	$ 6,063
Financial liabilities at FVTPL				
Derivatives	$ -	$ 243	$ -	$ 243

December 31, 2020

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

There were no transfers between Levels 1 and 2 in 2021 and 2020.

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

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

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

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 6,455
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	(392)
Balance at December 31	$ 6,063
Recognized in other gains and losses - unrealized	$ (392)

For the year ended December 31, 2020

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

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

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

c. Categories of financial instruments

	December 31 2021	December 31 2020
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ -	$ 60,006
Financial assets at amortized cost (1)	2,186,495	2,574,396
Financial assets at FVTOCI		
Equity instruments	6,063	6,455
Financial liabilities		
Financial liabilities at FVTPL	243	1,464
Financial liabilities at amortized cost (2)	4,619,485	4,448,103

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date (including monetary items denominated in non-functional currencies in the consolidated financial statements), refer to Note 37.

Sensitivity analysis

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

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

	U.S. Dollar	
	USD:NTD	
	For the Year Ended December 31	
	2021	2020
Profit (loss)	$ 26,796	$ 23,468

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

The sensitivity of the Group to the U.S. dollar increased during the current period, mainly due to the increase in account payables in U.S. dollars during the current period.

b) Interest rate risk

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

	December 31	
	2021	2020
Fair value interest rate risk		
Financial liabilities	$ 298,660	$ 482,172
Cash flow interest rate risk		
Financial assets	1,157,639	1,715,630
Financial liabilities	3,152,380	3,242,751

Sensitivity analysis

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

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit (loss) for the years ended December 31, 2021 and 2020 would have decreased/increased by $4,987 thousand and $3,818 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risk on its long-term borrowings.

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

2) Credit risk

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

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

The Group's concentration of credit risk of 66.31% and 67.86% in total trade receivables as of December 31, 2021 and 2020, respectively, was related to the Group's ten largest customers.

3) Liquidity risk

The Group managed and maintained sufficient cash and cash equivalents to support the operations of the Group and mitigate the impact of fluctuations in cash flows with long-term borrowings of $131,942 thousand and $1,946,880 thousand in 2021 and 2020, respectively; issued private placement preferred stock of $615,000 thousand in 2021, and increased capital by $1,722,924 thousand. The Group's management supervised the use of bank financing quotas and ensures compliance with the terms of the loan contract.

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

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

December 31, 2021

	On Demand or Less than 1 Month	**1 Month - 3 Months**	**Over 3 Months to 1 Year**	**Over 1 Year**
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 30,158	$ 328,287	$ 714,292	$ 2,288,536
Fixed interest rate liabilities	-	-	-	287,949
Non-interest bearing liabilities	375,409	361,474	442,273	-
Lease liabilities	1,238	2,475	5,335	1,544
	$ 406,805	$ 692,236	$ 1,161,900	$ 2,578,029

Additional information about maturity analysis for lease liabilities:

	Less than 1 Year	**1-5 Years**	**5-10 Years**	**10-15 Years**	**15-20 Years**
Lease liabilities	$ 9,048	$ 1,544	$ -	$ -	$ -

December 31, 2020

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

Additional information about maturity analysis for lease liabilities:

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

b) Liquidity and interest rate risk for derivative financial liabilities

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

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Year
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 11,813	$ -	$ 49,684	$ -
Outflows	(11,895)	-	(49,845)	-
	$ (82)	$ -	$ (161)	$ -

December 31, 2020

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

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 854,949	$ 459,508
Amount unused	400,585	585,160
	$ 1,255,534	$ 1,044,668
Secured bank overdraft facilities:		
Amount used	$ 2,977,200	$ 2,171,745
Amount unused	771,600	424,734
	$ 3,748,800	$ 2,596,479

33. TRANSACTIONS WITH RELATED PARTIES

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

a. The Group's related parties

Related Party	Relationship with the Group
Holdgood Energy Development Corporation	Subsidiary before December 2021, associate after December 2021
Yuan-Yu Solar Energy Co., Ltd.	Associate

b. Operating revenue

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2021	2020
Sales	Associate	$ 138,617	$ 214,100

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

c. Other revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Other revenue	Associate	$ 1,540	$ 2,040

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

d. Accounts receivable - associates

Line Item	Related Party Category/Name	December 31 2021	2020
Accounts receivable	Associate/Holdgood	$ 64,886	$ -
	Associate/Yuan-Yu	23,598	74,606
		$ 88,484	$ 74,606

No collateral was received for outstanding accounts receivable - related parties. The Group provided allowance for bad debt of $16,053 thousand in 2021 because of the low possibility of receiving the outstanding accounts receivable - related party Yuan-Yu Solar Energy Co., Ltd. No allowance for bad debt was required for accounts receivable - related parties as of December 31, 2020.

e. Other receivables

Line Item	Related Party Category/Name	December 31 2021	2020
Other receivables	Associate/Yuan-Yu	$ 120	$ 170
	Associate/Holdgood	76	-
		$ 196	$ 170

Receivables for general service fees and rent.

f. Contract liabilities

Line Item	Related Party Category/Name	December 31 2021	2020
Contract liabilities	Associate/Yuan-Yu	$ 10,647	$ 37,645

g. Remuneration of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 33,485	$ 28,639
Post-employment benefits	432	523
	$ 33,917	$ 29,162

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2021	2020
Land	$ 1,071,526	$ 1,071,526
Buildings	233,878	2,059,157
Machinery	494,300	1,069,141
Investment properties	149,155	157,717
Other financial assets - restricted assets (recognized as other current and non-current assets)	101,503	93,354
	$ 2,050,362	$ 4,450,895

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2021 and 2020, significant commitments of the Group were as follows:

a. Commitments for construction contracts

	December 31	
	2021	2020
Purchased	$ 60,255	$ 745,947
To be purchased in the future	374,895	85,435
	$ 435,150	$ 831,382

b. Commitments for material purchasing contracts

	December 31	
	2021	2020
Purchased	$ 440,117	$ 745,947
To be purchased in the future	1,276,532	1,189,366
	$ 1,716,649	$ 1,935,313

c. Commitments for equipment purchasing contracts

	December 31	
	2021	2020
Purchased	$ 647,154	$ 501,538
To be purchased in the future	383,884	578,348
	$ 1,031,038	$ 1,079,886

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 20,688	27.68 (USD:NTD)	$ 572,090
Non-monetary items			
USD	264	27.68 (USD:NTD)	7,298
JPY	25,210	0.2405 (JPY:NTD)	6,063
Financial liabilities			
Monetary items			
USD	40,029	27.68 (USD:NTD)	1,108,003

December 31, 2020

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

The significant unrealized foreign exchange gains were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Gain	Exchange Rate	Unrealized Foreign Exchange Gain
USD	28.0090 (USD:NTD)	$ 5,421	29.5490 (USD:NTD)	$ 2,830

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: Table 1 (attached)

3) Marketable securities held (excluding investments in subsidiaries): Table 2 (attached)

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

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

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

9) Trading in derivative instruments: Notes 7 and 32

10) Intercompany relationships and significant intercompany transactions: Table 4 (attached)

11) Information on investees (excluding investees in mainland China): Table 5 (attached)

c. Information on investments in mainland China: None

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder Table 6 (attached)

39. SEGMENT INFORMATION

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

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

a. Segment revenue and results

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

	Solar Module	Others	Eliminations	Total
For the year ended December 31, 2021				
Revenue from external customers	$ 6,131,140	$ 26,052	$ -	$ 6,157,192
Intersegment revenue	$ -	$ 117,021	$ (117,021)	$ -
Segment income	$ 43,226	$ 12,120	$ 1,357	$ 56,703
For the year ended December 31, 2020				
Revenue from external customers	$ 4,566,646	$ 57,183	$ -	$ 4,623,829
Intersegment revenue	$ -	$ 87,140	$ (87,140)	$ -
Segment income (loss)	$ (300,838)	$ 5,810	$ (13)	$ (295,041)

b. Segment total assets

	December 31	
	2021	2020
Solar modules	$ 10,109,396	$ 9,235,786
Others	120,535	182,659
Consolidated total assets	$ 10,229,931	$ 9,418,445

c. Geographical information

The Group operates principally in Asia.

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

	Revenue from External Customers	
	For the Year Ended December 31	
	2021	2020
Asia	$ 6,154,723	$ 4,617,801
Europe	2,052	3,658
Others	417	2,370
	$ 6,157,192	$ 4,623,829

d. Information about major customers

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

	For the Year Ended December 31	
	2021	**2020**
Customer F	$ 707,147	$ -
Customer B	626,145	425,120
Customer C	-	970,523
Customer D	-	878,406
Customer N	-	334,836

TSEC CORPORATION AND SUBSIDIARIES

GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Guarantor	Guarantee		Limit on Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Guaranteed During the Period (Note 4)	Outstanding Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount Guaranteed by Collateral	Ratio of Accumulated Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Guarantee Limit (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries (Note 5)	Guarantee Given by Subsidiaries on Behalf of Parent (Note 5)	Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Relationship (Note 1)											
0	TSEC Corporation (the “Company”)	Yuan-Yu Solar Energy Co., Ltd.	Associate	$ 214,100	$ 120,000	$ 120,000	$ -	$ 120,000	2.34	$ 214,100	N	N	N	

Note 1: Associates in which the Company holds 20% of ordinary shares directly.

Note 2: As for the amount of the Company's endorsement/guarantee provided to a single enterprise due to business dealings, the upper limit of the endorsement/guarantee provided shall be the same as the amount of the Company's purchases from or sales to said enterprises, whichever is higher, in the most recent year or the year before the endorsement/guarantee is provided.

Note 3: It is calculated according to the financial data of the company providing the endorsements/guarantees.

Note 4: The maximum balance of endorsements/guarantees for the current period and the balance of endorsement/guarantee, end of period, are the amounts approved by the board of directors.

Note 5: “Y” shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to subsidiary; endorsement/guarantee by subsidiary to the publicly listed parent; endorsement/guarantee to entity in mainland china

TSEC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
TSEC Corporation (the "Company")	Foreign unlisted preferred shares							
	SAGA Heavy Ion Medical Accelerator in Tosu	-	Financial assets at fair value through other comprehensive income (FVTOCI)	350	$ 6,063	-	$ 6,063	Note 1
	Domestic unlisted ordinary shares							
	Eversol Corporation	-	Financial assets at fair value through other comprehensive income (FVTOCI)	62,591	-	2.23	-	-

Note 1: The fair value of foreign unlisted corporate equity investments are estimated using the market approach with reference to the net value of the investee company in its most recent financial statements and based on the evaluation of similar companies and the operations of the investee company.

Note 2: None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

TABLE 3

TSEC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Credit Period	Unit Price	Credit Period	Ending Balance	% of Total	
TSEC Corporation	Yun-Yu Solar Energy Co., Ltd.	Associate	Sale	$ 138,617	2.22	30-75 days	-	-	$ 23,598	2.8	Note
	Holdgood Energy Development Corporation	Ex-subsidiary	Sale	117,021	1.87	30-75 days	-	-	64,886	7.7	

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

TSEC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	**Amount (Note 1)**	**Payment Terms**	**% of Total Sales or Assets (Note 2)**
0	TSEC Corporation	Holdgood Energy Development Corporation	Parent company to ex-subsidiary	Sales	$ 117,021	Transaction price and credit terms based on negotiations	1.91
				Rental revenue	472	Transaction price and credit terms based on negotiations	-
				Other revenue	773	Transaction price and credit terms based on negotiations	-

Note 1: Eliminated from the consolidated financial statements.

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

Note 3: Become associate after December 2021.

TABLE 4

TSEC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		December 31, 2020			Net Income (Loss) of the Investee	Share of Profit	Other Items
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount			
TSEC Corporation	TSEC AMERICA, INC.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of solar related products	$ 31,129 (US$ 1,000,000)	$ 31,129 (US$ 1,000,000)	100	100.00	$ 7,297	$ (32)	$ (32)	(Notes 1, 4 and 7)
	Yunsheng Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	477	-	-	(Notes 1 and 7)
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	477	-	-	(Notes 1 and 7)
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	453	-	-	(Notes 1 and 7)
	Changyang Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	400	400	40	80.00	382	-	-	(Notes 1 and 7)
	TSECPV (HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of solar related products	56 (US$ 2,000)	56 (US$ 2,000)	-	100.00	20	(36)	(36)	(Notes 1 and 7)
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	213,804	31,584	21,380	45.49	216,939	3,526	2,142	(Notes 1, 2 and 7)
	Houxin Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	500	-	-	-	(126)	(126)	(Notes 1, 5 and 7)
	Yuan-Yu Solar Energy Co., Ltd.	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,000	120,000	12,000	20.00	106,416 (Note 6)	(33,481)	(7,334)	(Note 3)
Houxin Energy Corporation	Shouhou Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	100	-	-	-	-	-	(Notes 1, 5 and 7)
	Shuoda Energy Corporation)	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	100	-	-	-	-	-	(Notes 1, 5 and 7)
	Hsinchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	100	-	-	-	-	-	(Notes 1, 5 and 7)
Houchang Energy Corporation	Hengyong Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 7)
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 7)
	Yongli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 7)

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

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

Note 3: The share of profit or loss of associate accounted for using the equity method are calculated based on the financial statements that have not been audited. The management consider that if the financial statements are audited by accountants, the adjustment amount will not have a significant impact.

Note 4: The board of directors resolved to liquidate and dissolve the subsidiary TSEC America, Inc. on September 11, 2018. As of March 14, 2022, TSEC America, Inc. has not completed the liquidation procedures.

Note 5: The Company’s Board of Directors resolved a decision on May 7, 2021 to liquidate and dissolve its subsidiaries Houxin, Shouhou, Shouda, and Hsinchang. As of March 14, 2022, the process for liquidating said companies had been completed.

Note 6: Carrying amount includes unrealized gross margin.

Note 7: Eliminated from the consolidated financial statements.

TABLE 6

TSEC CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
None	-	-

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

TSEC Corporation

Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report

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, 2021 and 2020 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company’s financial statements for the year ended December 31, 2021 is described as follows:

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

The sales revenue from new customers in the top ten revenue-contributing section for the year ended December 31, 2021 was $2,166,453 thousand, which accounted for 34.64% of the Company’s operating revenue, and is material to the Company’s financial statements. In addition, as the management may be under pressure to achieve the financial goals, there is an increased inherent risk of fraud in revenue recognition. Thus, the risk of revenue recognition related to the actual occurrence of the sales transactions with the new customers in top ten revenue-contributing section has been identified as a key audit matter. For the related accounting policies, refer to Note 4 of the financial statements.

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 14, 2022

Notice to Readers

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,048,598	10	$ 1,616,670	17
Financial assets at fair value through profit or loss (Notes 4 and 7)	-	-	60,006	1
Accounts receivable (Notes 4, 8 and 23)	754,026	7	685,147	7
Accounts receivable from related parties (Notes 4, 23 and 31)	88,484	1	153,981	2
Other receivables (Notes 4 and 8)	12,418	-	29,097	-
Other receivables from related parties (Notes 4 and 31)	196	-	235	-
Current tax assets (Notes 4 and 24)	55	-	108	-
Inventories (Notes 4 and 9)	1,572,140	15	806,611	8
Other current assets (Notes 16 and 32)	243,739	3	157,347	2
Total current assets	3,719,656	36	3,509,202	37
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 10)	6,063	-	6,455	-
Investments accounted for using the equity method (Notes 4 and 11)	332,461	3	157,469	2
Property, plant and equipment (Notes 4, 12, 17, 28 and 32)	4,873,104	48	4,851,851	52
Right-of-use assets (Notes 4 and 13)	10,356	-	10,144	-
Investment properties (Notes 4, 14 and 32)	175,260	2	187,789	2
Other intangible assets (Notes 4 and 15)	4,254	-	1,436	-
Deferred tax assets (Notes 4 and 24)	223,392	2	220,050	2
Other non-current assets (Notes 16, 28 and 32)	885,283	9	426,115	5
Total non-current assets	6,510,173	64	5,861,309	63
TOTAL	$ 10,229,829	100	$ 9,370,511	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17, 28 and 32)	$ 598,972	6	$ 514,431	5
Short-term bills payable (Notes 17 and 32)	-	-	279,366	3
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	243	-	1,464	-
Contract liabilities (Notes 4, 23 and 31)	294,232	3	46,708	1
Accounts payable (Note 18)	1,001,106	10	616,254	7
Other payables (Notes 19 and 28)	327,686	3	223,330	2
Lease liabilities - current (Notes 4, 13 and 28)	9,178	-	8,658	-
Current portion of long-term borrowings (Notes 17, 28 and 32)	412,623	4	379,434	4
Other current liabilities	6,428	-	11,020	-
Total current liabilities	2,650,468	26	2,080,665	22
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 28 and 32)	2,140,785	21	2,516,435	27
Provisions (Note 4)	14,695	-	12,374	-
Deferred tax liabilities (Notes 4 and 24)	1,242	-	248	-
Lease liabilities - non-current (Notes 4, 13 and 28)	1,533	-	1,809	-
Preferred stock liabilities (Notes 4 and 21)	287,949	3	-	-
Guarantee deposits received (Note 28)	3,705	-	2,335	-
Total non-current liabilities	2,449,909	24	2,533,201	27
Total liabilities	5,100,377	50	4,613,866	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital	4,457,967	44	4,457,967	48
Capital surplus	800,321	8	1,154,811	12
Unappropriated earnings (accumulated deficits)	46,317	-	(681,541)	(7)
Other equity	(175,153)	(2)	(174,592)	(2)
Total equity attributable to owners of the company	5,129,452	50	4,756,645	51
TOTAL	$ 10,229,829	100	$ 9,370,511	100

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

TSEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 31)	$ 6,253,966	100	$ 4,702,866	100
OPERATING COSTS (Notes 9, 20 and 23)	5,852,878	93	4,218,263	90
GROSS PROFIT	401,088	7	484,603	10
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	(1,418)	-	(1,630)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	1,018	-	19	-
REALIZED GROSS PROFIT	400,688	7	482,992	10
OPERATING EXPENSES (Notes 20, 23 and 31)				
Selling and marketing	94,290	2	90,861	2
General and administrative	197,990	3	261,730	5
Research and development	44,555	1	47,685	1
Expected credit loss reversed (reversal of credit loss) (Note 8)	16,449	-	(2,534)	-
Total operating expenses	353,284	6	397,742	8
OTHER OPERATING INCOME AND EXPENSES (Notes 12 and 23)	1,386	-	(383,848)	(8)
GAIN (LOSS) FROM OPERATIONS	48,790	1	(298,598)	(6)
NON-OPERATING EXPENSES				
Finance costs (Note 23)	(79,125)	(1)	(115,379)	(2)
Share of profit or loss of subsidiaries and associates (Notes 4 and 11)	(5,386)	-	(2,628)	-
Interest income	1,162	-	636	-
Rental income (Note 31)	22,702	-	19,020	-
Other income (Note 31)	16,006	-	23,629	-
Loss on disposal of investments, net (Notes 4 and 11)	(975)	-	-	-
Foreign exchange gain, net (Note 23)	45,070	1	47,726	1
Gains or losses on financial assets (liabilities) at fair value through profit or loss	(4,233)	-	(1,397)	-
Total non-operating expenses	(4,779)	-	(28,393)	(1)

(Continued)

TSEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
GAIN (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 44,011	1	$ (326,991)	(7)
INCOME TAX BENEFIT (Notes 4 and 24)	2,306	-	41,141	1
NET INCOME (LOSS)	46,317	1	(285,850)	(6)
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)	(392)	-	1,243	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 22)	(211)	-	(399)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	42	-	80	-
Other comprehensive income for the year, net of income tax	(561)	-	924	-
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 45,756	1	$ (284,926)	(6)
EARNINGS (LOSS) PER SHARE (Note 25)				
Basic	$ 0.10		$ (0.74)	
Diluted	$ 0.10		$ (0.74)	

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, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

			Retained Earnings		Other Equity		
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments	Total Equity
BALANCE AT JANUARY 1, 2020	$ 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
Capital surplus used to offset accumulated deficits	-	(681,541)	-	681,541	-	-	-
Issuance of preferred stock for cash	-	327,051	-	-	-	-	327,051
Net loss for the year ended December 31, 2021	-	-	-	46,317	-	-	46,317
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	(169)	(392)	(561)
Total comprehensive loss for the year ended December 31, 2021	-	-	-	46,317	(169)	(392)	45,756
BALANCE AT DECEMBER 31, 2021	$ 4,457,967	$ 800,321	$ -	$ 46,317	$ (869)	$ (174,284)	$ 5,129,452

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

TSEC CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 44,011	$ (326,991)
Adjustments for:		
Depreciation	513,995	576,760
Amortization	1,499	1,803
Expected credit loss reversed (reversal of credit loss)	16,449	(2,534)
Net loss on fair value changes of financial instruments at fair value through profit or loss	4,233	1,397
Finance costs	79,125	115,379
Interest income	(1,162)	(636)
Shared-based payment expenses recognized	-	94,227
Share of loss (profit) of subsidiaries and associates	5,386	2,628
(Gain) loss on disposal of property, plant and equipment	(1,386)	2,196
Loss on disposal of associates	975	-
Impairment losses recognized on property, plant and equipment	-	381,652
Loss on inventories valuation and obsolescence	44,629	11,756
Unrealized gain on transactions with subsidiaries and associates	1,418	1,630
Realized gain on transactions with subsidiaries and associates	(1,018)	(19)
Net gain on foreign currency exchange	(326)	(1,737)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	54,552	(59,939)
Accounts receivable	(88,616)	(517,610)
Accounts receivable from related parties	65,497	(156,597)
Other receivables	(1,922)	(60)
Other receivables from related parties	39	62
Inventories	(810,158)	(337,802)
Other current assets	(90,074)	(121,630)
Contract liabilities	247,524	(37,937)
Accounts payable	387,315	232,903
Other payables	97,051	18,444
Provisions	2,321	4,530
Other current liabilities	(4,592)	4,969
Cash generated from (used in) operations	566,765	(113,156)
Interest received	1,378	420
Finance costs paid	(64,515)	(113,189)
Income tax refunded	53	3
Net cash generated from (used in) operating activities	503,681	(225,922)

(Continued)

TSEC CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	$ -	$ -
Net cash inflow on disposal of associates	-	-
Increase in investment in subsidiaries accounted for using the equity method	(182,276)	(22,984)
Net cash inflow on disposal of subsidiaries	312	-
Payments for property, plant and equipment (Note 28)	(826,262)	(338,031)
Proceeds from disposal of property, plant and equipment	1,769	9,758
Increase in refundable deposits	(126,047)	-
Decrease in refundable deposits	-	33,974
Decrease in other receivables	17,700	-
Payments for intangible assets	(4,317)	(192)
Increase in other financial assets - restricted assets	(17,634)	-
Decrease in other financial assets - restricted assets	-	149,149
Net cash used in investing activities	(1,136,755)	(168,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	88,673	-
Decrease in short-term borrowings	-	(202,453)
Increase in short-term bills payable	-	279,366
Decrease in short-term bills payable	(279,366)	-
Proceeds from long-term borrowings	131,942	1,946,880
Repayments of long-term borrowings	(474,403)	(2,140,681)
Proceeds from issuance of preferred stocks	615,000	-
Increase in guarantee deposits received	1,370	-
Repayments of the principal portion of lease liabilities	(14,697)	(16,989)
Proceeds from issuance of ordinary shares	-	1,722,924
Net cash generated from financing activities	68,519	1,589,047
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(3,517)	(1,017)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(568,072)	1,193,782
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,616,670	422,888
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,048,598	$ 1,616,670

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

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

1. GENERAL INFORMATION

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

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

The financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 14, 2022.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

g. Investments in associates

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

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

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

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

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent that interests in the associate are not related to the Company.

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

j. Intangible assets

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

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

m. Provisions

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

n. Revenue recognition

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

Revenue from the sale of goods

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

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

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

Power plant sales

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

Sale of electricity

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

o. Leases

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

1) The Company as lessor

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

2) The Company as lessee

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

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

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

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

p. Borrowing costs

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

r. Share-based payment arrangements - employee share options

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

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

s. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications/climate change and related government policies and regulations when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	$ 589	$ 649
Checking accounts and demand deposits	851,635	1,400,979
Cash equivalents		
Time deposits with original maturities of 3 months or less	196,374	215,042
	$ 1,048,598	$ 1,616,670

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

	December 31	
	2021	2020
Demand deposits	0.001%-0.05%	0.001%-0.50%
Time deposits with original maturities of 3 months or less	0.20%-0.82%	0.20%-0.82%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets - mandatorily at FVTPL		
Non-derivative financial assets		
Mutual funds	$ -	$ 60,006
Financial liabilities - held for trading		
Non-derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	$ 243	$ 1,464

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2021			
Buy	USD/NTD	2022.01.28	USD424/NTD11,813
	USD/NTD	2022.04.11	USD892/NTD24,759
	USD/NTD	2022.04.15	USD896/NTD24,925
December 31, 2020			
Buy	USD/NTD	2021.01.01-2021.01.20	USD347/NTD10,202
	USD/NTD	2021.02.01-2021.02.10	USD797/NTD23,422

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

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2021	**2020**
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 783,578	$ 737,430
Less: Allowance for impairment loss	(29,552)	(52,283)
	$ 754,026	$ 685,147
Account receivable - associates	$ 88,484	$ 153,981
Other receivables		
Tax rebate	$ 7,584	$ 7,804
Rent receivables	3,724	1,375
Receivables from disposal of investments (Note 11)	-	17,700
Others	1,110	2,218
	$ 12,418	$ 29,097

a. Accounts receivable

The average credit period of accounts receivable is 30-75 days. No interest is charged on accounts receivable. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

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

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

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.30%	-	-	100%	
Gross carrying amount	$ 844,789	$ -	$ -	$ 27,273	$ 872,062
Loss allowance (Lifetime ECLs)	(2,279)	-	-	(27,273)	(29,552)
Amortized cost	$ 842,510	$ -	$ -	$ -	$ 842,510

December 31, 2020

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.31%	4.72%	-	100%	
Gross carrying amount	$ 838,625	$ 2,755	$ -	$ 50,031	$ 891,411
Loss allowance (Lifetime ECLs)	(2,122)	(130)	-	(50,031)	(52,283)
Amortized cost	$ 836,503	$ 2,625	$ -	$ -	$ 839,128

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

	December 31	
	2021	2020
Balance, beginning of year	$ 52,283	$ 54,817
Add: Amounts recognized	16,449	-
Less: Amounts written off	(39,180)	-
Less: Net remeasurement of loss allowance	-	(2,534)
Balance, end of year	$ 29,552	$ 52,283

Refer to Note 30.d for details of the Company's concentration of credit risk of accounts receivable as of December 31, 2021 and 2020.

b. Other receivables

The Company adopted a policy of dealing only with creditworthy counterparties. The Company determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of December 31, 2021 and 2020, the Company assessed that the expected credit loss rate of other receivables was 0%.

9. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 1,080,885	$ 482,875
Finished goods	354,926	273,155
Work in process	136,329	50,581
	$ 1,572,140	$ 806,611

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $5,837,821 thousand and $4,198,982 thousand, respectively. The cost of goods sold included inventory write-downs of $44,629 thousand and $11,756, respectively.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	2020
Non-current		
Foreign investments		
Unlisted shares		
Preferred shares - SAGA Heavy Ion Medical Accelerator in Tosu	$ 6,063	$ 6,455
Domestic investments		
Unlisted shares		
Ordinary shares - Eversol Corporation	-	-
	$ 6,063	$ 6,455

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

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	$ 9,106	$ 43,217
Investments in associates	323,355	114,252
	$ 332,461	$ 157,469

a. Investments in subsidiaries

	December 31	
	2021	2020
Unlisted equity investments		
TSEC America, Inc.	$ 7,297	$ 7,540
Yunsheng Optoelectronics Corporation	477	477
Yunxing Optoelectronics Corporation	477	477
Houchang Energy Corporation	453	453
Changyang Optoelectronics Corporation	382	382
TSECPV (HK) Limited	20	-
Holdgood Energy Corporation	-	33,450
Houxin Energy Corporation	-	438
	$ 9,106	$ 43,217

Proportion of ownership of subsidiaries is as follows:

	December 31	
	2021	2020
TSEC America, Inc.	100.00%	100.00%
Yunsheng Optoelectronics Corporation	100.00%	100.00%
Yunxing Optoelectronics Corporation	100.00%	100.00%
Houchang Energy Corporation	100.00%	100.00%
Changyang Optoelectronics Corporation	80.00%	80.00%
TSECPV (HK) Limited	100.00%	-
Holdgood Energy Corporation	-	60.74%
Houxin Energy Corporation	-	100.00%

Refer to Table 4 of Note 36 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

On September 11, 2018, the Company resolved to liquidate and dissolve its subsidiary TSEC America, Inc. As of March 14, 2022, TSEC America, Inc. has yet to execute its liquidation process.

The Company and its ex-subsidiary Holdgood Energy Corporation jointly established Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation in 2020, all of which are engaged in electricity research and development, operations, sales and related consulting services of solar energy generation systems; and all have completed registration of the companies. The Company's shareholding ratio in each of the above-mentioned three companies was 50%. The Company invested $750 thousand, $450 thousand and $200 thousand to buy shareholdings of Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, respectively, from the ex-subsidiary Holdgood Energy Corporation and non-controlling interests. The Company's total shareholding ratios in the above-mentioned three companies were 80%, 100% and 100%, respectively.

On May 7, 2021, the Company resolved to dissolve and liquidate its subsidiaries Houxin Energy Corporation. As of December 31, 2021, the liquidation process had been completed and a gain of $312 thousand had been realized.

The Company established TSECPV (HK) Limited as new subsidiary to engage in electricity research and development, operations, sales and related consulting services of solar energy generation systems. The registration of the new company was completed in February 2021.

In March and June 2019, the Company subscribed for additional new shares of Holdgood Energy Development Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 60.74%. In December 2021, the Company subscribed for additional new shares of Holdgood Energy Development Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 45.49%, and lost control of Holdgood Energy Development Corporation, and reclassified the investment to investment in associate; refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2021 for details.

The share of profit or loss of subsidiaries accounted for using the equity method in 2021 and 2020 was recognized based on the subsidiaries' audited financial statements for the same years.

For changes in the shareholding ratios of partially owned subsidiaries, refer to Note 27; for the details on changes in investments accounted for using the equity method, refer to Statement 4.

b. Investments in associates

	December 31	
	2021	**2020**
Material associates		
Holdgood Energy Corporation	$ 216,939	$ -
Associates that are not individually material		
Yuan-Yu Solar Energy Co., Ltd.	106,416	114,252
	$ 323,355	$ 114,252

1) Material associates

Name of Associate	**Proportion of Ownership and Voting Rights December 31, 2021**
Holdgood Energy Corporation	45.49%

Refer to Note 36, Table 4 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

The Company uses equity method to account for the investments in the associates.

The financial information below was based on the associates' financial statements prepared under IFRSs and adjusted for equity-method accounting purpose.

Holdgood Energy Corporation

	December 31, 2021
Current assets	$ 155,577
Non-current assets	516,125
Current liabilities	$ (95,044)
Non-current liabilities	(99,766)
Equity	$ 476,892
Proportion of the Company's ownership	45.49%
Carrying amount	$ 216,939

	For the Year Ended December 31, 2021
Operating revenue	$ 20,246
Net gain for the year	3,526
Other comprehensive income (loss)	128
Total comprehensive income (loss) for the year	$ 3,654

2) Associates that are not individually material

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2021	2020
Yuan-Yu Solar Energy Co., Ltd.	20.00%	20.00%

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2021	2020
The Company's share of:		
Loss from continuing operations	$ (7,334)	$ (3,941)
Other comprehensive income	-	-
Total comprehensive loss for the year	$ (7,334)	$ (3,941)

Refer to Table 4 of Note 36 for the nature of activities, principal places of business and countries of incorporation of the associates. For details of investments accounted for using the equity method, refer to Table 4.

The share of profit or loss of the Company’s associate accounted for using the equity method, Holdgood Energy Development Corporation, for the year ended December 31, 2021 was based on the associate’s audited financial statements for the same year, and Yuan-Yu Solar Energy Co., Ltd. was based on the financial statements that have not been audited by accountants; the management considered that if the financial statements were audited by accountants, the adjustment amount will not have a significant impact on the financial statements. The share of profit or loss of the Company’s associate accounted for using the equity method for the year ended December 31, 2020 was based on the associate’s audited financial statements for the same year.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2021	**2020**
Land	$ 1,071,526	$ 1,071,526
Buildings	2,305,190	2,344,234
Machinery	1,387,558	1,391,106
Office equipment	483	1,423
Miscellaneous equipment	43,373	43,189
Construction in progress	64,974	373
	$ 4,873,104	$ 4,851,851

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2021	$ 1,071,526	$ 3,313,352	$ 3,134,230	$ 24,806	$ 249,551	$ 373	$ 7,793,838
Additions	-	56,833	327,029	-	15,835	108,676	508,373
Disposals	-	-	(224,397)	-	(1,453)	-	(225,850)
Reclassification	-	44,075	-	-	-	(44,075)	-
Balance at December 31, 2021	1,071,526	3,414,260	3,236,862	24,806	263,933	64,974	8,076,361
Accumulated depreciation and impairment							
Balance at January 1, 2021	-	969,118	1,743,124	23,383	206,362	-	2,941,987
Depreciation expense	-	139,952	330,194	940	15,651	-	486,737
Disposals	-	-	(224,014)	-	(1,453)	-	(225,467)
Balance at December 31, 2021	-	1,109,070	1,849,304	24,323	220,560	-	3,203,257
Carrying amount at December 31, 2021	$ 1,071,526	$ 2,305,190	$ 1,387,558	$ 483	$ 43,373	$ 64,974	$ 4,873,104
Cost							
Balance at January 1, 2020	$ 1,071,526	$ 3,602,084	$ 5,961,579	$ 25,123	$ 255,234	$ 2,104	$ 10,917,650
Additions	-	4,501	8,252	-	9,366	288	22,407
Disposals	-	-	(2,835,601)	(317)	(15,217)	-	(2,851,135)
Reclassification	-	1,851	-	-	168	(2,019)	-
Reclassified as investment properties	-	(295,084)	-	-	-	-	(295,084)
Balance at December 31, 2020	1,071,526	3,313,352	3,134,230	24,806	249,551	373	7,793,838
Accumulated depreciation and impairment							
Balance at January 1, 2020	-	928,047	3,793,685	22,725	202,667	-	4,947,124
Depreciation expense	-	138,004	392,807	975	17,539	-	549,325
Impairment loss	-	-	381,652	-	-	-	381,652
Disposals	-	-	(2,825,020)	(317)	(13,844)	-	(2,839,181)
Reclassified as investment properties	-	(96,933)	-	-	-	-	(96,933)
Balance at December 31, 2020	-	969,118	1,743,124	23,383	206,362	-	2,941,987
Carrying amount at December 31, 2020	$ 1,071,526	$ 2,344,234	$ 1,391,106	$ 1,423	$ 43,189	$ 373	$ 4,851,851

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

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

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

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

Refer to Notes 17 and 32 for the carrying amounts of property, plant and equipment pledged by the Company to secure borrowings.

Refer to Note 23.h for capitalized interest for the years ended December 31, 2021 and 2020.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Buildings	$ 9,516	$ 7,089
Transportation equipment	543	2,048
Machinery	297	1,007
	$ 10,356	$ 10,144

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 14,941	$ 11,817
Depreciation charge for right-of-use assets		
Buildings	$ 12,514	$ 13,888
Transportation equipment	1,505	2,037
Machinery	710	1,148
	$ 14,729	$ 17,073

b. Lease liabilities

	December 31	
	2021	**2020**
Carrying amount		
Current	$ 9,178	$ 8,658
Non-current	$ 1,533	$ 1,809

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2021	2020
Buildings	2.43%-2.78%	2.78%-2.94%
Transportation equipment	2.94%	2.78%-2.94%
Machinery	2.78%	2.78%-2.94%

c. Material leasing activities and terms

The Company leases certain buildings for the use of offices and employee dormitories with lease terms of 1 to 2 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms.

The Company leases transportation equipment with lease term of 3 years. The Company does not have bargain purchase options to acquire the transportation equipment at the end of the lease term.

The Company leases equipment for use in business with lease terms of 3 years. The Company does not have bargain purchase options to acquire the equipment at the end of the lease term.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases and low-value asset leases	$ 2,380	$ 896
Total cash outflow for leases	$ (17,478)	$ (18,431)

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

14. INVESTMENT PROPERTIES

	Buildings
Cost	
Balance at January 1, 2021 and December 31, 2021	$ 295,084
Accumulated depreciation	
Balance at January 1, 2021	107,295
Depreciation expenses	12,529
Balance at December 31, 2021	119,824
Carrying amount at December 31, 2021	$ 175,260

(Continued)

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

(Concluded)

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

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

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

As of December 31, 2021 and 2020, the maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2021	**2020**
Year 1	$ 22,230	$ 22,230
Year 2	3,705	22,230
Year 3	-	3,705
	$ 25,935	$ 48,165

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

The fair value as appraised was as follows:

	December 31	
	2021	**2020**
Fair value	$ 194,348	$ 203,521

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

There was no capitalized interest for the investment properties for the years ended December 31, 2021 and 2020.

15. OTHER INTANGIBLE ASSETS

	December 31	
	2021	2020
Carrying amount		
Computer software	$ 4,254	$ 1,436

	For the Year Ended December 31	
	2021	2020
Cost		
Balance at January 1	$ 47,378	$ 47,186
Additions	4,317	192
Balance at December 31	51,695	47,378
Accumulated amortization		
Balance at January 1	45,942	44,139
Amortization expense	1,499	1,803
Balance at December 31	47,441	45,942
Carrying amount at December 31	$ 4,254	$ 1,436

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

16. OTHER ASSETS

	December 31	
	2021	2020
Current		
Prepayments	$ 215,894	$ 130,542
Prepayments expenses	24,571	21,832
Other financial assets - restricted assets	501	4,183
Others	2,773	790
	$ 243,739	$ 157,347
Non-current		
Prepayments for equipment (capitalized interest included)	$ 604,211	$ 292,376
Other financial assets - restricted assets	101,002	79,716
Refundable deposits	180,070	54,023
	$ 885,283	$ 426,115

Other financial assets - restricted assets (current and non-current) were used as pledged deposits and reserve accounts for secured borrowings from performance guarantee and borrowings for purchases. As of December 31, 2021 and 2020, the interest rate range was 0.01%-0.82% and 0.02%-0.97%, respectively; refer to Note 32 for the details.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020
Bank credit loans	$ 598,972	$ 372,791
Bank mortgage loans	-	141,640
	$ 598,972	$ 514,431
Interest rate interval		
Bank credit loans	1.59%-2.25%	1.53%-2.70%
Bank mortgage loans	-	2.62%

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

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2021: None.

December 31, 2020

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
International Bills Finance Corporation	$ 30,000	$ 62	$ 29,938	2.10%	None
Mega Bills Finance Co., Ltd.	125,000	286	124,714	2.09%	Machinery
Taiwan Cooperative Bills Finance Corporation	125,000	286	124,714	2.09%	Machinery
	$ 280,000	$ 634	$ 279,366		

c. Long-term borrowings

	December 31	
	2021	**2020**
Secured borrowings		
Syndicated loans	$ 2,462,890	$ 2,715,870
Less: Syndicated borrowing administration fee	(14,439)	(19,075)
	2,448,451	2,696,795
Machinery financing	-	167,551
Bank mortgage loans	104,957	31,523
	2,553,408	2,895,869
Less: Current portion	(412,623)	(379,434)
Long-term borrowings	$ 2,140,785	$ 2,516,435

1) Syndicated loans

a) In September 2015, the Company signed a syndicated loan contract led by Chang Hwa Bank. The total loan amount was $2,070,000 thousand, and the loan period was extended to November 2020. As of December 31, 2021, the loan is restructured, please see ref b.

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

In August 2016, the Company signed a syndicated loan contract led by Taiwan Cooperative Bank. The total loan amount was $1,000,000 thousand, and the loan period was extended to February 2022. As of December 31, 2021, the loan is restructured, please see ref b.

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

b) In November 2020, the Company signed a syndicated loan contract led by Taiwan Cooperative Bank. The syndicated loan is mainly for the refinancing of the outstanding syndicated loans as described in a) above, and for supporting long term working capital needs. The total loan amount was $2,000,000 thousand, and the loan period is till November 2025. The first repayment is made 3 months after the date of initial drawdown (1st period), and subsequent repayments of the principal are made once every period (three months = 1 period), for a total of 20 periods. In the first to twelfth periods, 2% of the principal should be repaid, in the thirteenth to nineteenth periods, 4% of the principal should be repaid, and the remaining amount should be repaid in the last period. As of December 31, 2021 and 2020, the balance was $1,472,000 thousand and $1,600,000 thousand and the interest rate was 2.39% and 2.49%; as of December 31, 2020 the balance of short-term bills payable was $250,000 thousand and the interest rate was 2.09%.

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

c) In February 2018, the Company signed a syndicated loan contract led by Chang Hwa Bank. The syndicated loan is mainly used for financing the construction of the solar module factory and the purchase of equipment. The total loan amount was $1,250,000 thousand, and the loan period is till February 2023. The first repayment is made 24 months after the date of initial drawdown (1st period), and subsequent repayments of the principal are made once every period (six months = 1 period), for a total of 7 periods. In the first to fourth periods, 5% of the principal should be repaid, in the fifth and sixth periods, 10% of the principal should be repaid, and the remaining amount should be repaid in the last period. As of December 31, 2021 and 2020, the balance was $990,890 thousand and $1,115,870 thousand, respectively, and the interest rate was 2.30% and 2.50%.

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

The managing banks of the loan had sent document No. 1090075 to the Company, where it was agreed that the Company would be exempt from compliance with the financial commitments and the aforementioned required ratios for their 2020 semi-annual report, and no additional supplementary contract was signed.

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

	December 31	
	2021	**2020**
Interest rate interval	-	3.30%-4.93%

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

	December 31	
	2021	**2020**
Interest rate	1.35%-2.41%	2.50%

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

18. ACCOUNTS PAYABLE

	December 31	
	2021	2020
Accounts payable - operating	$ 1,001,106	$ 616,254

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

19. OTHER PAYABLES

	December 31	
	2021	2020
Current		
Other payables		
Payables for salaries or bonuses	$ 114,445	$ 87,571
Payables for transportation and customs clearance	48,388	33,898
Payables for purchases of equipment	40,320	31,729
Payables for sales tax	17,376	2,068
Payables for labor and health insurance	15,531	12,617
Payables for labor costs	7,030	7,776
Payables for environmental cost	1,135	6,844
Others	83,461	40,827
	$ 327,686	$ 223,330

20. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

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

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 27,181	$ 23,666
Operating expenses	5,476	5,360
	$ 32,657	$ 29,026

21. CONVERTIBLE PREFERRED STOCK

The Company issued 75,000 thousand shares of private cash capital increase proved by shareholders' meeting with a par value of $10, and the Company issued 25,895 thousand shares with $23.75 per share, which was resolved by Corporation's board of directors on November 18, 2021. The share capital has received $615,000 thousand, and finish registration. According to the issuance conditions of the preferred stock, split the preferred stock into preferred stock liability $287,949 thousand, and conversion option $327,051 thousand. The right and obligations of this private cash capital of preferred stock are as follow:

a. If there is a surplus in the end of year, in addition to pay the taxes, the Company shall be first offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit, the preferred stocks could receive share dividends in the fiscal year, preferentially.

b. The annual interest rate of dividends for Class A preferred shares is 2% which is calculated based on the issue price per share and paid in cash. The ex-dividend date of the preferred shares is authorized to be set by the board of directors. The number of dividends issued in the year or in the quarter and the number of dividends received in the year or in the quarter is calculated based on the actual number of days of issuance. If the Company's proposed distribution of dividends for common stock for the current year or current quarter exceeds the number of dividends on Class A preferred shares, holders of Class A preferred shares will be entitled to dividends.

c. The Company has discretionary power over Preferred Stock A dividends payout. If there is no profit or the profit is not sufficient for paying out dividends, the Company possesses rights to cancel the dividend payout without violating the agreement.

d. The preferred stock not only having share dividend above mention but also have the right to join the cash dividend distribution paid out of earnings and capital surplus.

e. The preferred stock has no expiration day. Preferred stock shareholders has no right to ask the company to o buy back Preferred Stock. The Company has rights to buy back all or part of the Preferred Stock as of three years after the issue date. The preferred stocks still outstanding will retain the aforementioned rights and obligations. If the Company pays out dividends in the year of buyback, the dividend amount will be prorated based on the outstanding days.

f. When distributing the Company's residual property, Preferred Stock shareholders. The distribution amount is limited to the multiple of the issue price and the number of outstanding shares at the time of distribution.

g. Preferred Stock is non-voting, except during the Preferred Stock shareholders' meetings and on the matters regarding the shareholders' rights and obligations.

h. The preferred stocks should not be converted within three years from the date of issuance. The shareholders of this preferred stocks might apply for part or all of the preferred stocks held by them during the conversion period. Preferred stocks are converted according to the ratio of one preferred share to one ordinary share (the conversion ratio is 1).After the preferred stocks are converted into ordinary shares, their rights and obligations are the same as those of ordinary shares. The distribution of dividends after conversion of other shares will be based on the actual number of issue days in the current year and the date of the whole year. Have the right to join the cash dividend distribution paid out of earnings and capital surplus, but may participate in the distribution of ordinary shares, distribution of stock surplus and capital reserve.

i. When the Company issues new stocks, Preferred Stock A shareholders and common stock shareholders have the same subscription right.

The company will not issue 49,105 thousand shares in the remaining period which is resolved by Board of director in March 7, 2022.

22. EQUITY

a. Share capital - ordinary shares

	December 31	
	2021	2020
Shares authorized (in thousands of shares)	700,000	700,000
Shares authorized (in thousands of dollars)	$ 7,000,000	$ 7,000,000
Shares issued and fully paid (in thousands of shares)	445,797	445,797
Shares issued and fully paid (in thousands of dollars)	$ 4,457,967	$ 4,457,967

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

Of the authorized capital, a total of 5,000 thousand shares should be reserved for employee share option certificates, which should be issued in batches in accordance with the resolution of the board of directors.

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

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 473,270	$ 1,055,124
Exercise of employee share options (Note 25)	-	48,657
May be used to offset a deficit only		
Expired employee share options	-	49,503
Others	-	1,527
May not be used for any purpose		
Preferred stock share options (Note 21)	327,051	-
	$ 800,321	$ 1,154,811

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

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

The movements in capital surplus for the years ended December 31, 2021 and 2020 are as follows:

	Capital Surplus	Employee Share Options	Preferred Stock Share Options	Other	Total
Balance at January 1, 2020	$ -	$ 3,933	$ -	$ 1,527	$ 5,460
Issuance of ordinary shares	1,103,781	(48,657)	-	-	1,055,124
Recognized as cost of employee share options	-	94,227	-	-	94,227
Balance at December 31, 2020	1,103,781	49,503	-	1,527	1,154,811
Offset accumulated deficits	(630,511)	(49,503)	-	(1,527)	(681,541)
Issuance of convertible preferred stock	-	-	327,051	-	327,051
Balance at December 31, 2021	$ 473,270	$ -	$ 327,051	$ -	$ 800,321

c. Retained earnings and dividend policy

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

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

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

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

The additional paid in capital of $681,541 thousand used to offset deficits in 2020 was approved in the shareholders' meeting on April 7, 2021.

The appropriations of earnings for 2021, which were proposed by the Company's board of directors on March 14, 2022, were as follows:

	Amount
Legal reserve	$ 4,632
Special reserve	41,685

The appropriation of earnings for 2021 will be resolved by the shareholders meeting to be held on June 2022.

d. Other equity items

1) Exchange differences on the translation of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (700)	$ (381)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(211)	(399)
Income tax relating to items that may be reclassified subsequently to profit or loss	42	80
Balance at December 31	$ (869)	$ (700)

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (173,892)	$ (175,135)
Recognized for the year		
Unrealized gain - equity instruments	(392)	1,243
Share from associates accounted for using the equity method	78	-
Empact of loss of subsidiary control	(78)	-
Balance at December 31	$ (174,284)	$ (173,892)

23. NET INCOME (LOSS)

a. Operating revenue

1) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts receivable (Note 8)	$ 754,026	$ 685,147	$ 171,646
Accounts receivable from related parties (Note 31)	$ 88,484	$ 153,981	$ -
Contract liabilities			
Module sales	$ 294,232	$ 46,708	$ 84,645

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

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

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

	For the Year Ended December 31	
	2021	**2020**
From contract liabilities at the beginning of the year		
Sale of goods	$ 35,817	$ 84,396

2) Details of revenue from contracts with customers

Refer to Statement 11 for further information about the details of revenue.

3) Partially completed contracts

	December 31	
	2021	**2020**
Module sales		
From January 1, 2021 to December 31, 2021	$ -	$ 46,708
From January 1, 2022 to December 31, 2022	294,232	-
	$294,232	$ 46,708

b. Other operating income and expenses

	For the Year Ended December 31	
	2021	**2020**
Gain (loss) on disposal of property, plant and equipment	$ 1,386	$ (2,196)
Impairment loss of property, plant and equipment	-	(381,652)
	$ 1,386	$ (383,848)

c. Depreciation and amortization expenses

	For the Year Ended December 31	
	2021	**2020**
Property, plant and equipment	$ 486,737	$ 549,325
Right-of-use assets	14,729	17,073
Investment properties	12,529	10,362
Intangible assets	1,499	1,803
	$ 515,494	$ 578,563
An analysis of depreciation by function		
Operating costs	$ 483,177	$ 544,238
Operating expenses	30,818	32,522
	$ 513,995	$ 576,760

(Continued)

	For the Year Ended December 31	
	2021	2020
An analysis of amortization by function		
Operating costs	$ 187	$ 262
Selling and marketing expenses	29	4
General and administrative expenses	1,282	1,535
Research and development expenses	1	2
	$ 1,499	$ 1,803

(Concluded)

d. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2021	2020
Generating rental income		
Depreciation expense	$ 12,529	$ 10,362
Tax expense	359	322
	$ 12,888	$ 10,684

e. Employee benefit expenses

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plans (Note 20)	$ 32,657	$ 29,026
Share-based payments (Note 26)	-	94,227
Payroll expenses	758,296	639,641
Labor and health insurance expenses	78,817	62,780
Remuneration of directors and supervisors	11,546	6,155
Other employee benefits	69,486	54,063
Total employee benefit expenses	$ 950,802	$ 885,892
An analysis of employee benefit expense by function		
Operating costs	$ 773,936	$ 648,376
Operating expenses	176,866	237,516
	$ 950,802	$ 885,892

f. Compensation of employees and remuneration of directors and supervisors

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

The Company did not estimate compensation of employees and remuneration of directors for the years ended December 31, 2021 because the Company suffered a net loss before income tax for those years.

The compensation of employees and remuneration of directors for the year ended December 31, 2021, which were approved in the board of directors' meeting held on March 14, 2022, were as follows:

Accrual rate

	For the Year Ended December 31, 2021
Compensation of employees	5%
Remuneration of directors and supervisors	3%

Amount

	For the Year Ended December 31, 2021
Compensation of employees	$ 2,392
Remuneration of directors and supervisors	$ 1,440

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign currency exchange gains	$ 65,100	$ 107,745
Foreign currency exchange losses	(20,030)	(60,019)
Net gain	$ 45,070	$ 47,726

h. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest expense	$ 83,319	$ 90,643
Finance costs	9,394	25,973
Interest on lease liabilities	401	546
Others	983	672
Less: Capitalized interest	(14,972)	(2,455)
	$ 79,125	$ 115,379

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2021	2020
Capitalized interest	$ 14,972	$ 2,455
Capitalization rate	2.48%	2.43%

24. INCOME TAXES

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

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year	$ (2,306)	$ (41,141)
Income tax benefit recognized in profit or loss	$ (2,306)	$ (41,141)

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

	For the Year Ended December 31	
	2021	2020
Gain (loss) before tax from continuing operations	$ 44,011	$ (326,991)
Income tax expense calculated at the statutory rate	$ 8,802	$ (65,398)
Tax-exempt income		-
Nondeductible expenses in determining taxable income	1,108	9,633
Realized deductible temporary differences	(12,197)	-
Unrecognized loss carryforwards	-	16,241
Adjustments for prior years' deferred income tax	(19)	(1,617)
Income tax benefit recognized in profit or loss	$ (2,306)	$ (41,141)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 42	$ 80

c. Current tax assets

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ 55	$ 108

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Loss carryforwards	$ 179,589	$ 945	$ -	$ 180,534
Impairment loss of property, plant and equipment	8,643	8,926	-	17,569
Allowance for bad debts	15,322	(2,585)	-	12,737
Allowance for inventory valuation losses	4,542	13	-	4,555
Loss on investments in subsidiaries and associates accounted for using the equity method	8,675	(4,508)	-	4,167
Refund liabilities	2,475	464	-	2,939
Unrealized gain on transactions with associates	336	289	-	625
Unrealized loss on financial instruments	175	-	42	217
Exchange differences on the translation of the financial statements of foreign operations	293	(244)	-	49
	$ 220,050	$ 3,300	$ 42	$ 223,392

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized foreign exchange gain	$ 248	$ 994	$ -	$ 1,242

For the year ended December 31, 2020

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Loss carryforwards	$ 67,234	$ 112,355	$ -	$ 179,589
Impairment loss of property, plant and equipment	90,800	(75,478)	-	15,322
Allowance for bad debts	10,511	(1,836)	-	8,675
Allowance for inventory valuation losses	6,292	2,351	-	8,643
Loss on investments in subsidiaries and associates accounted for using the equity method	4,535	7	-	4,542
Refund liabilities	1,569	906	-	2,475
Unrealized gain on transactions with associates	14	322	-	336
Unrealized loss on financial instruments	-	293	-	293
Exchange differences on the translation of the financial statements of foreign operations	95	-	80	175
	$ 181,050	$ 38,920	$ 80	$ 220,050

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

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

	December 31	
	2021	2020
Loss carryforwards	$ 2,374,711	$ 2,795,711
Deductible temporary differences		
Impairment loss of financial assets	$ 1,705	$ 1,705

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2021 comprised:

Unused Amount	Expiry Year
$ 139,070	2022
133,526	2027
238,290	2028
89,609	2029
126,960	2030
$ 727,455	

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

	December 31	
	2021	2020
Loss carryforwards		
Expiry in 2027	$ 92,062	$ 104,293
Expiry in 2028	238,290	238,290
Expiry in 2029	89,609	89,609
Expiry in 2030	126,960	126,950
	$ 546,921	$ 559,142

g. Income tax assessments

The Company's income tax returns through 2019 have been assessed by the tax authorities.

25. EARNINGS (LOSS) PER SHARE

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

Net Earnings (Loss) for the Year

	For the Year Ended December 31	
	2021	2020
Earnings (loss) used in the computation of basic and diluted loss per share	$ 46,317	$ (285,850)

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	445,797	384,491
Effect of potentially dilutive ordinary shares		
Employee share options	58	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	445,855	384,491

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

As of December 31, 2021, the Company's outstanding preferred shares were not included in the calculation of weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share, because the preferred stocks were not yet convertible to ordinary shares.

26. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

	Grant Date
	December 2, 2021
Fair value of options	$14.11 per share
Exercise price	$25.80 per share
Expected life	11 days
Share price volatility rate	78.79%
Risk-free interest rate	0.1918%

27. PARTIALLY OWNED SUBSIDIARIES - NOT AFFECTING CONTROL

On March 20, 2020, and June 1, 2020, the Company subscribed for additional new shares of Holdgood Energy Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest from 66.67% to 61.67% and from 61.67% to 60.74%, respectively. In December 2021, the Company subscribed for additional new shares of Holdgood Energy Corporation at percentage different from its existing ownership percentage, which reduced its continuing interest from 60.74% to 45.49%, and lost control. The investment was accounted for as associate.

On April 23, 2020, the Company acquired 30% of the shares of the non-controlling interests of its subsidiary, Changyang Optoelectronics Corporation, which increased its continuing interest from 50% to 80%. On April 23, 2020, the Company acquired 50% of the shares of the non-controlling interests of its subsidiaries Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, which increased its continuing interest from 50% to 100%. Since the above-mentioned transactions did not change the Company's control over the subsidiaries, they are treated as equity transactions, refer to Note 28 of the Company's consolidated financial statements for the year ended December 31, 2021 for the details.

28. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2021 and 2020, the Company entered into the following non-cash investing and financing activities:

	For the Year Ended December 31	
	2021	2020
Cash paid for part of the cost of acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 508,373	$ 22,407
Net increase in prepayments for equipment	326,807	253,049
Net increase in payables for purchase of equipment	(8,591)	62,989
Effect of foreign currency exchange differences	(327)	(414)
Cash paid	$ 826,262	$ 338,031

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Balance as of January 1, 2021	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Long-term Borrowings - Current Portion	Non-cash Changes: Amortization of Interest Expenses	Non-cash Changes: Effect of Foreign Currency Exchange Differences	Others	Balance as of December 31, 2021
Short-term borrowings	$ 514,431	$ 88,673	$ -	$ -	$ -	$ (4,132)	$ -	$ 598,972
Short-term bills payable	279,366	(279,366)	-	-	2,505	-	(2,505)	-
Long-term borrowings - current portion	379,434	(474,403)	-	507,592	-	-	-	412,623
Long-term borrowings	2,516,435	131,942	-	(507,592)	-	-	-	2,140,785
Guarantee deposits	2,335	1,370	-	-	-	-	-	3,705
Lease liabilities	10,467	(14,697)	14,941	-	401	-	(401)	10,711
Preferred stock liabilities	-	287,949	-	-	-	-	-	287,949
	$ 3,702,468	$ (258,532)	$ 14,941	$ -	$ 2,906	$ (4,132)	$ (2,906)	$ 3,454,745

For the year ended December 31, 2020

	Balance as of January 1, 2020	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Long-term Borrowings - Current Portion	Non-cash Changes: Amortization of Interest Expenses	Non-cash Changes: Effect of Foreign Currency Exchange Differences	Others	Balance as of December 31, 2020
Short-term borrowings	$ 725,148	$ (202,453)	$ -	$ -	$ -	$ (8,264)	$ -	$ 514,431
Short-term bills payable	-	279,366	-	-	614	-	(614)	279,366
Long-term borrowings - current portion	1,425,945	(2,140,681)	-	1,094,170	-	-	-	379,434
Long-term borrowings	1,663,725	1,946,880	-	(1,094,170)	-	-	-	2,516,435
Guarantee deposits	2,335	-	-	-	-	-	-	2,335
Lease liabilities	19,761	(16,989)	11,817	-	546	-	(4,668)	10,467
	$ 3,836,914	$ (133,877)	$ 11,817	$ -	$ 1,160	$ (8,264)	$ (5,282)	$ 3,702,468

29. CAPITAL MANAGEMENT

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

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

30. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2021

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTOCI				
Investments in equity instruments				
Overseas corporate unlisted shares	$ -	$ -	$ 6,063	$ 6,063
Financial liabilities at FVTPL				
Derivatives	$ -	$ 243	$ -	$ 243

December 31, 2020

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

There were no transfers between Levels 1 and 2 in 2021 and 2020.

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

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

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

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 6,455
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	(392)
Balance at December 31	$ 6,063
Recognized in other gains and losses - unrealized	$ (392)

For the year ended December 31, 2020

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

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

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

c. Categories of financial instruments

	December 31	
	2021	**2020**
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ -	$ 60,006
Financial assets at amortized cost (1)	2,177,711	2,615,248
Financial assets at FVTOCI		
Equity instruments	6,063	6,455
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	243	1,464
Financial liabilities at amortized cost (2)	4,619,480	4,422,813

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

Sensitivity analysis

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

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

	U.S. Dollar	
	USD:NTD	
	For the Year Ended December 31	
	2021	**2020**
Profit	$ 26,796	$ 23,468

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

b) Interest rate risk

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

	December 31	
	2021	**2020**
Fair value interest rate risk		
Financial liabilities	$ 298,660	$ 457,383
Cash flow interest rate risk		
Financial assets	1,148,855	1,690,992
Financial liabilities	3,152,380	3,242,750

Sensitivity analysis

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

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Company's pretax profit for the years ended December 31, 2021 and 2020 would have decreased/increased by $5,009 thousand and $3,879 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its long-term borrowings.

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

2) Credit risk

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

The Company's concentration of credit risk of 66.31% and 67.86% in total trade receivables as of December 31, 2021 and 2020, respectively, was related to the Company's ten largest customers.

3) Liquidity risk

The Company managed and maintained sufficient cash and cash equivalents to support the operations of the Company and mitigate the impact of fluctuations in cash flows with long-term borrowings of $131,942 thousand and $1,946,880 thousand in 2021 and 2020, respectively, and increased capital by $615,000 thousand and $1,722,924 thousand, respectively. The Company's management supervised the use of bank financing quotas and ensures compliance with the terms of the loan contract.

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

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

December 31, 2021

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 30,158	$ 328,287	$ 714,292	$ 2,288,536
Fixed interest rate liabilities	-	-	-	287,949
Non-interest bearing liabilities	375,409	361,469	442,273	-
Lease liabilities	1,238	2,475	5,335	1,544
	$ 406,805	$ 692,231	$ 1,161,900	$ 2,578,029

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5 -10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 9,048	$ 1,544	$ -	$ -	$ -

December 31, 2020

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 48,650	$ 422,321	$ 390,364	$ 2,617,523
Fixed interest rate liabilities	15,190	307,487	60,184	69,593
Non-interest bearing liabilities	230,259	304,150	198,736	-
Lease liabilities	1,287	2,575	4,817	1,830
	$ 295,386	$ 1,036,533	$ 654,101	$ 2,688,946

Additional information about the maturity analysis for lease liabilities:

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

b) Liquidity and interest rate risk for derivative financial liabilities

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

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Year
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 11,813	$ -	$ 49,684	$ -
Outflows	(11,895)	-	(49,845)	-
	$ (82)	$ -	$ (161)	$ -

December 31, 2020

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

c) Financing facilities

	December 31	
	2021	2020
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 854,949	$ 459,508
Amount unused	400,585	585,160
	$ 1,255,534	$ 1,044,668
Secured bank overdraft facilities:		
Amount used	$ 2,977,200	$ 2,145,645
Amount unused	771,600	424,734
	$ 3,748,800	$ 2,570,379

31. TRANSACTIONS WITH RELATED PARTIES

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

a. The Company's related parties

Related Party	Relationship with the Company
Holdgood Energy Corporation	Subsidiary before December 2021, associate after December 2021
Yuan-Yu Solar Energy Co., Ltd	Associate

b. Operating revenue

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2021**	**2020**
Sales	Associate - Yuan-Yu	$ 138,617	$ 214,100
	Associate - Holdgood	117,021	87,140
		$ 255,638	$ 301,240

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

c. Rental revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Rental revenue	Associate - Holdgood	$ 472	$ 495

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

d. Other revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Other revenue	Associate - Yuan-Yu	$ 1,540	$ 2,040
	Associate - Holdgood	773	-
		$ 2,313	$ 2,040

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

e. Accounts receivable - associates

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Accounts receivable - associates	Associate - Holdgood	$ 64,886	$ 79,375
	Associate - Yuan-Yu	23,598	74,606
		$ 88,484	$ 153,981

No collateral was received for outstanding accounts receivable - related parties. The Company provided allowance for bad debt of $16,053 thousand in 2021 because of the low possibility of receiving outstanding accounts receivable - related party Yuan-Yu Solar Energy Co., Ltd. No allowance for bad debt was required for accounts receivable - related parties as of December 31, 2020.

f. Other receivables

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Other receivables	Associate - Yuan-Yu	$ 120	$ 170
	Associate - Holdgood	76	65
		$ 196	$ 235

Receivables for general service fees and rent.

g. Contract liabilities

Line Item	Related Party Category/Name	For the Year Ended December 31 2021	2020
Contract liabilities	Associate - Yuan-Yu	$ 10,647	$ 37,645

h. Remuneration of key management personnel

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 33,485	$ 28,639
Post-employment benefits	432	523
	$ 33,917	$ 29,162

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31 2021	2020
Land	$ 1,071,526	$ 1,071,526
Buildings	233,878	2,059,157
Machinery	494,300	1,035,348
Investment properties	149,155	157,717
Other financial assets - restricted assets (recognized as other current and non-current assets)	101,503	83,899
	$ 2,050,362	$ 4,407,647

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2021 and 2020, significant commitments of the Company were as follows:

a. Commitments for construction contracts

	December 31 2021	2020
Purchased	$ 60,255	$ 745,947
To be purchased in the future	374,895	85,435
	$ 435,150	$ 831,382

b. Commitments for material purchasing contracts

	December 31	
	2021	2020
Purchased	$ 440,117	$ 745,947
To be purchased in the future	1,276,532	1,189,366
	$ 1,716,649	$ 1,935,313

c. Commitments for equipment purchasing contracts

	December 31	
	2021	2020
Purchased	$ 647,154	$ 501,538
To be purchased in the future	383,884	578,348
	$ 1,031,038	$ 1,079,886

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

None.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 20,668	27.68 (USD:NTD)	$ 572,090
Non-monetary items			
USD	264	27.68 (USD:NTD)	7,298
JPY	25,210	0.2405 (JPY:NTD)	6,063
Financial liabilities			
Monetary items			
USD	40,029	27.68 (USD:NTD)	1,108,003

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,918	28.48 (USD:NTD)	$ 310,945
Non-monetary items			
USD	265	28.48 (USD:NTD)	7,540
JPY	23,364	0.2763 (JPY:NTD)	6,455
Financial liabilities			
Monetary items			
USD	27,398	28.48 (USD:NTD)	780,295

The significant unrealized foreign exchange gains were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Gains	Exchange Rate	Unrealized Foreign Exchange Gains
USD	28.0090 (USD:NTD)	$ 5,421	29.5490 (USD:NTD)	$ 2,830

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: Table 1 (attached)

3) Marketable securities held (excluding investments in subsidiaries): Table 2 (attached)

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

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 3 (attached)

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

9) Trading in derivative instruments: Notes 7 and 30

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

b. Information on investments in mainland China: None

c. Information of major shareholders: Table 5 (attached)

TSEC CORPORATION

GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Guarantor	Guarantee		Limit on Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Guaranteed During the Period (Note 4)	Outstanding Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount Guaranteed by Collateral	Ratio of Accumulated Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Guarantee Limit (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries (Note 5)	Guarantee Given by Subsidiaries on Behalf of Parent (Note 5)	Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Relationship (Note 1)											
0	TSEC Corporation (the “Company”)	Yuan-Yu Solar Energy Co., Ltd.	Associate	$ 214,100	$ 120,000	$ 120,000	$ -	$ 120,000	2.34	$ 214,100	N	N	N	

Note 1: Associates in which the Company holds 20% of ordinary shares directly.

Note 2: As for the amount of the Company's endorsement/guarantee provided to a single enterprise due to business dealings, the upper limit of the endorsement/guarantee provided shall be the same as the amount of the Company's purchases from or sales to said enterprises, whichever is higher, in the most recent year or the year before the endorsement/guarantee is provided.

Note 3: It is calculated according to the financial data of the company providing the endorsements/guarantees.

Note 4: The maximum balance of endorsements/guarantees for the current period and the balance of endorsement/guarantee, end of period, are the amounts approved by the board of directors.

Note 5: “Y” shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to subsidiary; endorsement/guarantee by subsidiary to the publicly listed parent; endorsement/guarantee to entity in mainland china

<u>**TABLE 2**</u>

TSEC CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
TSEC Corporation (the "Company")	<u>Foreign unlisted preferred shares</u>							
	SAGA Heavy Ion Medical Accelerator in Tosu	-	Financial assets at fair value through other comprehensive income (FVTOCI)	350	$ 6,063	-	$ 6,063	Note 1
	<u>Domestic unlisted ordinary shares</u>							
	Eversol Corporation	-	Financial assets at fair value through other comprehensive income (FVTOCI)	62,591	-	2.23	-	-

Note 1: The fair value of foreign unlisted corporate equity investments are estimated using the market approach with reference to the net value of the investee company in its most recent financial statements of the invested company and based on the evaluation of similar companies and the operations of the investee company.

Note 2: None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

TSEC CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Credit Period	Unit Price	Credit Period	Ending Balance	% of Total	
TSEC Corporation	Yun-Yu Solar Energy Co., Ltd.	Associate	Sale	$ 138,617	2.22	30-75 days	$ -	-	$ 23,598	2.8	Note
	Holdgood Energy Development Corporation	Ex-subsidiary	Sale	117,021	1.87	30-75 days	-	-	64,886	7.7	

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

TSEC CORPORATION

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		December 31, 2021			Net Income (Loss) of the Investee	Share of Profit	Other Items
				December 31, 2021	December 31, 2020	Number of Shares	%	Carrying Amount			
TSEC Corporation	TSEC AMERICA, INC.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of solar related products	$ 31,129 (US$ 1,000,000)	$ 31,129 (US$ 1,000,000)	100	100.00	$ 7,297	$ (32)	$ (32)	(Notes 1, 4 and 7)
	Yunsheng Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	477	-	-	(Notes 1 and 7)
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	477	-	-	(Notes 1 and 7)
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	453	-	-	(Notes 1 and 7)
	Changyang Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	400	400	40	80.00	382	-	-	(Notes 1 and 7)
	TSECPV (HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of solar related products	56 (US$ 2,000)	56 (US$ 2,000)	-	100.00	20	(36)	(36)	(Notes 1 and 7)
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	213,804	31,584	21,380	45.49	216,939	3,526	2,142	(Notes 1, and 2)
	Houxin Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	500	-	-	-	(126)	(126)	(Notes 1, 5 and 7)
	Yuan-Yu Solar Energy Co., Ltd.	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,000	120,000	12,000	20.00	106,416 (Note 6)	(33,481)	(7,334)	(Note 3)
Houxin Energy Corporation	Shouhou Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	100	-	-	-	-	-	(Notes 1, 5 and 7)
	Shuoda Energy Corporation)	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	100	-	-	-	-	-	(Notes 1, 5 and 7)
	Hsinchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	100	-	-	-	-	-	(Notes 1, 5 and 7)
Houchang Energy Corporation	Hengyong Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 7)
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 7)
	Yongli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 7)

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

Note 2: The investment gains and losses of the associates accounted for using the equity method are calculated based on the financial statements that have been audited.

Note 3: The share of profit or loss of associate accounted for using the equity method are calculated based on the financial statements that have not been audited. The management consider that if the financial statements are audited by accountants, the adjustment amount will not have a significant impact.

Note 4: The board of directors resolved to liquidate and dissolve the subsidiary TSEC America, Inc. on September 11, 2018. As of March 14, 2022, TSEC America, Inc. has not completed the liquidation procedures.

Note 5: The Company's Board of Directors resolved a decision on May 7, 2021 to liquidate and dissolve its subsidiaries Houxin, Shouhou, Shouda, and Hsinchang. As of March 14, 2022, the process for liquidating said companies had been completed.

Note 6: Carrying amount includes unrealized gross margin.

Note 7: Eliminated from the consolidated financial statements.

TABLE 5

TSEC CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.

TSEC CORPORATION

STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

TSEC CORPORATION

STATEMENT OF CASH
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Petty cash		$ 589
Checking accounts		657
Demand deposits		
NTD		582,296
USD	US$9,701 thousand @27.68	268,518
EUR	EUR5 thousand @31.32	164
Cash equivalents		
Time deposits		196,374
		$ 1,048,598

STATEMENT 2

TSEC CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related party	
Client A	$ 136,616
Client B	118,424
Client C	118,192
Client D	82,860
Client E	57,359
Client F	40,093
Others (Note)	230,034
	783,578
Less: Allowance for doubtful accounts	(29,552)
	$ 754,026
Related party	
Hou Gu Energy Development Corporation	$ 64,886
Yuan-Yu Solar Energy Co., Ltd.	23,598
	$ 88,484

Note: The amount from each individual client included under “others” does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Raw materials	$ 1,105,904	$ 1,080,885
Finished goods	416,389	354,926
Work in process	137,687	136,329
	1,659,980	$ 1,572,140
Less: Allowance for inventory valuation and obsolescence losses	(87,840)	
	$ 1,572,140	

TSEC CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2021		Increase in Investment (Note 1)		Decrease in Investment (Note 2)		Profit or Loss from Investments (Notes 3 and 4)	Exchange Differences from Translation of Financial Statements of Associates Accounted for Using the Equity Method	Unrealized Gain (Loss) on Investment in Equity Instruments	Deferred Realized (Unrealized) Gross Profit	Balance, December 31, 2021			Net Asset Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					Number of Shares	%	Amount		
Subsidiaries															
TSEC America, Inc.	100,000	$ 7,540	-	$ -	-	$ -	$ (32)	$ (211)	$ -	$ -	100,000	100.00	$ 7,290	$ 7,290	NA
Yunsheng Optoelectronics Corporation	50,000	477	-	-	-	-	-	-	-	-	50,000	100.00	477	477	NA
Yunxing Optoelectronics Corporation	50,000	477	-	-	-	-	-	-	-	-	50,000	100.00	477	477	NA
Houchang Energy Corporation	50,000	453	-	-	-	-	-	-	-	-	50,000	100.00	453	453	NA
Changyang Optoelectronics Corporation	40,000	382	-	-	-	-	-	-	-	-	40,000	80.00	382	382	NA
Holdgood Energy Corporation	3,158,350	33,450	18,222,000	182,220	(21,380,350)	(217,992)	2,142	-	78	102	-	-	-	-	NA
TSECPV(HK) LIMITED	-	-	-	56	-	-	(36)	-	-	-	-	100.00	20	20	NA
Houxin Energy Corporation	50,000	438	-	-	(50,000)	(312)	(126)	-	-	-	-	-	-	-	NA
Associates															
Holdgood Energy Corporation	-	-	21,380,350	216,939	-	-	-	-	-	-	21,380,350	45.49	216,939	216,939	NA
Yuan-Yu Solar Energy Co., Ltd.	12,000,000	119,775	-	-	-	-	(7,334)	-	78	(502)	12,000,000	20.00	114,252	108,500	NA
		$ 157,469		$ 399,215		$ (218,304)	$ (5,386)	$ (211)	$ 78	$ (400)			$ 334,545	$ 334,545	

Note 1: The increase in the Company’s investments in Holdgood Energy Corporation in the current year was the reinvestment of the deducted amount. The Company established TSECPV (HK) LIMITED as a new subsidiary

Note 2: The decrease in investments in Holdgood Energy Corporation in the current year was due to the investment at a percentage different from the existing percentage. Houxin Energy Corporation was dissolved and completed the liquidation process.

Note 3: The subsidiary and associate Holdgood Energy Corporation was recognized based on the audited financial statements.

Note 4: The associate Yuan-Yu Solar Energy Co., Ltd. was recognized based on unaudited financial statements.

STATEMENT 5

TSEC CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1	Increase During the Year (Note 1)	Decrease During the Year (Note 2)	Balance at December 31
Cost				
Buildings	$ 25,789	$ 14,941	$ 21,877	$ 18,853
Transportation equipment	3,768	-	1,157	2,611
Machinery	2,310	-	179	2,131
	$ 31,867	$ 14,941	$ 23,213	$ 23,595

Note 1: The increase in right-of-use assets was due to the new leases.

Note 2: The decrease in right-of-use assets was due to the leases that have expired or were terminated early.

STATEMENT 6

TSEC CORPORATION

STATEMENT OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1	Increase During the Year	Decrease During the Year (Note)	Balance at December 31
Accumulated depreciation				
Buildings	$ 18,700	$ 12,514	$ 21,877	$ 9,337
Transportation equipment	1,720	1,505	1,157	2,068
Machinery	1,303	710	179	1,834
	$ 21,723	$ 14,729	$ 23,213	$ 13,239

Note: For the reason for the decrease during the year, refer to statement 5 of Note 2.

STATEMENT 7

TSEC CORPORATION

STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Client F	$ 121,564
Client A	50,297
Client G	33,408
Client H	23,431
Others (Note)	65,532
	$ 294,232

Note: The amount of contract liabilities due to each individual under "others" does not exceed 5% of total account balance.

STATEMENT 8

TSEC CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor I	$ 228,658
Vendor J	119,191
Vendor K	87,560
Vendor L	80,742
Others (Note)	484,955
	$ 1,001,106

Note: The amount of accounts payable due to each individual vendor under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item category	Item	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Buildings	Office and staff dormitory	2018.1.1-2023.6.30	2.43-2.78	$ 9,848	
Machinery	R&D equipment	2019.6.1-2022.5.1	2.94	307	
Transportation equipment	Company car	2018.6.8-2022.6.7	2.78	556	
				$ 10,711	

TSEC CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Name	Creditor	Repayment Method	Annual Rate (%)	Amount Current Portion	Amount Non-current Portion	Collateral
Syndicated loan	Syndicated loan led by Taiwan Cooperative Bank	Note 1	2.49	$ 128,000	$ 1,472,000	Land, buildings and other financial assets - restricted assets
Syndicated loan	Syndicated loan led by Chang Hwa Commercial Bank	Note 2	2.50	124,085	991,785	Land, buildings and other financial assets - restricted assets
Less: Syndicated borrowing administration fee				(2,006)	(17,069)	
				250,079	2,446,716	
Loan for the financing of machinery	Yiho International Leasing Co., Ltd.	Term of contract is one and a half years from August 2019, repayment of principal and interest on a monthly basis	4.93	4,488	-	Machines
Loan for the financing of machinery	Shinshin Credit Corporation	Term of contract is one and a half years from December 2019, repayment of principal and interest on a monthly basis	3.80	11,697	-	Machines
Loan for the financing of machinery	IBT Leasing Co., Ltd.	Term of contract is one and a half years from June 2020, repayment of principal and interest on a monthly basis	4.00	8,661	758	Machines
Loan for the financing of machinery	Shinshin Credit Corporation	Term of contract is three years from July 2020, repayment of principal and interest on a monthly basis	3.96	14,762	28,154	Machines
Loan for the financing of machinery	Chailease Finance Co., Ltd.	Term of contract is three years from August 2020, repayment of principal and interest on a monthly basis	4.06	16,006	18,592	Machines
Loan for the financing of machinery	Hotai Finance Corporation	Term of contract is two and a half years from September 2020, repayment of principal and interest on a monthly basis	3.84	15,784	20,277	Machines
Loan for the financing of machinery	SinoPac Leasing Corporation	Term of contract is one and a half years from November 2020, repayment of principal and interest on a monthly basis	3.30	28,372	-	Machines
				99,770	67,781	
Bank mortgage loan	Taiwan Business Bank	Term of contract is two years from January 2020, repayment of principal and interest on a monthly basis	2.50	29,585	1,938	Machines
				$ 379,434	$ 2,516,435	

Note 1: The first repayment should be made after 3 months from November 16, 2020, and the repayment of the loan should be made once every period for a total of 20 periods, where 1 period is equivalent to 3 months. In the first to twelfth periods, 2% of the principal should be repaid every period, in the thirteenth to nineteenth periods, 4% of the principal should be repaid, and the remaining amount is to be repaid in full on the maturity date of the loan.

Note 2: The first repayment should be made after 24 months from February 23, 2018, and the repayment of the loan should be made once every period for a total of 7 periods, where 1 period is equivalent to 6 months. In the first to fourth periods, 5% of the principal should be repaid every period, in the fifth and sixth periods, 10% of the principal should be repaid, and the remaining amount is to be repaid in full on the maturity date of the loan.

STATEMENT 11

TSEC CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Sales revenue		
Total sales revenue	Solar module sales	$ 6,235,331
	Power plant sales	115,125
	Sale of electricity	7,702
		6,358,158
Less: Sales returns and allowances		(104,192)
Operating revenue		$ 6,253,966

TSEC CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material cost	
Balance, beginning of year	$ 503,168
Raw materials purchased	4,914,343
Raw materials, end of year	1,105,904
Transferred to manufacturing expenses	359,475
Transferred to operating expenses	6,674
	3,945,458
Direct labor	643,794
Manufacturing expenses	1,383,875
Manufacturing cost	5,973,127
Work in process, beginning of year	54,773
Work in process, end of year	137,687
Cost of finished goods	5,890,213
Finished goods, beginning of year	291,881
Allowance for inventory valuation loss	44,629
Finished goods, end of year	416,389
Transferred to manufacturing expenses	49,255
Transferred to operating expenses	533
Transferred to power plant cost	24,530
	5,736,016
Module cost transferred to power plant cost	24,530
Power plant engineering cost	77,275
	101,805
Cost of sale of electricity	15,057
	$ 5,852,878

TSEC CORPORATION

STATEMENT OF MANUFACTURING EXPENSES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation expense	$ 483,177
Indirect material cost	212,865
Hydroelectric gas fees	152,928
Employees' wages	147,159
Consumables	130,142
Others (Note)	257,604
	$ 1,383,875

Note: The amount of each item under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF OPERATING EXPENSES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss Reversed	Total
Employees' wages	$ 33,704	$ 123,871	$ 19,291	$ -	$ 176,866
Depreciation expense	5,136	22,596	3,086	-	30,818
Delivery fee	34,768	10	151	-	34,929
Gain on recovery of bad debt	-	-	-	16,449	16,449
Others (Note)	20,682	51,513	22,027	-	94,222
	$ 94,290	$ 197,990	$ 44,555	$ 16,449	$ 353,284

Note: The amount of each item under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF EMPLOYEES' BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost (Note)						
Share-based payments	$ -	$ -	$ -	$ -	$ 94,227	$ 94,227
Payroll expenses	624,849	133,447	758,296	526,179	113,462	639,641
Labor and health insurance expenses	66,079	12,738	78,817	52,037	10,743	62,780
Pension	27,181	5,476	32,657	23,666	5,360	29,026
Remuneration of directors and supervisors	-	11,546	11,546	-	6,155	6,155
Others	55,827	13,659	69,486	46,494	7,569	54,063
	$ 773,936	$ 176,866	$ 950,802	$ 648,376	$ 237,516	$ 885,892
Depreciation	$ 483,177	$ 30,818	$ 513,995	$ 544,238	$ 32,522	$ 576,760
Amortization	$ 187	$ 1,312	$ 1,499	$ 262	$ 1,541	$ 1,803

Note 1: As of December 31, 2021 and 2020, the Company had 1,410 and 1,160 employees, respectively. There were 5 non-employee directors for both years.

Note 2: a) Average labor costs for the years ended December 31, 2021 and 2020 were $669 thousand and $762 thousand, respectively.

b) Average salary and bonus for the years ended December 31, 2021 and 2020 were $540 thousand and $554 thousand, respectively.

Note 3: The average salary and bonus decreased by 2.53% year over year.

Note 4: The Company's compensation policies

Principles of the formulation of the Company's compensation policies

a) Employees' compensation: Employees' compensation mainly includes basic salary (including base salary and meal allowance), performance bonus, personal performance annual salary adjustment and year-end bonus, etc. Salaries are determined based on the market rate, job category, academic experience, professional knowledge and skills, and professional years of experience; salaries offered are better than the average market salary in the same industry.

b) Remuneration of managers is determined based on the Company's profitability and business strategy as well as the performance and contribution of the managers with reference to the market salary, and is reviewed by the compensation committee and submitted to the board of directors for approval.

c) Employees' bonuses: Bonuses are issued based on the Company's operating performance and the individual performance of the employees.

d) Annual salary adjustments: The Company conducts salary adjustments once a year to motivate the long-term development of employees, taking into consideration the overall economic environment, operating profit, employee performance appraisal results, with reference to the average market salary and overall salary adjustment situation of other companies in the same industry.

Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors, after offsetting accumulated deficits, if any.

TSEC Corporation

Chairman: Weiren Investment Limited

Representative: Liao, Kuo-Ron