Stock Code:6244

Motech Industries Inc.

2021 Annual Report

Issue Date: April 23, 2021

Information website: https://www.motech.com.tw/

I. Spokesperson of the Company

Name: Ting Wang

Title: Vice President & Chief Financial Officer

Tel: 886-2-2662-5093 / 886-6-505-0789

Deputy Spokesperson

Name: Susan Chu

Title: Manager of Financial Department

Tel: 886-2-2662-5093 / 886-6-505-0789

E-mail: ir@motech.com.tw

II. Address and Telephone Number of The Company

Headquarters

Address: 6F, No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City, Taiwan, R.O.C.

Tel: 886-2-2662-5093

Plant

Address: 6F, No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City, Taiwan, R.O.C.

Tel: 886-2-2662-5093

Branch

Address: No. 2, Dashun 9th Rd., Xinshi Dist., Tainan City, Taiwan, R.O.C.

Tel: 886-6-505-0789

III. Stock Transfer Agency

Name: ChinaTrust Commercial Bank, Transfer Agency Department

Address:5F,No. 83, Sec. 1,Chungqing S. Rd., Taipei City, Taiwan, R.O.C.

Tel: 886-2-6636-5566

Website: https://ecorp.chinatrust.com.tw/cts/en/index.jsp

IV. External Auditor

Name of Accounting Firm: KPMG Taiwan

Name of CPAs: Mr. Ming-Hung Huang , Ms. Mei-Yen Chen

Address: 68F, No. 7, Sec. 5, Hsinyi Rd., Taipei, Taiwan, R.O.C.

Tel: 886-2-8101-6666

Website: http://www.kpmg.com

V. Global Depositary Receipt (GDR) Agency :NA

VI. Company Website

http://www.motech.com.tw/

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I. Letter to Shareholders

To all shareholders:

Thank you all for your long-term support and encouragement.

Our streamline reforms turned our performance around and we saw positive gross profits in the first quarter of 2020 and were out of the red in the second quarter. With sequential improvement every quarter, the Company achieved profitability in 2020. We successfully expanded our domestic sales of modules in line with developments in Taiwan market. According to the statistics of the research company, InfoLink, Motech ranked among the top five companies in Taiwan in terms of module sales volume in 2020. In addition to proactive cooperation with system vendors, our hard work on high-efficient modules is also crucial to our success. Moreover, we deepened our commitment on downstream power station systems and channel our resources on niche products to post profits this year. Much appreciated to your support which allowed us to complete the reforms and deliver excellent results.

1. 2020 Operating Results

(1) Outcome of operating plans

(In Thousands of New Taiwan Dollars)

Items	2020	2019
Consolidated operating revenue	3,678,395	5,297,076
Consolidated gross profit (loss)	408,133	(133,921)
Consolidated operating income (loss)	(9,965)	(1,043,657)
Consolidated income (loss) before tax	125,340	(1,340,631)
Consolidated net income (loss)	111,942	(1,346,955)
Earnings per share (NT$)	0.31	(3.72)

(2) Implementation status of budget

The Company did not release financial forecasts in 2020; thus, it was not required to disclose the implementation status of budget.

(3) Financial position and profitability analysis

The Company generated consolidate revenues of NT$3,678 million in 2020, a decrease of 30.6% from NT$5,297 million in 2019. Gross profit amounted to NT$408 million, a significant increase from the gross loss of NT$134 million in 2019. Operating loss was NT$10 million, a huge decrease from NT$1,044 million in the previous year while the net income was NT$112 million, an significant increase from the net loss of NT$1,347 million in 2019, EPS of NT$0.31 was notably improved from EPS of- NT$3.72 in 2019. The results of two-year transformation were reflected in our operating performance. The Company was out of the red in 2020.

(4) Research and development:

The Company launched the next-generation N-type MoPower-360 cell with a maximum efficiency of 360W and module efficiency exceeding 21% which is above the industry average of 19.8%. The product has completed Taiwan's first Voluntary Product Certification (VPC) and passed the testing criteria of MOEA's Taiwan Excellent Photovoltaic Award. It employs TOPCon cell materials and component features which improve power generation efficiency at dawn, dusk, and cloudy days where light is dim, making it a suitable product for Taiwan's high temperature and high rainfall climate. The savings on area employed to generate the same amount of electricity is over 10%, allowing more efficient use of land on the densely populated island. The excellent generating efficiency will save the construction costs of power station by 6% to 8% or increase power revenue by at least 10%.

2. Overview of 2021 Business Plan

(1) Business policy

Besides channeling their efforts on the mass production of next-generation N-type MoPower-360 modules, the Cell and Module Divisions will enhance existing production lines and optimize capacities in line with external demand.

The Power System Division will continue to focus on rooftop models to seize business opportunities from major electricity consumers. In addition, it will apply its vast experience in rooftop system to the fishery and electricity symbiosis applications. PV systems with the Company's highly efficient modules mounted over the aquaculture ponds can generate a stable electricity income. The cross-industry alliance can expand the PV applications.

(2) Sales forecast and basis

Due to COVID-19, several countries or regions adopted lockdown measures or temporary restriction on economic activities in 2020. The global supply chain thus suffered numerous negative impacts. IHS statistics showed a solar installed capacity of 118GW in 2020, a decline of 5% compared to 2019. We expect a significant rebound in solar demand in 2021. With the general market consensus that the pandemic can be contained, plus governments' support on green energy and the leading development in solar energy storage, the grid-connected capacity is projected to be 158GW in 2021, a surge of 34% compared to 2020.

(3) Key production and sales policies

A. Production policies:

Besides continuously enhancing the conversion efficiency of the products, we will further expand the production scale of high efficiency cells and the scope of advanced process, focus on quality improvement and production cost reduction as well as concentrating on the development and applications of high efficiency products to maintain our leading position in the industry.

B. Sales policies:

We will continue to maintain long-term cooperation with customers and provide quality products and services aligned with demand of customers and markets. Besides increasing our market share in Taiwan, we continue to expand our presence in Europe, China and Japan as well as emerging regions to initiate diverse sales mix.

We also measure customer satisfaction periodically to enhance and create maximum value for customers.

3. Strategies for Future Developments

(1) Short-term Strategies

A. Improve the conversion efficiency, yield and quality of cells and modules

B. Lower procurement and production costs

C. Offer diverse product mixes to satisfy customer demand

D. Improve product marketing and sales potential and aggressively explore new markets

E. Streamline management to enhance business management performance

F. Utilize idle assets

G. Decrease leverage

H. Smoothen vertical integration within the Group

I. Start on fishery and electricity symbiosis applications in line with the government's energy policies

(2) Medium and Long-term Strategies

A. Enhance the technical level of solar cell/module production

B. Expand our presence in the power system market worldwide through strategic alliances and develop new applications

C. Fulfill our corporate social responsibility and pursue sustainability

D. Proactively explore new businesses on our own or through strategic joint ventures, and adopt diversification to mitigate operating risks

4. Impacts from External Competitions, Regulatory Compliance and Macro-environment

Taiwan's incremental PV installed capacity shrank to only 1.2GW in 2020 as a result of COVID-19, insufficient feeder lines, delayed installation progress and restrictions imposed by the Council of Agriculture on farmland. It was the first decline in the PV history, down 15% year-over-year. Looking forward to the 2021 PV market in Taiwan, the Ministry of Economic Affairs (MOEA) announced a target of 8.75GW in cumulative installed capacity for the year. The government has numerous measures ready to meet the challenge, including subsidies to special projects via feed-in tariffs markup, increased capacity installation obligations of certain companies through the major electricity consumer clause and cross-departmental collaboration on inventorying the available land or space for PV system installation, including the roofs of industrial, public and agricultural facilities as well as polluted land and parking lots of harbors. Furthermore, the focus will be on the promotion of "fishery and electricity symbiosis" this year. The project adds value to the aquaculture industry and assists the traditional fishery with transformation, aiming to develop diverse purposes for PV in Taiwan. In general, the solar market in Taiwan will grow alongside the global solar market in 2021.

Sincerely yours,

Chairman Yung-Hui Tseng

II. Company Profile

1. **Date of Incorporation**

   Motech Industries Inc.: June 3, 1981

   Motech Industries Inc., Science Park Branch: June 24, 1999

2. **Company History**

1981	-	Officially established in June with an authorized capital of NT$2,000,000. Mainly engaged in the production and selling of digital multimeters (DMM).
1988	-	Increased production equipment and raised capital to NT$10,000,000 through cash capital increase.
1990	-	Acquired factories and equipment and moved from Xinyi Road in Taipei City to ShenKeng in New Taipei City.
1991	-	Raised capital to NT$30,000,000 through cash capital increase.
1994	-	Increased research and development (R&D) equipment and raised capital to NT$39,600,000 through cash capital increase.
1998	-	Approved by the Science Park Bureau of National Science Council to set up factories in the Southern Taiwan Science Park.
	-	Raised capital to NT$125,784,450 through cash capital increase for the establishment of Solar Cell Division in the Science Park Branch.
1999	-	Expanded factories and acquired additional R&D equipment. Raised capital to NT$171,534,510 through cash capital increase and capitalization of earnings and capital surplus.
	-	The Science Park Branch obtained company license issued by the MOEA and became the first solar cell manufacturer in Taiwan.
2002	-	Raised capital to NT$267,851,310 through cash capital increase, and capitalization of earnings, employee bonuses and capital surplus.
2003	-	Officially listed on TPEx.
2005	-	Ranked among the top ten solar cell manufacturers worldwide.
2006	-	The second factory of the Science Park Branch was completed and in operation in the second half of the year.
	-	Raised capital to NT$1,440,402,690 through cash capital increase, and capitalization of earnings, employee bonuses and capital surplus.
2007	-	The first solar cell manufacturer in Taiwan to obtained certifications of both ISO14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System in Taiwan.
	-	Raised capital to NT$2,031,688,710 through cash capital increase.
2009	-	The full range of our solar cells passed the TUV Rheinland REACH-SVHC testing and obtained the certification.
2010	-	The world’s first solar cell to complete the carbon footprint verification.
	-	Xingda Power Plant of Taipower under construction contract won the Excellence Award of MOEA.

2011 - Xingda Power Plant of Taipower under construction contract won the Gold Quality Award of Executive Yuan.
- Joined the PV Cycle to fulfill the commitment of sustainability.
- Won the 14th Outstanding PV Product Award of Photonics Industry & Technology Development Association with the multicrystalline solar cells, IM156 B3.
- The first PV inverter manufacturer in Asia to obtain the certification for VDE-AR-N 4105 guideline with the PV inverters, PVMate 3300MS~4600MS models.

2014 - The first enterprise in the world to obtain the certification from British Standards Institution (BSI) for the corporate social responsibility report.
- Won the Golden Award for Large Technology and Electronics Manufacturing Enterprises of the Taiwan TOP 50 Corporate Sustainability Report Award.

2015 - Merged with Topcell Solar International Co., Ltd. and established the Motech Industries Inc., Taoyuan Branch. After the merger, the capital was raised NT$456,720,000 to NT$4,869,054,080.
- Established Motech (Xuzhou) Renewable Energy Co., Ltd. with a focus on solar cell business.
- Established Motech (Maanshan) Renewable Energy Co., Ltd. with a focus on solar cell and module business.

2016 - Established the joint venture, Teco-Motech Co., Ltd., with Teco Group to engage in the generation and selling of solar power of PV systems.

2017 - Established Motech Power One Co., Ltd., which specialized in the generation and selling of solar power.
- Raised capital to NT$5,401,439,080 through cash capital increase of NT$500,000,000.
- Won Bronze Award in the 26th Annual Enterprises Environmental Protection Award, the first solar cell manufacturer in Taiwan to receive the award.

2018 - Established Motech Power Alpha Co., Ltd., Motech Power Gamma Co., Ltd., and Motech Power Beta Co., Ltd. to engage in the generation and selling of solar power of PV systems.

2019 - Completed the "tunnel oxide passivated contact for high efficiency N-type silicon solar cells" project in cooperation with the Industrial Technology Research Institute (ITRI).
- Completed the green energy flagship industry-academia-research alliance project in collaboration with the Ministry of Science and Technology.
- Completed the certification of high-power 330W mono-crystalline modules, and the development of high-power 340W mono-crystalline modules and 335W double-glass modules.
- Completed the short-form merger with Taiwan Solar Module Manufacturing Corporation to enhance operational efficiency.
- Established Motech Power Zeta Co., Ltd. to engaged in the generation and selling of solar power of PV systems.
- Received the Taiwan Excellent PV Module Award of Bureau of Energy, MOEA.

2020 - Entered a three-year syndicated loan agreement with a consortium for an amount equivalent to NT$1.68 billion.

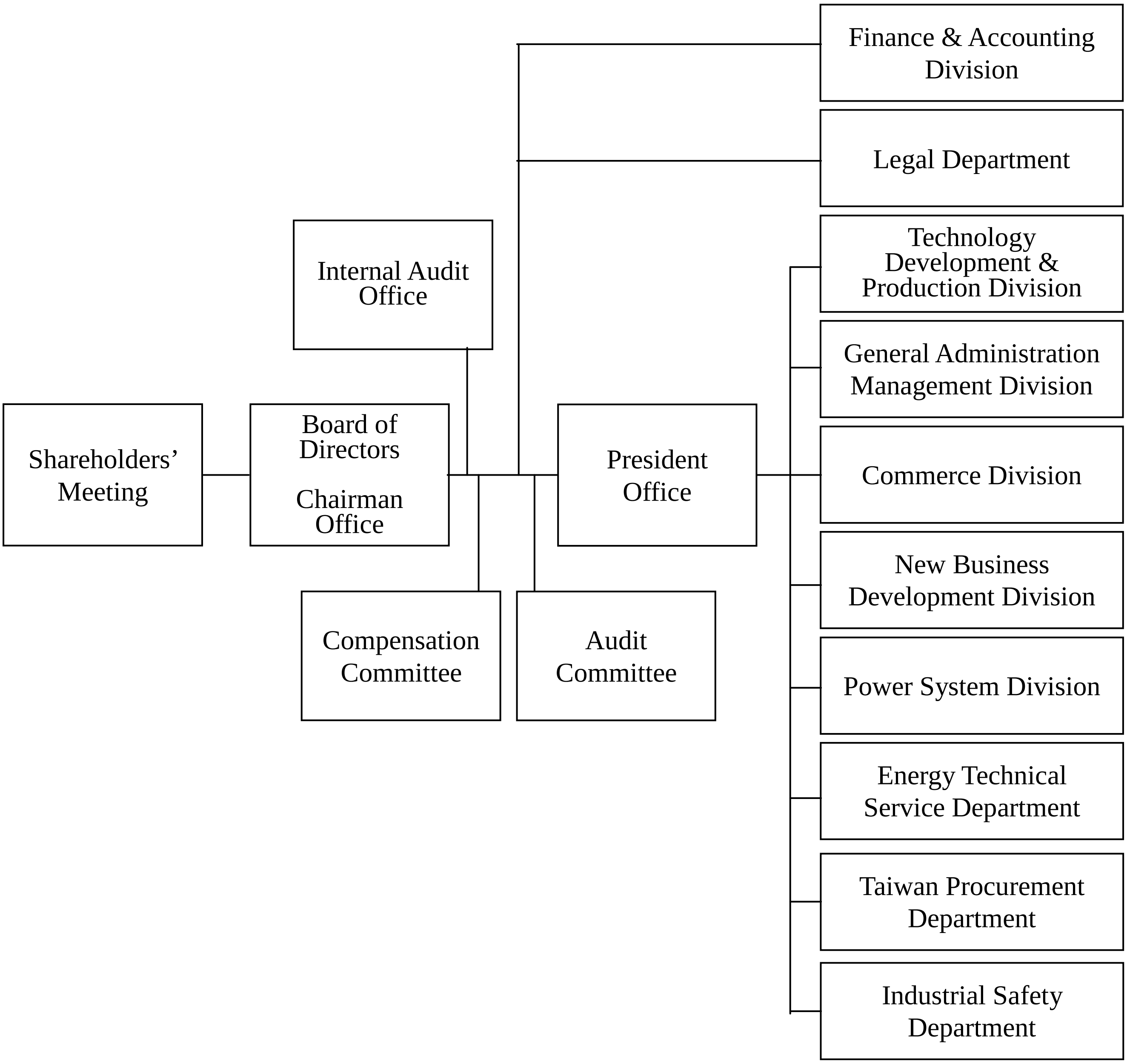
- Completed the short-form merger with Motech Energy System Co., Ltd. to enhance operational efficiency.
- Completed the liquidation of the subsidiary, Motech Japan, to streamline organizational structure.
- Completed the liquidation of the U.S. subsidiary, Motech Americas, LLC, to streamline organizational structure.
- Carried out capital reduction for loss compensation. Reduced capital to NT$ 3,550,418,750.
- Complete the sales of Motech Power Alpha Co., Ltd.
- Completed the development of ultra-high efficiency N-type TOPCon cells with ITRI. The MoPower-360 PV module had an efficiency exceeding 21%.
- Completed the certification of high-power 360W mono-crystalline modules and passed the tests of Taiwan Excellent PV Award.

III. Corporate Governance

1. Organization

(1) Organizational Structure

As of February 28, 2021



(2) Functions of each department

Departments	Functions
Chairman Office	- Establish the directions of corporate business development and operating objectives - Supervise the strategy planning and major operating decision-making
President Office	- Formulate and execute business strategies and objectives. - Integrate products and services to develop competitive business models - Drive and coordinate annual production and business plans
Internal Audit Office	- Perform audits and exception analyses on company-wide business, finance and operation and make recommendations for improvement
Finance & Accounting Division	- Responsible for operations associated with finance, accounting and tax, corporate governance and investor relations
Legal Department	- Legal affairs and management of intellectual property rights
Technology Development & Production Division	- Work management, production yield improvement, R&D project promotion, technology enhancement and training of technology department; formulation of operation planning and quality strategies, and quality assurance of raw materials and finished goods; manufacturing of solar cells and modules in Taiwan and China, and cross-departmental integration of resources for continuous improvement on manufacturing processes
General Administration Management Division	- Responsible for the human resource and organization developments, and public affair management in Taiwan - Integrated planning, maintenance and management of information, network and communication systems
Commerce Division	- Responsible for the sales of solar cells and modules
New Business Development Division	- Explore and assess new business opportunities. Boost operating momentum through mergers and acquisitions, joint ventures, investments, etc.
Power System Division	- Responsible for the sales of solar modules and enhancement of customer development and relationships. Gather market intelligence to formulate marketing strategies. Installation of PV panels and trouble shooting
Energy Technical Service Department	- Responsible for the after-sale service of inverters
Taiwan Procurement Department	- Management of procurement and import and export
Industrial Safety Department	- Integration management over safety, environmental protection and health of each factory

2. Directors, Independent Directors, President, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches

(1) Directors and Independent Directors

A. Directors and Independent Directors

As of April 19, 2021 (In Shares)

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Motech and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	Yung-Hui Tseng	Male	2019.06.17	3 years	2001.06.26	16,109,212	2.98%	10,582,717	2.98%	1,394,893	0.39%	0	0.00%	Master of Electronics Engineering, China Institute of Technology	Chairman of Cheng Fu-Tien Culture & Education Foundation	-	-	-	-
Director	Taiwan	Chih-Kaou Lee (Note 1)	Male	2019.06.17	3 years	2001.06.26	6,123,454	1.13%	4,022,716	1.13%	1,577,265	0.44%	0	0.00%	Bachelor in Physics, Tamkang University	President of Consumer Product Resources International Corp. Director of Motech's subsidiaries Director of C-Tech. United Corp. Director of inergy Technology Inc.	-	-	-	-
Director	Taiwan	George Huang (Note 2)	Male	2019.06.17	3 years	2007.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor in Communication Engineering, National Chiao Tung University	Director of Apacer Technology Inc. Director of Les enphants Co., Ltd. Independent Director of PChome Online Inc. Independent Director of Bionet Corp.	-	-	-	-
Director	Taiwan	Ming-Shiaw Lu (Note 3)	Male	2019.06.17	3 years	2007.06.13	3,927,062	0.73%	2,579,827	0.73%	2,160,813	0.61%	0	0.00%	Department of Mechanical Engineering, National Taipei Institute of Technology	Supervisor of Motech's subsidiaries Vice President of Yung Loong Engineering Corp. Director of Mildef Crete Inc. Director of inergy Technology Inc.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Motech and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	Cheng-Ching Wu	Male	2019.06.17	3 years	2002.06.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA, National Taiwan University	Chairman of China Bills Finance Corp. Director of C-Tech United Corp. Director of Jentech Precision Industrial Co., Ltd.	-	-	-	-
Independent Director	Taiwan	San-Boh Lee	Male	2019.06.17	3 years	2002.06.10	206,000	0.04%	135,328	0.04%	0	0.00%	0	0.00%	Ph.D. in Material Science and Engineering, University of Rochester, USA	Supervisor of the Alumni Association of the Dep. of Physics of Fu Jen Catholic University	-	-	-	-
Independent Director	Taiwan	Kin-Tsau Lee	Male	2019.06.17	3 years	2016.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Science in Management Studies, MIT Sloan School of Management	Independent Director of Ingentec Corp.	-	-	-	-

Note 1: Director, Chih-Kaou Lee, was appointed as Supervisor of the Company on June 26, 2001, and appointed as Director of the Company since June 13, 2016.
Note 2: Director, George Huang, was appointed as Supervisor of the Company on June 13, 2007, and appointed as Director of the Company since June 13, 2016.
Note 3: Director, Ming-Shiaw Lu, was appointed as Supervisor of the Company from June 13, 2007 to May 26, 2010, and appointed as Director of the Company on June 17, 2019.
Note 4: Where the Company's Chairman and President or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers).

B. Directors

As of April 19, 2021

Conditions / Name	Over Five Years of Work Experience and the Following Professional Qualifications			Independence Status (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who Has Passed a National Examination with a Certificate in a Profession Necessary for the Business of the Company	With Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
Yung-Hui Tseng			✓				✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Cheng-Ching Wu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
San-Boh Lee	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Ming-Shiaw Lu			✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Chih-Kaou Lee			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	None
George Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Kin-Tsau Lee			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: Please tick the corresponding boxes if directors or supervisors have met any of the following conditions during the two years prior to being elected or during the term of office:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a Director or Supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or nominee arrangement, in an aggregate amount of 1% or more of the Company’s total number of issued shares or ranks among the Company’s top ten shareholders.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of managerial officers in (1) or of any of the persons in (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company’s total number of issued shares, ranks among the Company’s top five shareholders, or appoints representatives to be the Company’s directors or supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

(6) Not a director, supervisor, or employee of a company whose majority of directorships or voting rights are controlled by a shareholder who also controls the majority of directorships or voting rights of the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

(7) Not a director, supervisor or employee of a company or institution whose chairman, president, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

(8) Not a director, supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

(9) Not a professional individual who, nor an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or its affiliates, or provides commerce, law, finance, accounting or related services to the Company or its affiliates with a cumulative compensation under NT$500,000 in the past two years, nor a spouse thereof. However, this requirement is not applicable where members of the Compensation Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.

(10) Not a spouse or a relative within the second degree of kinship to any other director of the Company.

(11) Not being a person of any conditions defined in Article 30 of the Company Act.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

(2) President, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches

As of April 19, 2021 (In Shares)

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Taiwan	Fred Yeh	Male	2009.11.09	331,170	0.09%	2,071	0.00%	0	0. 00%	EMBA, China Europe International Business School	Director of Motech's subsidiaries	-	-	-	-
Vice President & CFO	Taiwan	Ting-Chao Wang	Male	2019.12.16	0	0.00%	0	0.00%	0	0.00%	MBA, University of Maryland	Director of Motech's subsidiaries Independent Director of Subtron Technology Co., Ltd.	-	-	-	-
Vice President	Taiwan	Huan-Shun Lin	Male	2020.11.05	0	0.00%	0	0.00%	0	0.00%	Master of Resources Engineering, National Cheng Kung University		-	-	-	-
Senior Manager	Taiwan	Alan Wu	Male	2021.01.01	0	0.00%	0	0.00%	0	0.00%	MBA, National Chung Cheng University		-	-	-	-

Note 1: Where the Company’s President or personnel with equivalent position (chief manager) and Chairman are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers).

3. Remuneration Paid to Directors, Independent Directors, President and Vice Presidents in the Most Recent Year

(1) Remuneration paid to General Directors and Independent Directors

(In Thousands of New Taiwan Dollars; Thousands of Shares, %)

Title	Name	Remuneration to Directors								Total of A, B, C, and D as a % of Net Income		Compensation Earned by Being an Employee of Motech or Motech's Consolidated Entities								Total of A, B, C, D, E, F, and G as a % of Net Income		Compensation from Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Base Compensation, Bonus, and Allowances, etc. (E)		Severance Pay and Pensions (F)		Employee Compensation (G)						
		From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech		From All Consolidated Entities		From Motech	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Director	Yung-Hui Tseng Chih-Kaou Lee George Huang Ming-Shiaw Lu	10,385	10,385	-	-	815	815	388	388	10.54	10.54	-	-	-	-	-	-	-	-	10.54	10.54	106.8
Independent Director	Cheng-Ching Wu San-Boh Lee Kin-Tsau Lee	1,800	1,800	-	-	612	612	366	366	2.53	2.53	-	-	-	-	-	-	-	-	2.53	2.53	0

1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment:

   Remuneration to Independent Director is determined based on their involvement in and contributions to the Company's operation and takes into account future risks of the Company and the renumeration standard of the industry. It includes both the fixed compensation and allowance. In addition, remuneration to Directors would be made if the Company generates profits for the year, as stipulated in the Articles of Incorporation. The said remuneration to Independent Directors would be reviewed by the Compensation Committee and then submitted to the Board of Directors for resolution.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company to all consolidated entities (e.g., being a nonemployee consultant) in the most recent year: None.

(2) Remuneration paid to Directors and Independent Directors

Ranges	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities
Under NT$1,000,000	Cheng-Ching Wu, San-Boh Lee, Kin-Tsau Lee, Chih-Kaou Lee, George Huang, Ming-Shiaw Lu	Cheng-Ching Wu, San-Boh Lee, Kin-Tsau Lee, Chih-Kaou Lee, George Huang, Ming-Shiaw Lu	Cheng-Ching Wu, San-Boh Lee, Kin-Tsau Lee, Chih-Kaou Lee, George Huang, Ming-Shiaw Lu	Cheng-Ching Wu, San-Boh Lee, Kin-Tsau Lee, Chih-Kaou Lee, George Huang, Ming-Shiaw Lu
NT$1,000,000 ~ NT$1,999,999	-	-	-	-
NT$2,000,000 ~ NT$3,499,999	-	-	-	-
NT$3,500,000 ~ NT$4,999,999	-	-	-	-
NT$5,000,000 ~ NT$9,999,999	Yung-Hui Tseng	Yung-Hui Tseng	Yung-Hui Tseng	Yung-Hui Tseng
NT$10,000,000 ~ NT$14,999,999	-	-	-	-
NT$15,000,000 ~ NT$29,999,999	-	-	-	-
NT$30,000,000 ~ NT$49,999,999	-	-	-	-
NT$50,000,000 ~ NT$99,999,999	-	-	-	-
NT$100,000,000 and above	-	-	-	-
Total	7	7	7	7

(3) Compensation paid to President and Vice Presidents

(In Thousands of New Taiwan Dollars)

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance Pay and Pensions (B)</th><th colspan="2">Bonus and Allowance (C)</th><th colspan="4">Employee Compensation (D)</th><th colspan="2">Total of A, B, C, and D as a % of Net Income</th><th rowspan="3">Compensation from Non-Consolidated Affiliates or Parent Company</th></tr>
<tr><th rowspan="2">From Motech</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From Motech</th><th rowspan="2">From All Consolidated Entities</th><th rowspan="2">From Motech</th><th rowspan="2">From All Consolidated Entities</th><th colspan="2">From Motech</th><th colspan="2">From All Consolidated Entities</th><th rowspan="2">From Motech</th><th rowspan="2">From All Consolidated Entities</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President</td><td>Fred Yeh</td><td rowspan="5">8,937</td><td rowspan="5">8,937</td><td rowspan="5">302</td><td rowspan="5">302</td><td rowspan="5">3,698</td><td rowspan="5">3,698</td><td rowspan="5">538</td><td rowspan="5">0</td><td rowspan="5">538</td><td rowspan="5">0</td><td rowspan="5">12.25%</td><td rowspan="5">12.25%</td><td rowspan="5">-</td></tr>
<tr><td>Vice President & CFO</td><td>Ting-Chao Wang</td></tr>
<tr><td>Consultant (Note 1)</td><td>Chien-Chih Chen</td></tr>
<tr><td>Executive Assistant to the Chairman (Note 2)</td><td>Li-Fu Tsai</td></tr>
<tr><td>Vice President (Note 3)</td><td>Huan-Shun Lin</td></tr>
</table>

Note 1: Chien-Chih Chen resigned from the position of Consultant on January 31, 2020.
Note 2: Li-Fu Tsai resigned from the position of Executive Assistant to the Chairman on July 20, 2020.
Note 3: Huan-Shun Lin was newly appointed as the Vice President on November 5, 2020.
Note 4: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(4) Compensation paid to President and Vice President

Ranges	Names of President and Vice President	
	From Motech	From All Consolidated Entities
Under NT$1,000,000	Chien-Chih Chen (Note 1), Huan-Shun Lin (Note 3)	Chien-Chih Chen (Note 1), Huan-Shun Lin (Note 3)
NT$1,000,000 ~ NT$1,999,999	Li-Fu Tsai (Note 2)	Li-Fu Tsai (Note 2)
NT$2,000,000 ~ NT$3,499,999	-	-
NT$3,500,000 ~ NT$4,999,999	Ting-Chao Wang	Ting-Chao Wang
NT$5,000,000 ~ NT$9,999,999	Fred Yeh	Fred Yeh
NT$10,000,000 ~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
NT$100,000,000 and above	-	-
Total	5	5

Note 1: Chien-Chih Chen resigned from the position of Consultant on January 31, 2020.
Note 2: Li-Fu Tsai resigned from the position of Executive Assistant to the Chairman on July 20, 2020.
Note 3: Huan-Shun Lin was newly appointed as the Vice President on November 5, 2020.
Note 4: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(5) Employee compensation to Managers

(In Thousands of New Taiwan Dollars)

	Title	Name	Stock	Cash	Total	Total as a % of Net Income
Managers	President	Fred Yeh	0	538	538	0.49%
	Vice President & CFO	Ting-Chao Wang				
	Vice President	Huan-Shun Lin (Note 1)				

Note 1: Huan-Shun Lin was newly appointed as the Vice President on November 5, 2020.

Note 2: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(6) Analysis of remuneration and compensation paid to Directors, President and Vice Presidents by the Company and all consolidated entities in 2020 and 2019 as a percentage of net income in the parent company only financial statements and explanation on remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks are as follows:

A. Remuneration and compensation as a percentage of net income in the parent company only financial statements:

Title/Item	Remuneration and Compensation as a Percentage of Net Income			
	2019		2020	
	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities
Directors	-0.76%	-0.76%	13.06%	13.06%
President and Vice Presidents	-0.83%	-0.83%	12.25%	12.25%

B. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

(a) Remuneration policy, standards and composition

Remuneration to Directors is determined based on the Articles of Incorporation and includes remuneration and compensation to Directors as well as allowances. Compensation to the President and Vice President includes salaries, bonus and employee compensation. The amount is recommended by the Compensation Committee and submitted to the Board of Directors (the Board) for discussion and resolution.

(b) Procedures

Based on the Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than one percent of the balance and the remuneration to Directors shall not be higher than five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation. The aforementioned compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board. The distribution plan of compensation to employees and remuneration to the Directors shall be submitted to the shareholders' meeting.

In addition, allowance refers to the travel allowance for Directors' participation in the meetings of functional committees and the Board. Remuneration to Directors is determined based on the Methods for Performance Evaluation of the Board of Directors and takes into account the Directors' involvement in and contributions to the Company's operation. As for compensation to President and Vice President, the Compensation Committee would regularly assess the salaries and compensation policy, system, standards and structure and submit proposals to the Board for discussion.

(c) Correlation with operation performance and future risks

Besides remuneration standards in the industry, performance evaluation and compensation to Directors and managers also take into account the Company's business strategies, profitability, parties' involvement in the Company's operation, their experience, qualification and performance as well as the Company's future risk. The amount is highly correlated to these parties' responsibilities and overall performance.

4. Corporate Governance Implementation

(1) Operations of Board meetings

There were six (A) Board meetings convened in 2020. The attendance status of the Directors and Independent Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Chairman	Yung-Hui Tseng	6	0	100%	Re-elected on June 17, 2019
Director	Chih-Kaou Lee	6	0	100%	Re-elected on June 17, 2019
Director	George Huang	5	1	83%	Re-elected on June 17, 2019
Director	Ming-Shiaw Lu	6	0	100%	Newly-elected on June 17, 2019
Independent Director	Cheng-Ching Wu	6	0	100%	Re-elected on June 17, 2019
Independent Director	San-Boh Lee	6	0	100%	Re-elected on June 17, 2019
Independent Director	Kin-Tsau Lee	6	0	100%	Re-elected on June 17, 2019

Annotations:

1. The Board meeting’s date, session, and contents of motions, opinions of all Independent Directors, and actions taken by the Company regarding the opinions shall be specified if one of the following circumstances occurs:
   (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has established the Audit Committee and is subject to Article 14-5 of the Securities and Exchange Act.
   (2) Except for items specified above, other resolutions on which an Independent Director expresses objection or reservation, either by recorded statement or in writing: None.
2. For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors’ names, contents of motions, causes for the recusal, and participation in voting shall be specified:
   (1) Third Board Meeting on May 7, 2020:
      A. Contents of motion: Proposal on annual compensation to the Chairman and President.
         i. Director recused: Chairman, Yung-Hui Tseng
         ii. Cause for the recusal: Personal interest.
         iii. Participation in voting: Not participated in voting.
3. TWSE-listed and TPEx-listed companies shall disclose the frequency, scope, method, and details of the self (or peer) performance evaluations of the Board and the implementation status:
   The Company established the Methods for Performance Evaluation of the Board of Directors in 2020 and completed the performance evaluation before the March 31, 2021 as required. Details are as follows:

Frequency	Period	Scope	Method	Details
Annually	January 1, 2020 to December 31, 2020	Board of Directors	Internal performance assessment on the Board	Performance assessment on the Board: 1. Level of participation in corporate operations. 2. Enhancement on the quality of Board decisions. 3. Composition and structure of the Board. 4. Election and continuing education of Directors. 5. Internal control.
		Individual Board members	Self-assessment among Board members	Performance assessment on individual Board members 1. Command over corporate goals and mission. 2. Understanding of Directors’ duties. 3. Level of participation in corporate operations.

Frequency	Period	Scope	Method	Details
Annually	January 1, 2020 to December 31, 2020	Individual Board members	Self-assessment among Board members	4. Internal relationship management and communication. 5. Specialty and education of Directors. 6. Internal control.
		Functional committees	Internal performance assessment on functional committees	Performance assessment on functional committees 1. Level of participation in corporate operations. 2. Understanding of functional committees' duties. 3. Enhancement on the quality of functional committees' decisions. 4. Composition of the functional committees and election of members. 5. Internal control.

4. Objectives of strengthening the functionality of the Board of Directors (e.g., to establish an audit committee, to enhance information transparency, etc.) in the current year and the most recent year and evaluation of the execution thereof:
   (1) The Company had drawn up the "Rules of Procedure for the Board of Directors' Meeting" in accordance with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and established Independent Director positions to strengthen the functionality of the Board and prompt enhancement on the quality of Board decisions. Directors' attendance of the Board meetings and major resolutions were disclosed at the Market Observation Post System (MOPS) website on a timely basis to improve information transparency.
   (2) The Board meeting on January 19, 2009 had approved the establishment of Compensation Committee. New members and amendments to the Compensation Committee Charter were approved in line with amendments to laws and regulations on November 28, 2011 to assist the Board with the implementation and evaluation of the Company's entire compensation and welfare systems. The Compensation Committee also regularly reviews the appropriateness of compensation to the Directors and management team.
   (3) Audit Committee was established on June 13, 2016, and the Company's "Audit Committee Charter" was approved on June 27, 2016 to facilitate members' performance of duties stipulated in the Securities and Exchange Act, the Company Act, and other applicable laws and regulations.

   The Company has spokesperson and deputy spokesperson which can serve as communication channels for stakeholders. Shareholders' proposals are accepted in accordance with the schedule of shareholders' meeting. Shareholders with the rights to make proposals may do so during the acceptance period and the proposals will be reviewed by the Board as required by laws and regulations.

(2) Operations of Audit Committee

The Audit Committee convened six (A) meetings in 2020, The attendance status of Independent Directors are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Note)	Remark
Independent Director	Kin-Tsau Lee	6	0	100%	
Independent Director	Cheng-Ching Wu	6	0	100%	
Independent Director	San-Boh Lee	6	0	100%	

Annotations:
1. The Company's Audit Committee comprises three Independent Directors. Major tasks and items reviewed are listed as follows:
   (1) Fair presentation of financial statements
   (2) Appointment and discharge of CPAs and assessments on independence and performance

(3) Effective implementation of internal control system
(4) Regulatory compliance
(5) Controls over existing or potential risks
(6) Reviews on mergers and acquisitions

2. When one of the following situations occurs, the date and session of the Board meeting, contents of motions, the Committee's resolutions and actions taken by the Company regarding the Committee's opinions shall be specified:
   (1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date of Meeting (Session)	Contents of Motions	Opinions of Independent Directors and actions taken
2020.01.20 (1st meeting in 2020)	Proposed to the Audit Committee to approve the appointment of principal financial officer and spokesperson	Approved by all Independent Directors
	Reported the 2020 audit fees for CPAs	
2020.03.19 (2nd meeting in 2020)	Proposed to the Audit Committee to approve the asset impairment in 2019	
	Proposed to the Audit Committee to approve the parent company only and consolidated financial statements for the year ended December 31, 2019	
	Proposed to the Audit Committee to approve the 2019 loss compensation	
	Proposed to the Audit Committee to approve the capital reduction for loss compensation	
	Proposed to the Audit Committee to approve the "2019 Statement of Internal Control System"	
	Proposed to the Audit Committee to approve the amendments to the "Internal Control System", "Internal Audit Implementation Rules", and "Procedures for Self-assessment on Internal Control System"	
	Liquidation of Motech Americas, LLC (MA)	
2020.05.05 (3rd meeting in 2020)	Proposed to the Audit Committee to approve the change of CPAs	
2020.07.20 (4th meeting in 2020)	Proposed to the Audit Committee to approve the capital reduction of the Group entity, Motech (Suzhou) Renewable Energy Co., Ltd. (SNE)	
	Proposed to the Audit Committee to approve the record date of capital reduction for loss compensation and the schedule for reissuance of shares	
2020.08.03 (5th meeting in 2020)	Proposed to approve the loans provided to affiliates	
2020.11.02 (6th meeting in 2020)	Investment refunds from capital reduction of Power Islands Limited (PI)	
	Proposed to approve the sale of the Company's entire holding in the 100%-owned Motech Power One Co., Ltd. (Motech Power One)	
	Proposed to the Audit Committee to approve the assessment on receivables of the Group entity, Motech (Xuzhou) Renewable Energy Co., Ltd. (XNE), from the Group entity, Motech (Maanshan) Renewable Energy Co., Ltd. (MAS), was not loans provided to others	
	Proposed to the Audit Committee to approve the loan of RMB26 million provided by the Group entity, SNE, to the subsidiary, MAS, for a duration of 12 months	

	Proposed to the Audit Committee to approve the establishment of "Procedures for Financial Derivative Transactions" by the Group entity, MAS	

Date of Meeting (Session)	Contents of Motions	Opinions of Independent Directors and actions taken
2020.11.02 (6th meeting in 2020)	Proposed to the Audit Committee to approve the 2021 annual audit plan	Approved by all Independent Directors
	Proposed to the Audit Committee to approve the amendments to the "Internal Control System", "Internal Audit Implementation Rules", and "Procedures for Self-assessment on Internal Control System"	
2021.1.21 (1st meeting in 2021)	Proposed to the Board to approve matters associated with the dissolution and liquidation of affiliate, Noble Town Holdings Co., Ltd (NT)	
	Investment refunds from PI for the liquidation of NT	
	Proposed to the Board to approve the appointment of CFO, Ting-Chao Wang, as the Company's chief corporate governance officer	
	Reported the 2021 audit fees for CPAs	
	Proposed to approve the ratification of appointment of principal accounting officer	

(2) Except for above-mentioned items, resolutions which were not approved by the Audit Committee but was approved by two-thirds or more of all Directors: None.

(3) For situations where Independent Directors recuse themselves from any motion due to conflict of interest, the Independent Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified: None.

3. Communications between the Independent Directors, the internal audit officer, and CPAs (It shall include material issues concerning the finance and business of the Company, and the means and outcomes of communication):

(1) The internal audit officer regularly communicates audit findings with members of the Audit Committee and presents internal audit reports in the quarterly Audit Committee meetings. When special circumstance arises, the officer would report to the Audit Committee on a timely basis. In 2020, none of the said special circumstance had occurred. The communication channels between Audit Committee and internal audit officer have operated smoothly.

(2) CPAs report the audit or review outcome on the latest quarterly financial reports in the quarterly Audit Committee meetings as well as other items required to be communicated pursuant to appliable laws and regulations. When special circumstance arises, they would report to the Audit Committee on a timely basis. In 2020, none of the said special circumstance had occurred. The communication channels between Audit Committee and CPAs have operated smoothly.

Communications between Independent Directors, internal audit officer and CPAs are summarized as follows:

Meetings Dates (Session)	Communications with Internal Audit Officer	Communications with CPAs
2020.01.20 (1st meeting in 2020)	- Review internal audit report	
2020.03.16 (2nd meeting in 2020)	- Review 2019 "Statement of Internal Control System" - Review internal audit report	- CPAs discussed and communicated audit findings and issues concerning the financial statements for the year ended December 31, 2019
2020.05.05 (3rd meeting in 2020)	- Review internal audit report	- CPAs discussed and communicated audit findings and issues concerning the financial statements for the three months ended March 31, 2020 - Updates on relevant laws and taxes
2020.08.05 (5th meeting in	- Review internal audit report	- CPAs discussed and communicated audit findings and issues concerning the financial statements for

2020)		the six months ended June 30, 2020

Meetings Dates (Session)	Communications with Internal Audit Officer	Communications with CPAs
2020.11.02 (6th meeting in 2020)	- Review internal audit report - Review 2021 internal audit plan	- CPAs discussed and communicated audit findings and issues concerning the financial statements for the nine months ended September 30, 2020 - Assessed on CPAs' competence and independence
2021.01.18 (1st meeting in 2021)	- Review internal audit report	
2021.03.15 (2nd meeting in 2021)	- Review 2020 "Statement of Internal Control System" - Review internal audit report	- CPAs discussed and communicated audit findings and issues concerning the financial statements for the year ended December 31, 2020

Outcome: The aforementioned matters were reviewed or approved by the Audit Committee. Independent Directors did not raise any objections.

(3) Implementation of Corporate Governance Practices and non-compliance with "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and reasons

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company follow "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices?	V		The Company has established the "Corporate Governance Best-Practice Principles" and other corporate governance-related policies including Rules and Procedures of Shareholders' Meeting, Rules and Procedures of Board of Directors' Meeting, Rules for Election of Directors, Rules and Procedures for Finance and Business between Affiliates, Code of Ethical Conduct for Employees, Compensation Committee Charter, Procedures for Handling Material Inside information, Internal Audit System, Internal Control System, Procedures for Acquisition or Disposal of Assets, Procedures for Lending Funds to Other Parties, Procedures for Endorsement and Guarantee and Rules Governing the Supervision of Subsidiaries. The Company has disclosed corporate governance information at the corporate website (https://www.motech.com.tw/) and MOPS.	None
2. Ownership structure and shareholders' rights (1) Does the Company have internal operation procedures to handle shareholders' suggestions, concerns, disputes and litigations and proceed accordingly? (2) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders? (3) Does the Company build and execute risk management and firewall mechanism between itself and affiliates?	 V V V		(1) Besides engaging a professional share registrar to handle stock affairs, the Company has spokesperson system in place as well as risk management & stock affair sector and legal department to assist with handling shareholders' suggestions and disputes. (2) Through the professional share registrar, the Company has full control and understands the structure of major shareholders and shareholdings of shareholders with 10% or more of the Company's shares. The Company files relevant information including changes in shareholdings of Directors and managers at MOPS monthly. (3) The Company and its subsidiaries have established relevant systems required by law, including the internal control system, Rules and Procedures for Finance and Business between Affiliates, and Rules Governing the Supervision of Subsidiaries to regulate purchase/sales transactions with affiliates, acquisition and disposal of assets, endorsement and guarantee and lending funds to other parties. Entities have proceeded accordingly with regular audits.	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?</td><td>V</td><td></td><td>(4) The Company has established Procedures for Handling Material Inside information, demanding all insiders to avoid insider trading.</td><td>None</td></tr>
<tr><td>3. Composition and duties of the Board of Directors
(1) Has the Company established a diversification policy for the composition of its Board of Directors and implemented accordingly?</td><td>V</td><td></td><td>(1) Article 20 of the Company’s Corporate Governance Best-Practice Principles clearly states the capabilities required of the entire Board. At present, Board members possess different work experience and expertise in operational management, specialized skills, finance and strategy management.
Implementation status of Board diversification policy:
<table>
<tr><th>Diverse core items / Directors</th><th>Gender</th><th>Operation Judgement</th><th>Accounting and Financial Analysis</th><th>Manage-ment</th><th>Crisis Manage-ment</th><th>Industrial Knowledge</th><th>International Perspective</th><th>Leadership</th><th>Decision -Making</th><th>Law</th></tr>
<tr><td>Yung-Hui Tseng</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Cheng-Ching Wu</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>San-Boh Lee</td><td>Male</td><td>✓</td><td></td><td></td><td></td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>Ming-Shiaw Lu</td><td>Male</td><td>✓</td><td></td><td>✓</td><td></td><td>✓</td><td>✓</td><td></td><td></td><td></td></tr>
<tr><td>Chih-Kaou Lee</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td></td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td></td></tr>
<tr><td>George Huang</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
<tr><td>Kin-Tsau Lee</td><td>Male</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td><td>✓</td></tr>
</table></td><td rowspan="3">None, except for item 2</td></tr>
<tr><td>(2) Has the Company voluntarily established functional committees in addition to Compensation and Audit Committees which are required by laws?</td><td></td><td>V</td><td>(2) Audit Committee was established in 2016: All three members are Independent Directors. The Compensation Committee was established in 2011: All three members are Independent Directors.</td></tr>
<tr><td>(3) Has the Company formulated rules and methods for the performance assessment of the Board and carried out such assessments annually? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?</td><td>V</td><td></td><td>(3) The Company’s Board of Directors had approved the “Methods for Performance Evaluation of the Board of Directors”. Performance evaluations on the Board and functional committees (including Compensation Committee and Audit Committee) are conducted at least annually with outcomes reported to the Board. The evaluations are carried out by the corporate governance unit after the end of each year using internal questionnaires through internal evaluations and self-evaluations of the Board members and functional committees.</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>The scope of evaluation includes the performance evaluation on the entire Board, individual Board member, Compensation Committee and Audit Committee.
Evaluation criteria include level of participation in corporate operations, enhancement on the decision quality, composition and structure of the Board and functional committees, the election and continuing education of member of the Board and functional committee and internal controls. Outcomes of the evaluation are reported to the Board and used as reference for the remuneration and re-election nomination of individual Director. Participants had achieved good scores in the 2020 performance evaluation. Outcome of the evaluation was reported to the Board on March 18, 2021 and disclosed at the corporate website.</td><td></td></tr>
<tr><td>(4) Has the Company periodically evaluated the independence of its CPAs?</td><td>V</td><td></td><td>(4) The accounting unit annually carries out self-evaluations on the independence of CPAs. The outcome was reported to the Audit Committee and the Board on May 5, 2020 and May 7, 2020, respectively. Upon evaluation, CPAs from KPMG, Ming-Hong Huang and Mei-Yan Chen, had met the Company’s independence evaluation standards (Note 1). Thus, they are qualified to be CPAs of the Company. Also, the CPA firm had issued a Declaration of Independence upon assessment.
Note 1: Standards for CPA independence evaluation:
<table>
<tr><th>Evaluation Item</th><th>Evaluation Result</th></tr>
<tr><td>The same CPA has continuously provided audit services to a TWSE-listed/TPEx-listed company for less than seven years</td><td>Yes</td></tr>
<tr><td>Financing and guarantee</td><td>No</td></tr>
<tr><td>Close business relationships with the audit client</td><td>No</td></tr>
<tr><td>Family member or personal relationship</td><td>No</td></tr>
<tr><td>Employee of the audit client</td><td>No</td></tr>
<tr><td>Provision of services to directors, supervisor, managers or persons with equivalent positions of the audit client</td><td>No</td></tr>
</table></td><td>None, except for item 2</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Evaluation Item</th><th>Evaluation Result</th></tr>
<tr><td>Material gifts and preferential treatment</td><td>No</td></tr>
<tr><td>Non-audit services: Including bookkeeping, appraisal, tax, internal audits, dispatch of short-term workers and recruitment of senior management</td><td>No</td></tr>
</table></td><td>None, except for item 2</td></tr>
<tr><td>4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution by directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders' meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?</td><td>V</td><td></td><td>To implement corporate governance and strengthen the functionality of the Board, the Company approved the appointment of CFO, Ting-Chao Wang, as the chief corporate governance officer in the Board meeting on January 21, 2021 pursuant to applicable rules. Mr. Ting-Chao Wang has served in a managerial position overseeing finance, stock affairs and conference logistics of a public company for over three years. The chief corporate governance officer, staff of the finance division and conference logistics team are in charge of corporate governance matters. The main duties of a chief corporate governance office are to provide information required for business execution by Directors; assist Directors with regulatory compliance, onboarding and continuing education; handle matters pertaining to meetings of the Board, committees and shareholders and produce meeting minutes.
As Ting-Chao Wang is new to the position, he shall complete 18 hours of continuing education for new corporate governance officer within one year after his appointment.</td><td>None</td></tr>
<tr><td>5. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the Company's website to address their concerns on major corporate social responsibility issues?</td><td>V</td><td></td><td>The Company has risk management & stock affair sector as well as legal, sales and procurement departments to communicate with stakeholders. The contact information of investor relations and relevant departments are available on the corporate website. There is also the supplier platform which stakeholders can access at any time.</td><td>None</td></tr>
<tr><td>6. Has the Company appointed a professional registrar to organize the shareholders' meetings?</td><td>V</td><td></td><td>The Company has appointed the stock management service department of CTBC Bank Co., Ltd. as the share registrar to handle matters related to stock affairs and shareholders' meetings.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>7. Information disclosure
(1) Has the Company established a corporate website to disclose information regarding the Company’s financials, business and corporate governance status?
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, webcasting investor conference on the corporate website)?
(3) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?</td><td>V

V</td><td>

V</td><td>(1) Group-related business status is disclosed at the corporate website (http://www.motech.com.tw). In addition, financials and business-related information is disclosed at MOPS as required.
(2) The Company has maintained an English-language website which contains corporate, financial and business information. There is one spokesperson and one deputy spokesperson and the investor relations and stock affairs departments are responsible for the collection and disclosure of relevant information. Investor conference materials are disclosed at the corporate website on a timely basis.
(3) Pursuant to Article 36 of the Securities and Exchange Act, the Company has:
A. publicly announced its annual financial report within three months after the end of financial year;
B. publicly announced its financial reports of the first three quarters within 45 days after the end of corresponding quarter; and
C. publicly announced and filed its operational status of the previous month prior to the 10th of each month</td><td>None, except for item 3</td></tr>
<tr><td>8. Does the Company have other important information to facilitate better understanding of the Company’s corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer policies, and liability insurance for directors and supervisors provided by the Company) ?</td><td>V</td><td></td><td>(1) Rights and welfare of employees: Besides rights stipulated in the Labor Standards Act and appliable laws, the Company has established an Employee Welfare Committee to offer various subsidies and activities. There are also complaint channels in place.
(2) The Company discloses corporate information pursuant to laws and regulations to protect the basic rights of investors and fulfill its responsibilities towards shareholders.
(3) The Company maintains effective communication channels with customers and suppliers.
(4) Directors attend courses of finance, business and business management from time to time and would continue to complete courses required pursuant to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies. Please refer to Continuing education of</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>Directors under 8. Other important information to facilitate better understanding of the Company’s corporate governance practices for details. The information is also available at MOPS (http://mops.twse.com.tw).
(5) The Company purchased liability insurance of AIG Taiwan for Directors with an insured amount of US$10 million for 2021 and reported the details in the Board meeting on January 21, 2021 to safeguard shareholders’ rights.
(6) Corporate governance-related education and trainings attended by managers:
<table>
<tr><th>Title and Name</th><th>Host</th><th>Class</th><th>Duration</th><th>Date</th></tr>
<tr><td>Principal Accounting Officer Tsun-He Wu</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>Continuing educated for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges</td><td>12</td><td>January 2021</td></tr>
<tr><td>Audit Officer Chien-Tung, Chen</td><td>The Institute of Internal Auditors-Chinese Taiwan</td><td>Power BI – Risk Assessment and Visualization analysis</td><td>6</td><td>December 2020</td></tr>
<tr><td>Audit Officer Chien-Tung, Chen</td><td>Securities and Futures Institute</td><td>Advanced Case Study on Enterprise Contract Management and Execution</td><td>6</td><td>December 2020</td></tr>
</table>
(7) Certifications required by competent authority and obtained by personnel associated with information transparency in the Company and its subsidiaries:
Certified Public Accountants of R.O.C.: 1
Certified Internal Auditor: 3
Certified Information Systems Auditor: 1
Certification in Control Self-Assessment: 1
Financial Risk Manager: 1</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">9. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center in the most recent year and the priority of pending issues:
The Company ranked in the top 20% in the 7th Corporate Governance Evaluation of Securities and Futures Institute.
The Company has disclosed the announcement, agenda and minutes of shareholders’ meeting in English as well as communications between Independent Directors, internal audit officer and CPAs at the corporate website at https://www.motech.com.tw/index.php. It will comply with amendments to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and publicly announce and file its financial reports of the first three quarters at an earlier date.</td></tr>
</table>

(4) The composition, duties and operations of the Compensation Committee

A. Compensation Committee of the Company was established on November 28, 2011. It shall have at least three members which are appointed via Board resolutions and the convener is elected among members. At present, the Compensation Committee comprises three members with Independent Director, Cheng-Ching Wu, being the convener. Details of committee members are as follows:

Title	Condition / Name	Over Five Years of Work Experience and the Following Professional Qualifications			Independence Status (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving in the Compensation Committee	Remark
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who Has Passed a National Examination with a Certificate in a Profession Necessary for the Business of the Company	With Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Cheng-Ching Wu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	N/A
Independent Director	San-Boh Lee	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	N/A
Independent Director	Kin-Tsau Lee			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	N/A

Note: Please tick the corresponding boxes if members have met any of the following conditions during the two years prior to being elected or during the term of office:

1. Not an employee of the Company or any of its affiliates.
2. Not a Director or Supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or nominee arrangement, in an aggregate amount of 1% or more of the Company's total number of issued shares or ranks among the Company's top ten shareholders.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of managerial officers in (1) or of any of the persons in (2) and (3).
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's total number of issued shares, ranks among the Company's top five shareholders, or appoints representatives to be the Company's directors or supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
6. Not a director, supervisor, or employee of a company whose majority of directorships or voting rights are controlled by a shareholder who also controls the majority of directorships or voting rights of the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)

7. Not a director, supervisor or employee of a company or institution whose chairman, president, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company. (Not applicable in cases where the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company.)
8. Not a director, supervisor, managerial officer, or shareholder with shareholding of 5% or more of a specific company or institution that has a financial or business relationship with the Company. (Not applicable in cases where the specific company or institution owns 20% (inclusive) to 50% (exclusive) of the Company's total number of issued shares, and the person is an Independent Director appointed in accordance with the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies or the laws of the country where the business is located by, and concurrently serve as such at, the Company, its parent company, subsidiary, or subsidiaries that belong to the same parent company)
9. Not a professional individual who, nor an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or its affiliates, or provides commerce, law, finance, accounting or related services to the Company or its affiliates with a cumulative compensation under NT$500,000 in the past two years, nor a spouse thereof. However, this requirement is not applicable where members of the Remuneration Committee, Public Tender Offer Review Committee, or Special Committee for Merger/Acquisition perform duties pursuant to laws and regulations in association with the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
10. Not being a person of any conditions defined in Article 30 of the Company Act.

B. Operations of Compensation Committee:

(a) The Company's Compensation Committee comprises three members.

(b) Term of current Committee members: June 17, 2019 to June 16, 2022. The Compensation Committee held four (A) meetings in 2020. The attendance status of members is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Independent Director	Cheng-Ching Wu	4	0	100%	
Independent Director	San-Boh Lee	4	0	100%	
Independent Director	Kin-Tsau Lee	4	0	100%	

Annotation:
(1) If the Board declines to adopt or modify a recommendation of the Compensation Committee, the date and session of the Board meeting, contents of motions, resolution and actions taken by the Company regarding the Committee's opinions shall be specified (if the compensation package approved by the Board is better than the recommendation made by the Committee, please specify the discrepancy and its reason): None.
(2) As to the resolutions of the Compensation Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date and session of the committee meeting, contents of motions, all members' opinions and actions taken regarding the opinions shall be specified: None.
(3) Responsibilities of the Compensation Committee are to draw up recommendations for the following matters:
A. Formulate and regularly review the annual and long-term performance targets, and the compensation policies, systems, standards and structures of Directors, Supervisors and managers.
B. Regularly assess the achievement status of Directors, Supervisors and managers concerning the performance targets and set out details and amount of individual's compensation. The aforementioned recommendations shall be submitted to the Board for resolution.

The resolutions of the 2020 Compensation Committee meetings are as follows:

Date of Meeting	Contents of Motions	Opinions of Committee Members and actions taken
2020.03.16 (1st meeting in 2020)	(1) Recommendations on 2020 salary adjustments for managers	Approved by all attending members and the Board
2020.05.05 (2nd meeting in 2020)	(1) Recommendations on annual compensation to Chairman and President	
2020.08.05 (3rd meeting in 2020)	(1) Recommendations on 2020 salary adjustments (2) Appropriation of 2020 incentive bonus for talent retention	
2020.11.02 (4th meeting in 2020)	(1) Ratification of promotion of Vice President, Huan-Shun Lin	

(5) Performance in Corporate Social Responsibility and non-compliance with “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies”and reasons

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		In terms of environmental issues, the air pollution and water pollution controls, waste recycling and carbon management adopted by the Company and its subsidiaries have been in compliance with or superior to government standards. As for social and corporate governance issues, measures are carried out in aspects of caring for employees, friendly workplace, community contribution and engagement, business continuity management, economic benefits and supply chain management. In response to global trends, the Company conducts risk assessments on environmental, social, corporate governance and climate change issues related to the Company’s operations. Please refer to the Company’s 2019 Corporate Social Responsibility Report for details on the outcome and relevant policies.	None
2. Does the Company have an exclusively (or concurrently) dedicated corporate social responsibility (CSR) unit with senior management being authorized by the Board to handle relevant issues and report to the Board?	V		The Company has established the “Motech Sustainability Committee” as the CSR operation center where each functional unit assigns a representative to be the committee members. Meetings are held when necessary. The Committee conducts analyses on stakeholders including employees, shareholders, customers, suppliers, government and society pursuant to GRI standards, promotes the vision of our pursue of sustainability from the top down, formulates and executes plans of environmental protection, employee care and community engagement as well as compiles the CSR reports. The implementation outcome is reported to the Board when the need arises.	None
3. Environmental issues (1) Does the Company establish environmental management system designed to fit industry characteristics?	V		(1) The Company has obtained ISO-14001:2015 Environmental Management Systems certification (20180915~20211014) and established proper environmental management system agreeing with industry characteristics.	None

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(2) Is the Company committed to improving the efficiency of various resources and utilizing renewable materials that have low environmental impact? (3) Does the Company assess the present and future potential risks and opportunities of climate change for the entity, and takes measures to respond to climate-related issues? (4) Does the Company calculate its greenhouse gas (GHG) emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	V V V		(2) The Company has persistently carried out various energy conservation measures, including the optimization of equipment operation and lighting management. In 2019, Motech saved 86,163 kWh of electricity and cut down energy consumption by 310.24GJ. The water resource reduction, recycling and reuse program continuously recycles wastewater for reuse. It enhances the recovery rate of process water and reduces the consumption of tap water and volume of wastewater discharged. In 2019, a total of 14.6 thousand metric tons of water was saved. The implementation of waste reduction, recycling and reuse brought the waste recycling rate to 79.14% in 2019. (3) In response to the present and future potential risks and opportunities of climate change for the entity, measures adopted by the Company in association with climate-related issues include air pollution and water pollution controls, waste reduction, recycling and reuse, energy conservations and carbon reduction. (4) The Company conducts GHG inventory at each factory in Taiwan pursuant to the organization-level standard procedures of ISO14064-1 Greenhouse Gas Accounting and Verification. The practice is approved by the government, domestic and foreign green organizations, major investors and customers. For details on water consumption and total weight of waste as well as policies of energy conservation, carbon reduction, GHG reduction, water reduction and other waste management and the effects thereof, please refer to the Company's 2018 and 2019 CSR reports.	None
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?	V		(1) The Company and its subsidiaries have complied with labor regulations and acts promulgated by the government, and supported and respected international human rights standards, including the Tripartite Declaration of Principles of International Labour Organization (ILO) and Universal Declaration of Human Rights of United Nations, which are promoted through internal employee handbooks. We safeguard labor rights and ensure every employee is treated fairly with respect. Relevant rules are formulated as the basis	None

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(2) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation? (3) Does the Company provide a safe and healthy work environment and periodic safety and health training?	V V		for employee management and for the latter to comply with. We also have "Rules for Prevention, Complaint and Punishment of Sexual Harassment" to protect the rights of female employees. The Company's basic wage, work hour, leaves, pension, labor and health insurance, and occupational accident compensation for recruitment are all in compliance with the Labor Standards Act. The Employee Welfare Committee (EWC) is established through employee election to carry out various welfare measures. Labor-management meetings are held regularly for mutual understanding to achieve a win-win situation for labor and management. (2) Reasonable employee welfare measures formulated and executed by the Company are as follows: A. To motivate employees in terms of achievements, long-term engagement, talent retention and growth with the Company, the overall compensation package is determined based on employees' professional competence and skills, job scope and performance as well as the Company's operating objectives. The pay is not differentiated by gender, religion, race, nationality and political parties. Moreover, the Company sets a reasonable and competitive salary level with reference to local laws and regulations, industry practice and performance of each subsidiary. B. The Company actively promotes excellent employee welfares. Besides recreation center, malls and library, an EWC is set up to coordinate and organize employee welfare activities. Employees are entitled to gift certificates for birthdays and special festivals as well as cash gifts for weddings and celebration and subsidies for funerals and hospitalization. These measures demonstrate our care and support for our employees. (3) Measures on employee safety and health are as follows: A. Regular environmental inspection at factories with timely improvements. Ensure regulatory compliance and employee safety and health.	None

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			B. Regular safety trainings, e.g., fire and emergency drills and timely disclosure and warnings on job sites to enhance employees' safety awareness. C. Various health channels (e.g., health seminars and promotion activities, consultation services, sports competitions and clubs) and employee health ranking for case management in order to maintain the physical and mental health of employees. D. Besides annual physical examination which is superior to regulatory requirements in terms of frequency, the examination results and relevant data are used to map out health promotion activities best suited for employees. Different events are organized each quarter around a new theme and we keep on creating and amending event details. Diverse health information channels are also available to employees. E. Introduction of e-health management platform where employees can understand their health status and access personal health data without time constraints in order to carry out comprehensive self-health management. There are group-specific health management programs such as personal illness consultation and management, case management for employees with cardiovascular disease or chronic diseases, health ranking management for employees engaging in special operations, care and health management for pregnant employees, and case management for occupational injuries and illness. All data are retained property. F. The Company and its subsidiaries work diligently toward the goal of healthy workplace. Each factory in the Southern Taiwan Science Park had won the Occupational Health Promotion Certificate and received "Health Benchmark Award" and "Health Management Award" from the Health Promotion Administration.	None
(4) Has the Company established effective career development training plans for employees?	V		(4) Motech places great importance on human resource developments and strive for improvements in professional competence. We provide systematic learning systems and environment to forge a culture of active employee learning and management assistance while	

<table>
<tr><th rowspan="2">Assessment Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(5) Has the Company complied with related regulations and international standards in terms of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated relevant consumer protection policies and complaint procedures?
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?</td><td>V
V</td><td></td><td>satisfying the needs for corporate management and individual developments. Career development training covers different learning levels including individual development, diverse learning courses, assistance for employee’s continuing education. Training programs are arranged based on individual’s career development, job requirements and performance evaluation outcome. These programs cover human rights education and trainings on topics such as employee rights, occupational safety, Occupational Safety and Health Act and Labor Standards Act.
(5) The Company and its subsidiaries properly determine the accountability through the establishment of standard customer complaint procedures. They also conduct customer satisfaction surveys and follow up on issues to draft improvement schemes and avoid the occurrence of a similar event.
(6) The Company and its subsidiaries have requested suppliers to comply with the Procedures Governing the Management of Suppliers’ Workplace and Safety and Health. Suppliers would be fined for violations identified and their actions would be presented and reviewed in the annual consultative organization meetings.</td><td>None</td></tr>
<tr><td>5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of CSR or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?</td><td></td><td>V</td><td>The Company prepares its CSR reports with reference to the Global Reporting Initiative (GRI) standards released by GRI and the Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies. The Company’s 2020 CSR report was available at the corporate website under CSR section in June and MOPS.</td><td>Slight difference</td></tr>
<tr><td colspan="5">6. If the Company has established its CSR principles according to the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies”, please specify any discrepancy between the policies and their implementation:
The Company’s CSR practices are in compliance with the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s CSR practices:
(1) Environmental protection:
A. In August 2010, the Company had the world’s first solar cell completing the carbon footprint verification. Product carbon footprint measures the total carbon dioxide emissions, either directly or indirectly, of a product from the extraction of raw material, manufacturing, utilization to disposal. Upon analysis, the PV system can pay back its carbon dioxide emissions during production between the first three to four years during its useful lives of 20</td></tr>
</table>

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	

years (a conservative estimate). Thus, the remaining 16 to 17 years would be clean electricity. Through the calculation of carbon footprint, we can quantify the environmental load of manufacturing processes and review the effects of process improvement and new technologies on carbon reductions annually. The results are presented in the Motech Sustainability Report.

B. GHG inventory produces emission data of factories, allowing the Company to identify major sources of emissions and establish reduction plans. The government has established the national GHG registry and prompts relevant industries to upload their Taiwan Accreditation Foundation (TAF) grade GHG emission data as the reference of nationwide industry carbon reduction strategies. Although the uploading has yet to be mandatory, Motech has completed annual inventory to establish a GHG emission base and incorporates it into the annual targets of ISO-14001 to set standards for energy, water, and resource conservation as well as waste reductions with improvements monitored on a monthly basis.

C. The Company publishes CSR reports to disclose the work details and efforts of the Company and its subsidiaries in “managerial economics”, “social responsibilities” and “environmental sustainability”.

D. The Company completed the water footprint inventory of solar wafers and cells in 2015 and our solar cell (IM156 series) was the first one to obtain the water footprint certification pursuant to the ISO-14064:2014 water footprint inventory principle. Through the inventory, Motech enhances the efficiency of water resource utilization and will continue to product products with regulatory-compliance and eco-friendly green processes in order to become the CSR benchmark among peers in Taiwan.

E. In 2017, with ISO-14067 product carbon footprint verification as the standard, Motech completed the third-party assurance of IM156 series and XS156 series with PERC.

(2) Social involvement:

The Company established the Motech Culture and Art Foundation in 2006 to promote popular science education, participate in community development, and support quality art and cultural activities in order to fulfill our responsibilities as a corporate citizen. Activities hosted and sponsored in 2020 are as follows:

A. We hosted the Nanke Parent-Child Challenge Camp of Solar Model Car. Parents and kids learned the principles of solar power as well as knowledge on wheels and axles by building the model car. The educational entertainment was one of the key events at Nanke during the year. Even with typhoon on the date of event in 2020, there were still 400 participants. We had scored 4.5 points and above (out of 5) in every aspect on the satisfaction surveys (e.g., organization/service/knowledge).

B. We hosted the Solar Energy Camp, inviting students between third grade and six grade to participate. Besides understanding the principles of solar power, they took a tour to see the raw materials of solar cells and built their own solar fans. A total of 150 students and teachers from six elementary schools took part in the activity in 2020.

C. We hosted and promoted the Green Technology Mentor Workshop, inviting teachers of nature, science and technology fields in elementary and high schools to participate. We aimed to nurture seed teachers on solar energy to promote the education and applications of mini solar modules. Ten teachers participated in the workshop in 2020 (The workshop was later postponed to avoid social gatherings during COVID-19).

D. We promoted the Sharing of Mini Solar Module Project, giving small solar modules to schools and green energy organizations for educational purposes. A total of 347 solar cells were donated to 12 organizations in 2020.

(6) Performance in ethical management and non-compliance with “Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies” and reasons: The Company and its subsidiaries honor our commitments, act with integrity and uphold a high degree of professional ethics.

<table>
<tr><th rowspan="2">Assessment Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>1. Establishment of ethical management policies and schemes
(1) Does the Company formulate ethical management policies approved by the Board of Directors and clearly express ethical management policies and actions as well as the Board’s and senior management’s commitment to implement those policies in the Company’s internal rules and external documents?</td><td>✓</td><td></td><td>(1) The Company and its subsidiaries have established the “Code of Ethics and Business Conduct” based on the core value of integrity and disclosed the ethical management policies at the corporate website, annual reports, internal rules and other promotional documents.</td><td rowspan="3">None</td></tr>
<tr><td>(2) Does the Company establish assessment mechanism for risk arising from unethical conducts, regularly analyze and assess operating activities with higher risk of unethical conduct within its business, and formulate preventive schemes accordingly, which at least contain preventive measures for conducts set forth in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?</td><td>✓</td><td></td><td>(2) The Company and its subsidiaries have clearly stated in the “Code of Ethics and Business Conduct” that employees shall honor commitments and act with integrity without deceit and deceptions. Also, the guidance for conducts of business ethics, avoidance of conflict of interest, gifts and hospitality and confidentiality as well as penalties for violation and complain systems are established. To advocate and promote business ethics, besides publishing the code at intranet for employees to access at any time, the Company addresses the importance of corporate core value and compliance system to every employee. To prevent a breach of ethics, orientation program includes courses for new recruits to understand the grave importance and Motech’s determination on the implantation of the code.</td></tr>
<tr><td>(3) Does the Company have clear statements regarding relevant procedures, conduct guidelines, disciplinary measures and compliant system in the schemes to prevent unethical conduct, and does the Company implement them accordingly and regularly review those schemes?</td><td>✓</td><td></td><td>(3) The Company and its subsidiaries have adopted relevant preventive measures in the “Code of Ethics and Business Conduct”.</td></tr>
</table>

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
2. Implementation of ethical management				None
(1) Does the Company review the counterparty's history of ethical conduct and include the compliance of business ethics as a clause in the contract?	✓		(1) The Company has stipulated in the "Rules for Credit Management" that the Company and its subsidiaries shall fully understand the counterparty's business ethic status when signing the contracts and are advised to incorporate the compliance of business ethics as a clause in the contract or stipulate business ethics in the contract.	
(2) Has the Company established a dedicated unit under the Board of Directors to promote ethical conducts and report regularly (at least once every year) its ethics policies and preventive schemes for unethical conducts as well as implementation status to the Board of Directors?	✓		(2) The Company has appointed the human resource unit to be responsible for amending, executing, and interpreting relevant rules as well as giving consultations and handling the reporting processes. It reports the implementation status to the Board when the need arises.	
(3) Has the Company established policies to prevent conflicts of interest, provided appropriate communication channels and thoroughly implemented the policies?	✓		(3) The Company and its subsidiaries have clearly stated the avoidance of conflict of interest in the "Code of Ethics and Business Conduct". When confronted with a conflict of interest during the course of business, employees shall report the situation to the human resource department in advance or no later than five days after the occurrence of the event. Besides requesting new recruits to carry out the filing of "avoidance of conflict of interest" during orientation, the filing is done regularly every year. 100% filing is required of management and high-risk groups and actions shall be taken when a potential conflict of interest is identified.	
(4) Has the Company established effective accounting and internal control systems for the implementation of business ethics and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to conduct the audits?	✓		(4) Actions taken by the Company are as follows: A. The accounting systems of the Company and major subsidiaries are established in accordance with the accounting standards and interpretations issued by the competent authority. Daily accounting operations are also carried out accordingly. B. Internal control systems of the Company and major subsidiaries are established based on the entity's key control items as required by the competent authority. The system designs shall be examined from time to time to ensure the effectiveness of the system.	

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(5) Has the Company regularly held internal and external training sessions on business ethics?	✓		C. The audit office formulates annual audit plans based on the assessment outcome of risks and carries out audits pursuant to the annual plans. It then reports the audit outcome and improvement schemes to the Board and management for effective audits. Besides, the Company conducts self-assessments on the internal control system annually to examine the effectiveness of the system's design and implementation and a statement of internal control system is issued based on the assessment outcome. (5) The Company and its subsidiaries have designed courses in the orientation program for new recruits to comprehend the grave importance and Motech's determination on the implantation of the Code. As for employees, the Company promotes the "Code of Ethics and Business Conduct" annually by reiterating the Company's core value, good faith principle, corporate governance, etc.	None
3. Implementation of whistleblowing system (1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaint received? (2) Has the Company established standard operating procedures for investigating the complaints received, actions to be taken upon the completion of investigation, and mechanisms for confidentiality? (3) Has the Company established measures to protect whistleblowers from retaliation?	V V V		(1) The Company and its subsidiaries have stipulated the reward and discipline as well as complaint systems in the "Code of Ethics and Business Conduct", "Work Rules" and "Rules for Reward and Discipline", which are announced to all employees. (2) The Company and its subsidiaries have established standard operating procedures for investigating the complaints received and mechanisms for confidentiality in the "Code of Ethics and Business Conduct". (3) The Company and its subsidiaries have clearly stated in the "Code of Ethics and Business Conduct" that they would spare no efforts to protect the identity of whistleblower.	None
4. Enhancement on Information disclosure (1) Does the Company disclose its principles of business ethics and information about implementation of such guidelines on its website and MOPS?	V		The Company regularly discloses relevant and reliable CSR information and strengthens communications with stakeholders. Information including the "Code of Ethics and Business Conduct" is available at the corporate website (https://www.motech.com.tw/policies.php) and the corporate governance section within the MOPS.	None

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
5. If the Company has established its own principles of business ethics based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", please specify any discrepancy between the policies and their implementation: Please refer to descriptions above.				
6. Other important information to facilitate better understanding of the Company's ethical conduct practices (e.g., the Company reviews and revises its Principles of Business Ethics, etc.): (1) The Company has complied with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, rules applicable to TWSE/TPEx-listed companies and other regulations governing business behaviors as the basis for implementing ethical management. (2) The Company has stipulated the recusal rules for Directors in the case of a conflict of interest in the "Rules and Procedures of Board of Directors' Meeting." If a Director or a juristic person represented by a Director is an interested party with respect to any agenda item, the Director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the Company's interests, the Director shall not participate in and shall recuse himself/herself from discussion and voting on that agenda item. He/she shall not act as another Director's proxy to exercise the voting rights on that matter.				

(7) For companies with guidelines and regulations on corporate governance, access shall be disclosed: The Company has established the "Corporate Governance Best-Practice Principles." Relevant measures are carried out in accordance with the spirit and standards of the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies." The Company has set up a corporate governance section under investor relations at the corporate website (https://www.motech.com.tw/policies.php) for investors to download rules of corporate governance. They can also access the MOPS for relevant information.

(8) Other important information to facilitate better understanding of the Company's corporate governance:

A. Continuing education of Directors

Title and Name	Host	Class	Duration	Date
Director George Huang	Taiwan Corporate Governance Association	Sustainability of Enterprises	1.5	March, 2020
	Taiwan Corporate Governance Association	Hostile Takeover and Corporate Governance	1.5	May, 2020
	Taiwan Corporate Governance Association	The 16th Corporate Governance Summit - Moving Forward - Corporate Governance 3.0 - Sustainable Development Roadmap	3	December, 2020

Title and Name	Host	Class	Duration	Date
Independent Director Cheng-Ching Wu	Taiwan Corporate Governance Association	Trends and Risk Management of Digital Technology and Artificial Intelligence	3	February, 2020
	Independent Director Association Taiwan	2020 Annual Meeting and Independent Director Forum	3	April, 2020
	Taiwan Corporate Governance Association	(CGP-Advance) Case Analysis on Fraud in Financial Statements	2	June, 2020
	Independent Director Association Taiwan	(Elite Course) Operations and Standards of Anti-Money Laundering and Counter-Terrorism Financing	3	June, 2020
	Independent Director Association Taiwan	Independent Directors and Corporate Governance (Elite Course)	12	June, 2020
	Independent Director Association Taiwan	(Elite Course) Growth, Reorganization, Transformation and Upgrade of Enterprises in the Post-Pandemic Era	3	July, 2020
	Taiwan Corporate Governance Association	Functions of Independent Directors and Operations of Audit Committees	3	July, 2020
	Independent Director Association Taiwan	(Elite Course) How do Independent Directors Monitor the Key Lines of Defense in Terms of Financial Statement Risks and Case Study	3	July, 2020
	Independent Director Association Taiwan	(Elite Course) The Roles of Independent Directors in Corporate Governance and Dispute over Ownership	3	August, 2020
	Taiwan Securities Association	Latest Trends in Anti-Money Laundering and Counter-Terrorism Financing	3	October, 2020

(9) Internal control system execution status:

A. Statement of internal control system

Motech Industries Inc.

Statement of Internal Control System

March 18, 2021

Based on the findings of a self-assessment, Motech Industries Inc. (Motech) states the following with regard to its internal control system during the year 2020:

1. Motech's 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 and transparency of our financial reporting; and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and Motech takes immediate remedial actions in response to any deficiencies identified.
3. Motech 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 (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of internal control based on the process of management: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. Motech has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, Motech believes that, as of December 31, 2020, its internal control system (including its supervision of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness and transparency of financial reporting; and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.
6. This Statement will be an essential content of the Motech's Annual Report and Prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.
7. This Statement has been approved in the Board of Directors' meeting on March 18, 2021, with all seven attending Directors affirming the content of this Statement.

Motech Industries Inc.

Chairman: Yung-Hui Tseng

President: Fred Yeh

B. Where CPAs are retained to audit the internal control system, please disclose the CPAs' audit report: The Company did not retain CPAs to audit the internal control system.

(10) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, major defects and corrective action thereof in the most recent year and as of the date of this annual report:

The Company have stipulated the reward and discipline as well as complaint systems in the "Code of Ethics and Business Conduct", "Work Rules" and "Rules for Reward and Discipline", which are announced to all employees (including major subsidiaries.) There was no material penalty due to violation of laws and regulations in 2020. Employees' violations of the internal controls are handled in accordance with internal rules of the Company and improvement mechanisms would be established to prevent a reoccurrence of the event.

(11) Major resolutions of shareholders' meetings and Board of Directors' meetings in the most recent year and as of the date of this annual report

A. Major resolutions of shareholders' meeting on June 18, 2020 and execution there of

Major Resolutions
(1) Approved the Company's 2019 business report and financial statements Execution of resolutions: Approved. (2) Approved the Company's 2019 loss compensation Execution of resolutions: Approved. (3) Approved the amendments to some articles within the Company's "Rules and Procedures of Shareholders' Meeting" Execution of resolutions: Approved. (4) Approved the Company's capital reduction for loss compensation Execution of resolutions: Approved.

B. Major resolutions of Board meetings

Date	Major Resolutions
2020.01.20	(1) Proposed to approve the Company's 2020 business plans (2) Proposed to approve the cancellation of new shares issued for restricted shares of employees retrieved by the Company (3) Proposed to approve the appointment of the Company's principal financial officer and spokesperson (4) Reported the 2020 audit fees for the Company's CPAs (5) Proposed to approve the liquidation of the subsidiary, XNE (6) Reassigned Directors of subsidiary and released the new Directors from non-compete restrictions (7) Proposed to the Board to approve the Company's 2020 capital expenditure budget
2020.03.19	(1) Reviewed recommendations on 2020 salary adjustments for managers (2) Proposed to the Board to approve the asset impairment in 2019 (3) Proposed to the Board to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2019 (4) Proposed to approve the 2019 business report (5) Proposed to the Board to approve the 2019 loss compensation (6) Proposed to approve the Company's capital reduction for loss compensation (7) Amended some articles within the Company's "Rules and Procedures of Shareholders' Meeting"

Date	Major Resolutions
2020.03.19	(8) Proposed to incorporate Motech Energy System Co., Ltd. with the Company through short-form merger (9) Proposed to approve the agenda, date and venue of 2020 annual shareholders' meeting (10) Amended some articles within the Company's "Corporate Governance Best-Practice Principles" (11) Proposed to have affiliates issue Letter of Support to financial institutions (12) Proposed to liquidate MA (13) Proposed to the Board to approve the increase of NT$34.06 million in 2020 capital expenditure budget (14) Proposed to the Board to approve the Company's "2019 Statement of Internal Control System" (15) Proposed to the Board to approve the amendments to the "Internal Control System", "Internal Audit Implementation Rules", and "Procedures for Self-assessment on Internal Control System" (16) Proposed to amend some articles within the Company's "Rules and Procedures of Board of Directors' Meeting" (17) Proposed to amend some articles within the Company's "Audit Committee Charter" and "Compensation Committee Charter"
2020.05.07	(1) Reviewed recommendations on annual compensation to the Chairman and President (2) Proposed to the Board to approve a change of the Company's CPAs (3) Proposed to approve the sale of the Company's holding in Motech Power Alpha Co., Ltd. (Motech Power Alpha)
2020.07.20	(1) Proposed to apply to the syndicated loan consortium for a line of credit not exceeding NT$2.5 billion (2) Proposed to approve the extension of credit lines with the Company's correspondent financial institutions (3) Proposed to approve the capital reduction of the Group entity, SNE (4) Proposed to have the Company issue a Letter of Support for its affiliate, Motech Power One, to financial institutions (5) Proposed to approve the record date of capital reduction for loss compensation and the schedule for reissuance of shares Special motion: Amendments to the proposal to approve the sale of the Company's holding in Motech Power Alpha
2020.08.06	(1) Reviewed recommendations on 2020 salary adjustment (2) Reviewed appropriation of 2020 incentive bonus for talent retention (3) Proposed to approve the extension of credit lines with the Company's correspondent financial institutions (4) Proposed to approve the loans provided by the Company to affiliates (5) Proposed to the Board to approve the increase of NT$95.61 million in 2020 capital expenditure budget
2020.11.05	(1) Review the ratification of promotion of Vice President, Huan-Shun Lin (2) Proposed to the Board to approve the ratification of line of credit with Bank SinoPac Co., Ltd. (3) Proposed to approve the extension of credit lines with the Company's correspondent financial institutions (4) Investment refunds from capital reduction of PI (5) Proposed to approve the sale of the Company's entire holding in the 100%-owned Motech Power One (6) Proposed to the Board to approve the assessment where receivables of the Group entity, XNE, due from the Group entity, MAS, were not loans provided to others

Date	Major Resolutions
2020.11.05	(7) Proposed to the Board to approve the loan of RMB26 million provided by the Group entity, SNE, to the subsidiary, MAS, for a duration of 12 months (8) Proposed to the Board to approve the establishment of "Procedures for Financial Derivative Transactions" by the Group entity, MAS (9) Reviewed the "Methods for Performance Evaluation of the Board of Directors" of Motech Industries Inc. (10) Proposed to the Board to approve the 2021 annual audit plan (11) Proposed to the Board to approve the amendments to the Company's "Internal Control System", "Internal Audit Implementation Rules", and "Procedures for Self-assessment on Internal Control System"
2021.01.21	(1) Proposed to the Board to approve the appointment of CFO, Ting-Chao Wang, as the Company's chief corporate governance officer (2) Approved the Company's 2021 business plans (3) Proposed to the Board to approve matters associated with the dissolution and liquidation of affiliate, NT (4) Investment refunds from PI for the liquidation of NT (5) Reported the 2021 audit fees for the Company's CPAs (6) Proposed to approve the ratification of appointment of principal accounting officer (7) Proposed to amend the Articles of Incorporation of the affiliate, Motech Power Zeta Co., Ltd. (Motech Power Zeta) (8) Proposed to ratify the amendments to the Articles of Incorporation of the affiliate, Motech Power Beta Co., Ltd. (Motech Power Beta) (9) Proposed to the Board to approve the amendments to some articles within the Articles of Incorporation of the Group entity, SNE (10) Proposed to approve the extension of credit lines with the Company's correspondent financial institutions
2021.02.08	(1) Proposed to the Board to approve the Company's participation in the capital increase of SunnyRich Multifunction Solar Power Co., Ltd. (SunnyRich Multifunction)
2021.03.18	(1) Recommendations on the compensation to senior manager, Alan Wu, for serving as the Principal Accounting Officer (2) Recommendations on the compensation to Vice President and CFO, Ting-Chao Wang, for serving as the chief corporate governance officer (3) Distribution of 2020 compensation to employees and remuneration to Directors (4) Proposed to the Board to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2020 (5) Proposed to the Board to approve the 2020 earnings distribution (6) Proposed to approve the 2020 business report (7) Proposed to approve the agenda, date and venue of 2021 annual shareholders' meeting (8) Proposed to approve amendments to some articles within the Company's "Rules and Procedures for Finance and Business between Affiliates" (9) Proposed to approve amendments to some articles within the Company's "Corporate Governance Best-Practice Principles" (10) Proposed to the Board to approve the increase of NT$54.85 million in 2021 capital expenditure budget (11) Proposed to the Board to approve the Company's "2020 Statement of Internal Control System"

(12) Different opinions expressed by Directors or Independent Directors regarding major resolutions, either by recorded statement or in writing, in 2020 and as of the date of this annual report: None.

(13) Resignation or discharge of Chairman, President, Principal Accounting Officer, Principal Finance Officer, Internal Audit Officer, Chief Corporate Governance Officer and Research and Development Officer in 2020 and as of the date of this annual report

February 28, 2021

Title	Name	On-board Date	Date of Resignation or Dismissal	Reasons of Resignation or Dismissal
Principal Accounting Officer	Hsi-Kung Chang	2017.08.07	2021.01.01	Transferred to be the Deputy Project Director

5. Audit Fees for CPA

(1) Audit Fees for CPA

Accounting Firm	Name of CPA		Audit Period	Note
KPMG	Ya-lin Chen	Mei-Yan Chen	2019	
	Ming-Hung Huang	Mei-Yan Chen	2020	

(In Thousands of New Taiwan Dollars)

Range	Item	Audit Fee	Non-audit Fee	Total
1	Under NT$ 2,000,000		✓(Note)	
2	NT$2,000,000 ~ NT$3,999,999			
3	NT$4,000,000 ~ NT$5,999,999	✓		✓
4	NT$6,000,000 ~ NT$7,999,999			
5	NT$8,000,000 ~ NT$9,999,999			
6	NT$10,000,000 and above			

Note: Details of the non-audit fee are as follows:
1. Company registration: NT$ 181 thousand
2. Transfer pricing, tax consultation and inventory: NT$ 895 thousand

(2) Non-audit fees paid to CPAs, CPA’s accounting firms and their affiliates exceeding 25% of the audit fees: None.

(3) Change of accounting firms with audit fee paid in the year of change being less than the previous year: None.

(4) Over 10% decrease in audit fee on a year-to-year basis: The audit fee in 2020 dropped by NT$ 2,835 thousand compared to 2019. The 37.8% year-over-year decrease was mainly due to the Group downsizing in 2020.

6. **Change of CPA:** None.

7. **Where the Company's Chairman, President, or Managers in Charge of Finance or Accounting Held a Position in the CPA's Firm or Its Affiliates in the Most Recent Year, the Name, Title and Positions Held in the CPA's Firm or Its Affiliates Shall be Disclosed:** None.

8. **Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers and Shareholders with 10% Shareholdings or More in the Most Recent Year and as of the Date of this Annual Report**

(1) Changes in shareholding by Directors, Supervisors, Managers and Major Shareholders:

(In Shares)

Title	Name	2020		By April 19, 2021	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Yung-Hui Tseng	(5,526,495)	0	0	0
Director	Chih-Kaou Lee	(2,100,738)	0	0	0
Director	George Huang	0	0	0	0
Director	Ming-Shiaw Lu	(1,347,235)	0	0	0
Independent Director	Cheng-Ching Wu	0	0	0	0
Independent Director	San-Boh Lee	(70,672)	0	0	0
Independent Director	Kin-Tsau Lee	0	0	0	0
President	Fred Yeh	(115,444)	0	0	0
Vice President	Huan-Shun Lin (Note 1)	0	0	0	0
Vice President & CFO	Ting-Chao Wang	0	0	0	0
Principal Accounting Officer	Alan Wu (Note 2)	0	0	0	0
Executive Assistant to the Chairman	Li-Fu Tsai (Note 3)	0	0	0	0
Deputy Accounting Director	Hsi-Kung Chang (Note 4)	0	0	0	0

Note 1: Huan-Shun Lin was newly appointed as the Vice President on November 5, 2020.

Note 2: Alan Wu was newly appointed as the Principal Accounting Officer on January 1, 2021.

Note 3: Li-Fu Tsai resigned from the position of Executive Assistant to the Chairman on July 20, 2020.

Note 4: Hsi-Kung Chang was transferred to take on the position of Deputy Project Director on January 1, 2021.

(2) Where the counterparty of share transfers is a related party: None.

(3) Where the counterparty of share pledges is a related party: None.

9. Relationship Between Top 10 Shareholders

As of April 19, 2021

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders Who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	-
Invesco Solar ETF in custody of HSBC	21,694,000	6.11%	0	0.00%	0	0.00%	-	-	-
Yung-Hui Tseng	10,582,717	2.98%	1,394,893	0.39%	0	0.00%	Cheng Fu-Tien Culture & Education Foundation	Chairman of the Foundation	-
Cheng Fu-Tien Culture & Education Foundation	7,308,120	2.06%	0	0.00%	0	0.00%	Yung-Hui Tseng	Chairman	-
Pi-Zhang Wang	4,136,944	1.17%	0	0.00%	0	0.00%	-	-	-
Chih-Kaou Lee	4,022,716	1.13%	1,577,265	0.44%	0	0.00%	-	-	-
Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody of JPMorgan Chase Bank, N.A. Taipei Branch	4,012,574	1.13%	0	0.00%	0	0.00%	-	-	-
Buddhist Tzu Chi Charity Foundation of the Republic of China	3,953,711	1.11%	0	0.00%	0	0.00%	-	-	-
iShares Emerging Markets ETF in custody of Standard Chartered Bank	3,464,000	0.98%	0	0.00%	0	0.00%	-	-	-
Vanguard Total International Stock Index Fund in custody of JPMorgan Chase Bank, N.A.	3,234,214	0.91%	0	0.00%	0	0.00%	-	-	-
Power Exchange Transaction Trust Fund II - Power Global Clean Energy Portfolio in custody of HSBC Bank (Taiwan) Limited	2,777,000	0.78%	0	0.00%	0	0.00%	-	-	-

10. Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities on the Same Investee

As of December 31, 2020 (In Shares)

Investee	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities		Total	
	Shares	%	Shares	%	Shares	%
Power Islands Limited	159,313,909	100.00%	0	0.00%	159,313,909	100.00%
Inergy Technology Inc.	8,558,750	21.06%	0	0.00%	8,558,750	21.06%
Teco-Motech Co., Ltd.	1,440,000	60.00%	0	0.00%	1,440,000	60.00%
Motech Power One Co., Ltd.	25,000,000	100.00%	0	0.00%	25,000,000	100.00%
TECO Sun Energy Co., Ltd.	2,800,000	40.00%	0	0.00%	2,800,000	40.00%
Motech Power Gamma Co., Ltd.	3,300,000	100.00%	0	0.00%	3,300,000	100.00%
Motech Power Beta Co., Ltd.	3,500,000	100.00%	0	0.00%	3,500,000	100.00%
Motech Power Zeta Co., Ltd.	5,000,000	100.00%	0	0.00%	5,000,000	100.00%
Cheer View Investment Limited	0	0.00%	77,500,000	100.00%	77,500,000	100.00%
Noble Town Holdings Co., Ltd.	0	0.00%	42,533,090	100.00%	42,533,090	100.00%
AE Polysilicon Corporation	0	0.00%	11,573,647	37.11%	11,573,647	37.11%
Motech (Suzhou) Renewable Energy Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%
Motech (Xuzhou) Renewable Energy Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%
Motech (Maanshan) Renewable Energy Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%
Motech (Maanshan) Energy Technologies Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%

IV. Capital Overview

1. Capital and Shares

(1) Source of capital

A. Source of capital

As of April 19, 2021 (In NT$; Shares)

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Others
1981.06	10	200,000	2,000,000	200,000	2,000,000	Cash capital increase	-	-
1988.05	10	1,000,000	10,000,000	1,000,000	10,000,000	Cash capital increase	-	-
1991.08	10	3,000,000	30,000,000	3,000,000	30,000,000	Cash capital increase	-	-
1994.01	10	3,960,000	39,600,000	3,960,000	39,600,000	Cash capital increase	-	-
1998.01	10	12,578,445	125,784,450	12,578,445	125,784,450	Cash capital increase	-	-
1999.12	10	17,153,451	171,534,510	17,153,451	171,534,510	Cash capital increase: 37,574,070 Capitalization of capital surplus: 4,236,890 Capitalization of earnings: 3,939,100	-	-
2001.12	10	18,919,055	189,190,550	18,919,055	189,190,550	Capitalization of earnings: 16,054,040 Capitalization of employee bonus: 1,602,000	-	Note 1
2002.08	10	43,800,000	438,000,000	26,785,131	267,851,310	Capitalization of earnings: 25,569,430 Capitalization of capital surplus: 16,908,330 Capitalization of employee bonus: 1,183,000 Cash capital increase: 35,000,000	-	Note 2
2003.09	10	43,800,000	438,000,000	32,292,695	322,926,950	Capitalization of earnings: 53,570,260 Capitalization of employee bonus: 1,505,380	-	Note 3
2004.12	10	61,000,000	610,000,000	48,148,162	481,481,620	Capitalization of earnings: 104,951,260 Capitalization of employee bonus: 4,447,720 Conversion of corporate bond and employee stock option: 49,155,690	-	Note 4
2005.12	10	120,000,000	1,200,000,000	83,890,840	838,908,400	Capitalization of earnings: 298,518,600 Capitalization of employee bonus: 10,044,600 Conversion of corporate bond and employee stock option: 48,863,580	-	Note 5
2006.12	10	200,000,000	2,000,000,000	144,040,269	1,440,402,690	Capitalization of earnings: 553,679,400 Capitalization of employee bonus: 8,890,000 Conversion of corporate bond and employee stock option: 8,924,890 Cash capital increase: 30,000,000	-	Note 6

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Others
2007.04	10	200,000,000	2,000,000,000	144,530,404	1,445,304,040	Conversion of corporate bond and employee stock option: 4,901,350	-	-
2007.05	10	200,000,000	2,000,000,000	162,530,404	1,625,304,040	Cash capital increase: 180,000,000	-	-
2007.11	10	250,000,000	2,500,000,000	203,168,871	2,031,688,710	Capitalization of earnings: 345,696,600 Capitalization of employee bonus: 14,643,000 Conversion of corporate bond and employee stock option: 46,045,070	-	Note 7 Note 8
2008.01	10	250,000,000	2,500,000,000	206,147,592	2,061,475,920	Conversion of corporate bond and employee stock option: 29,787,210	-	Note 8
2008.04	10	250,000,000	2,500,000,000	206,251,592	2,062,515,920	Employee stock option: 1,040,000	-	-
2008.07	10	250,000,000	2,500,000,000	206,483,192	2,064,831,920	Employee stock option: 2,316,000	-	-
2008.08	10	350,000,000	3,500,000,000	249,400,092	2,494,000,920	Capitalization of earnings: 412,313,000 Capitalization of employee bonus: 16,856,000	-	Note 9
2008.10	10	350,000,000	3,500,000,000	249,505,092	2,495,050,920	Employee stock option: 1,050,000	-	-
2009.01	10	350,000,000	3,500,000,000	249,540,092	2,495,400,920	Employee stock option: 350,000	-	-
2009.04	10	350,000,000	3,500,000,000	249,723,692	2,497,236,920	Employee stock option: 1,836,000	-	-
2009.07	10	350,000,000	3,500,000,000	249,808,692	2,498,086,920	Employee stock option: 850,000	-	-
2009.08	10	350,000,000	3,500,000,000	301,117,334	3,011,173,340	Capitalization of earnings: 499,355,000 Capitalization of employee bonus: 12,821,420 Employee stock option: 910,000	-	Note 10
2010.01	10	350,000,000	3,500,000,000	301,147,334	3,011,473,340	Employee stock option: 300,000	-	-
2010.02	10	450,000,000	4,500,000,000	376,463,668	3,764,636,680	Cash capital increase through private placement: 753,163,340	-	Note 11
2010.04	10	450,000,000	4,500,000,000	376,523,668	3,765,236,680	Employee stock option: 600,000	-	-
2010.07	10	450,000,000	4,500,000,000	376,581,668	3,765,816,680	Employee stock option: 580,000	-	-
2010.08	10	450,000,000	4,500,000,000	380,346,908	3,803,469,080	Capitalization of earnings: 37,652,400	-	Note 12
2011.08	10	600,000,000	6,000,000,000	437,398,908	4,373,989,080	Capitalization of earnings: 570,520,000	-	Note 13
2013.02	10	600,000,000	6,000,000,000	438,670,908	4,386,709,080	Issuance of restricted stock for employees:12,720,000	-	Note 14
2013.09	10	600,000,000	6,000,000,000	438,491,908	4,384,919,080	Cancellation of restricted stock for employees: 1,790,000	-	-
2013.11	10	600,000,000	6,000,000,000	438,458,908	4,384,589,080	Cancellation of restricted stock for employees: 330,000	-	-
2014.02	10	600,000,000	6,000,000,000	439,906,908	4,399,069,080	Issuance of restricted stock for employees:14,480,000	-	Note 15
2014.04	10	600,000,000	6,000,000,000	439,870,908	4,398,709,080	Cancellation of restricted stock for employees: 360,000	-	-
2014.08	10	600,000,000	6,000,000,000	439,839,408	4,398,394,080	Cancellation of restricted stock for employees: 315,000	-	-
2014.12	10	600,000,000	6,000,000,000	439,756,408	4,397,564,080	Cancellation of restricted stock for employees: 830,000	-	-
2015.02	10	600,000,000	6,000,000,000	441,256,408	4,412,564,080	Issuance of restricted stock for employees:15,000,000	-	Note 16

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Others
2015.07	10	600,000,000	6,000,000,000	486,905,408	4,869,054,080	Capital increase through merger: 456,720,000 Cancellation of restricted stock for employees: 230,000	-	Note 17
2015.08	10	600,000,000	6,000,000,000	486,875,408	4,868,754,080	Cancellation of restricted stock for employees: 300,000	-	-
2015.12	10	600,000,000	6,000,000,000	486,692,408	4,866,924,080	Cancellation of restricted stock for employees: 1,830,000	-	-
2016.03	10	600,000,000	6,000,000,000	488,542,408	4,885,424,080	Issuance of restricted stock for employees: 18,500,000	-	Note 18
2016.03	10	600,000,000	6,000,000,000	488,458,908	4,884,589,080	Cancellation of restricted stock for employees: 835,000	-	-
2016.07	10	600,000,000	6,000,000,000	488,556,908	4,885,569,080	Issuance of restricted stock for employees: 1,050,000 Cancellation of restricted stock for employees: 70,000	-	Note 19
2016.07	10	600,000,000	6,000,000,000	488,621,908	4,886,219,080	Issuance of restricted stock for employees: 650,000	-	Note 20
2016.09	10	600,000,000	6,000,000,000	488,495,908	4,884,959,080	Cancellation of restricted stock for employees: 1,260,000	-	-
2016.11	10	600,000,000	6,000,000,000	488,319,908	4,883,199,080	Cancellation of restricted stock for employees: 1,760,000	-	-
2017.02	10	600,000,000	6,000,000,000	490,099,908	4,900,999,080	Issuance of restricted stock for employees: 17,800,000	-	Note 21
2017.03	10	600,000,000	6,000,000,000	490,034,908	4,900,349,080	Cancellation of restricted stock for employees: 650,000	-	-
2017.06	10	600,000,000	6,000,000,000	490,003,908	4,900,039,080	Cancellation of restricted stock for employees: 310,000	-	-
2017.06	10	600,000,000	6,000,000,000	490,143,908	4,901,439,080	Issuance of restricted stock for employees: 1,400,000	-	Note 22
2017.08	10	600,000,000	6,000,000,000	540,143,908	5,401,439,080	Cash capital increase: 500,000,000	-	-
2017.08	10	600,000,000	6,000,000,000	540,033,408	5,400,334,080	Issuance of restricted stock for employees: 800,000 Cancellation of restricted stock for employees: 1,905,000	-	Note 23
2017.11	10	600,000,000	6,000,000,000	539,790,908	5,397,909,080	Cancellation of restricted stock for employees: 2,425,000	-	-
2018.02	10	600,000,000	6,000,000,000	541,438,908	5,414,389,080	Issuance of restricted stock for employees: 16,480,000	-	Note 24
2018.04	10	600,000,000	6,000,000,000	541,300,408	5,413,004,080	Cancellation of restricted stock for employees: 1,385,000	-	-
2018.05	10	600,000,000	6,000,000,000	541,043,408	5,410,434,080	Cancellation of restricted stock for employees: 2,570,000	-	-
2018.08	10	600,000,000	6,000,000,000	540,760,408	5,407,604,080	Cancellation of restricted stock for employees: 2,830,000	-	-
2018.12	10	600,000,000	6,000,000,000	540,655,908	5,406,559,080	Cancellation of restricted stock for employees: 1,045,000	-	-
2019.04	10	600,000,000	6,000,000,000	540,495,408	5,404,954,080	Cancellation of restricted stock for employees: 1,605,000	-	-
2019.07	10	1,000,000,000	10,000,000,000	540,495,408	5,404,954,080	Increase in authorized capital: 4,000,000,000	-	Note 25
2019.11	10	1,000,000,000	10,000,000,000	540,470,408	5,404,704,080	Cancellation of restricted stock for employees: 250,000	-	-
2020.02	10	1,000,000,000	10,000,000,000	540,451,408	5,404,514,080	Cancellation of restricted stock for employees: 190,000	-	-
2020.08	10	1,000,000,000	10,000,000,000	355,041,875	3,550,418,750	Capital reduction for loss compensation: 1,854,095,330	-	Note 26

Note 1: Approved by Official Letter No. Taiwan-Finance-Securities-I-174366 (2001) on December 13, 2001.
Note 2: Approved by Official Letter No. Taiwan-Finance-Securities-I-0910142550 on July 30, 2002.
Note 3: Approved by Official Letter No. Taiwan-Finance-Securities-I-0920131565 on July 15, 2003.

Note 4: Approved by Official Letter No. Securities and Futures-I-0930129706 on July 06, 2004.
Note 5: Approved by Official Letter No. Securities and Futures-I-0940127169 on July 16, 2005.
Note 6: Approved by Official Letter No. Financial-Supervisory-Securities-I-0950133620 on August 01, 2006.
Note 7: Approved by Official Letter No. Financial-Supervisory-Securities-I-0960035329 on July 10, 2007.
Note 8: Corporate bonds of 7,340,418 shares, issued at a price below par value.
Note 9: Approved by Official Letter No. Financial-Supervisory-Securities-I-0970032589 on August 19, 2008.
Note 10: Approved by Official Letter No. Financial-Supervisory-Securities-Corporate-0980035947 on July 17, 2009.
Note 11: The cash capital increase through private place was approved in the extraordinary shareholders' meeting on January 26, 2010 and the record date was set on February 01, 2010.
Note 12: Approved by Official Letter No. Financial-Supervisory-Securities-I-09901177560 on August 11, 2010.
Note 13: Approved by Official Letter No. Financial-Supervisory-Securities-I-10001177870 on August 03, 2011.
Note 14: Approved by Official Letter No. MOEA-Authorized-Commerce-10201032520 on February 22, 2013.
Note 15: Approved by Official Letter No. MOEA-Authorized-Commerce-10301019150 on February 25, 2014.
Note 16: Approved by Official Letter No. MOEA-Authorized-Commerce-10401015440 on February 09, 2015.
Note 17: Approved by Official Letter No. MOEA-Authorized-Commerce-10401117370 on July 15, 2015.
Note 18: Approved by Official Letter No. MOEA-Authorized-Commerce-10501040440 on March 07, 2016.
Note 19: Approved by Official Letter No. MOEA-Authorized-Commerce-10501144990 on July 05, 2016.
Note 20: Approved by Official Letter No. MOEA-Authorized-Commerce-10501156100 on July 11, 2016.
Note 21: Approved by Official Letter No. MOEA-Authorized-Commerce-10601022160 on February 21, 2017.
Note 22: Approved by Official Letter No. MOEA-Authorized-Commerce-10601081430 on June 27, 2017.
Note 23: Approved by Official Letter No. MOEA-Authorized-Commerce-10601122640 on August 31, 2017.
Note 24: Approved by Official Letter No. MOEA-Authorized-Commerce-10701018570 on February 14, 2018.
Note 25: Approved by Official Letter No. MOEA-Authorized-Commerce-10801081540 on July 17, 2019.
Note 26: Approved by Official Letter No. MOEA-Authorized-Commerce-10901150100 on August 13, 2020.

B. Authorized capital

As of April 19, 2021 (In Shares)

Shares Type	Authorized Capital			Remark
	Outstanding	Unissued Shares	Total	
Common shares	355,041,875	644,958,125	1,000,000,000	TPEx-listed shares

C. Shelf registration: None.

(2) Shareholder composition

As of April 19, 2021

Type / Quantities	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	6	147	65,060	127	65,340
Shares	0	149,571	18,281,505	287,988,412	48,622,387	355,041,875
%	0.00%	0.04%	5.15%	81.12%	13.69%	100.00%

(3) Shareholding distribution

As of April 19, 2021

Shareholding	Number of Shareholders	Number of Shares	%
1-999	24,687	6,332,449	1.78%
1,000-5,000	31,452	65,261,401	18.38%
5,001-10,000	4,990	38,295,796	10.79%
10,001-15,000	1,396	17,669,838	4.98%

Shareholding	Number of Shareholders	Number of Shares	%
15,001-20,000	931	17,148,374	4.83%
20,001-30,000	704	17,762,531	5.00%
30,001-40,000	357	12,559,385	3.54%
40,001-50,000	201	9,212,130	2.59%
50,001-100,000	371	26,053,435	7.34%
100,001-200,000	142	19,466,848	5.48%
200,001-400,000	57	15,753,404	4.44%
400,001-600,000	13	6,610,611	1.86%
600,001-800,000	8	5,506,645	1.55%
800,001-1,000,000	5	4,416,764	1.24%
1,000,001 and above	26	92,992,264	26.20%
Total	65,340	355,041,875	100.00%

(4) Major shareholders: Shareholder with 5% or more of the Company's total number of issued shares or ranks among the Company's top five shareholders

As of April 19, 2021

Shareholding / Major Shareholders	Shares	%
Invesco Solar ETF in custody of HSBC	21,694,000	6.11%
Yung-Hui Tseng	10,582,717	2.98%
Cheng Fu-Tien Culture & Education Foundation	7,308,120	2.06%
Pi-Zhang Wang	4,136,944	1.17%
Chih-Kaou Lee	4,022,716	1.13%
Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody of JPMorgan Chase Bank, N.A. Taipei Branch	4,012,574	1.13%
Buddhist Tzu Chi Charity Foundation of the Republic of China	3,953,711	1.11%
iShares Emerging Markets ETF in custody of Standard Chartered Bank	3,464,000	0.98%
Vanguard Total International Stock Index Fund in custody of JPMorgan Chase Bank, N.A.	3,234,214	0.91%
Power Exchange Transaction Trust Fund II - Power Global Clean Energy Portfolio in custody of HSBC Bank (Taiwan) Limited	2,777,000	0.78%

(5) Market Price, Net Worth, Earnings and Dividends Per Share for 2019 and 2020

In NT$/Thousands of Shares

Item \ Year			2019	2020
Market Price per Share	Highest		12.3	42.0
	Lowest		7.61	3.98
	Average		9.02	16.64
Net Worth per Share	Before Distribution		5.56	8.92
	After Distribution		N/A	N/A
Earnings per Share	Weighted Average No. of Shares (in thousands of shares) (Note 1)		354,733	355,021
Earnings per Share	Earnings per Share	Before Retrospective Adjustment	-2.44	0.31
		After Retrospective Adjustment (Note 1)	-3.72	0.31
Dividends per Share	Cash Dividends		0	(Note 5)
	Stock Dividends	Earnings	0	(Note 5)
		Capital Surplus	0	(Note 5)
	Accumulated Undistributed Dividend		0	0
Analysis on Investment Return	Price/Earnings Ratio (Note 2)		N/A	53.68
	Price/Dividend Ratio (Note 3)		N/A	(Note 5)
	Cash Dividend Yield (Note 4)		N/A	(Note 5)

Note 1: Retrospective adjustment by capital reduction ratio was completed
Note 2: Price/Earnings Ratio = Average Closing Price for the Year / Earnings per Share
Note 3: Price/Dividend Ratio = Average Closing Price for the Year / Cash Dividends per Share
Note 4: Cash Dividend Yield = Cash Dividends per Share / Average Closing Price for the Year
Note 5: Earnings distribution for 2020 is pending for approvals from the shareholders’ meeting

(6) Dividend policy and its execution status

A. The dividend policy is as follows:

(a) Upon the annual closing of accounts, the profits, if any, shall be used to pay applicable taxes and compensate losses of the preceding years , and then 10% of the balance shall be appropriated as legal reserve. However, this shall not apply when the balance of legal reserve equals the authorized capital. A special reserve shall then be appropriated as required by laws and regulations. The Board shall make an earnings distribution proposal concerning the remaining amount along with the undistributed profits accumulated from previous years. (The amount proposed to be distributed shall not be less than 25% of the total amount eligible for appropriation.) The proposal shall then be submitted to the shareholders’ meeting for approval.

(b) The distribution ratio within the dividend policy is determined based on the capital needs for capital expenditure budget, financial structure and future operation plans.

The Company shall not pay dividends when there is no profit. Profits of the Company may be distributed as dividends in the form of stock or cash; however, stock dividends shall not exceed 50% of the total distribution.

In the event that the Company's earnings are far below the distributed amount in the previous year, or in consideration of the financial, business and operational conditions of the Company, the Company may distribute all or part of the reserves in accordance with applicable laws and regulations or rules of the competent authorities.

B. Earnings distribution proposal

The 2020 earnings distribution plan was approved in the Board of Directors' meeting on March 18, 2021. With a net income of NT$109,997,386 in 2020, the Company plans to pay cash dividends in the amount of NT$71,008,375, i.e., NT$0.2 per share (The plan is pending for approval from the shareholders' meeting).

C. Explanation on expected significant changes in dividend policy: None.

(7) Impact of stock dividends on operation performance and earnings per share: Not applicable, as stock dividends were not proposed to be paid in the shareholders' meeting.

(8) Compensation to employees and Directors

A. The percentages or parties eligible to compensation to employees and remuneration to Directors in the Articles of Incorporation are as follows (The Articles of Incorporation was approved in the Board meeting and shareholders' meeting on March 18, 2019 and June 17, 2019, respectively):

Article 19 When the Company makes a profit for the year, the compensation to employees shall not be lower than one percent of the balance and the remuneration to Directors shall not be higher than five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation.

The compensation to employees can be made in the form of stock or cash. Parties eligible to receive the said compensation shall include employees in the controlling or affiliated companies who met certain conditions. The Board are authorized to set those conditions.

The distribution of compensation to employees and remuneration to Directors and related matters shall comply with the relevant laws and regulations. The distribution plan shall be approved in the Board meeting with the consent of majority of attending Directors which represents more than two-third of all Directors and be submitted to the shareholders' meeting for its approval.

B. The estimation basis of compensation to employees and remuneration to Directors, calculation basis for number of shares distributed as employee compensation and accounting treatments for difference between estimated and actual payment amount:

(a) Estimation basis of compensation to employees and remuneration to Directors: Estimations are done pursuant to the Articles of Incorporation.

(b) Calculation basis for number of shares distributed as employee compensation: The number of shares distributed as employee compensation is calculated based on the net worth in the latest audited financial statements. The Company does not intend to pay stock dividends this year.

(c) Accounting treatments for difference between estimated and actual payment amount: The difference will be accounted for as changes in accounting estimates and recognized in profit or loss of the following year.

C. Proposed compensation approved by the Board

(a) With regard to compensation to employees and remuneration to Directors and Supervisors in the form of cash or stocks, please disclose the difference, reason and actions taken if the amount is different from the one recognized in the financial statements.

Compensation to employees and remuneration to Directors approved in the Board meeting on March 18, 2021 is as follows:

Compensation to employees: NT$7,195,788 (in cash)

Remuneration to Directors: NT$1,427,403 (in cash)

The actual payment was less than the amount recognized in the 2020 financial statements by NT$371,544 mainly due to the difference between amount accrued and amount resolved in the Board meeting. The difference was accounted for as changes in accounting estimates and recognized in profit or loss of 2021.

(b) Amount of stock distributed as employee compensation as a percentage to net income of parent company only or individual financial statements and aggregate compensation to employees: None.

D. Actual payment of compensation to employees and remuneration to Directors in the previous fiscal year (including the number of stocks, amount and share price). Where the actual payment amount differs from the amount recognized in the financial statements, please disclose the difference, reason and actions taken: The Company did not recognize nor pay compensation to employees and remuneration to Directors and Supervisors in 2019.

(9) Buyback of common shares:

The Company retrieved 190 thousand treasury shares due to voluntary resignations of employees who did not satisfy the vesting conditions when they leave the Company within two years after being grated the restricted stocks. Shares retrieved are cancelled with registration processes completed. The Company did not buy back shares under circumstances stipulated in Article 167-1 of the Company Act.

2. Corporate Bonds:

(1) Corporate bonds: None.

(2) Conversion of corporate bonds: None.

(3) Exchange of corporate bonds: None.

(4) Shelf registration for corporate bond issuance: None.

(5) Corporate bonds with warrants: None.

3. Preferred Shares: None.

4. Global Depositary Shares: To lower relevant administration costs, the Board had proposed to terminate the issuance and deposit contracts of global depositary receipts on November 4, 2019. Relevant procedures were completed in June 2020.

5. **Employee Stock Options:** None.

6. **Employee Restricted Stock:** New restricted employee shares were fully vested on January 31, 2020.

   (1) For new restricted employee shares whose vesting conditions are not fully met, their status and effect on shareholders' equity as of the date of this annual report shall be disclosed: None.

   (2) Names and acquisition status of managers who have acquired new restricted employee shares and of employees who rank among the top ten in the cumulative number of new restricted employee shares acquired up to the date of this annual report: None.

7. **New Share Issuance in Connection with Mergers and Acquisitions:** None.

8. **Execution of Financing Plans:** None.

V. Operational Highlights

1. Business

(1) Business Scope

A. Major products/services

The Company and its major subsidiaries are engaged in the manufacturing and selling of solar cells and modules, design and installation of PV systems, and manufacturing and selling of PV inverters. Therefore, operational highlights focus on these areas.

(a) CE01010 instruments manufacturing

(b) CC01010 electric power supply, electric transmission and power distribution machinery manufacturing

(c) CC01060 wired communication equipment and apparatus manufacturing

(d) CC01070 wireless communication equipment and apparatus manufacturing

(e) CC01080 electronic parts and components manufacturing

(f) CC01090 batteries manufacturing

(g) CC01110 computers and computing peripheral equipment manufacturing

(h) D101060 self-usage power generation equipment utilizing renewable energy industry

(i) D401010 heat energy supplying

(j) F113030 wholesale of precision instruments

(k) F213040 retail sale of precision instruments

(l) F113110 wholesale of batteries

(m) F213110 retail sale of batteries

(n) F113050 wholesale of computing and business machinery equipment

(o) F213030 retail sale of computing and business machinery equipment

(p) F119010 wholesale of electronic materials

(q) F219010 retail sale of electronic materials

(r) F113070 wholesale of telecom instruments

(s) F213060 retail sale of telecom instruments

(t) IG03010 energy technical services

(u) F401010 international trade

(v) ZZ99999 Other than those requiring special approval, the Company may enter into other business not prohibited or limited by applicable laws and regulations.

B. Major products as a percentage to revenue

Item \ Weighting	2020	
	Net Revenue (In Thousands of New Taiwan Dollars)	Ratio (%)
Solar cells	351,622	9.56
PV modules	3,085,871	83.89
Others	240,902	6.55
Total	3,678,395	100.00

C. Major products (services)

(a) Solar cells 156.75*156.75mm

(b) Solar cells 158.75*158.75mm

(c) PV modules 310-330W

(d) High-power PV modules 355W (XS60)

(e) High-efficiency PV modules 420W (XS72)

(f) High-efficiency double-glass PV modules 330-335W

(g) High-efficiency double-glass PV modules 420W (XS72)

(h) High-efficiency tunnel oxide passivated contact (TOPCon) N-type PV modules 355W

(i) Mobile solar power systems

(j) Engineering consultant of PV systems

(k) Sales and engineering integration of PV systems

(l) Technical developments on PV systems

(m) Professional education and training on PV systems

D. Development of New Products (Services)

(a) Single-glass bifacial PV modules for fishery and electricity symbiosis 350W (XS60, G1 wafer)

(b) Development and mass production of large-sized (166mm x 166mm) solar cells

(c) Development and mass production of high-efficiency PV modules 460W (XS72)

(d) Development and mass production of high-efficiency PV modules 380W (XS60)

(e) Development of high-efficiency (>23.5%) TOPCon N-type solar cells

(2) Industry Overview

A. Industry Status and Development

In December 2015, the Paris Agreement was adopted at the UN Climate Summit in hope to join efforts to halt the trend of global warming. The treaty prompts the robust developments in renewable energy and Photovoltaic (PV) industry. Driven by environmental concerns and resource depletion issues, PV industry has become the center of attention and enjoys the highest growth rate among all renewables. Reports from REN21 pointed out that electricity generated using renewable energy accounts for approximately 27.3% of the global electricity, with hydropower being the majority. However, wind and solar power are the fastest-growing sectors.

Due to COVID-19, the global solar demand has slowed down in 2020, but at a lesser degree than anticipated. IHS projects a solar installed capacity of 118GW in 2020. Also, more than 25 countries have adopted the target to achieve net-zero emission by 2050, while at the same time carbon neutrality has become the consensus among major countries in the world. The future of renewable energy, represented by solar power, is promising. According to the analysis from EnergyTrend, the solar demand worldwide is expected to rebound significantly in 2021 with a projected PV installation of 158GW. Among which, despite China, U.S., Japan, Germany and India being the top five solar producers, countries from other emerging markets are showing the strongest growth momentum.

China had implemented preventive measures including lockdowns in the first half of 2020 due to COVID-19, which disrupted logistics and increased costs in the short run. However, operations gradually returned to normal and picked up speed in the second half of the year. At least five provinces in China are expected to build large-scale PV projects under the 14th Five-Year Plan (i.e., the development of new energy industries) in 2021, along with energy storage systems for demonstration purposes. The PV market outlook is promising. Driven by policies and grid connection deadlines as well as improved cost competitiveness which brings about grid parity, China is expected to account for more than 35% of the global demand in terms of solar power.

Being the second largest solar market worldwide, as market demand covered by the investment tax credit (ITC) policy continues to flourish, state policies also prompt the growth of distributed generation market in the U.S. Even with COVID-19 wreaking havoc in 2020, the Biden administration has economic policies set on investments in U.S. clean energy and is committed to rejoin the Paris Agreement as well as puts into effect programs of energy tax credits and zero carbon industry. It also has the economic recovery package focuses on rebuilding infrastructure which is expected to drive the solar market. However, as some states are still under the influence of the pandemic, combined with negative impacts including economic risks and power grid licenses, the overall demand for PV installation in 2021 is expected to remain flat compared to 2020.

In addition to the aforementioned top two solar markets, China and the U.S., there are substantial projects under construction in the emerging markets which will see the peak of centralized grid connection in the next three years. On the other hand, the demand in the matured markets will gradually stabilize and the market will shift to lead the developments of energy storage.

Taiwan’s government has been fully devoted to the developments of low-carbon energy from renewables in hope to realize the vision of energy security, green economy and environmental sustainability. On October 27, 2016, it passed the program to achieve the goal of generating 20% of all electricity through renewables by 2025, with PV capacity accounts for 66.3%, the highest among all renewables. The program contains specific goals and action plans. Solar capacity is expected to reach 6.5GW in the short-term (by 2020) and 20GW in the long-run (by 2025). Due to the pandemic, the short-term goal will be realized in the first half of 2021.

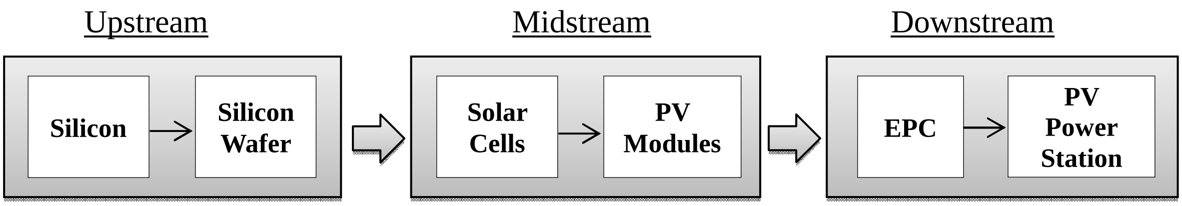
On January 1, 2021, the MOEA officially enacted the major electricity consumers clause. Users with contract capacity exceeding 5,000kW are required to have an installed renewable energy capacity which accounts for 10% of the contract capacity within five years. The objective is for domestic major electricity consumers to install renewable energy capacity as required. Large corporations around the world are joining the RE100 initiative and encouraging entities within their supply chains to commit to 100% green electricity. Green power is a belief shared by all. Therefore, Taiwan's plans to have renewables generating 20% of total electricity by 2025 is to align ourselves with the international trends and movements. While maintaining environmental sustainability, we also give considerations to the global competitiveness of domestic companies. Solar power generated 6 billion kWh of electricity in 2020, showing a growth rate of more than 700% from 850 million kWh in 2015.

To attain the goal on solar capacity, the government promotes agriculture / fishery / cattle-electricity symbiosis. PV systems are installed at areas not appropriate for agricultural use, landfills, roofs of public facilities and factories in the industrial zones. By utilizing the space available without changing the original purpose of the area, these projects provide additional value to the land, benefiting all parties involved.

As temperature increases and fossil fuels dry up, the development of green energy has become a long-term trend. Green energy encompasses solar photovoltaic energy, solar thermal energy, hydropower, wind power, geothermal energy, biomass energy and fuel cells. Among which, the easily accessible solar energy is the cleanest form of energy. It is noise-free, pollution-free, safe as well as inexhaustible. Solar cells in the power system can normally last for over 20 years. Once installed, users only have to keep the panels clean without much regular maintenance. The modular design of the system allows for easy disassembly and replacement. The advantages of solar power bolster its rapid growth worldwide with a booming market.

B. Supply chain

Materials for the upstream of solar industry are mostly high-purity silicon wafers. The midstream consists of manufacturing of cells and assembly of modules. The downstream includes system integration and installation, while long-term maintenance is required after the power stations are established. The relationships between upstream, midstream and downstream of the PV industry are illustrated below:



C. Product development trends and competitions

Photovoltaics (PV) is the direct conversion of light into electricity using semiconducting materials and PV conversion theory. By technologies, solar cells can be divided into two groups: wafer-based and thin-film. Within the wafer-based solar cells, monocrystalline and polycrystalline silicon solar cells are the two most common types. Solar cells using group III-V materials for substrates have low market share due to high costs. Thin-film solar cells are restricted by material deficiencies and have lower conversion efficiency and reliability. Thus, the market share has not seen much growth for many years. As for wafer-based solar cells, with advantages of high conversion efficiency, low aging rate and a lifetime exceeding 20 years as supported by empirical evidence, they have long been the mainstream in the market, accounting for around 90% of the solar cell market.

Since 2018, technologies of PV industry have been evolving constantly. The cutting technique for silicon wafers has advanced from mortar wire to diamond wire while the mainstream has shifted from polycrystalline cells in the early stage to monocrystalline cells at present. Large size and thinner products are highly sought-after in the market. Adding to the fact that global capacity has continuously expanded with equipment advancement, the conversion efficiency of new products has improved rapidly. In contrast, production capacity without cost competitiveness is gradually eliminated. Consequently, we have seen significant vertical integrations, mergers and acquisitions in the industry in the past two to three years.

Mono PERC (passivated emitter and rear contact) cells dominated the market in 2019. P-type mono cells with PERC technology allow the back of cells to capture sunlight which in turn improve conversion efficiency. PERC products also bring about the double-glass PV modules which expand the PV applications, allowing further improvement in module efficiency. By the end of 2020, enhancement in the generating efficiency of PERC cells had reached its limit, and the development of next-generation N-type cells became imperative. At present, TOPCon and HJT are the two mainstream technologies of N-type cells.

The materials and components of TOPCon cell effectively demonstrate the characteristics of N-type products, including high conversion efficiency and advantageous temperature coefficient, allowing the cell to generate higher power output on the same unit area than the mainstream P-type cells. Its thermal stability enables longer lifetime and higher yield as well as improves power generation efficiency at dawn, dusk, and cloudy days when the light is dim. The elevated temperature induced degradation under scorching sun is also improved by 3%. Furthermore, none of the TOPCon module experiences light induced degradation.

In terms of solar power system, as PV applications mature, the scope of application can be roughly divided into four major groups: commercial, residential, utility-scale and other independent system applications. Residential applications usually adopt PV systems under 20KW, whereas commercial applications use systems under 1MW. PV systems for power stations would be at a minimum of 1MW. Looking at electricity production, solar power mainly came from small-scale residential PV systems in the past. However, driven by the aggressive renewable energy policies of each country, the planning and construction of utility-scale PV systems are rapidly expanding.

(3) Technology and Research and Development

A. Research and development expenses in 2019 and 2020

(In Thousands of New Taiwan Dollars)

Year/Item	2019	2020
R&D Expenses	180,760	89,302

B. Technology or product developed in 2020

(a) The average conversion efficiency of mono PERC cells was improved to 22.5% with a maximum efficiency of 22.8%.

(b) The average efficiency of N-type TOPCon solar cell mass produced was 23.2% with a maximum efficiency of 23.5%

(c) Introduced the high-efficiency single-glass PV modules 355W (XS60)

(d) Introduced the high-efficiency double-glass PV modules 420W (XS72)

(e) Introduced the N-type TOPCon PV modules 360W

(4) Short-term and long-term business development plans

A. Short-term business development plans

(a) Marketing strategy

i. Enhance global customer portfolio of PV modules and cooperate with leading module manufacturers or system integrators of each region.

ii. Obtain OEM orders from strategic partners and customers with excellent production quality and services in order to improve capacity utilization, hence profitability.

iii. Expand our business scope to downstream PV applications with our experience and reputations accumulated in the PV industry.

iv. Enhance the intensity and breadth of our PV technical and sales services to provide customers total solutions.

v. Improve technical and after-sale services and expand our market share with leading technologies and price competitiveness.

vi. Improve after-sale services of PV systems and expand our market share with brand advantage.

vii. Aggressively expand our PV system market share in Taiwan and gradually take part in the overseas market.

viii. Strengthen our competence in development, planning, design and engineering integration. Inject more efforts into securing PV system projects and subsidy programs.

ix. Forge greater connections with architects, structural engineer and construction industry to expand our PV project sources.

(b) Production cost

i. Suspend the production line of polycrystalline silicon solar cells. Enhance the efficiency of mono cells and integrate forward with high-efficiency modules to provide customers with price-competitive products.

ii. Actively introduce automated production and information management system to enhance efficiency and quality.

(c) Production development

i. Devote to the enhancement of conversion efficiency and production yield of PV modules.

ii. Provide eco-friendly green products and track carbon footprint to realize green supply chain and logistics.

iii. Strengthen competence in PV system design and installation.

iv. Build standard products based on the features of stand-alone, hybrid, and grid-connected PV systems.

(d) Operation management

i. Continue to computerize management works to enhance the efficiency of corporate resource planning and management.

ii. Strengthen internal training and communication, and expand employees' professional competence and global vision to build up potential for corporate long-term developments.

iii. Carry out project management, strengthen internal execution effectiveness and external customer service efficacy.

iv. Build an after-sales service system to extend brand advantage.

(e) Financial planning

i. Maintain good relationships with financial institutions to obtain working capital required for operations at a reasonable cost.

ii. Monitor market changes and risk factors constantly to understand market trends in order to lower financial risks and improve the efficiency of financial operations

B. Long-term business development plan

(a) Marketing strategy

i. Improve regional sales mix of PV modules to mitigate volatility risks. Develop long-term strategic partnerships with leading module producers and system integrators of each region to build a sustainable and stable sales network.

ii. Expand the presence of our PV systems in strategic markets both at home and abroad. Build a leading PV system design brand in Taiwan and utilize brand awareness and system integration capability to promote our products in the overseas markets in line with local energy policies.

iii. Utilize our development capabilities in green energy applications accumulated over the years to explore other energy-saving business opportunities.

iv. Enhance product quality to build the image of fine quality for in-house brands.

(b) Production cost

i. Strengthen controls over raw material and quality assurance to continuously increase the market share of our PV modules as well as improve quality and conversion efficiency.

ii. Fortify long-term strategic partnerships with upstream material providers to improve sufficiency and control in raw material supplies.

iii. Expand PV module production lines in line with growing market demand to achieve the Company's long-term strategic goals.

iv. Implement quality management and enhance the existing quality assurance systems of ISO 9001:2000, ISO 14001, and OHSAS 18001.

v. Improve production and cost leadership capabilities, proactively research and develop new production technologies as well as introduce advanced equipment to improve production efficiency, yield and quality.

(c) Production Development

i. Develop new-structured PV modules with high conversion efficiency.

ii. Develop PV modules with other technologies based on market progresses.

iii. Develop products associated with solar applications in line with market and customer demand

iv. Develop other energy-saving products and provide comprehensive and integrated services on renewable applications.

v. Commit to develop high-efficiency solar inverters.

(d) Operation management

i. Build competence for diversification and expand business scale.

ii. Uphold the corporate philosophy of sustainability and strengthen management for future developments.

iii. Enhance risk management to lower business risks.

(e) Financial planning

i. Improve financial planning and company-wide controls to lower business and financial risks.

ii. Strengthen capital structure and obtain funds for long-term development at reasonable costs and risk portfolio.

2. Market and Sales Overview

(1) Market Analysis

A. Sales Distribution by Region

(In Thousands of New Taiwan Dollars)

Region \ Year	2019		2020	
	Amount	%	Amount	%
Taiwan	1,456,360	27.49	2,066,288	56.17
Singapore	1,436,635	27.12	1,059,739	28.81
South Korea	387,019	7.31	260,957	7.09
India	247,315	4.67	151,119	4.11
China	1,281,380	24.19	43,801	1.19
Others	488,367	9.22	96,491	2.63
Total	5,297,076	100.00	3,678,395	100.00

B. Market Share, Future Supply and Demand and Market Growth

(a) Market Share

According to the statistics of the market research institution, PV InvoLink, Motech ranked among the top five in terms of Taiwan PV module shipment in 2020. When taking the 2020 PV installed capacity of 1,967 MW released by Taipower, Motech had a market share of 17% with our module shipment of 344MW.

(b) Future Supply and Demand, and Market Growth

In response to the effects of climate change, the world is devoted to energy transformation projects. Many countries have committed to achieve carbon neutrality in the next 30 years. Thus, in addition to the promotion of energy policies by each nation, companies also actively get involved in carbon footprint reduction which in turn prompt manufacturers to use renewable energy, pushing the global PV demand to increase continuously.

The research institution, EnergyTrend, projects PV demand worldwide to reach 158GW in 2021, a 24% year-over-year growth, where the top three nations will account for 60% with China at 58GW, U.S. at 25GW and India at 9GW. Although the pandemic has slowed down the PV installation progress, the reduction in solar costs and promotion of energy policies by each country is driving the growth of PV installed capacity every year.

Taiwan's incremental PV installed capacity shrank to only 1.2GW in 2020 as a result of COVID-19, insufficient feeder lines, delayed installation progress and restrictions imposed by the Council of Agriculture on farmland. It was the first decline in the PV history, down 15% year-over-year. The government has announced the target for 2021 to be 8.75GW and granted more subsidies for dual-use of the land as well as fishery and electricity symbiosis applications. Moreover, the "major electricity consumer" clause came into effect, demanding major electricity users to install renewable energy generation systems or storage facilities with certain installed capacity, purchase renewable energy certificate or even to pay a monetary substitution for regulatory compliance. Therefore, we expect to see a stable growth in domestic PV demand.

C. Competitive Advantage

Motech continues to grow amid fierce competitions. Our competitive advantages are as follows:

(a) Professional management team

Executive managers of the Company and its subsidiaries all came from different fields of expertise. They have solid technical and academic foundation, years of management experience in the industry, global visions and leadership skills.

(b) Advanced technology and equipment

The Company and its subsidiaries are pioneers in cutting edge technologies of the industry. Combine these with advanced production facilities and inhouse capacity designs and planning, we have significantly improved production efficiency, allowing the Company and its subsidiaries to have competitiveness in terms of quality and costs of solar cells and modules.

(c) Excellent market position

With excellent market position, the Company and its subsidiaries can enjoy the best support and cooperation from suppliers and produce the most competitive products to ensure the success and sales growth of customers, which in turn secure our superb market position.

D. Favorable and unfavorable factors for long-term development and countermeasures

(a) Favorable factors

i. Excellent organizational operation system

- People-oriented management increases employee loyalty
- Quality management system with certifications of ISO 9001:2000, ISO 14001, and OHSAS 18001

ii. Outstanding execution and manufacturing systems

- Latest equipment in the industry to enhance production efficiency and yield
- Excellent sales team
- International management team

iii. Good customer portfolio and market reviews

- Close partnerships with leading companies in major markets worldwide
- Great reviews on product quality

iv. Policy impact

- Taiwan’s Energy Development Guidelines intensify the development and utilization of renewables, and the government takes on an active role where solar energy is concerned. In line with the 2025 nuclear-free policy, efforts are channeled toward the goal of 20GW of solar installed capacity, which brings about robust growth in the domestic market.

(b) Unfavorable factors

i. Unbalances within the solar supply chain as a whole and short-term fluctuations in raw material prices affect the gross margins.

ii. Chinese government suspends most of its solar subsidy policies.

iii. European governments suspend or scale down subsidies policies.

iv. Japanese government tightens scrutiny for healthier developments in solar market and downsizes its feed-in tariff every year.

v. Chinese producers continue to expand their production capacities and market shares.

(c) Countermeasures

i. Continue to streamline the production scale of solar cells for module production, produce niche and high-efficiency products and enhance the generating efficiency of modules.

ii. For PV module production lines to achieve production-sale balance in order to optimize production efficiency and costs.

iii. Continue to strengthen and prepare the management fundamentals of the

Company for competition-cooperation of various industries.

iv. Continue to optimize customer revenue mix and diversify market risks.

v. Choose strategic partners prudently and manage diligently to create long-term win-win situation.

vi. Enhance R&D capabilities to improve conversion efficiency of cells and utilization rate of silicon materials.

vii. Enhance R&D capabilities to improve generating efficiency of modules and module packaging technology.

viii. Collaborate with external parties in the developments of advanced technologies and next generation cells to differentiate from competitors.

ix. Expand the added value of module production and system downstream and increase our market share in PV system sector with excellent brand image.

x. Take parts in fishery and electricity symbiosis projects to increase the added value of traditional solar system and explore new business opportunities.

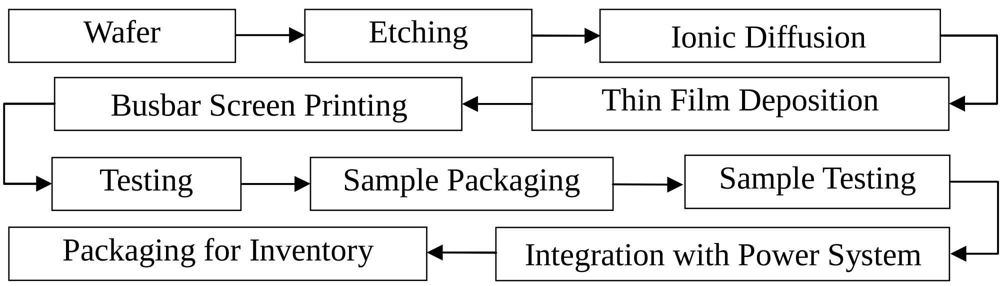
(2) Main applications and manufacturing process of key products

A. Main application of key products

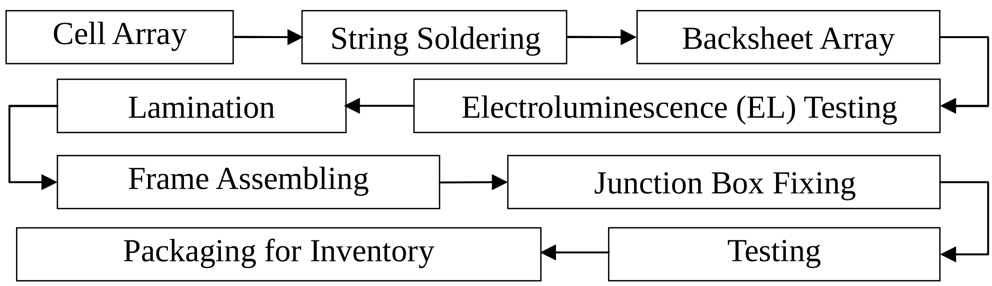
Key Products	Main Application
Solar cells and modules	Our products are semiconductor components which convert light into electricity. They are generally made as standard modules or building-integrated modules for module producers or system integrators. Also, they can be used for special applications, e.g., off-grid products or consumer products.

B. Manufacturing process

Solar cells process flow



PV modules process flow



C. Supply of key raw materials

Raw Material	Supplier	Supply
WAFER	Company A	Good
PASTE	Company F	Good

D. Key suppliers and customers

(a) Names of suppliers account for 10% or more of the Company's total purchases in 2019 and 2020 with purchase amount and percentages as well as reasons for changes

(In Thousands of New Taiwan Dollars)

	2019				2020			
No.	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company
1	Supplier A	940,137	23.81	Non-related party	Supplier A	440,986	16.35	Non-related party
-	Others	3,008,704	76.19	-	Others	2,255,635	83.65	-
-	Net Purchase	3,948,841	100.00	-	Net Purchase	2,696,621	100.00	-

Explanations on changes: Supplier A was the Company's key supplier in 2019 and 2020. The purchase amounts and weightings fluctuated due to prices quoted by suppliers and demand of the Company. The Company and its subsidiaries have established sound relationships with the supplier. However, to ensure an uninterrupted supply of materials, we continue to contact different suppliers to secure materials and diversify risks.

(b) Names of customers account for 10% or more of the Company's total revenue in 2019 and 2020 with sales amount and percentages as well as reasons for changes

(In Thousands of New Taiwan Dollars)

	2019				2020			
No.	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Company
1	Company E	1,431,661	27.03	Non-related party	Company E	1,059,739	28.81	Non-related party
2	Company F	622,372	11.75	Non-related party	Company F	-	-	Non-related party
3	Company G	83,089	1.57	Non-related party	Company G	801,083	21.78	Non-related party
4	Company H	-	-	Non-related party	Company H	440,019	11.96	Non-related party
	Others	3,159,954	59.65		Others	1,377,554	37.45	
	Net revenue	5,297,076	100.00		Net revenue	3,678,395	100.00	

Explanations on changes: The sales weightings fluctuated due to business development needs, competitions, dealings with customers and adjustments in sales strategies in the past two years. There were no significant irregularities.

E. Production in 2019 and 2020

(In Thousands of pieces/sets/KW/New Taiwan Dollars)

Product \ Year / Production	2019			2020		
	Capacity	Output	Amount	Capacity	Output	Amount
Solar cells (in thousands of pieces)	310,517	217,746	4,237,489	140,326	66,501	1,421,216
PV modules (in thousands of pieces)	1,647	1,647	3,797,586	1,633	1,633	3,796,834
Others (in thousands of pieces/sets/KW)	5,105	5,105	20,165	927	927	5,643
Total			8,055,240			5,223,693

F. Shipments and sales in 2019 and 2020

(In Thousands of pieces/sets/New Taiwan Dollars)

Shipment & Sale Product \ Year	2019				2020			
	Domestic		Overseas		Domestic		Overseas	
	Shipment	Sales	Shipment	Sales	Shipment	Sales	Shipment	Sales
Solar cells	21,825	592,767	128,763	1,851,339	4,566	107,769	22,722	243,853
PV modules	219	738,311	847	1,975,362	537	1,739,688	576	1,346,183
Others	-	125,282	-	14,015	-	218,831	-	22,071
Total	-	1,456,360	-	3,840,716	-	2,066,288	-	1,612,107

3. Human Resources in the Past Two Fiscal Years and as of the Date of this Annual Report

Year		2019	2020	As of February 28, 2021
No. of Employees	Management	89	61	60
	Technical personnel	181	136	135
	Administrative personnel	104	76	77
	Operating personnel	735	531	533
	Total	1,109	804	805
Average Age		34.71	38.43	38.60
Average Year of Service		5.38	9.50	8.42
Education	Ph.D.	0.90%	1.00%	0.99%
	Master's Degree	10.40%	11.20%	11.43%
	Bachelor's Degree	47.30%	57.00%	57.02%
	Senior High School	26.40%	22.30%	22.24%
	Below Senior High School	15.00%	8.50%	8.32%

4. Expenditure Related to Environmental Protection

Any losses suffered by the Company in the most recent year and as of the date of this annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental audits, of which the disposition dates, disposition reference numbers, the articles and details of law violated, and the content of the dispositions shall be specified), and disclosures on an estimate of possible expenses that could incur currently or in the future and countermeasures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts on why it cannot be made shall be provided: None.

5. Employment Relations

(1) Employees' welfare, education, training and pension, employee relations and protection of employees' rights:

A. Employee welfare

(a) Depending on profitability, the Company and its subsidiaries provide incentive schemes such as rewards to employees.

(b) The Company has established the EWC to carry out a variety of employee benefit measures and organize relevant activities, e.g., family day, sports season, festival celebrations, club activities, etc. It also grants subsidies for continuing education, emergencies and funerals as well as cash gifts for wedding and festivals.

(c) The Company and its subsidiaries have employee canteens for employees to have meals or take a break.

B. Education and training

The Company and its subsidiaries place great importance on human resource developments and strive for improvements in professional competence. We provide systematic learning systems and environment to forge a culture of active employee learning and management assistance while satisfying the needs for corporate management and individual developments. We promote human resource development programs through internal/external training, e-learning education and training platform, Motech library, courses for professional certifications and subsidies for language training.

C. Retirement system and implementation status

The Company and its subsidiaries comply with local retirement laws and systems to safeguard employees' retirement rights.

In Taiwan, the Company contributes monthly an amount equivalent to 2% of employees' salaries to the pension fund deposited at the Bank of Taiwan in the name of an independently administered pension fund committee pursuant to the Labor Standards Act for employees' pensions under the old retirement system.

Starting from July 1, 2005, for new employees and employees adopting the new pension system under the Labor Pension Act, the Company would make monthly contributions equal to 6% of employees' salary brackets to the employees' individual pension accounts at the Bureau of Labor Insurance to fully protect their retirement rights. Employees willing to make voluntary contributions to their pension accounts shall have their salaries deducted based on their rates of voluntary contributions and deposited in their personal pension accounts.

D. Labor agreements

The Company values employee communications. To maintain smooth two-way communications and exchanges, different types of meetings are held regularly, e.g., the labor-management meetings, and promotional documents are published. Diverse channels for employees to voice their opinions are established including the employee opinion platform and opinion letter boxes at each factory for employee to give feedbacks. In addition, all employees can learn of company information and employee activities through the regularly-published “Motech Quarterly”.

E. Code of conduct and ethics

The Company and its subsidiaries have established the “Code of Ethics and Business Conduct” based on the core value of integrity and disclosed the information at the corporate website and the corporate governance section within the MOPS.

(2) Any losses suffered by the Company in the most recent year and as of the date of this annual report due to industrial disputes (including any violations of Labor Standards Act found in labor inspection, of which the disposition dates, disposition reference numbers, the articles and details of law violated, and the content of the dispositions shall be specified), and disclosures on an estimate of possible expenses that could incur currently or in the future and countermeasures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts on why it cannot be made shall be provided:

The Company and its subsidiaries have always stressed the importance of harmonious labor relations. Although the Company and its subsidiaries received one administrative disposition due to their violation of the Labor Standards Act where penalties were given accordingly, the dollar amount did not constitute a material loss nor were there other industrial disputes. The said violation had been resolved and corrected.

(3) Safety measures at work place and for employees’ personal safety:

A. Risk management

A variety of emergency equipment and monitoring systems are in place at our Science Park Branch for swift notifications to relevant personnel in the event of an accident and immediate actions.

The Company and its subsidiaries have established comprehensive emergency procedures for various accidents or natural disasters (including storm damage, earthquakes, gas explosion, biochemical hazards, and fire) and organized regular emergency trainings where on-site vendors and chemical suppliers shall take part to improve participants’ emergency responses and crisis management teamwork. Evaluation drills are regularly scheduled for employees to be familiar with relevant skills and routes.

The officers of industrial safety department and all units would patrol the premises to prevent hazards. Security guards are stationed at factory entrances to perform 24-hour access control, ensuring the safety of all personnel.

B. Education and training

New recruits of the Company and its subsidiaries shall complete the general safety and health as well as hazard communication education and trainings. Afterwards, they are required to complete the on-the-job retraining (industrial safety class exams) on a quarterly basis to continuously strengthen their awareness on safety and health concepts and skills. In addition, the Company organized annual fire drills where employees are trained to use manual fire alarms, fire extinguishers and hydrants and be taught of response equipment so that all employees possess firefighting knowledge and basic skills. ERT members shall take retaining programs every year to enhance their emergency response and firefighting skills. On-site ERC members shall attend various emergency response trainings and disaster prevention seminars and subsequently pass on the knowledge and skills learned to all ERT personnel in the Company.

C. Health care

We manage employee health thoroughly. The Company and its subsidiaries held general and special physical examinations every year and actively promote the screening for four major cancers during the period. Employees having irregularities identified are ranked by health conditions to receive corresponding health management treatments. The health center analyzes employee health demand every year to formulate annual health promotion programs. It also innovates, amends and plans quarterly themes every year and arrange relevant activities accordingly for employees to obtain sufficient and necessary health information.

We place grave importance on the prevention of new occupational diseases and take on an active role in the promotion of ergonomics improvement projects, prevention of work overload and health protection of working mothers. We organize many seminars on relevant education and training as well as implement a variety of improvement measures. We are committed to provide a healthy working environment. The health center has comprehensive disease control response mechanisms in place for different types of emergencies. Measures are implemented when the need arises to mitigate the risk of cluster infection. Emergency medical education and trainings are arranged to enhance and strengthen the roles of medical personnel.

The Company and its subsidiaries work diligently toward the goal of healthy workplace. Each factory in the Southern Taiwan Science Park has won the Occupational Health Promotion Certificate and received “Health Benchmark Award” from the Health Promotion Administration in consecutive sessions. This demonstrates that we set examples with our health promotion measures. Our comprehensive and systematic health management service has also won several “Health Management Awards” from the Health Promotion Administration. Our care on employee health is well-recognized by government agencies and receive “AED Safe Place Certification” from the Ministry of Health and Welfare, “Excellent Health Workplace Award” and “Fine Breastfeeding Room” from the Public Health Bureau, Tainan City Government, and “Outstanding Self-Management at Healthy Workplace” from the Southern Taiwan Science Park Bureau.

6. Material Contracts

Supply/sale contracts, technical collaboration contracts, engineering contracts, long-term loan contracts and other material contracts what would affect shareholder's equity and are still effective as of the date of this annual report, or expired in the most recent year.

Nature	Counterparty	Duration	Description	Covenant
Long-term loan contract	Syndicated loan with eight banks including Chang Hwa Commercial Bank, Ltd.	Three years from the initial drawdown date (2023/12/21)	Repay existing loans with financial institutions and supplement working capital	None
Investment agreement	Company T	2015/11/27	Establish module factory	None
Supplementary agreement to the investment agreement	Company T	2016/3/10	Establish cell factory	None
Framework contract	Company T	2015/11/27~2025/11/26	Establish cell factory	None
Investment agreement	Company T	2017/9	Establish cell factory	None
Investment agreement	Company T	2017/9	Establish silicon wafer factory	None

VI. Financial Highlights

1. Condensed Balance Sheet and Statement of Comprehensive Income from 2016 to 2020 with Names and Opinions of Independent Auditors

(1) Condensed Balance Sheet (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2016 to 2020 (Note 1)					As of 2021.MM.DD (Note 2)
		2016	2017	2018	2019	2020	
Current Assets		19,649,656	20,977,129	10,686,506	6,246,757	4,310,993	-
Long-term investment		180,248	139,978	105,375	107,789	118,561	-
Property, Plant and Equipment		9,170,870	7,932,199	4,536,778	2,858,925	2,809,300	-
Intangible Assets		558,118	522,079	22,096	8,870	4,249	-
Other Assets		1,231,163	864,462	400,832	387,006	375,122	-
Total Assets		30,790,055	30,435,847	15,751,587	9,609,347	7,618,225	-
Current Liabilities	Before Distribution	14,128,248	18,806,886	6,985,476	3,783,919	1,732,218	-
	After Distribution	14,128,248	18,806,886	6,985,476	3,783,919	Not yet distributed	-
Non-Current Liabilities		3,360,203	209,363	4,233,371	2,718,631	2,643,942	-
Total Liabilities	Before Distribution	17,488,451	19,016,249	11,218,847	6,502,550	4,376,160	-
	After Distribution	17,488,451	19,016,249	11,218,847	6,502,550	Not yet distributed	-
Equity Attributable to Shareholders of the Parent		13,102,730	11,204,083	4,402,081	3,007,536	3,168,466	-
Capital		4,883,199	5,397,909	5,406,559	5,404,704	3,550,419	-
Capital Surplus		9,463,351	9,264,924	6,268,374	190,582	25,252	-
Retained Earnings	Before Distribution	(909,253)	(3,030,712)	(6,783,272)	(2,022,672)	110,812	-
	After Distribution	(909,253)	(3,030,712)	(6,783,272)	(2,022,672)	Not yet distributed	-
Other Components of Equity		(333,917)	(427,393)	(489,200)	(564,888)	(518,017)	-
Treasury Shares		(650)	(645)	(380)	(190)	-	-
Non-controlling Interests		198,874	215,515	130,659	99,261	73,599	-
Total Equity	Before Distribution	13,301,604	11,419,598	4,532,740	3,106,797	3,242,065	-
	After Distribution	13,301,604	11,419,598	4,532,740	3,106,797	Not yet distributed	-

Note: 1. Financial information of 2016 to 2020 was audited by CPAs.

Note: 2. Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

(2) Condensed Balance Sheet (Parent Company Only) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2016 to 2020 (Note 1)					As of 2021.MM.DD (Note 2)
		2016	2017	2018	2019	2020	
Current Assets		12,678,017	11,660,409	7,190,456	3,164,208	2,831,489	-
Long-term investment		4,247,015	4,528,478	2,850,434	2,223,170	1,540,581	-
Property, Plant and Equipment		6,454,973	5,008,140	1,617,354	1,462,680	1,404,596	-
Intangible Assets		553,464	503,335	3,283	1,450	4,249	-
Other Assets		689,777	479,182	243,387	267,716	239,282	-
Total Assets		24,623,246	22,179,544	11,904,914	7,119,224	6,020,197	-
Current Liabilities	Before Distribution	8,271,436	10,898,537	3,737,529	1,938,798	1,166,916	-
	After Distribution	8,271,436	10,898,537	3,737,529	1,938,798	Not yet distributed	-
Non-Current Liabilities		3,249,080	76,924	3,765,304	2,172,890	1,684,815	-
Total Liabilities	Before Distribution	11,520,516	10,975,461	7,502,833	4,111,688	2,851,731	-
	After Distribution	11,520,516	10,975,461	7,502,833	4,111,688	Not yet distributed	-
Capital		4,883,199	5,397,909	5,406,559	5,404,704	3,550,419	-
Capital Surplus		9,463,351	9,264,924	6,268,374	190,582	25,252	-
Retained Earnings	Before Distribution	(909,253)	(3,030,712)	(6,783,272)	(2,022,672)	110,812	-
	After Distribution	(909,253)	(3,030,712)	(6,783,272)	(2,022,672)	Not yet distributed	-
Other Components of Equity		(333,917)	(427,393)	(489,200)	(564,888)	(518,017)	-
Treasury Shares		(650)	(645)	(380)	(190)	-	-
Total Equity	Before Distribution	13,102,730	11,204,083	4,402,081	3,007,536	3,168,466	-
	After Distribution	13,102,730	11,204,083	4,402,081	3,007,536	Not yet distributed	-

Note: 1. Financial information of 2016 to 2020 was audited by CPAs.

Note: 2. Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

(3) Condensed Statement of Comprehensive Income (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2016 to 2020 (Note 1)					As of 2021.MM.DD (Note 2)
		2016	2017	2018	2019	2020	
Net Revenue		28,962,892	23,188,614	14,187,115	5,297,076	3,678,395	-
Gross Profit		1,214,431	(608,224)	(2,399,806)	(133,921)	408,133	-
Operating Income (Loss)		(373,606)	(2,363,812)	(4,055,877)	(1,043,657)	(9,965)	-
Non-operating Income and Expenses		(155,194)	(496,931)	(2,557,923)	(296,974)	135,305	-
Income Before Income Tax		(528,800)	(2,860,743)	(6,613,800)	(1,340,631)	125,340	-
Net Income of Continuing Operations		(912,764)	(3,038,909)	(6,876,006)	(1,346,955)	111,942	-
Loss from Discontinued Operations		0	0	0	0	0	-
Net Income (Loss)		(912,764)	(3,038,909)	(6,876,006)	(1,346,955)	111,942	-
Other Comprehensive Income, Net of Tax		(353,087)	(108,412)	(47,937)	(83,584)	48,177	-
Total Comprehensive Income		(1,265,851)	(3,147,321)	(6,923,943)	(1,430,539)	160,119	-
Net Income Attributable to Owners of the Parent		(905,501)	(3,030,736)	(6,794,568)	(1,317,867)	109,997	-
Net Income Attributable to Non-controlling Interests		(7,263)	(8,173)	(81,438)	(29,088)	1,945	-
Total Comprehensive Income Attributable to Owners of the Parent		(1,243,443)	(3,134,362)	(6,839,839)	(1,397,241)	157,536	-
Total Comprehensive Income Attributable to Non-controlling Interests		(22,408)	(12,959)	(84,104)	(33,298)	2,583	-
Earnings per Share (NT$)	Before Retrospective Adjustment	(1.86)	(5.92)	(12.61)	(2.44)	0.31	-
	After Retrospective Adjustment	(2.83)	(9.01)	(19.20)	(3.72)	0.31	-

Note 1: Financial information of 2016 to 2020 was audited by CPAs.

Note 2: Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

(4) Condensed Statement of Comprehensive Income (Parent Company Only) - International Financial Reporting Standards:

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2016 to 2020 (Note 1)					As of 2021.MM.DD (Note 2)
		2016	2017	2018	2019	2020	
Net Revenue		21,059,349	15,116,778	10,289,209	3,137,812	3,154,659	-
Gross Profit		559,412	(1,402,016)	(2,069,963)	(196,837)	240,426	-
Operating Income (Loss)		(335,307)	(2,280,518)	(2,936,860)	(722,005)	(105,183)	-
Non-operating Income and Expenses		(205,656)	(573,964)	(3,729,923)	(602,305)	215,138	-
Income Before Income Tax		(540,963)	(2,854,482)	(6,666,783)	(1,324,310)	109,955	-
Net Income of Continuing Operations		(905,501)	(3,030,736)	(6,794,568)	(1,317,867)	109,997	-
Loss from Discontinued Operations		0	0	0	0	0	-
Net Income (Loss)		(905,501)	(3,030,736)	(6,794,568)	(1,317,867)	109,997	-
Other Comprehensive Income, Net of Tax		(337,942)	(103,626)	(45,271)	(79,374)	47,539	-
Total Comprehensive Income		(1,243,443)	(3,134,362)	(6,839,839)	(1,397,241)	157,536	-
Net Income Attributable to Owners of the Parent		-	-	-	-	-	-
Net Income Attributable to Non-controlling Interests		-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent		-	-	-	-	-	-
Total Comprehensive Income Attributable to Non-controlling Interests		-	-	-	-	-	-
Earnings per Share (NT$)	Before Retrospective Adjustment	(1.86)	(5.92)	(12.61)	(2.44)	0.31	-
	After Retrospective Adjustment	(2.83)	(9.01)	(19.20)	(3.72)	0.31	-

Note 1: Financial information of 2016 to 2020 was audited by CPAs.

Note 2: Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

(5) Names and opinions of independent auditors from 2016 to 2020

A. Names and opinions of independent auditors from 2016 to 2020

Year	CPA Firm	CPAs	Audit Opinion
2016	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion
2017	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion
2018	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion
2019	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion with emphasis of matter paragraph or other matters paragraph
2020	KPMG	Certified Public Accountants, Ming-Hung Huang and Mei-Yan Chen	An unqualified opinion

B. Reasons for change of CPAs

The change of CPAs was mainly due to job adjustments within KPMG. Starting from the first quarter of 2020, CPAs, Ya-lin Chen and Mei-Yan Chen, were replaced by CPAs, Ming-Hung Huang and Mei-Yan Chen.

(6) Evaluation ground and basis for the provision of valuation accounts on balance sheet

A. The consolidated entity recognizes loss allowance for the expected credit loss (ECL) of financial assets at amortized costs (including cash and cash equivalents, notes and accounts receivables, other receivables, refundable deposits, and other financial assets) and contract assets.

Loss allowance is measured at an amount equal to lifetime ECL except for the following assets where loss allowance equals 12-month ECL:

Cash and cash equivalents, refundable deposits and other financial assets whose credit risk (i.e., the risk of default during the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The loss allowance of notes and accounts receivables, contract assets and other receivables is measured at an amount equal to lifetime ECL.

When determining whether credit risk has increased significantly since initial recognition, the consolidated entity takes into account reasonable and supportable information (available without undue cost or effort), including both qualitative and quantitative data as well as analyses on the consolidated entity's past experience, credit assessments and forward-looking information.

Lifetime ECL refers to the expected credit loss from all possible default events during the lifetime of financial instruments.

12-month ECL refers to the expected credit loss from possible default events within 12 months after the reporting date (or a shorter period if the expected lifetime of the financial instrument is less than 12 months) of financial instruments.

When measuring the ECL, the maximum period is the maximum contractual period during which the consolidated entity is exposed to credit risk.

If the contract payment is 180 days past due and it is unlikely that the borrower will fulfill his/her obligation to pay the full amount to the consolidated entity, the financial assets shall be deemed in default.

ECL is the estimated probability-weighted amount on the credit loss of financial instruments during its lifetime period. Credit loss is measured at the present value of all cash shortfalls, i.e., the difference between the cash flows receivable based on the contracts and the cash flows expected to be collected. ECL is discounted at the effective interest rates of the financial assets.

On each reporting date, the consolidated entity assesses whether a financial asset at amortized cost is credit-impaired. When one or more events that have adverse impact on the estimated future cash flows of the financial asset have occurred, the financial asset is considered credit-impaired.

For financial assets at amortized cost, loss allowance is deducted from the assets' carrying amount except for notes and accounts receivables and other receivables.

When the consolidated entity cannot reasonably estimate the recovery of an entire of a part of financial asset, the gross carrying amount of the financial assets is reduced directly. The consolidated entity analyzes the timing and amount of each write-off separately on the basis of whether recovery can be reasonably expected. The consolidated entity does not expect a significant reversal on the amount written off. However, compulsory enforcement measures can still be carried out for financial assets written off in order to comply with the consolidated entity's procedures for recovery of past due amounts.

B. Inventories are measured at the lower of costs or net realizable value. Costs include the acquisition, production, manufacturing and process costs and other costs that incurred in bringing each inventory to its present condition and location. Costs are calculated using the weighted-average approach. The costs of finished goods and work in progress include manufacturing overheads allocated based on normal operating capacity.

   Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

C. Provisions for warranty are recognized when the goods or services are sold. Provisions are measured based on past warranty data and all possible outcomes weighted by possibilities.

2. Financial Analysis from 2016 to 2020

(1) Financial Analysis (Consolidated) - International Financial Reporting Standards

Item (Note 3)		Year (Note 1)	2016	2017	2018	2019	2020	As of 2021.MM.DD (Note 2)
Financial Structure %	Debt Ratio		56.80	62.48	71.22	67.67	57.44	-
	Long-term Fund to Property, Plant and Equipment Ratio		179.53	143.97	188.77	192.24	198.93	-
Liquidity Analysis %	Current Ratio		139.08	111.54	152.98	165.09	248.87	-
	Quick Ratio		119.90	96.72	141.56	152.86	202.07	-
	Times Interest Earned		(1.14)	(8.50)	(18.50)	(8.64)	2.49	-
Operating Performance	Average Collection Turnover (Times)		4.25	3.23	2.70	2.81	4.77	-
	Days Sales Outstanding		85.88	113.00	135.18	129.89	76.51	-
	Inventory Turnover (Times)		11.02	11.39	12.95	12.07	5.84	-
	Average Payment Turnover (Times)		5.45	4.37	3.38	2.02	2.69	-
	Average Inventory Turnover Days		33.12	32.04	28.18	30.24	62.50	-
	Property, Plant and Equipment Turnover (Times)		2.85	2.71	2.28	1.43	1.30	-
	Total Assets Turnover (Times)		0.90	0.76	0.61	0.42	0.43	-
Profitability	Return on Total Assets (%)		(2.20)	(9.11)	(28.60)	(9.75)	2.08	-
	Return on Equity (%)		(6.56)	(24.59)	(86.21)	(35.26)	3.53	-
	Net Income before Income Tax to Paid-in Capital Ratio (%)		(10.83)	(53.00)	(122.33)	(24.80)	3.53	-
	Net Margin (%)		(3.15)	(13.11)	(48.47)	(25.43)	3.04	-
	Earnings per Share (NT$)	Before Retrospective Adjustment	(1.86)	(5.92)	(12.61)	(2.44)	0.31	-
		After Retrospective Adjustment	(2.83)	(9.01)	(19.20)	(3.72)	0.31	-
Cash Flow	Cash Flow Ratio (%)		29.00	0.18	26.11	(18.54)	(40.88)	-
	Cash Flow Adequacy Ratio (%)		137.35	126.26	121.65	139.80	99.47	-
	Cash Flow Reinvestment Ratio (%)		12.92	0.13	8.17	(6.11)	(6.96)	-
Leverage	Operating Leverage		(24.10)	(1.01)	(0.24)	0.26	(46.02)	-
	Financial Leverage		0.60	0.89	0.92	0.88	0.11	-

Explanations for ratios varying by over 20% year-over-year are as follows:

1. The increases in current and quick ratios: Mainly due to the refunding loan in 2020 which reduced the current portion of loans. Thus, the magnitude of decrease in current liabilities exceeded the decreases in current and quick assets.
2. The increase in time interest earned: Mainly due to a year-over-year increase in income before income tax in 2020.
3. The increase in average collection turnover and the decrease in days sales outstanding: Mainly due to the adjustments in operation scale in 2020 which reduced the sales amount. In addition, the aggressive controls over accounts receivables resulted in a reduced ending balance of accounts receivables compared to 2019.
4. The increase in average payment turnover: Mainly due to adjustments in operation scale in 2020 which resulted in a

reduction in cost of revenue and a significant decrease in the ending balance of accounts payables.

5. The decrease in inventory turnover and the increase in average inventory turnover days: Mainly due to adjustments in operation scale in 2020 which resulted in a reduction in cost of revenue and an increase in the ending balance of module inventories compared to 2019.
6. Return on total assets, return on equity, net income before income tax to paid-in capital ratio, net margin and earnings per share all increased compared to 2019: As the Company continued to streamline operations and adopted transformation strategies to reduce losses in 2020, the indicators of overall profitability increased.
7. The decrease in cash flow ratio: Mainly due to a decrease in current liabilities in 2020.
8. The decrease in cash flow adequacy ratio: Mainly due to the decreases in depreciation within the five-year sum of cash from operations.
9. The decreases in operating leverage and financial leverage: Mainly due to a decrease in operating losses in 2020.

Note 1: Financial information of 2016 to 2020 was audited by CPAs.

Note 2: Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

Note 3: Financial analysis is based on the following formulas:

A. Financial Structure
  (a) Debt Ratio = Total Liabilities / Total Assets
  (b) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Long-term Loans) / Net Property, Plant and Equipment

B. Liquidity Analysis
  (a) Current Ratio = Current Assets / Current Liabilities
  (b) Quick Ratio = (Current Assets - Inventories - Prepayments - Non-current Asset Held for Sale) / Current Liabilities
  (c) Times Interest Earned = Income before Interest and Taxes / Interest Expenses

C. Operating Performance
  (a) Average Collection Turnover (includes accounts receivable and notes receivable from operations) = Net Revenue / Average Trade Receivables (includes accounts receivable and notes receivable from operations)
  (b) Days Sales Outstanding = 365 / Average Collection Turnover
  (c) Inventory Turnover = Cost of Revenue / Average Inventory
  (d) Average Payment Turnover (includes accounts payable and notes payable from operations) = Cost of Revenue / Average Trade Payables (includes accounts payable and notes payable from operations)
  (e) Average Inventory Turnover Days = 365 / Inventory Turnover
  (f) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment
  (g) Total Assets Turnover = Net Revenue / Average Total Assets

D. Profitability Analysis
  (a) Return on Total Assets = (Net Income (Loss) + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
  (b) Return on Equity = Net Income (Loss) / Average Equity
  (c) Net Income before Income Tax to Paid-in Capital Ratio = Income before Income Tax / Paid-in Capital
  (d) Net Margin = Net Income (Loss) / Net Revenue
  (e) Earnings Per Share = (Net income attributable to Owners of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

E. Cash Flow
  (a) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
  (b) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
  (c) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Net Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)

F. Leverage
  (a) Operating Leverage = (Net Revenue - Variable Cost and Expenses) / Operating Income
  (b) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

(2) Financial Analysis (Parent Company Only) - International Financial Reporting Standards

Item (Note 3)			Year (Note 1) 2016	2017	2018	2019	2020	As of 2021.MM.DD (Note 2)
Financial Structure %	Debt Ratio		46.79	49.48	63.02	57.75	47.37	-
	Long-term Fund to Property, Plant and Equipment Ratio		251.99	223.72	499.51	342.83	333.13	-
Liquidity Analysis %	Current Ratio		153.27	106.99	192.39	163.20	242.65	-
	Quick Ratio		129.83	94.18	182.32	143.24	187.51	-
	Times Interest Earned		(1.89)	(17.48)	(35.47)	(10.65)	2.64	-
Operating Performance	Average Collection Turnover (Times)		7.22	6.05	4.93	3.85	8.69	-
	Days Sales Outstanding		50.55	60.33	74.04	94.81	42.00	-
	Inventory Turnover (Times)		10.84	12.09	18.52	12.67	6.30	-
	Average Payment Turnover (Times)		8.67	7.13	5.60	3.12	9.26	-
	Average Inventory Turnover Days		33.67	30.19	19.71	28.81	57.94	-
	Property, Plant and Equipment Turnover (Times)		2.79	2.64	3.11	2.04	2.20	-
	Total Assets Turnover (Times)		0.79	0.65	0.60	0.33	0.48	-
Profitability	Return on Total Assets (%)		(2.82)	(12.40)	(39.01)	(12.86)	2.49	-
	Return on Equity (%)		(6.61)	(24.94)	(87.08)	(35.57)	3.56	-
	Net Income before Income Tax to Paid-in Capital Ratio (%)		(11.08)	(52.88)	(123.31)	(24.50)	3.10	-
	Net Margin (%)		(4.30)	(20.05)	(66.04)	(42.00)	3.49	-
	Earnings per Share (NT$)	Before Retrospective Adjustment	(1.86)	(5.92)	(12.61)	(2.44)	0.31	-
		After Retrospective Adjustment	(2.83)	(9.01)	(19.20)	(3.72)	0.31	-
Cash Flow	Cash Flow Ratio (%)		50.97	(1.73)	(19.54)	(34.41)	3.29	-
	Cash Flow Adequacy Ratio (%)		179.34	176.85	154.61	174.31	118.65	-
	Cash Flow Reinvestment Ratio (%)		14.72	(0.81)	(4.07)	(7.10)	0.47	-
Leverage	Operating Leverage		(34.62)	(2.11)	(1.24)	(2.55)	(13.90)	-
	Financial Leverage		0.64	0.94	0.94	0.86	0.61	-

Explanations for ratios varying by over 20% year-over-year are as follows:

1. The increases in current and quick ratios: Mainly due to the repayment of long-term bank loans with cash to improve financial structure in 2020. It resulted in the magnitude of decrease in current liabilities exceeded the decreases in current and quick assets.
2. The increase in time interest earned: Mainly due to a year-over-year increase in income before income tax in 2020.
3. The increase in average collection turnover and the decrease in days sales outstanding: Mainly due to the adjustments in operation scale in 2020 which reduced the sales amount. In addition, the aggressive controls over accounts receivables resulted in a reduced ending balance of accounts receivables compared to 2019.
4. The increase in average payment turnover: Mainly due to adjustments in operation scale in 2020 which resulted in a reduction in cost of revenue and a significant decrease in the ending balance of accounts payables.

5. The decrease in inventory turnover and the increase in average inventory turnover days: Mainly due to adjustments in operation scale in 2020 which resulted in a reduction in cost of revenue and an increase in the ending balance of module inventories compared to 2019.
6. Return on total assets, return on equity, net income before income tax to paid-in capital ratio, net margin and earnings per share all increased compared to 2019: As the Company continued to streamline operations and adopted transformation strategies to reduce losses in 2020, the indicators of overall profitability increased.
7. The increases in cash flow ratio and cash flow reinvestment ratio: Mainly due to an increase in net cash provided by operating activities in 2020.
8. The decrease in cash flow adequacy ratio: Mainly due to the decreases in depreciation within the five-year sum of cash from operations.
9. The decreases in operating leverage and financial leverage: Mainly due to a decrease in operating losses in 2020.

Note 1: Financial information of 2016 to 2020 was audited by CPAs.

Note 2: Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

Note 3: Financial analysis is based on the following formulas:

A. Financial Structure
  (a) Debt Ratio = Total Liabilities / Total Assets
  (b) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Long-term Loans) / Net Property, Plant and Equipment

B. Liquidity Analysis
  (a) Current Ratio = Current Assets / Current Liabilities
  (d) Quick Ratio = (Current Assets - Inventories - Prepayments - Non-current Asset Held for Sale) / Current Liabilities
  (c) Times Interest Earned = Income before Interest and Taxes / Interest Expenses

C. Operating Performance
  (a) Average Collection Turnover (includes accounts receivable and notes receivable from operations) = Net Revenue / Average Trade Receivables (includes accounts receivable and notes receivable from operations)
  (b) Days Sales Outstanding = 365 / Average Collection Turnover
  (c) Inventory Turnover = Cost of Revenue / Average Inventory
  (d) Average Payment Turnover (includes accounts payable and notes payable from operations) = Cost of Revenue / Average Trade Payables (includes accounts payable and notes payable from operations)
  (e) Average Inventory Turnover Days = 365 / Inventory Turnover
  (f) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment
  (g) Total Assets Turnover = Net Revenue / Average Total Assets

D. Profitability Analysis
  (a) Return on Total Assets = (Net Income (Loss) + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
  (b) Return on Equity = Net Income (Loss) / Average Equity
  (c) Net Income before Income Tax to Paid-in Capital Ratio = Income before Income Tax / Paid-in Capital
  (d) Net Margin = Net Income (Loss) / Net Revenue
  (e) Earnings Per Share = (Net income attributable to Owners of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

E. Cash Flow
  (a) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
  (b) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
  (c) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)

F. Leverage
  (a) Operating Leverage = (Net Revenue - Variable Cost and Expenses) / Operating Income
  (b) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

3. Audit Committee's Review Report for 2020

Motech Industries Inc.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 operation report, financial statements and earnings distribution proposal. Certified Public Accountants of KPMG, Mr. Ming-Hung Huang and Ms Mei-Yen Chen, were retained by the Board to audit the financial statements and they have issued an audit report. The above-mentioned operation report, financial statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by us. Thus, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

The 2021 Annual Shareholders' Meeting

Convener of the Audit Committee: Kin-Tsau Lee

March 18, 2021

4. Audited Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019

Representation Letter

The entities that are required to be included in the combined financial statements of Motech Industries Inc. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 " Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Motech Industries Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Motech Industries Inc.
Chairman: Yung-Hui Tseng
Date: March 18, 2021

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Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

In 2020, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. In 2019, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the Ruling No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

1. Impairment of long-term non-financial assets

   Please refer to Note 4(n) “Impairment of non-financial assets”, Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty, Note 6(h) “Property, plant and equipment” of the consolidated financial statements.

   The Group operates in an industry where it may experience volatility on sales price in response to the changes in the supply and demand of market and government policies. Also, the recoverable amounts of long-term non-financial assets in cash-generating units have been determined based on the discounted cash flow forecasted by the Group's management, which involved its professional judgments. Therefore, the impairment of long-term non-financial assets is one of the key matters in our audit.

   How the matter was addressed in our audit

   Our principal audit procedures included: Challenging the valuation methodologies, which were derived from the management, with the assistance of our own valuation specialists, in order to consider the reasonableness of methodologies; assessing the rationality of method used in measuring the recoverable amount, which is provided by the Group's management, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate; comparing the historical accuracy of judgments, including inspecting the amount of forecasted of cash flow in prior year and with reference to actual cash flow to evaluate the appropriateness of the assumptions, and performing the sensitivity analysis on main assumption; reviewing the adequacy of the disclosures in respect of impairment of long-term non-financial assets; performing an inquiry from the management and identifying any event after the balance sheet date if it is able to affect the results of the impairment assessment.

2. Provisions for impairment of notes and accounts receivable

   Please refer to Note 4(g) “Financial instruments”, Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(b) “Notes and accounts receivable” of the consolidated financial statements.

   Notes and accounts receivable of the Group were measured by their recoverability. The Group operates in an industry where it may experience volatility due to changing market conditions. Impairment assessment requires management to exercise subjective judgment in making estimations for impairment allowance on notes and accounts receivable. Therefore, the provision for impairment of notes and accounts receivable is one of the key matters in our audit.

   How the matter was addressed in our audit

   Our principal audit procedures included: obtaining the calculation of expected credit loss (ECL) on notes and accounts receivable, and assessing the appropriateness of ECL; examining the aging of notes and accounts receivable to verify the accuracy of the aging period; assessing the appropriateness and adequacy of provision for doubtful accounts made by the management based on the ECL; reviewing the adequacy of the disclosures in respect of provision for impairment of notes and accounts receivable.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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 and 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 group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2021

Notes to Readers

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

The independent auditors' audit report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,343,180	31	3,694,650	39
1140	Current contract assets (note 6(u))	-	-	766	-
1170	Notes and accounts receivable, net (notes 6(b), 6(u) and 8)	512,202	7	1,031,140	11
1200	Other receivables (notes 6(c) and 6(e))	8,572	-	72,819	1
1220	Current tax assets	887	-	2,009	-
130x	Inventories (note 6(d))	726,480	10	392,847	4
1410	Prepayments (note 6(k))	84,243	1	69,864	-
1476	Other current financial assets (note 8)	233,380	3	593,496	4
1479	Other current assets (note 6(k))	402,049	5	389,166	6
	Total current assets	4,310,993	57	6,246,757	65
	Non-current assets:				
1550	Investments accounted for using equity method (note 6(f))	118,561	1	107,789	1
1600	Property, plant and equipment (notes 6(e), 6(h) and 8)	2,809,300	37	2,858,925	30
1755	Right-of-use assets (note 6(i))	162,168	2	176,468	2
1780	Intangible assets (note 6(j))	4,249	-	8,870	-
1840	Deferred tax assets (note 6(q))	60,482	1	58,151	1
1980	Other non-current financial assets (note 8)	29,472	-	38,878	-
1990	Other non-current assets (notes 6(k) and 6(p))	123,000	2	113,509	1
	Total non-current assets	3,307,232	43	3,362,590	35
	Total assets	$ 7,618,225	100	9,609,347	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(l) and 6(aa))	$ 300,000	4	110,000	1
2130	Current contract liabilities (note 6(u))	53,216	-	52,261	1
2170	Notes and accounts payable (note 8)	664,845	9	1,763,035	19
2200	Other payables (notes 6(v) and 6(aa))	284,632	4	390,059	4
2230	Current tax liabilities	8,024	-	15,378	-
2250	Current provisions (note 6(o))	33,342	-	33,190	-
2280	Current lease liabilities (notes 6(n) and 6(aa))	12,947	-	14,573	-
2320	Long-term borrowings, current portion (notes 6(m), 6(aa) and 8)	271,233	4	1,272,950	13
2399	Other current liabilities (note 6(h))	103,979	1	132,473	1
	Total current liabilities	1,732,218	22	3,783,919	39
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(m), 6(aa) and 8)	2,346,415	31	2,389,304	25
2550	Non-current provisions (note 6(o))	105,054	1	124,262	1
2570	Deferred tax liabilities (note 6(q))	60,769	1	58,151	1
2580	Non-current lease liabilities (notes 6(n) and 6(aa))	128,122	2	139,077	2
2600	Other non-current liabilities (note 6(aa))	3,582	-	7,837	-
	Total non-current liabilities	2,643,942	35	2,718,631	29
2xxx	**Total liabilities**	4,376,160	57	6,502,550	68
	Equity attributable to owners of parent (notes 6(g), 6(p), 6(q), 6(r), 6(s) and 6(t)):				
3100	Ordinary share	3,550,419	47	5,404,704	56
3200	Capital surplus	25,252	-	190,582	2
3350	Unappropriated retained earnings (accumulated deficit)	110,812	2	(2,022,672)	(21)
3400	Other equity interest	(518,017)	(7)	(564,888)	(6)
3500	Treasury shares	-	-	(190)	-
	Total equity attributable to owners of parent	3,168,466	42	3,007,536	31
36xx	Non-controlling interests	73,599	1	99,261	1
3xxx	**Total equity**	3,242,065	43	3,106,797	32
	Total liabilities and equity	$ 7,618,225	100	9,609,347	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2020 Amount	%	2019 Amount	%
	Operating Revenues (note 6(u)):				
4110	Sales revenue	$ 3,673,794	100	5,317,056	100
4170	Less: Sales returns	5,166	-	(16,911)	-
4190	Sales discounts and allowances	(565)	-	(3,069)	-
	Net operating revenue (notes 6(t))	3,678,395	100	5,297,076	100
5000	**Total operating costs (notes 6(d), 6(h), 6(i), 6(j), 6(n), 6(o), 6(p), 6(s) and 6(v))**	(3,270,262)	(89)	(5,430,997)	(103)
5900	**Gross profit (loss) from operations**	408,133	11	(133,921)	(3)
6000	**Operating expenses (notes 6(b), 6(c), 6(h), 6(i), 6(j), 6(n), 6(p), 6(s), 6(v) and 7):**				
6100	Selling expenses	(67,405)	(2)	(103,081)	(2)
6200	Administrative expenses	(280,574)	(8)	(552,031)	(10)
6300	Research and development expenses	(89,302)	(2)	(180,760)	(3)
6450	Reversal of losses of expected credit impairment (losses of expected credit impairment)	19,183	1	(73,864)	(2)
	Total operating expenses	(418,098)	(11)	(909,736)	(17)
6900	**Net operating loss**	(9,965)	-	(1,043,657)	(20)
7000	**Non-operating income and expenses:**				
7100	Interest income (note 6(w))	26,015	1	20,364	1
7010	Other income (note 6(w))	11,949	-	19,101	-
7020	Other gains and losses, net (notes 6(e), 6(g), 6(h), 6(k), 6(w) and 6(x))	171,023	4	(199,824)	(4)
7050	Finance costs, net (notes 6(n) and 6(w))	(84,375)	(2)	(139,040)	(2)
7060	Share of profit of associates accounted for using equity method, net (note 6(f))	10,693	-	2,425	-
7671	**Total non-operating income and expenses**	135,305	3	(296,974)	(5)
7900	**Profit (loss) before tax**	125,340	3	(1,340,631)	(25)
7950	Less: Income tax expenses (note 6(q))	(13,398)	-	(6,324)	-
8200	**Net profit (loss)**	111,942	3	(1,346,955)	(25)
8300	**Other comprehensive income (notes 6(f), 6(p), 6(q) and 6(r)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	1,440	-	4,732	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(287)	-	(946)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,153	-	3,786	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	46,950	1	(87,370)	(2)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	74	-	-	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	47,024	1	(87,370)	(2)
8300	**Other comprehensive income**	48,177	1	(83,584)	(2)
	Total comprehensive income	**$ 160,119**	**4**	**(1,430,539)**	**(27)**
	Profit (loss) attributable to:				
8610	Owners of parent	$ 109,997	3	(1,317,867)	(25)
8620	Non-controlling interests	1,945	-	(29,088)	-
		$ 111,942	**3**	**(1,346,955)**	**(25)**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 157,536	4	(1,397,241)	(26)
8720	Non-controlling interests	2,583	-	(33,298)	(1)
		$ 160,119	**4**	**(1,430,539)**	**(27)**
	Earnings per share (expressed in New Taiwan Dollars) (note 6(t))				
9750	**Basic earnings per share**	**$ 0.31**		**(3.72)**	
9850	**Diluted earnings per share**	**$ 0.31**		**(3.72)**	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
				Other equity interest						
	Ordinary shares	Capital surplus	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Others-unearned portion of restricted stock awards	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 5,406,559	6,268,374	(6,783,272)	(481,243)	(7,957)	(489,200)	(380)	4,402,081	130,659	4,532,740
Net loss for the year ended December 31, 2019	-	-	(1,317,867)	-	-	-	-	(1,317,867)	(29,088)	(1,346,955)
Other comprehensive income	-	-	3,786	(83,160)	-	(83,160)	-	(79,374)	(4,210)	(83,584)
Total comprehensive income	-	-	(1,314,081)	(83,160)	-	(83,160)	-	(1,397,241)	(33,298)	(1,430,539)
Capital surplus used to offset accumulated deficits	-	(6,074,985)	6,074,985	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(11)	-	-	-	-	-	(11)	-	(11)
Other changes in capital surplus	-	1,467	-	-	-	-	-	1,467	-	1,467
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	240	(304)	-	-	-	-	(64)	-	(64)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	1,900	1,900
Share-based payments	-	(6,168)	-	-	7,472	7,472	-	1,304	-	1,304
Retirement of treasury share	(1,855)	1,665	-	-	-	-	190	-	-	-
Balance at December 31, 2019	5,404,704	190,582	(2,022,672)	(564,403)	(485)	(564,888)	(190)	3,007,536	99,261	3,106,797
Net profit for the year ended December 31, 2020	-	-	109,997	-	-	-	-	109,997	1,945	111,942
Other comprehensive income	-	-	1,153	46,386	-	46,386	-	47,539	638	48,177
Total comprehensive income	-	-	111,150	46,386	-	46,386	-	157,536	2,583	160,119
Capital surplus used to offset accumulated deficits	-	(168,576)	168,576	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4	-	-	-	-	-	4	-	4
Capital reduction used to offset accumulated deficits	(1,854,095)	-	1,854,095	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(337)	-	-	-	-	(337)	-	(337)
Changes in ownership interests in subsidiaries	-	1,703	-	-	-	-	-	1,703	-	1,703
Changes in non-controlling interests	-	-	-	-	-	-	-	-	(28,245)	(28,245)
Share-based payments	-	1,539	-	-	485	485	-	2,024	-	2,024
Retirement of treasury share	(190)	-	-	-	-	-	190	-	-	-
Balance at December 31, 2020	**$ 3,550,419**	**25,252**	**110,812**	**(518,017)**	**-**	**(518,017)**	**-**	**3,168,466**	**73,599**	**3,242,065**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ 125,340	(1,340,631)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	300,884	493,220
Amortization expense	5,962	11,732
Losses (reversal of losses) of expected credit impairment	(19,183)	73,864
Interest expense (finance costs)	84,375	139,040
Interest income	(26,015)	(20,364)
Share-based payments	2,024	1,304
Share of profit of associates accounted for using equity method	(10,693)	(2,425)
Gain on disposal of property, plant and equipment	(98,436)	(19,245)
Property, plant and equipment transferred to expenses	27	4,672
Loss on disposal of intangible assets	-	2,857
Gain on disposal of non-current assets classified as held for sale	-	(253,776)
Loss on disposal of investments	14,904	-
Impairment loss (reversal of impairment loss) on non-financial assets	(5,793)	533,399
Equipment payable transferred to other income	-	(7,066)
Gains on lease modification	(1,356)	(1,192)
Effect of exchange rate changes on short-term borrowings	-	(764)
Total adjustments to reconcile profit (loss)	246,700	955,256
Changes in operating assets:		
Contract assets	766	(766)
Notes and accounts receivable	517,378	1,693,023
Other receivables	13,966	32,771
Inventories	(316,962)	34,287
Prepaid expenses	13,439	68,613
Prepayments	(27,122)	120,888
Other current assets	(9,748)	53,043
Defined benefit assets	(1,065)	(2,336)
Total changes in operating assets	190,652	1,999,523
Changes in operating liabilities:		
Contract liabilities	965	3,510
Notes and accounts payable	(1,097,832)	(1,797,291)
Other payables	(95,055)	(518,790)
Provisions	(32,217)	13,875
Other current liabilities	(21,861)	(6,935)
Other operating liabilities	(5,210)	(5,234)
Total changes in operating liabilities	(1,251,210)	(2,310,865)
Total changes in operating assets and liabilities	(1,060,558)	(311,342)
Cash outflow generated from operations	(688,518)	(696,717)
Income taxes paid	(19,629)	(4,708)
Net cash used in operating activities	(708,147)	(701,425)
Cash flows from (used in) investing activities:		
Proceeds from disposal of subsidiaries	10,282	-
Proceeds from disposal of non-current assets classified as held for sale	68,345	1,566,284
Acquisition of property, plant and equipment	(300,718)	(621,267)
Proceeds from disposal of property, plant and equipment	166,477	180,598
Decrease in refundable deposits	3,659	4,052
Acquisition of intangible assets	(1,352)	(1,452)
Acquisition of right-of-use assets	-	(24,392)
Decrease in other financial assets	370,683	95,876
Increase in prepayments for business facilities	(18,447)	(12,428)
Interest received	26,585	22,197
Net cash flows from investing activities	325,514	1,209,468
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	546,599	1,271,713
Decrease in short-term borrowings	(356,599)	(3,117,460)
Proceeds from long-term borrowings	2,264,510	59,326
Repayments of long-term borrowings	(3,307,466)	(592,868)
Decrease in guarantee deposits received	(4,278)	(15,581)
Payment of lease liabilities	(13,128)	(22,296)
Acquisition of ownership interests in subsidiaries	(2,678)	(15,624)
Interest paid	(84,441)	(134,944)
Change in non-controlling interests	(946)	15,190
Other financing activities	-	1,467
Net cash used in financing activities	(958,427)	(2,551,077)
Effect of exchange rate changes on cash and cash equivalents	(10,410)	(57,337)
Net decrease in cash and cash equivalents	(1,351,470)	(2,100,371)
Cash and cash equivalents at beginning of period	3,694,650	5,795,021
Cash and cash equivalents at end of period	**$ 2,343,180**	**3,694,650**

See accompanying notes to consolidated financial statements.

(1) Company history

MOTECH Industries Inc. (the Company) was incorporated on June 3, 1981, as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of the Company's registered office is 6F, No. 248, Sec. 3, Pei-Shen Rd., Shen-Keng Dist., New Taipei City 222, Taiwan. The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the Group individually as Group entities).

The Group's major operating activities are the manufacturing, marketing, and sale of solar cells, solar modules, photovoltaic inverters, the marketing, design, and engineering of photovoltaic (PV) power systems, and solar power generation.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 18, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The details of impact on the Group's adoption of the new amendments beginning January 1, 2020 are as follows:

(i) Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(l).

The Group has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts recognized in profit or loss for the year ended December 31, 2020 was $1,280, recognized as the deduction of operating expenses.

(Continued)

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, International Accounting Standards (“IAS”) 39 and IFRS 7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform －Phase 2”

(c) The impact of IFRS issued by International Accounting Standards Board but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

(Continued)

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “IFRSs endorsed by FSC”).

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value (including derivative financial instruments);

2) The net defined benefit assets are recognized as the present value of the defined benefit obligation, less, the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2020**	**December 31, 2019**	**Note**
The Company	Power Islands Limited (Power Islands)	Holding company	100 %	100 %	
The Company	Think Global Enterprises Limited (Think Global)	Holding company	-	100 %	(Note 1)
The Company	Teco-Motech Co., Ltd. (Teco-Motech)	Solar power generation and selling	60 %	60 %	
The Company	Motech Energy System Co., Ltd. (MES)	Solar power generation and selling	-	99.59 %	(Note 2)
The Company	Taiwan Solar Module Manufacturing Corp. (TSMMC)	Manufacturing and trading solar modules	-	-	(Note 3)
The Company (MES, before May 2020)	Motech Power One Co., Ltd. (MPO)	Solar power generation and selling	100 %	100 %	(Note 2)
The Company (MES, before May 2020)	Motech Power Alpha Co., Ltd (MPA)	Solar power generation and selling	-	51 %	(Notes 2 and 4)
The Company (MES, before May 2020)	Motech Power Gamma Co., Ltd (MPG)	Solar power generation and selling	100 %	100 %	(Note 2)
The Company (MES, before May 2020)	Motech Power Beta Co., Ltd (MPB)	Solar power generation and selling	100 %	100 %	(Note 2)
The Company (MES, before May 2020)	Motech Power Zeta Co., Ltd (MPZ)	Solar power generation and selling	100 %	100 %	(Notes 2 and 5)
Power Islands	Motech (Suzhou) Renewable Energy Co., Ltd. (SNE)	Manufacturing and processing, solar cell and solar modules	95.39 %	95.39 %	
Power Islands	Cheer View Investment Limited (Cheer View)	Holding company	100 %	100 %	
Power Islands	Noble Town Holdings Co., Ltd. (Noble Town)	Holding company	100 %	100 %	
Noble Town	Motech Americas, LLC (MA)	Solar module trading	-	100 %	(Note 6)
Noble Town	Motech Japan Inc. (MJ)	Solar module trading	-	100 %	(Note 7)
SNE	Motech (Xuzhou) Renewable Energy Co., Ltd. (XNE)	Manufacturing and processing solar cells	100 %	100 %	(Note 8)
SNE	Motech (Ma-Anshan) Renewable Energy Co., Ltd. (MAS)	Manufacturing and processing, solar cells and solar modules	100 %	100 %	
SNE	Motech (Maanshan) Energy Technologies Co. (MASE)	Manufacturing and processing, solar wafer and solar cells	100 %	100 %	
SNE	Kunshan Bejarno Renewable Energy Co., Ltd (Bejarno)	Selling, solar cells and modules	-	-	(Note 9)

(Continued)

Note 1: On November 4, 2019, the Board of Directors decided to dissolve Think Global. The remaining capital investment had been recovered by the Company in March 2020, and the related liquidation procedures had been completed.

Note 2: In March 2020, the Company acquired the non controlling interests of MES in cash. In May 2020, MES merged with the Company; thereafter, the Company became the surviving company, and MES, the dissolved entity. The equity of the investee companies, MPO, MPA, MPG, MPB and MPZ, held by MES was transferred to the Company.

Note 3: In August 2019, the Company acquired all the non controlling interests of TSMMC. In October 2019, TSMMC merged with the Company; thereafter, the Company became the surviving company and TSMMS, the dissolved entity.

Note 4: In May 2020, the Board of Directors had decided to sell the shares of MPA. In September 2020, the equity transfer had been completed.

Note 5: MPZ was incorporated in February 2019.

Note 6: On March 19, 2020 the Board of Directors decided to dissolve MA. The remaining capital investment had been recovered by Noble Town in December 2020, and the related liquidation procedures had been completed.

Note 7: On July 18, 2019 the Board of Directors decided to dissolve MJ. The remaining capital investment had been recovered by Noble Town in September 2020, and the related liquidation procedures had been completed.

Note 8: On January 20, 2020 the Board of Directors decided to dissolve XNE. As of December 31, 2020, the related liquidation procedures had yet to be completed.

Note 9: Bejarno acquired its business license in March 2019, and the capital injection had been made in May 2019. The Group disposed Bejarno in July 2019.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of that date. The foreign currency gains or losses on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transactions.

Foreign currency differences arising from retranslation are recognized in profit or loss.

(i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollars (which was expressed in reporting currency) at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to New Taiwan Dollars (which was expressed in reporting currency) at average rate. Foreign currency differences are recognized in other comprehensive income.

(Continued)

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting date; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Time deposits, in conformity with the aforementioned definition, that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash equivalents.

(Continued)

(g) Financial instruments

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Financial assets are classified into the following categories: measured at amortized cost and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(Continued)

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for the following which are measured as 12-month ECLs:

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

(Continued)

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(Continued)

(i) Non-current assets classified as held for sale

Non-current assets that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale , the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment and investment property are no longer depreciated.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs and the present value of decommissioning costs, less accumulated depreciation and any accumulated impairment losses.

When the Group intends to sell a self-constructed asset, the costs of the asset is attributable to the progress. If the Group intends to operate or use it on its own, the cost of the asset is attributable to property, plant and equipment.

(Continued)

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 3 to 50 years

2) Machinery and equipment: 1 to 10 years

3) Office and other equipment: 1 to 20 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset–this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset:

- The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

(Continued)

- In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

  — the Group has the right to operate its asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  — the Group designed the asset in a way that predetermines how, and for what purpose, it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. In addition, the Group has elected not to separate its non-lease components and lease accounts, but instead combine them as a single lease component by classifying their underlying assets.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

The lease liability is measured using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;
- there is a change in the assessment on lease term as to whether it will be extended or terminated; and
- the modifications of the lease underlying asset, scope or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Group elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(Continued)

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(m) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The intangible asset of the Group is computer software, the estimated useful lives was 1 to 6 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Provision

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(Continued)

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(iii) Decommissioning

The Group follows the policy of Bureau of Energy, Ministry of Economic Affairs, accruing the module recycle fee based on the size of the power station, and recognize as provision by the present value of decommissioning costs.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Goods sold

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of the Group is made with a credit term of 60 days to 120 days, which is consistent with the market practice.

The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(o).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(Continued)

2) Engineering contracts

The Group enters into contracts to build solar power station. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(q) Government grants

The Group recognizes an unconditional government grant related COVID-19 as reduction of expenses when the grant becomes receivable. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss in the periods in which the expenses or losses are recognized.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(iv) Short-term employee benefits

Short-term employee benefit obligations are accrued when the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee. A liability is recognized when the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date to be confirmed the subscription numbers by employees.

(Continued)

(t) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(Continued)

(u) Earnings per share (EPS)

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit or loss attributable to the ordinary equity holders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit or loss attributable to ordinary equity holders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(v) Business combination

For the business combinations caused by the organizational restructuring, the Group use the book value method instead of the acquisition method.

(w) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment regarding control of subsidiaries

The Group holds 21.06% and 40% of the outstanding voting shares of Inergy Technology Inc. (“Inergy”) and TECO Sun Energy Co., Ltd. (“TECO Sun Energy”), respectively, and is the single largest shareholder of the investees. Although the remaining shares of Inergy are not concentrated within specific shareholders, the Group still cannot obtain more than half of the total number of Inergy's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on but has no control over Inergy. The remaining shares of TECO Sun Energy are concentrated within specific shareholders, the Group cannot obtain more than half of the total number of TECO Sun Energy's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group has significant influence on but has no control over TECO Sun Energy.

(Continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of long-term non-financial assets

In the process of evaluating the potential impairment, the Group is required to make subjective judgments in determining the recoverable amount related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Please refer to note 6(h) for further description of the key assumptions used to determine the recoverable amount.

(b) Provisions for impairment of notes and accounts receivable

The Group has estimated the impairment of notes and accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(b).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash	$ 788	1,280
Demand deposits	1,102,379	2,510,336
Time deposits	1,090,013	1,183,034
Cash equivalents (investments in bonds sold under repurchase agreement)	150,000	-
	$ 2,343,180	**3,694,650**

(b) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 3,169	687,705
Accounts receivable	549,990	385,077
	553,159	1,072,782
Less: loss allowance	(40,957)	(41,642)
	$ 512,202	**1,031,140**

(Continued)

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions of the Group were determined as follows:

In Taiwan and other areas:

	December 31, 2020		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 337,903	0%	-
Past due 1~90 days	78,264	0%~0.08%	-
Past due 91~120 days	-	0%~0.08%	-
Past due 121~150 days	-	0%~35.97%	-
Past due 151~180 days	-	0%~95.66%	-
Past due more than 181 days	37,010	100%	37,010
	453,177		37,010

In China:

	December 31, 2020		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 96,035	0%	-
Past due 1~90 days	-	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%~24.15%	-
Past due 151~180 days	-	62.46%~90.97%	-
Past due more than 181 days	3,947	100%	3,947
	99,982		3,947
Total	**$ 553,159**		**40,957**

(Continued)

In Taiwan and other areas:

	December 31, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 264,253	0%	-
Past due 1~90 days	5,345	0%~0.12%	-
Past due 91~120 days	15	0%~0.12%	-
Past due 121~150 days	-	0%~53.93%	-
Past due 151~180 days	-	0%~100%	-
Past due more than 181 days	37,063	100%	37,063
	306,676		37,063

In China:

	December 31, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 761,527	0%	-
Past due 1~90 days	-	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%~35.97%	-
Past due 151~180 days	-	70.07%~90.97%	-
Past due more than 181 days	4,579	100%	4,579
	766,106		4,579
	$ 1,072,782		**41,642**

The movements in the allowance for notes and accounts receivable were as follows:

	2020	2019
Beginning balance at January 1	$ 41,642	217,382
Impairment loss recognized (reversed)	(665)	(13,302)
Amounts written off	(58)	(159,898)
Effects of changes in foreign exchange rates	38	(2,540)
Balance at December 31	**$ 40,957**	**41,642**

(Continued)

Please refer to note 8 for the information on notes receivable pledged as collateral for guarantees and note 6(x) for further credit risk information.

(c) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$ 8,572	158,251
Other receivables－government grants	3,418	22,344
Subtotal	11,990	180,595
Less: loss allowance	(3,418)	(107,776)
	$ 8,572	**72,819**

The loss allowance provisions for other receivables were determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 8,009	0%	-
Past due 1~90 days	563	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%~16.58%	-
Past due 151~180 days	-	0%~61.44%	-
Past due more than 181 days	3,418	100%	3,418
	$ 11,990		**3,418**

	December 31, 2019		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 4,381	0%	-
Past due 1~90 days	68,438	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%~24.70%	-
Past due 151~180 days	-	0%~90.97%	-
Past due more than 181 days	107,776	100%	107,776
	$ 180,595		**107,776**

(Continued)

The movements in the allowance for other receivables were as follows:

	2020	2019
Beginning balance at January 1	$ 107,776	23,273
Impairment losses recognized (reversed)	(18,518)	87,166
Amounts written off	(87,166)	(4)
Effects of changes in foreign exchange rates	1,326	(2,659)
Balance at December 31	**$ 3,418**	**107,776**

The aforementioned other receivables were not pledged. For further credit risk information, please refer to note 6(x).

(d) Inventories

	December 31, 2020	December 31, 2019
Finished goods	$ 453,248	213,968
Work in progress	65,615	47,040
Raw materials and supplies	175,334	102,329
Merchandise	223	4,898
Raw materials in transit	32,060	24,612
	$ 726,480	**392,847**

Except for cost of goods, other gains or losses which were recognized as operating cost or deduction of operating cost were as follows:

	2020	2019
Reversal of loss on valuation of inventories and obsolescence	$ (37,928)	(36,461)
Loss of inventory disposal	26,898	43,153
Unallocated production overheads	159,692	379,830
	$ 148,662	**386,522**

As of December 31, 2020 and 2019, the inventories were not pledged.

(e) Non-current assets held for sale

In 2019, the Group disposed a part of its non-current assets held for sale, including that of its plant located at Southern Taiwan Science Park, recorded under the non-current assets held for sale on December 31, 2018, as well as its property, plant and equipment and right-of-use assets (previously recorded under other non-current assets) located in Suzhou and property, plant and equipment located in Taipei, based on the resolution approved during the board meeting in January and August 2019, respectively. Gains on disposal of non-current assets held for sale were amounting to $253,776, recorded under other gains and losses. As of December 31, 2019, the remaining balance of receivables arising from the disposals was amounting to $68,345, recorded under other receivables, and the aforementioned amount had been received in 2020. There was no such transaction for the year ended December 31, 2020.

(Continued)

(f) Investments accounted for using equity method

(i) A Summary of financial information for the individually insignificant investments in associates accounted for using the equity method was as follows. The aforementioned financial information was included in the consolidated financial statements of the Group.

	December 31, 2020	December 31, 2019
Total equity of the individually insignificant investments in associates	$ 118,561	107,789

	2020	2019
Attributable to the Group:		
Net profit from continuing operations	$ 10,693	2,425
Other comprehensive income	74	-
Total comprehensive income	$ 10,767	2,425

The Group did not share any contingent liabilities of an associate incurred jointly with other investors. The Group also did not have any contingent liabilities that arise due to the Group being severally liable for all the parts of liabilities of the associate.

(ii) As of December 31, 2020 and 2019, the investments accounted for using the equity method were not pledged.

(g) Changes in a parent's ownership interest in a subsidiary

(i) Acquisitions of non-controlling interests

In March 2020, the Group acquired the non-controlling interests of MES of cash. The effects of the changes in shareholdings were as follows:

	MES
Carrying amount of non-controlling interests on acquisition	$ 2,341
Consideration paid to non-controlling interests	(2,678)
The differences in retained earnings between the consideration and the carrying amount of the subsidiaries acquired	$ (337)

In 2019, the Group acquired the non-controlling interests of MES and TSMMC in cash. The effects of the changes in shareholdings were as follows:

	MES	TSMMC
Carrying amount of non-controlling interests on acquisition	$ 1,064	14,496
Consideration paid to non-controlling interests	(824)	(14,800)
The differences in capital surplus or retained earnings between the consideration and the carrying amount of the subsidiaries acquired	$ 240	(304)

(Continued)

(ii) Loss control of subsidiaries

In July and November 2019, the Group decided to dissolve MJ and Think Global, respectively, resulting in the Group to recognize the remaining capital investment of $27,175 as loss on disposals of investments under other gains and losses in September and March 2020.

(iii) Disposal of subsidiaries

The Group had sold its entire shares in MPA to a third party at the amount of $16,017 in September 2020, resulting in the Group to recognize a gain on disposal of investments amounting to $12,271, recorded under other gains and losses.

The carrying amount of assets and liabilities of MPA on August 31, 2020, the disposal date, was as follow:

Cash and cash equivalents	$	5,735
Other current assets		1,189
Property, plant and equipment		340
Refundable deposit		80
Carrying amount of net assets	**$**	**7,344**

(h) Property, plant and equipment

(i) The movements were as follows:

		Land	Building and structure	Machinery and equipment	Office and other equipment	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:							
Beginning balance at January 1, 2020	$	17,905	1,151,287	4,261,531	2,872,178	206,264	8,509,165
Additions		-	1,015	30,767	259,489	10,905	302,176
Reclassification		-	(12,775)	(63,274)	119,701	(105,084)	(61,432)
Disposal		-	(112,696)	(1,131,223)	(425,600)	-	(1,669,519)
Effect of movements in exchange rates		-	-	8,761	2,292	999	12,052
Balance at December 31, 2020	**$**	**17,905**	**1,026,831**	**3,106,562**	**2,828,060**	**113,084**	**7,092,442**
Beginning balance as of January 1, 2019	$	86,345	1,955,648	11,645,326	4,205,724	197,633	18,090,676
Additions		-	-	36,810	395,946	60,836	493,592
Reclassification		(68,440)	(811,300)	(3,008,748)	(223,664)	(47,929)	(4,160,081)
Disposal		-	(1,622)	(4,383,687)	(1,497,913)	-	(5,883,222)
Effect of movements in exchange rates		-	8,561	(28,170)	(7,915)	(4,276)	(31,800)
Balance at December 31, 2019	**$**	**17,905**	**1,151,287**	**4,261,531**	**2,872,178**	**206,264**	**8,509,165**
Depreciation and impairment loss:							
Beginning balance at January 1, 2020	$	-	317,320	3,457,694	1,811,630	63,596	5,650,240
Depreciation		-	22,319	139,424	122,941	-	284,684
Impairment loss		-	-	-	-	(5,793)	(5,793)
Reclassification		-	(10,442)	(68,116)	24,350	(262)	(54,470)
Disposal		-	(64,476)	(1,126,664)	(408,935)	-	(1,600,075)
Effect of movements in exchange rates		-	-	5,859	2,064	633	8,556
Balance at December 31, 2020	**$**	**-**	**264,721**	**2,408,197**	**1,552,050**	**58,174**	**4,283,142**

(Continued)

		Land	Building and structure	Machinery and equipment	Office and other equipment	Unfinished construction and equipment under acceptance	Total
Beginning balance at January 1, 2019	$	-	608,024	9,570,891	3,268,428	106,555	13,553,898
Depreciation		-	25,910	288,177	153,334	-	467,421
Impairment loss		-	-	401,200	101,950	27,454	530,604
Reclassification		-	(318,589)	(2,497,257)	(175,612)	(68,747)	(3,060,205)
Disposal		-	(1,489)	(4,348,655)	(1,481,847)	-	(5,831,991)
Effect of movements in exchange rates		-	3,464	43,338	(54,623)	(1,666)	(9,487)
Balance at December 31, 2019	$	**-**	**317,320**	**3,457,694**	**1,811,630**	**63,596**	**5,650,240**
Carrying amounts:							
Balance at December 31, 2020	$	**17,905**	**762,110**	**698,365**	**1,276,010**	**54,910**	**2,809,300**
Balance at January 1, 2019	$	**86,345**	**1,347,624**	**2,074,435**	**937,296**	**91,078**	**4,536,778**
Balance at December 31, 2019	$	**17,905**	**833,967**	**803,837**	**1,060,548**	**142,668**	**2,858,925**

(ii) In response to the changes in the supply and demand of the market, the Group had decided to adjust its production capacity and suspend some of its production lines in 2019. After calculating the recoverable amount of the related assets, which was estimated to be close to its fair value, less costs of disposal, and lower than the carrying amount of the assets, the Group recognized the impairment loss of $530,604, which was recorded under other gains and losses – impairment loss on non-financial assets. The suspended production lines were attributed to the Solar division. For the relevant segment information, please refer to note 14. There was no such transaction for the year ended December 31, 2020.

(iii) Besides the impairment loss recognized for those individual assets mentioned above, the Group had performed an impairment test as of December 31, 2019 because there were indications that the assets might be impaired. Due to the operating results in 2020, which showed that the impairment loss recognized for those individual assets may have decreased, the Group performed an impairment test as of December 31, 2020. After performing the impairment test, it was determined that the service potential of the impaired individual assets attributed to the Solar division had not increased, resulting in the Group to recognize the impairment losses that have not been reversed and the carry amount of cash generating unit ("CGU") to which they belonged which was not lower than the recoverable amount (value in use) as of December 31, 2020 and 2019. As of December 31, 2020, the key assumptions used in the estimation of value in use in Taiwan were the discount rate of 8.26%, the average growth rate (sales volume) of 0.97%, the average growth rate (average selling price) of (2.49)%, and the average growth rate (unit cost) of (3.06)%; and the key assumptions used in the estimation of value in use in Mainland China were the discount rate of 10.29%, the average growth rate (sales volume) of 0.14%, the average growth rate (average selling price) of (2.63)%, and the average growth rate (unit cost) of (1.54) %. As of December 31, 2019, the key assumptions used in the estimation of value in use in Taiwan were the discount rate of 6.66%, the average growth rate (sales volume) of 1.4%, the average growth rate (average selling price) of (2.4)%, and the average growth rate (unit cost) of (4.0)%, and the key assumptions used in the estimation of value in use in Mainland China were the discount rate of 7.75%, the average growth rate (sales volume) of 17.2%, the average growth rate (average selling price) of (2.1)%, and the average growth rate (unit cost) of (7.3)%.

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of generally investing in equities and the systemic risk of the specific CGU. Budgeted earnings before interest, taxes, depreciation and amortization ("EBITDA") were based on expectations of future outcomes considering the past experience, adjusted for the anticipated revenue growth. Revenue estimation was projected considering the operating results in the previous year and the estimation of the Group's own production capacity based on the future annual business plan approved by the management. The sales volume in the future was estimated to grow steadily, but the sales price was easily affected by the industry boom and fluctuates.

(iv) In order to set the business scale and improve the reliability of assets, the Group disposed some of its plants and accessory equipment amounting to $98,436 and $19,245, recognized as gains on disposal of property, plant and equipment under other gains and losses for the years ended December 31, 2020 and 2019, respectively. All proceeds of the sale had been received as of the reporting date.

(v) As of December 31, 2020 and 2019, the Group had received in advance the amounts of $56,746 and $58,149, respectively, recorded under other current liabilities, for the expected disposal on its property, plant and equipment. For the year ended December 31, 2020, the Group recognized the reversal of impairment loss amounting to $5,793, which was recorded under other gains and losses, resulting in the increase in the recoverable amount of some unfinished construction. There was no such transaction for the year ended December 31, 2019.

(vi) The reclassification was mainly for transfer of prepayments for business facility, inventories, and non-current assets held for sale, and equipment transfers between consolidated entities.

(vii) As of December 31, 2020 and 2019, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(i) Right-of-use assets

The Group leases many assets including land, buildings, and other equipment. Information about leases for which the Group as a lessee and the deferred income of government grants was presented below:

		Land	Buildings and structures	Other equipment	Total
Cost:					
Beginning balance at January 1, 2020	$	105,360	552,640	718,512	1,376,512
Additions		14,172	6,056	-	20,228
Lease modification		(18,655)	-	-	(18,655)
Effect of movements in exchange rates		-	6,237	9,510	15,747
Balance at December 31, 2020	$	**100,877**	**564,933**	**728,022**	**1,393,832**

(Continued)

	Land	Buildings and structures	Other equipment	Total
Beginning balance at January 1, 2019	$ -	-	-	-
Effects of retrospective application for IFRS 16	91,345	597,377	762,383	1,451,105
Additions	14,015	58,533	-	72,548
Reclassification	-	648	3,854	4,502
Lease modification	-	(70,773)	(872)	(71,645)
Effect of movements in exchange rates	-	(33,145)	(46,853)	(79,998)
Balance at December 31, 2019	**$ 105,360**	**552,640**	**718,512**	**1,376,512**
Accumulated depreciation:				
Beginning balance at January 1, 2020	$ 11,465	68,035	101,507	181,007
Depreciation	10,369	69,900	100,318	180,587
Lease modification	(330)	-	-	(330)
Effect of movements in exchange rates	-	2,089	3,174	5,263
Balance at December 31, 2020	**$ 21,504**	**140,024**	**204,999**	**366,527**
Beginning balance at January 1, 2019	$ -	-	-	-
Depreciation	11,465	81,240	104,964	197,669
Reclassification	-	-	913	913
Lease modification	-	(10,232)	(378)	(10,610)
Effect of movements in exchange rates	-	(2,973)	(3,992)	(6,965)
Balance at December 31, 2019	**$ 11,465**	**68,035**	**101,507**	**181,007**
Deferred income of government grants：				
Beginning balance at January 1, 2020	$ -	468,776	715,511	1,184,287
Effect of movements in exchange rates	-	6,231	9,511	15,742
Balance at December 31, 2020	**$ -**	**475,007**	**725,022**	**1,200,029**
Beginning balance at January 1, 2019	$ -	-	-	-
Effects of retrospective application for IFRS 16	-	499,484	762,383	1,261,867
Effect of movements in exchange rates	-	(30,708)	(46,872)	(77,580)
Balance at December 31, 2019	**$ -**	**468,776**	**715,511**	**1,184,287**

(Continued)

	Land	Buildings and structures	Other equipment	Total
Accumulated amortization of deferred income of government grants：				
Beginning balance at January 1, 2020	$ -	65,411	99,839	165,250
Amortization (as deduction of depreciation)	-	65,069	99,318	164,387
Effect of movements in exchange rates	-	2,080	3,175	5,255
Balance at December 31, 2020	**$ -**	**132,560**	**202,332**	**334,892**
Beginning balance at January 1, 2019	$ -	-	-	-
Amortization (as deduction of depreciation)	-	68,031	103,839	171,870
Effect of movements in exchange rates	-	(2,620)	(4,000)	(6,620)
Balance at December 31, 2019	**$ -**	**65,411**	**99,839**	**165,250**
Carrying amount：				
Balance at December 31, 2020	**$ 79,373**	**82,462**	**333**	**162,168**
Balance at January 1, 2019	**$ -**	**-**	**-**	**-**
Balance at December 31, 2019	**$ 93,895**	**81,240**	**1,333**	**176,468**

The Group leases land and buildings for its office use, operation space and installation location of PV power station, with lease terms ranging from 1 to 20 years. The Group also leases other equipment, with lease terms ranging from 1to 10 years.

(j) Intangible assets

(i) The movements were as follows:

	Computer software	Expertise	Total
Costs:			
Beginning balance at January 1, 2020	$ 45,189		45,189
Additions	1,352	-	1,352
Disposal	(1,725)	-	(1,725)
Effect of movements in exchange rates	457	-	457
Balance at December 31, 2020	**$ 45,273**	**-**	**45,273**
Beginning balance at January 1, 2019	$ 72,258	225,326	297,584
Additions	1,452	-	1,452
Disposal	(27,315)	(225,326)	(252,641)
Effect of movements in exchange rates	(1,206)	-	(1,206)
Balance at December 31, 2019	**$ 45,189**	**-**	**45,189**

		Computer software	Expertise	Total
Amortization and impairment loss:				
Beginning balance at January 1, 2020	$	36,319	-	36,319
Amortization expenses		5,962	-	5,962
Disposal		(1,725)	-	(1,725)
Effect of movements in exchange rates		468	-	468
Balance at December 31, 2020	**$**	**41,024**	**-**	**41,024**
Beginning balance at January 1, 2019	$	50,162	225,326	275,488
Amortization expenses		11,732	-	11,732
Disposal		(24,458)	(225,326)	(249,784)
Effect of movements in exchange rates		(1,117)	-	(1,117)
Balance at December 31, 2019	**$**	**36,319**	**-**	**36,319**
Carrying amounts:				
Balance at December 31, 2020	**$**	**4,249**	**-**	**4,249**
Balance at January 1, 2019	**$**	**22,096**	**-**	**22,096**
Balance at December 31, 2019	**$**	**8,870**	**-**	**8,870**

(ii) Amortization expenses

The amortization expenses of intangible assets were included in the statement of comprehensive income as follows:

		2020	2019
Operating costs	$	354	300
Operating expenses		5,608	11,432
	$	**5,962**	**11,732**

(iii) Collateral

At the reporting date, the intangible assets were not pledged.

(k) Prepayments, other current and other non-current assets

(i) The components of prepayments were as follows:

		December 31, 2020	December 31, 2019
Prepaid expenses	$	8,729	22,037
Prepayments to suppliers－current		75,514	47,827
	$	**84,243**	**69,864**

(Continued)

(ii) The components of other current assets and other non-current assets were as follows:

	December 31, 2020	December 31, 2019
Excess business tax paid	$ 387,735	369,239
Others	14,314	19,927
Other current assets	**$ 402,049**	**389,166**
Prepayments for business facility	$ 22,380	11,641
Refundable deposits	48,303	52,056
Net defined benefit assets	52,317	49,812
Other non-current assets	**$ 123,000**	**113,509**

In response to the changes in the supply and demand of the market, the Group had decided to adjust its production capacity and suspend some of its production lines in 2019. After calculating the recoverable amount of the related assets, which was estimated to be close to its fair value, less costs of disposal, and lower than the carrying amount of the assets, the Group recognized the impairment loss of $2,795 under other gains and losses –impairment loss on nonfinancial assets. The prepayments for business facility was attributed to the Solar division. For the relevant segment information, please refer to note 14. There was no such transaction for the year ended December 31, 2020.

(iii) At the reporting date, the other current assets and other non-current assets were not pledged.

(l) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 300,000	50,000
Unsecured bank loans－financial loans for PV power station projects	-	60,000
Total	**$ 300,000**	**110,000**
Unused short-term credit lines	**$ 1,226,745**	**6,229,766**
Range of annual interest rates	**1.5%~1.8%**	**1.6%~1.9%**

(i) At the reporting date, there was no pledge for short-term borrowings.

(ii) Please refer to note 6(x) for liquidity and interest rate risk information.

(Continued)

(m) Long-term borrowings

(i) The components were as follows:

	December 31, 2020				
	Currency	**Range of annual interest rate**	**Maturity year**		**Amount**
Syndicated loan	TWD	2.0085%	2023	$	1,672,650
Financial loans for PV power station projects	TWD	1.35%~2.25%	2033~2035		944,998
					2,617,648
Less: current portion					(271,233)
Total				$	**2,346,415**
Unused long-term credit lines				$	**31,439**

	December 31, 2019				
	Currency	**Range of annual interest rate**	**Maturity year**		**Amount**
Syndicated loan	TWD	2.2073%~2.3406%	2021	$	3,249,880
Financial loans for PV power station projects	TWD	1.6%~2.25%	2033~2034		412,374
					3,662,254
Less: current portion					(1,272,950)
Total				$	**2,389,304**
Unused long-term credit lines				$	**161,069**

(ii) Pledge for loan

At the reporting date, demand deposits and property, plant and equipment had been pledged as collaterals for long-term borrowings, please refer to note 8.

(iii) Syndicated loan

In January 2018, the Company entered into a triennium syndicated loan agreement with a group of banks.

In accordance with the above-mentioned agreement as amended in August 2019, the Company should comply with the following financial covenants in its second quarter and annual consolidated financial statements commencing from the consolidated financial statements for the year ended December 31, 2019:

1) Current ratio (current assets/current liabilities): not less than 100%.

2) Financial liability ratio (total financial liabilities/total tangible net assets): not exceeding 120%. (total financial liabilities = bank loans + bonds payable + other financial liabilities bearing interest – financial loans for PV power station projects).

(Continued)

3) The interest coverage ratio [(pre-tax net profit + depreciation + amortization + interest expenses) interest expenses]: not less than 100%. If the Company fails to comply the interest coverage ratio, it would not regarded as breach of contract only if the Company pay the compensation to the lead bank in a fixed rate of non-paid principal of the reporting date in monthly interest payment date till the Company would in compliance with the interest coverage ratio revised in the first supplemental loan agreement.

4) Net tangible assets (net assets, minus intangible assets): not be less than $3 million.

The Company did not comply with the revised interest coverage ratio in its 2019 annual consolidated financial statements. However, no breach of contract was committed. Hence, the Company was still in compliance with relevant procedures in the first supplemental loan agreement.

In November 2020, the Company entered into a triennium syndicated loan agreement with a group of banks to pay off the credit balance of its 2018 syndicated loan.

The Company can extend its credit term only once for two more years, within 24 to 30 months starting from the initial drawdown, through written application to leading bank, provided it does not breach the financial covenant within three years starting from the initial drawdown date.

The Company should comply with the following financial covenants in its second quarter and annual consolidated financial statements commencing from the consolidated financial statement for the year ended December 31, 2020:

1) Current ratio (current assets/current liabilities): not less than 100%.

2) Financial liability ratio (total financial liabilities/total tangible net assets): not exceeding 120%. (total financial liabilities=bank loans + bonds payable + other financial liabilities bearing interest – financial loans for PV power station projects)

3) The interest coverage ratio [(pre-tax net profit + depreciation + amortization + interest expense)/interest expenses]: not less than 100%. (applicable since 2021 second quarter consolidated financial statements)

4) Net tangible assets (net assets, minus intangible assets): not be less than $2 million.

If the Company initially fails to comply with the aforementioned covenants, it would not be regarded as breach of contract if it can provide the leading bank a financial improvement plan; and consequently, its preceding second quarter or annual consolidated financial statements is in conformity with the covenants; furthermore, a compensation has to be paid. If the Company still fails to comply with the said covenant in its preceding consolidated financial statements, all its credit facilities stated in the contract will be considered invalid. Also, the leading bank can decide either to waive all or parts of the unused credit facilities without the approval of the participating banks, or it can demand the Company for an immediate payment on its obligations under this agreement. The Company was in compliance with the aforementioned covenants in its 2020 annual consolidated financial statements.

(iv) Please refer to note 6(x) for liquidity and interest rate risk information.

(n) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	$ 12,947	14,573
Non-current	$ 128,122	139,077

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest expenses on lease liabilities (recorded under finance costs)	$ 2,933	5,912
Variable lease payments not included in the measurement of lease liabilities	$ 9,786	7,419
Expenses relating to short-term leases	$ 12,415	35,436
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 423	808
COVID-19-related rent concessions (recognized as deduction of depreciation expenses)	$ (1,060)	-
COVID-19-related rent concessions (recognized as deduction of rent expenses)	$ (220)	-

The amounts recognized in the statement of cash flows for the Group were as follows:

	2020	2019
Total cash outflow for leases	$ 37,405	96,263

(i) Real estate and buildings leases

The Group leases land and buildings for its office use, operation space and the installation location of PV power stations, with lease terms ranging from 1 to 20 years. Some leases included an option to renew the lease for an additional period of the same duration after the end of the contract term. The extension options held are exercisable only by the Group and not by the lessors. If the lessee is not reasonably certain to use an optional extended lease term, the payments associated with the optional period will not be included with in lease liabilities.

(Continued)

(ii) Other leases

The Group leases machinery, transportation and other equipment, with lease terms ranging from 1 to 10 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases IT equipment and other equipment with lease terms ranging from 1 to 3 years. These leases are short-term and leases of low-value items; therefore, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(o) Provisions－current and non-current

		Warranty	Decommissioning	Total
Beginning balance at January 1, 2020	$	157,452	-	157,452
Provisions made during the year		4,250	13,477	17,727
Provisions used during the year		(35,966)	-	(35,966)
Effect of movements in exchange rates		(817)	-	(817)
Balance at December 31, 2020	**$**	**124,919**	**13,477**	**138,396**
Beginning balance at January 1, 2019	$	146,786	-	146,786
Provisions made during the year		15,915	-	15,915
Provisions used during the year		(2,043)	-	(2,043)
Effect of movements in exchange rates		(3,206)	-	(3,206)
Balance at December 31, 2019	**$**	**157,452**	**-**	**157,452**

The carrying amounts of provisions were as follow:

		December 31, 2020	December 31, 2019
Provisions－current	$	33,342	33,190
Provisions－non-current		105,054	124,262
	$	**138,396**	**157,452**

Provision for warranties related mainly to solar modules and photovoltaic inverters sold. It is based on estimates made from historical warranty data associated with similar goods and services. The Group expected to settle its main liabilities with after sales of over 1 year to 25 years. Provision for decommissioning related mainly to PV power stations, wherein it is based on the scale of the power stations to calculate the expense of recycle the solar modules, and being recognized as provision by the present value of decommissioning costs.

(Continued)

(p) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 34,784	34,077
Fair value of plan assets	(87,101)	(83,889)
	(52,317)	(49,812)
The effects of limiting net defined benefit assets to assets ceiling	-	-
Net defined benefit assets (recorded under other non-current assets)	$ (52,317)	(49,812)

Only the Company in the Group adopt the defined benefit obligations. The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The amount of the Company's Bank of Taiwan labor pension reserve account balance was already higher than the defined benefit obligation, so the Company had applied for a moratorium on the withdrawal of labor pension reserve account during to April 2020 to March 2021. The Company's Bank of Taiwan labor pension reserve account balance amounted to $87,101 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	2020	2019
Defined benefit obligations at January 1	$ 34,077	38,302
Current service costs and interest	489	593
Actuarial gains or losses	995	(2,232)
Benefits paid	(777)	(2,586)
Defined benefit obligations at December 31	$ 34,784	34,077

(Continued)

3) Movements of defined benefit plan assets

	2020	2019
Fair value of plan assets at January 1	$ 83,889	81,046
Expected return on plan assets	1,054	1,125
Contributions from plan participants	500	1,804
Actuarial gains or losses	2,435	2,500
Benefits paid	(777)	(2,586)
Fair value of plan assets at December 31	**$ 87,101**	**83,889**
Actual return on plan assets	**$ 3,489**	**3,625**

4) Movements of the effect of the asset ceiling

For the years ended December 31, 2020 and 2019, there were no changes in the effect of plan assets ceiling.

5) Expenses (reversal) recognized in profit or loss

	2020	2019
Current service costs	$ 68	71
Net interest on the net defined benefit assets	(633)	(603)
	$ (565)	**(532)**
Operating expenses	$ (565)	(532)
	$ (565)	**(532)**

6) The remeasurements of the net defined benefit asset recognized in other comprehensive income.

	2020	2019
Cumulative amount at January 1	$ (7,493)	(2,761)
Recognized during the period	(1,440)	(4,732)
Cumulative amount at December 31	**$ (8,933)**	**(7,493)**

(Continued)

7) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	**December 31, 2019**
Discount rate	0.750 %	1.250 %
Rate of salary increase	2.000 %	2.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $770.

The weighted-average lifetime of the defined benefits plans is 19.87 years.

8) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences on defined benefit obligations	
	Increased by 0.25%	**Decreased by 0.25%**
December 31, 2020:		
Discount rate	(1,215)	1,277
Rate of salary increase	1,278	(1,187)
December 31, 2019:		
Discount rate	(1,255)	1,310
Rate of salary increase	1,277	(1,233)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Group's Taiwan entities allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group allocates $24,370 and $51,954 as pension costs under the defined contribution plans in 2020 and 2019, respectively. Payment was made to the Bureau of Labor Insurance and the local government of foreign subsidiaries.

(Continued)

(q) Income taxes

(i) The components were as follows:

		2020	2019
Current tax expense			
Current period	$	(13,398)	(7,270)
Adjustment for prior periods		-	-
		(13,398)	(7,270)
Deferred tax expense			
Origination and reversal of temporary differences		-	946
Income tax expense	**$**	**(13,398)**	**(6,324)**

The amounts of income tax expense recognized in other comprehensive income were as follows:

		2020	2019
Items that may not be reclassified subsequently to profit or loss:			
Actuarial gain of defined benefit plans	**$**	**(287)**	**(946)**

The Group did not recognize any amount of income tax directly in equity.

Reconciliations of income tax and profit (loss) before tax were as follows.

		2020	2019
Profit (loss) before income tax	**$**	**125,340**	**(1,340,631)**
Income tax using the Company's domestic tax rate	$	(25,068)	268,126
Effect of tax rates in foreign jurisdiction		(11,433)	71,671
Non-deductible expense		(1,222)	(1,444)
Losses for which no deferred tax asset was recognized		43,415	(351,775)
Others		(19,090)	7,098
	$	**(13,398)**	**(6,324)**

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considered it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Deferred tax assets have not been recognized because it is not probable that future taxable profit will be available. Details were as follows:

	December 31, 2020	December 31, 2019
Unrecognized deferred tax assets:		
Loss carryforwards	$ 2,086,724	2,566,507
Aggregate amount of temporary differences related to investments in subsidiaries	773,637	784,962
Deductible temporary differences	282,825	338,168
	$ 3,143,186	**3,689,637**

	December 31, 2020	December 31, 2019
Unrecognized deferred tax liabilities:		
Aggregate amount of temporary differences related to investments in subsidiaries	**$ -**	**10,578**

As of December 31, 2020, the information of the Group's unused tax losses for which no deferred tax assets were recognized was as follows:

Year of loss	Unused tax loss	Expiry year
2015	$ 141,846	2025
2016	333,628	2026
2017	2,538,046	2027
2018	3,255,203	2028
2019	1,535,572	2029
2020	323,793	2030
2016	164,956	2021
2017	241,945	2022
2018	1,149,014	2023, 2028
2019	671,858	2024, 2029
2020	99,804	2025
	$ 10,455,665	

(Continued)

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

		Loss on valuation of inventories	Allowance for impairment	Others	Total
Deferred tax assets:					
Beginning balance at January 1, 2020	$	-	-	58,151	58,151
Recognized in profit or loss		-	-	2,331	2,331
Balance at December 31, 2020	$	-	-	**60,482**	**60,482**
Beginning balance at January 1, 2019	$	-	-	60,083	60,083
Recognized in profit or loss		-	-	(1,932)	(1,932)
Balance at December 31, 2019	$	-	-	**58,151**	**58,151**

		Defined benefit plans	Unrealized foreign exchange gains	Others	Total
Deferred tax liabilities:					
Beginning balance at January 1, 2020	$	9,962	48,163	26	58,151
Recognized in profit or loss		214	2,096	21	2,331
Recognized in other comprehensive income		287	-	-	287
Balance at December 31, 2020	$	**10,463**	**50,259**	**47**	**60,769**
Beginning balance at January 1, 2019	$	8,549	51,534	-	60,083
Recognized in profit or loss		467	(3,371)	26	(2,878)
Recognized in other comprehensive income		946	-	-	946
Balance at January 1, 2019	$	**9,962**	**48,163**	**26**	**58,151**

(iii) The Company's income tax returns for all years through 2018 were assessed by the tax authorities.

(r) Capital and other equity

As of December 31, 2020 and 2019, the Company's authorized ordinary share were both $10,000,000 thousand, with par value of $10 (dollars) per share, and its issued shares were 355,042 thousand shares and 540,470 thousand shares, respectively.

The Company has reserved 20,000 thousand authorized shares for employee stock options, convertible preferred stock and convertible bonds.

Reconciliations of shares outstanding were as follows:

(In thousand shares)

	2020	**2019**
Beginning shares at January 1	540,470	540,656
Capital reduction	(185,409)	-
Retirement of restricted shares of stock for employees	(19)	(186)
Ending shares at December 31	**355,042**	**540,470**

(i) Ordinary share

A resolution was passed during the general meeting of shareholders held on June 18, 2020 for the capital reduction of ordinary shares amounting to $1,854,095 to offset the Company's accumulated deficit, with the approval of the Financial Supervisory Commission, and the date of capital reduction was set on July 28, 2020 based on the resolution decided during the board meeting. The relevant statutory registration procedures have since been completed.

A resolution was passed during the Board of Directors to cease the issuance of the global depositary receipts issued by the Company on the Luxembourg Stock Exchange on November 4, 2019, with the base date set on December 10, 2019. The above matter had been settled with the investors on June 19, 2020.

(ii) Capital surplus

The components were as follows:

	December 31, 2020	**December 31, 2019**
Premium on issued stock	$ 6,403	26,117
Changes in equity of subsidiaries and associates accounted for using equity method	18,849	159,837
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,703)
Restricted shares of stock issued for employees	-	4,864
Other	-	1,467
	$ 25,252	**190,582**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

(iii) Retained earnings

Under the Company's articles of incorporation, the Company's current-period earnings are appropriated and distributed in the following order:

a) pay all taxes and duties;

b) cover prior years' accumulated deficit, if any;

c) of the remaining balance, 10% is set aside as legal reserve; excluding when legal reserve exceeds contributed capital;

d) set aside a special reserve in accordance with the R.O.C. Securities and Exchange Act.

The balance, including the accumulated retained profits from the previous year, is the profit to be distributed. The Board of Directors shall propose the earnings distribution plan, in which the amount to be distributed cannot be less than 25% of the earnings available for distribution, in the shareholders' meeting for approval.

The Company's dividend policies are as follows:

a) Cash dividends and stock dividends are appropriated in consideration of the Company's budget for capital expenditures, financial condition, and future operating cash flows.

b) No dividends are distributed if the Company has no unappropriated earnings. Earnings can be distributed as cash or share dividends, but stock dividends shall not exceed 50% of the total distribution.

c) If there are no unappropriated earnings, or if there are unappropriated earnings but they are very much less than the earnings distributed in the prior year, or in consideration of financial, business, and operating requirements, then all of the capital surplus or a portion of the legal reserve or capital surplus can be distributed according to the law or government regulations.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(Continued)

In accordance with Decree No.1010051600 issued by securities and futures bureau on November 21, 2012, issued employee unearned compensation in restricted share of stock refer to unrealized income. The Company does not have to put out special reserve.

3) Earnings distribution

The shareholders of the Company resolved to use its additional paid-in capital of $168,576 and $6,074,985 to cover its accumulated deficits on June 18, 2020 and June 17, 2019, respectively. Relevant information can be inquired at market observation post system.

On March 18, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings as follows:

	2020	
	Amount per share (dollars)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	**$ 0.20**	**71,008**

(iv) Other comprehensive income accumulated in reserves, net of tax:

	Exchange differences on translation of foreign financial statements	**Unearned portion of restricted stock awards**
Beginning balance at January 1, 2020	$ (564,403)	(485)
Exchange differences on translation of foreign financial statements	46,312	-
Exchange differences on associates accounted for using equity method	74	-
Unearned portion of restricted stock awards	-	485
Balance at December 31, 2020	**$ (518,017)**	**-**

(Continued)

	Exchange differences on translation of foreign financial statements	Unearned portion of restricted stock awards
Beginning balance at January 1, 2019	$ (481,243)	(7,957)
Exchange differences on translation of foreign financial statements	(83,160)	-
Unearned portion of restricted stock awards	-	7,472
Balance at December 31, 2019	**$ (564,403)**	**(485)**

(v) Treasury stock

In 2019, the Company recovered 166.5 thousand shares due to the resignation of its employees. The said shares had all been written off. On December 31, 2019, the unretired shares were 19 thousand shares. As of December 31, 2020, the Company did not own any treasury stock.

(s) Share-based payment

As of December 31, 2020 the Group has no existing share-based payment transactions. Details of the new restricted shares of stock issued to employees were as follows:

(In thousand shares)

	2020	2019
Outstanding shares at January 1	250.0	1,527.5
Vested during the year	(250.0)	(1,111.0)
Forfeited during the year	-	(166.5)
Outstanding shares at December 31	**-**	**250.0**

Compensation costs of the Group in 2020 and 2019 arising from restricted shares of stock issued to employees were $2,024 and $1,304, respectively.

(t) Earnings per share ("EPS")

(i) Basic earnings per share

	2020	2019
Profit (loss) attributable to ordinary shareholders of the Company	**$ 109,997**	**(1,317,867)**
Weighted-average number of ordinary shares outstanding during the period (thousand shares) (after retrospective adjustment) (Note 2)	**355,021**	**354,733**
Basic earnings per share (dollars)	**$ 0.31**	**(3.72)**

(ii) Diluted earnings per share

		2020	2019
Profit (loss) attributable to ordinary shareholders of the Company	$	109,997	(1,317,867)
Effect of potentially dilutive common stock		-	-
Profit (loss) attributable to ordinary shareholders of the Company (including the effect of potentially dilutive common stock)	$	**109,997**	**(1,317,867)**
Weighted-average number of ordinary shares outstanding during the period (thousand shares) (after retrospective adjustment) (Note 2)		355,021	354,733
Effect of potentially dilutive common stock (thousand shares) (Note 1)		208	-
Weighted-average number of shares outstanding during the period (thousand shares)		**355,229**	**354,733**
Diluted earnings per share (dollars)	$	**0.31**	**(3.72)**

(Note 1): The potential shares have an antidilutive effect; hence, they were not included in the calculation in 2019.

(Note 2): Retrospective adjustment have been made in accordance with the capital reduction.

(u) Revenue from contracts with customers

(i) The Group's revenue is recognized from contracts with customers both in 2020 and 2019.

(ii) Details of revenue were as follows:

	2020			2019		
	Solar	**Others**	**Total**	**Solar**	**Others**	**Total**
Taiwan	$ 1,834,674	231,614	2,066,288	1,235,568	220,792	1,456,360
Singapore	1,059,739	-	1,059,739	1,436,635	-	1,436,635
Korea	260,957	-	260,957	387,019	-	387,019
India	151,119	-	151,119	247,315	-	247,315
China	43,801	-	43,801	1,281,380	-	1,281,380
Others	95,760	731	96,491	487,816	551	488,367
	$ 3,446,050	**232,345**	**3,678,395**	**5,075,733**	**221,343**	**5,297,076**

(Note): Geographic revenue is based on the geographical location of customers.

Since disaggregation of revenue is based on major products, the basis for division of operating segments, and their geographical regions, the revenue of major products and primary geographical markets are included in the above information.

(Continued)

(iii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable	$ 553,159	1,072,782	2,961,036
Less: loss allowance	(40,957)	(41,642)	(217,382)
Total	**$ 512,202**	**1,031,140**	**2,743,654**
Contract assets－current	**$ -**	**766**	**-**
Contract liabilities－current	**$ 53,216**	**52,261**	**48,634**

Provision for impairment of notes and accounts receivable, please refer to note 6(b).

The amount of revenue recognized as the contract liability balance at the beginning of the period was as follows:

	2020	2019
Revenue recognized	**$ 34,779**	**41,279**

(v) Employee compensation and directors' remuneration

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the year ended December 31, 2020, the Company estimated its employee remuneration amounting to $7,196 and directors' remuneration amounting to $1,799. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board meeting.

The actual amount of remuneration to directors, which was less than the estimated amount, resulted in a difference of $372, recognized as gain or loss in 2021.

For the year ended December 31, 2019, the Company still had an accumulated loss; therefore, no remunerations to employees and directors were estimated and recognized.

Related information would be available at the Market Observation Post System website.

(Continued)

(w) Non-operating income and expenses

(i) Interest income

		2020	2019
Interest income from bank deposits	$	**26,015**	**20,364**

(ii) Other income

		2020	2019
Rent income	$	**11,949**	**19,101**

(iii) Other gains and losses

		2020	2019
Gains on disposals of non-current asset held for sale	$	-	253,776
Gains on disposals of property, plant and equipment		98,436	19,245
Foreign exchange losses		(884)	(8,817)
Losses on disposals of intangible assets		-	(2,857)
Losses on disposals of investments		(14,904)	-
Gains on lease modification		1,356	1,192
Government grants		44,450	22,493
Reversal of impairment loss on non-financial assets (impairment loss on non-financial assets)		5,793	(533,399)
Others		36,776	48,543
	$	**171,023**	**(199,824)**

(iv) Finance costs

		2020	2019
Interest expense	$	(80,138)	(132,916)
Other finance costs		(4,237)	(6,124)
	$	**(84,375)**	**(139,040)**

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(Continued)

2) Concentration of credit risk

In order to reduce the credit risk on accounts receivable, the Group continuously evaluate the financial status of these customers. The Group evaluates the possible loss on accounts receivable periodically and accrues an loss allowance for impairment, if necessary. As of December 31, 2020 and 2019, the Group's account receivable were obviously concentrated on 7 and 4 customers, whose accounts represented 84% and 73% of the total accounts receivable, respectively.

(ii) Credit risk of receivables

The information for credit risk exposure of notes receivable and accounts receivable, please refer to note 6(b). The information for credit risk exposure of amortized cost financial assets including other receivables, please refer to note 6(c).

(iii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
As of December 31, 2020							
Non-derivative financial liabilities							
Bank loans	$ 2,917,648	(3,121,640)	(460,457)	(158,306)	(314,208)	(1,546,283)	(642,386)
Accounts payable, other payables and lease liabilities	1,090,546	(1,118,696)	(957,848)	(8,110)	(16,250)	(45,926)	(90,562)
	$ 4,008,194	**(4,240,336)**	**(1,418,305)**	**(166,416)**	**(330,458)**	**(1,592,209)**	**(732,948)**
As of December 31, 2019							
Non-derivative financial liabilities							
Bank loans	$ 3,772,254	(3,892,392)	(829,391)	(615,817)	(2,053,701)	(108,308)	(285,175)
Accounts payable, other payables and lease liabilities	2,306,744	(2,337,796)	(2,161,917)	(9,787)	(17,624)	(52,891)	(95,577)
	$ 6,078,998	**(6,230,188)**	**(2,991,308)**	**(625,604)**	**(2,071,325)**	**(161,199)**	**(380,752)**

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency (thousand dollars)	Exchange rate	TWD	Foreign currency (thousand dollars)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 16,507	28.48	470,119	18,054	29.98	541,259
EUR	58	35.02	2,031	1,045	33.59	35,102
JPY	43,041	0.2763	11,892	13,763	0.2760	3,799
Non-monetary items						
USD	42,439	28.48	1,208,663	52,603	29.98	1,577,031
USD	1,453	29.587	42,990	1,393	31.108	43,334
CNY	272,332	4.3605	1,187,504	361,332	4.3033	1,554,920
Financial liabilities						
Monetary items						
USD	8,158	28.48	232,340	10,926	29.98	327,561
EUR	-	-	-	258	33.59	8,666
Non-monetary items						
USD	631	30.268	19,099	683	29.970	20,471
JPY	-	-	-	33,378	0.2760	9,212

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A 1% of depreciation (appreciation) of the TWD against the other foreign currencies as of December 31, 2020 and 2019, would have increased (decreased) the net profit (loss) as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020 and 2019.

	Impact on profit (loss)	
	Increase by 1%	Decrease by 1%
December 31, 2020	$ 2,517	(2,517)
December 31, 2019	$ 2,439	(2,439)

(Continued)

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) (including realized and unrealized portions) on monetary items was disclosed using the following total amounts:

	2020	2019
Foreign exchange losses	$ (884)	(8,817)

(v) Interest rate risk

Please refer to the notes on liquidity risk and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The departments of the Group's entities reported the increases/decreases in the interest rates and the exposure to changes in interest rates to the Group's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

The interest rate risk is mainly due to the Group's borrowing at floating rates. If the interest rate increases (decreases) by 1% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), the impact on profit (loss) would be as follows:

	Impact on profit (loss)	
	Increase by 1%	Decreases by 1%
December 31, 2020	$ (29,176)	29,176
December 31, 2019	$ (37,723)	37,723

(vi) Fair value

1) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have quotation in active market and which fair value cannot be reasonably measured:

(Continued)

	December 31, 2020				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,343,180	-	-	-	-
Notes and accounts receivable	512,202	-	-	-	-
Other receivables	8,572	-	-	-	-
Refundable deposits	48,303	-	-	-	-
Other financial assets (current and non-current)	262,852	-	-	-	-
Subtotal	**$ 3,175,109**	-	-	-	-
Financial liabilities at amortized cost					
Bank loans	$ 2,917,648	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	1,090,546	-	-	-	-
Subtotal	**$ 4,008,194**	-	-	-	-

	December 31, 2019				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,694,650	-	-	-	-
Contract assets	766	-	-	-	-
Notes and accounts receivable	1,031,140	-	-	-	-
other receivables	72,819	-	-	-	-
Refundable deposits	52,056	-	-	-	-
Other financial assets (current and non-current)	632,374	-	-	-	-
Subtotal	**$ 5,483,805**	-	-	-	-
Financial liabilities at amortized cost					
Bank loans	3,772,254	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,306,744	-	-	-	-
Subtotal	**$ 6,078,998**	-	-	-	-

2) Transfer between Level 1 and Level 2: none.

3) Reconciliation of Level 3 fair values: none

(Continued)

(y) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Each responsible division is responsible for developing and monitoring the Group’ s risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Supervisor is assisted in this oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Board of Directors.

The Company's Supervisor oversees how the management complies in monitoring the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet it contractual obligations and arises principally from the Group's receivables from the customers and investments in securities.

(Continued)

1) Accounts receivable

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or an end-user customer, geographic location, industry, aging profile, maturity, and existence of previous financial difficulties. Accounts receivable and other receivables relate mainly to the Group's end-user customers. Customers that are graded as " high risk" are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

As a result of environment fluctuation in 2020 and 2019, certain purchase limits have been redefined, particularly for customers operating in solar division. The Group will be monitoring and adjusting the limits continuously.

Goods are sold subject to a retention of title clause, so that in the event of non-payment the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

The allowance for impairment accounts is estimated to reflect the loss on accounts receivable for those customers graded as "high risk". The allowance account reflects the specific loss based on customers' financial position, historical payment behavior, and asset pledge.

2) Investments

The credit risk exposure in the bank deposits and equity instruments is measured and monitored by the Group's finance department. Since the Group's transactions are with external parties with good credit standing, highly rated financial institutions, and publicly traded stock companies, or involved convertible bonds issued by publicly traded companies, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantees

According to the Group's management policy, the Group can only provide financial guarantees to certain entities which meet specific requirements. As of December 31, 2020 and 2019, the Group did not provide any financial guarantees.

(Continued)

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than payables) over the succeeding 60 to 90 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2020 and 2019, the Group had unused bank facilities for $1,258,184 and $6,390,835, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the management. Generally, hedge accounting is not applied in these circumstances, and the Group charges the changes in value to profit or loss.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the TWD, US Dollar (USD), Chines Yuan (CNY) and Japanese Yen (JPY). The currencies used in these transactions are the TWD, Euro (EUR), USD and JPY.

At any point in time, the Group hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months. The Group also hedges all trade receivables and trade payables denominated in a foreign currency. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of less than one year from the reporting date.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily TWD, USD and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

(Continued)

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalance.

The Group's investments in subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

2) Interest rate risk

The Group's interest rate on borrowings was at a floating rate. The Group did not enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

In response to changes in interest rates, the Group assesses each currency lending rate of financial institutions and maintains good relationships with them, in order to obtain lower financing costs. This also strengthens the management of working capital, reduces dependence on bank borrowings, and lowers the risk of changes in interest rates.

(z) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business.

The Group uses the debt-to-equity ratio to manage its capital. This ratio uses the total net debt to be divided by the total capital. The total net debt from the balance sheet are derived from the total liabilities, less, cash and cash equivalent. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

The Group's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 4,376,160	6,502,550
Less: cash and cash equivalents	(2,343,180)	(3,694,650)
Net liabilities	**$ 2,032,980**	**2,807,900**
Total equity	**$ 3,242,065**	**3,106,797**
Debt-to-equity ratio	**62.71 %**	**90.38 %**

As of December 31, 2020, the size of operation and the amounts of loan reduction resulted in a decrease in debt-to-equity ratio; and the profit for the current period resulted in an increase in the total equity.

(Continued)

(aa) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Others	December 31, 2020
Long-term borrowings (including current portion)	$ 3,662,254	(1,042,956)	-	(1,650)	2,617,648
Guarantee deposit (recorded as other non-current liabilities)	7,837	(4,278)	-	23	3,582
Lease liabilities (current and non-current)	153,650	(13,128)	-	547	141,069
Interest payable (recorded as other payables)	659	(84,441)	-	86,158	2,376
Prepaid interest (recorded as prepayments)	(7)	-	-	(133)	(140)
Total liabilities from financing activity	**$ 3,824,393**	**(1,144,803)**	**-**	**84,945**	**2,764,535**

	January 1, 2019	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Others	December 31, 2019
Long-term borrowings (including current portion)	$ 4,190,096	(533,542)	-	5,700	3,662,254
Short-term borrowings	1,957,683	(1,845,747)	(764)	(1,172)	110,000
Guarantee deposit (recorded as other non-current liabilities)	23,757	(15,581)	-	(339)	7,837
Lease liabilities (current and non-current)	192,149	(22,296)	-	(16,203)	153,650
Interest payable (recorded as other payables)	3,127	(134,944)	-	132,476	659
Prepaid interest (recorded as prepayments)	(895)	-	-	888	(7)
Total liabilities from financing activity	**$ 6,365,917**	**(2,552,110)**	**(764)**	**121,350**	**3,934,393**

(7) Related-party transactions

Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 21,253	19,505
Post-employment benefits	242	242
Share-based payments	668	(1,364)
	$ 22,163	**18,383**

Please refer to note 6(s) for information on share-based payment.

(Continued)

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Deposit (recorded as other current financial assets)	Guarantees for banker's acceptance	$ 233,380	593,496
	Other current financial assets	233,380	593,496
Deposit (recorded as other non-current financial assets)	Guarantees for engineering project	930	930
Deposits (recorded as other non-current financial assets)	Guarantees for leased dormitory	2,367	3,650
Deposit (recorded as other non-current financial assets)	Guarantees for land	10,618	10,618
Time deposits (recorded as other receivables)	Long-term borrowings (including current portion)	15,557	23,680
	Other non-current financial assets	29,472	38,878
Notes receivable	Guarantees for banker's acceptance	-	190,299
Other equipment	Long-term borrowings (including current portion)	1,145,490	508,174
Land	Long-term borrowings (including current portion)	17,905	17,905
Buildings and structures	Long-term borrowings (including current portion)	761,418	832,971
		$ 2,187,665	**2,181,723**

(9) Significant commitments and contingencies

(a) The Group has contracts involving significant unrecognized commitments as follows:

(i) Unused letters of credit for the Group's purchases of raw materials, machinery and equipment were as follows:

	December 31, 2020	December 31, 2019
Unused letters of credit	**$ 31,346**	**153**

(ii) Bank performance guarantees for the customs and others were as follows:

	December 31, 2020	December 31, 2019
Bank guarantees	**$ 44,400**	**44,400**

(Continued)

(iii) The status of agreements for the Group's expansion of the factory and purchases of machinery and equipment was as follows:

	December 31, 2020	December 31, 2019
Total contract price	$ 342,615	655,968
Unexecuted amount	$ 194,462	271,750

(b) The Group entered into long-term purchase contracts with suppliers to purchase nitrogen in bulk volume. Starting from the contract, if the actual consumed volume is less than basic volume usage, the Group should pay for the cost of the basic volume usage instead.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	2020			2019		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	363,743	160,419	524,162	570,942	289,765	860,707
Labor and health insurance	33,127	13,469	46,596	57,897	26,207	84,104
Pension	17,201	6,604	23,805	37,440	13,982	51,422
Remuneration of directors	-	14,716	14,716	-	10,027	10,027
Others	16,411	5,008	21,419	44,501	9,012	53,513
Depreciation	259,563	40,261	299,824	444,629	48,591	493,220
Amortization	354	5,608	5,962	300	11,432	11,732

(Continued)

(13)Other disclosures

(a) Information on significant transactions

The following is the information on significan□

i. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 1)	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Notes 3 and 4)	Maximum limit of fund financing (Notes 3 and 4)
												Item	Value		
0	The Company	MPO	Other receivables - related parties	50,000	50,000	-	2%~5%	2	-	Operating capital	-	None	-	316,846	633,693
0	The Company	MPZ	Other receivables - related parties	100,000	100,000	20,000	2%~5%	2	-	Operating capital	-	None	-	316,846	633,693
0	The Company	MPB	Other receivables - related parties	150,000	150,000	20,000	2%~5%	2	-	Operating capital	-	None	-	316,846	633,693
0	The Company	MAS	Other receivables - related parties	130,815	-	-	-	2	-	Operating capital	-	None	-	316,846	633,693
1	SNE	MAS	Other receivables - related parties	113,373	113,373	113,373	4.6%	2	-	Operating capital	-	None	-	124,489	248,978

Note 1: Highest balance of financing to other parties during the period was the highest credit lines approved by the Board of Directors. The ending balance was the same as that of the credit lines approved by the Board of Directors.

Note 2: Purposes of fund financing for the borrower as follows:

1. For entries the Company has business transactions with.
2. For entries with short-term financing needs.

Note 3: For entities with short-term financing needs, which provides by the Company, the amoumt avilable for financing shall not exceed 10% of net worth of the Company.
Total amount of short-term financing shall not exceed 20% of net worth of the Company.

Note 4: For entities with short-term financing needs, which provides by SNE, the amoumt avilable for financing shall not exceed 10% of net worth of SNE.
Total amount of short-term financing shall not exceed 20% of net worth of SNE.

Note 5: The amount had been offset in the consolidated financial statements.

ii. Guarantees and endorsements for other parties: None.

iii. Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None.

iv. Individual secu□

v. Acquisition of individual real estate with amount exceeding the lower of TWD300 thousand or 20% of the capital stock: None.

vi. Disposal of individual real estate with amount exceeding the lower of TWD300 thousand or 20% of the capital stock: None.

vii. Rel

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
MAS	The company	Parent company	Sale	1,382,607	73.49 %	90 days	Non-significant difference	90 days	69,988	42.16 %	Note 1
The Company	MAS	Subsidiary	Purchase	1,382,607	39.59 %	90 days	Non-significant difference	90 days	(69,988)	21.51 %	Note 1
MES	MPO	Subsidiary	Sale	108,741	55.69 %	90 days	Non-significant difference	90 days	-	0.00 %	Note 1 and 2
MPO	MES	Parent company	Purchase (Equipments)	108,741	67.16 %	90 days	Non-significant difference	90 days	-	0.00 %	Note 1 and 2

Note 1: The amount had been offset in the consolidated financial statements.

Note 2: Since the ma ables was the same as the ratio of the payables of maintenance costs, equipment and engineering.

viii. Receivables from related parties with amounts exceeding the lower of TWD$100 thousand or 20% of capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover rates	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
SNE	MAS	Subsidiary	114,646	-		–	1,273	-

Note: The amount had been offset in the consolidated financial statements.

ix. Trading in derivative instruments: None.

x. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2020			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	MAS	The Company	2	Sale	1,382,607	90 days	37.59 %
2	MES	MPO	1	Sale	108,741	90 days	2.96 %
3	SNE	MAS	1	Other receivables	114,646	90 days	1.50 %

Note 1: Company numbering is as follows:
Parent company 0
Subsidiary stars from 1

Note 2: Relationship wuth transaction party numbering is as follows:
Parent company to subsidiary 1
Subsidiary to parent company 2
Subsidiary to subsidiary 3

Note 3: The amount had been offset in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year			The highest percentage of the periords	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares/Units	Percentage of ownership	Carrying value				
The Company	Power Islands	Samoa	Holding Company	5,187,502	5,629,791	159,313,909	100.00 %	1,184,460	100.00 %	80,828	54,924	Note 1
The Company	THINK GLOBAL	British Virgin Islands	Holding Company	-	333	-	- %	-	100.00 %	(412)	(8,489)	Note 1
The Company	Inergy Technology Inc.	Taiwan	Product design	95,821	95,821	8,558,750	21.06 %	87,753	21.06 %	36,031	7,588	
The Company	Teco-Motech	Taiwan	Solar power generation and selling	11,028	12,446	1,440,000	60.00 %	3,530	60.00 %	3,482	2,089	Note 1
The Company	MES	Taiwan	Solar power generation and selling	-	645,562	-	- %	-	100.00 %	(6,014)	(7,557)	Note 1
The Company	MPO	Taiwan	Solar power generation and selling	250,000	-	25,000,000	100.00 %	160,532	100.00 %	26,622	22,402	Note 1 and 2
The Company	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	28,000	-	2,800,000	40.00 %	30,808	40.00 %	7,764	1,810	Note 2
The Company	MPA	Taiwan	Solar power generation and selling	-	-	-	- %	-	51.00 %	(1,308)	11,641	Note 1 and 2
The Company	MPG	Taiwan	Solar power generation and selling	33,000	-	3,300,000	100.00 %	24,951	100.00 %	4,067	3,731	Note 1 and 2
The Company	MPB	Taiwan	Solar power generation and selling	35,000	-	3,500,000	100.00 %	11,417	100.00 %	625	(581)	Note 1 and 2
The Company	MPZ	Taiwan	Solar power generation and selling	50,000	-	5,000,000	100.00 %	37,130	100.00 %	3,034	2,650	Note 1 and 2
MES	MPO	Taiwan	Solar power generation and selling	-	250,000	-	- %	-	100.00 %	26,622	4,321	Note 1 and 2
MES	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	-	28,000	-	- %	-	40.00 %	7,764	1,295	Note 2
MES	MPA	Taiwan	Solar power generation and selling	-	16,065	-	- %	-	51.00 %	(1,308)	(37)	Note 1 and 2
MES	MPG	Taiwan	Solar power generation and selling	-	33,000	-	- %	-	100.00 %	4,067	336	Note 1 and 2
MES	MPB	Taiwan	Solar power generation and selling	-	35,000	-	- %	-	100.00 %	625	1,206	Note 1 and 2
MES	MPZ	Taiwan	Solar power generation and selling	-	10,000	-	- %	-	100.00 %	3,034	384	Note 1 and 2
Power Islands	Cheer View	British Virgin Islands	Holding Company	2,564,272	2,564,272	77,500,000	100.00 %	3	100.00 %	189	189	Note 1
Power Islands	Noble Town	Samoa	Holding Company	1,315,740	1,315,740	42,533,090	100.00 %	26,799	100.00 %	31,263	31,263	Note 1
Cheer View	AE	United States	Polysilicon manufacturing and selling	2,398,043	2,398,043	11,573,647	37.11 %	-	37.11 %	-	-	
Noble Town	MA	United States	Solar module trading	-	1,144,920	-	- %	-	100.00 %	26,908	26,908	Note 1
Noble Town	MJ	Japan	Solar module trading	-	170,820	-	- %	-	100.00 %	21,460	4,065	Note 1

Note 1: The amount had been offset in the consolidated financial statements.

Note 2: The merger of MES and the Company on May 1, 2020 resulted in the Company to own the invested companies originally held by MES.

(c) Information on investment in mainland China:

The following is the information on investees in Mainland China for the year 2020:

i. The names of investees in Mainland China, the main businesses and products, and other information:

(Unit: thousand dollars)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	The highest percentage of the periords	Investment income (losses) (Notes 3 and 4)	Book value (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SNE	Manufacturing and processing, solar cells and solar modules	1,345,392 (CNY278,081)	(Note 1)	1,723,275	-	442,289	1,280,986	51,007	95.39 %	95.39 %	48,656	1,181,390	-
XNE	Manufacturing and processing, solar cells	794,434 (CNY165,000)	(Note 2)	-	-	-	-	12,824	95.39 %	95.39 %	12,233	163,194	-
MAS	Manufacturing and processing, solar cells and solar modules	2,279,911 (CNY505,500)	(Note 2)	-	-	-	-	29,187	95.39 %	95.39 %	3,639	838,872	-
MASE	Manufacturing and processing, solar wafer and solar cells	164,232 (CNY37,000)	(Note 2)	-	-	-	-	5,811	95.39 %	95.39 %	5,543	280	-

Note: The amount had been offset in the consolidated financial statements.

ii. Limitation on investment in Mainland China:

Unit: USD

Accumulated Investment in Mainland China as of December 31, 2020 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 6)
1,280,986 (USD38,481,092.61)	1,537,920 (USD 54,000,000)	1,901,079

Note 1: The Company indirectly invested in the company in Mainland China through a third region (Power Islands).

Note 2: The Company indirectly invested in the company in Mainland China through a third region in the company in Mainland China.

Note 3: Amounts was recognized based on audited financial statements.

Note 4: The amount consist of invesment gain or loss and carrying values as of December 31, 2020, recognized by the Company which indirectly invested through a third region.

Note 5: in the earnings (losses) was translated into TWD at the average rates prevailing at the transaction date.

The equity in the earnings (losses) was translated into TWD at the average rates during each period of the year. Other amounts on foreign currency financial assets was translated at the exchange rate at the balance sheet date, which was TWD28.48.

Note 6: Upper limitation would be 60% of the net worth of the Company.

Note 7: The amounts consist of investment in Mainland China were recorded at exchange rates into TWD.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

As of December 31, 2020, there was no shareholder who held over 5% of the total non physical common stocks. (Note)

Note: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(14) Segment information

(a) General Information

The reporting segment in the Group is solar business. Solar business covers the manufacturing, marketing, and sale of solar cells and solar modules.

Other operating segments in the Group are related to the manufacturing, marketing, and sale of measurement instruments and photovoltaic inverters and installation of photovoltaic (PV) power systems. As these segments do not reach the standard for disclosure, no separate disclosures were made thereon in 2020 and 2019.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations.

No tax expenses or non-operating income and expenses are allocated to the reporting segment. In addition, the reporting segment does not include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The accounting policies of the operating segments are the same as those described in note 4. The Group evaluates performance of operating segment on the basis of operating income. The Group treats intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2020			
	Solar	**Other**	**Elimination**	**Total**
Revenues:				
Revenues from external customers	$ 3,446,050	232,345	-	3,678,395
Revenues from parent and consolidated subsidiaries	68,813	-	(68,813)	-
Interest income	23,966	2,049	-	26,015
Total revenues	**$ 3,538,829**	**234,394**	**(68,813)**	**3,704,410**
Interest expense (finance costs)	**$ (66,502)**	**(17,873)**	**-**	**(84,375)**
Depreciation and amortization	**$ (220,326)**	**(85,460)**	**-**	**(305,786)**
Reversal of impairment loss on non-financial assets	**$ 5,793**	**-**	**-**	**5,793**
Share of profit of associates accounted for using equity method	**$ 9,398**	**1,295**	**-**	**10,693**
Segment income	**$ (68,539)**	**57,766**	**808**	**(9,965)**
Assets:				
Investments accounted for using equity method	**$ 118,561**	**-**	**-**	**118,561**
Capital expenditures for non-current assets	**$ 63,585**	**255,580**	**-**	**319,165**

(Continued)

		2019			
		Solar	**Other**	**Elimination**	**Total**
Revenues:					
Revenues from external customers	$	5,075,733	221,343	-	5,297,076
Revenues from parent and consolidated subsidiaries		214,634	-	(214,634)	-
Interest income		16,164	12,085	(7,885)	20,364
Total revenues	$	**5,306,531**	**233,428**	**(222,519)**	**5,317,440**
Interest expense (finance costs)	$	**(137,133)**	**(9,792)**	**7,885**	**(139,040)**
Depreciation and amortization	$	**(455,075)**	**(49,877)**	**-**	**(504,952)**
Impairment loss on non-financial assets	$	**(533,399)**	**-**	**-**	**(533,399)**
Share of profit of associates accounted for using equity method	$	**2,695**	**(270)**	**-**	**2,425**
Segment income	$	**(1,009,811)**	**(34,846)**	**1,000**	**(1,043,657)**
Assets:					
Investments accounted for using equity method	$	**80,086**	**27,703**	**-**	**107,789**
Capital expenditures for non-current assets	$	**169,945**	**463,750**	**-**	**633,695**

The material reconciling items of the above reportable segment are as below:

In 2020 and 2019, included in the total reportable segment revenue was elimination of intersegment revenue of $68,813 and $222,519, respectively. The reporting segment's income and earnings before tax, after such elimination, were the same as those items listed under non-operating income and expenses of the consolidated statements of operations. Please refer to non-operating income and gains and non-operating expenses and losses in the accompanying consolidated statements of comprehensive income.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

		2020	**2019**
Revenue from external customers:			
Taiwan	$	2,066,288	1,456,360
Singapore		1,059,739	1,436,635
Korea		260,957	387,019
India		151,119	247,315
China		43,801	1,281,380
Others		96,491	488,367
	$	**3,678,395**	**5,297,076**

(Continued)

Geographical information		December 31, 2020	December 31, 2019
Other non-current assets:			
Taiwan	$	2,657,334	2,613,683
China		340,763	442,221
Total	**$**	**2,998,097**	**3,055,904**

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Information about revenue from major customers

		2020	2019
A company	$	1,059,739	1,431,661
B company		801,083	83,089
C company		440,019	-
D company		-	622,372
	$	**2,300,841**	**2,137,122**

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Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

We have audited the financial statements of Motech Industries Inc. (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

In 2020, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. In 2019, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the Ruling No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

1. Impairment of long-term non-financial assets

   Please refer to Note 4(n) “Impairment of non-financial assets”, Note 5(a) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty, Note 6(h) “Property, plant and equipment” of the financial statements.

   The Company operates in an industry where it may experience volatility on sales price in response to the changes in the supply and demand of market and government policies. Also, the recoverable amounts of long-term non-financial assets in cash-generating units have been determined based on the discounted cash flow forecasted by the Company's management, which involved its professional judgments. Therefore, the impairment of long-term non-financial assets is one of the key matters in our audit.

   How the matter was addressed in our audit

   Our principal audit procedures included: challenging the valuation methodologies, which were derived from the management , with the assistance of our own valuation specialists, in order to consider the reasonableness of methodologies; assessing the rationality of method used in measuring the recoverable amount, which is provided by the Company's management, including evaluating the appropriateness of assumption and estimation on major parameters, such as the forecast of cash flow and discount rate; comparing the historical accuracy of judgments, including inspecting the amount of forecasted cash flow in prior year and with reference to actual cash flow to evaluate the appropriateness of the assumptions, and performing the sensitivity analysis on main assumption; reviewing the adequacy of the disclosures in respect of impairment of long-term non-financial assets; performing an inquiry from the management and identifying any event after the balance sheet date if it is able to affect the results of the impairment assessment.

2. Provisions for impairment of notes and accounts receivable

   Please refer to Note 4(f) “Financial instruments”, Note 5(b) “Significant accounting assumptions and judgments, and major sources of estimation uncertainty”, and Note 6(b) “Notes and accounts receivable” of the financial statements.

   Notes and accounts receivable of the Company were measured by their recoverability. The Company operates in an industry where it may experience volatility due to changing market conditions. Impairment assessment requires management to exercise subjective judgment in making estimations for impairment allowance on notes and accounts receivable. Therefore, the provision for impairment of notes and accounts receivable is one of the key matters when in our audit.

   How the matter was addressed in our audit

   Our principal audit procedures included: obtaining the calculation of expected credit loss (ECL) on notes and accounts receivable, and assessing the appropriateness of ECL; examining the aging of notes and accounts receivable to verify the accuracy of the aging period; assessing the appropriateness and adequacy of provision for doubtful accounts made by the management based on the ECL; reviewing the adequacy of the disclosures in respect of provision for impairment of notes and accounts receivable.

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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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Mei-Yen Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 18, 2021

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,661,961	27	2,368,856	33
1170	Notes and accounts receivable, net (notes 6(b) and 6(u))	401,624	7	250,854	4
1180	Accounts receivable-related parties, net (notes 6(b), 6(u) and 7)	47,394	1	26,271	-
1200	Other receivables (note 6(c))	5,842	-	2,284	-
1210	Other receivables-related parties (notes 6(c) and 7)	41,336	1	106,475	1
1220	Current tax assets	887	-	1,599	-
130x	Inventories (note 6(d))	595,091	10	326,423	5
1410	Prepayments (note 6(k))	48,267	1	60,643	1
1479	Other current assets (note 6(k))	29,087	-	20,803	-
	Total current assets	2,831,489	47	3,164,208	44
	Non-current assets:				
1550	Investments accounted for using equity method (notes 6(f) and 6(g))	1,540,581	26	2,223,170	31
1600	Property, plant and equipment (notes 6(h), 7 and 8)	1,404,596	23	1,462,680	21
1755	Right-of-use assets (note 6(i))	58,677	1	87,589	1
1780	Intangible assets (note 6(j))	4,249	-	1,450	-
1840	Deferred tax assets (note 6(q))	60,482	1	58,151	1
1980	Other non-current financial assets (note 8)	24,663	-	35,198	1
1990	Other non-current assets (notes 6(k) and 6(p))	95,460	2	86,778	1
	Total non-current assets	3,188,708	53	3,955,016	56
	Total assets	$ 6,020,197	100	7,119,224	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(l) and 6(aa))	$ 300,000	5	50,000	1
2130	Current contract liabilities (notes 6(u) and 7)	52,480	1	47,560	1
2170	Notes and accounts payable	255,399	4	148,466	2
2180	Accounts payable-related parties (note 7)	69,966	1	152,644	2
2200	Other payables (notes 6(v) and 6(aa))	209,827	4	209,163	3
2220	Other payables-related parties (note 7)	895	-	4,006	-
2230	Current tax liabilities	-	-	4,018	-
2250	Current provisions (notes 6(o) and 6(aa))	22,549	-	9,304	-
2280	Current lease liabilities (notes 6(n) and 6(aa))	9,146	-	11,623	-
2320	Long-term borrowings, current portion (notes 6(m), 6(aa) and 8)	205,099	3	1,242,940	17
2399	Other current liabilities	41,555	1	59,074	1
	Total current liabilities	1,166,916	19	1,938,798	27
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(m), 6(aa) and 8)	1,510,678	25	2,006,940	28
2550	Non-current provisions (note 6(o))	63,316	1	30,781	1
2570	Deferred tax liabilities (note 6(q))	60,769	1	58,151	1
2580	Non-current lease liabilities (notes 6(n) and 6(aa))	49,992	1	76,915	1
2600	Other non-current liabilities	60	-	103	-
	Total non-current liabilities	1,684,815	28	2,172,890	31
	Total liabilities	2,851,731	47	4,111,688	58
	Equity attributable to owners of parent (notes 6(g), 6(p), 6(q), 6(r), 6(s) and 6(t)):				
3100	Ordinary share	3,550,419	59	5,404,704	76
3200	Capital surplus	25,252	-	190,582	2
3350	Unappropriated retained earnings (accumulated deficit)	110,812	2	(2,022,672)	(28)
3400	Other equity interest	(518,017)	(8)	(564,888)	(8)
3500	Treasury shares	-	-	(190)	-
	Total equity	3,168,466	53	3,007,536	42
	Total liabilities and equity	$ 6,020,197	100	7,119,224	100

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020 Amount	%	2019 Amount	%
	Operating Revenues (notes 6(u) and 7):				
4110	Sales revenue	$ 3,152,476	100	3,150,023	100
4170	Less: Sales returns	2,728	-	(11,472)	-
4190	Sales discounts and allowances	(545)	-	(739)	-
	Net operating revenue	3,154,659	100	3,137,812	100
5000	**Total operating costs (notes 6(d), 6(h), 6(i), 6(j), 6(n), 6(o), 6(p), 6(s), 6(v) and 7)**	(2,900,915)	(92)	(3,326,784)	(106)
5910	Unrealized profit (loss) from sales	(13,318)	-	(7,865)	-
	Gross profit (loss) from operations	240,426	8	(196,837)	(6)
	Operating expenses (notes 6(b), 6(c), 6(h), 6(i), 6(j), 6(n), 6(p), 6(s), 6(v) and 7):				
6100	Selling expenses	(36,359)	(1)	(37,630)	(1)
6200	Administrative expenses	(220,150)	(7)	(327,224)	(11)
6300	Research and development expenses	(79,851)	(3)	(73,137)	(2)
6450	Losses of expected credit impairment	(9,249)	-	(87,177)	(3)
6000	**Total operating expenses**	(345,609)	(11)	(525,168)	(17)
	Net operating loss	(105,183)	(3)	(722,005)	(23)
	Non-operating income and expenses:				
7100	Interest income (notes 6(w) and 7)	4,335	-	19,040	1
7010	Other income (notes 6(w) and 7)	12,188	-	26,500	1
7020	Other gains and losses (notes 6(e), 6(g), 6(h), 6(k), 6(w), 6(x) and 7)	177,858	5	124,457	4
7050	Finance costs (notes 6(n) and 6(w))	(66,960)	(2)	(113,673)	(4)
7070	Share of profit (loss) of associates accounted for using equity method (note 6(f))	87,717	3	(658,629)	(21)
	Total non-operating income and expenses	215,138	6	(602,305)	(19)
7900	**Profit (loss) before tax**	109,955	3	(1,324,310)	(42)
7950	Less: income tax expenses (note 6(q))	42	-	6,443	-
8200	**Net profit (loss)**	109,997	3	(1,317,867)	(42)
8300	**Other comprehensive income (notes 6(f), 6(p), 6(q) and 6(r)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	1,440	-	4,732	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(287)	-	(946)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,153	-	3,786	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(75,481)	(2)	(48,616)	(2)
8370	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	74	-	-	-
8381	Exchange differences on translation of foreign financial statements of subsidiaries and associates	121,793	4	(34,544)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	46,386	2	(83,160)	(3)
8300	**Other comprehensive income**	47,539	2	(79,374)	(3)
8500	**Total comprehensive income**	$ 157,536	5	(1,397,241)	(45)
	Earnings per share (expressed in New Taiwan Dollars) (note 6(t))				
9750	**Basic earnings per share**	$ 0.31		(3.72)	
9850	**Diluted earnings per share**	$ 0.31		(3.72)	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Unappropriated retained earnings (accumulated deficit)	Total other equity interest: Exchange differences on translation of foreign financial statements	Total other equity interest: Others -unearned portion of restricted stock awards	Total other equity interest: Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2019	$ 5,406,559	6,268,374	(6,783,272)	(481,243)	(7,957)	(489,200)	(380)	4,402,081
Net loss for the year ended December 31, 2019	-	-	(1,317,867)	-	-	-	-	(1,317,867)
Other comprehensive income	-	-	3,786	(83,160)	-	(83,160)	-	(79,374)
Total comprehensive income	-	-	(1,314,081)	(83,160)	-	(83,160)	-	(1,397,241)
Capital surplus used to offset accumulated deficits	-	(6,074,985)	6,074,985	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	(11)	-	-	-	-	-	(11)
Other changes in capital surplus	-	1,467	-	-	-	-	-	1,467
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	240	(304)	-	-	-	-	(64)
Share based payments	-	(6,168)	-	-	7,472	7,472	-	1,304
Retirement of treasury share	(1,855)	1,665	-	-	-	-	190	-
Balance at December 31, 2019	5,404,704	190,582	(2,022,672)	(564,403)	(485)	(564,888)	(190)	3,007,536
Net profit for the year ended December 31, 2020	-	-	109,997	-	-	-	-	109,997
Other comprehensive income	-	-	1,153	46,386	-	46,386	-	47,539
Total comprehensive income	-	-	111,150	46,386	-	46,386	-	157,536
Capital surplus used to offset accumulated deficits	-	(168,576)	168,576	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4	-	-	-	-	-	4
Capital reduction used to offset accumulated deficits	(1,854,095)	-	1,854,095	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(337)	-	-	-	-	(337)
Changes in ownership interests in subsidiaries	-	1,703	-	-	-	-	-	1,703
Share based payments	-	1,539	-	-	485	485	-	2,024
Retirement of treasury share	(190)	-	-	-	-	-	190	-
Balance at December 31, 2020	**$ 3,550,419**	**25,252**	**110,812**	**(518,017)**	**-**	**(518,017)**	**-**	**3,168,466**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ 109,955	(1,324,310)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	156,837	195,400
Amortization expense	2,614	1,506
Losses of expected credit impairment	9,249	87,177
Interest expense (finance costs)	66,960	113,673
Interest income	(4,335)	(19,040)
Share-based payments	2,024	1,304
Share of loss (profit) of subsidiaries, associates and joint ventures accounted for using equity method	(87,717)	658,629
Gain on disposal of property, plant and equipment	(96,016)	(20,514)
Prepayments for business facility transferred to expenses	27	-
Loss on disposal of intangible assets	-	2,245
Gain on disposal of non-current assets classified as held for sale	-	(49,571)
Gain on disposal of investments accounted for using equity method	(2,491)	-
Impairment loss on non-financial assets	-	19,009
Unrealized profit from sales	13,318	7,865
Gains on lease modification	(1,136)	-
Effect of exchange rate changes on short term borrowings	-	(764)
Total adjustments to reconcile profit (loss)	59,334	996,919
Changes in operating assets and liabilities:		
Changes in operating assets:		
Contract assets	7,559	-
Accounts receivable	(150,553)	689,136
Accounts receivable－related parties	300,614	1,056,910
Other receivables	(12,877)	31,393
Other receivables－related parties	56,337	19,959
Inventories	(268,229)	102,647
Prepaid expenses	5,864	13,470
Prepayments	7,013	51,657
Other current assets	(4,403)	1,462
Defined benefit assets	(1,065)	(2,336)
Total changes in operating assets	(59,740)	1,964,298
Changes in operating liabilities:		
Contract liabilities	2,076	10,409
Notes and accounts payable	44,643	(1,593,639)
Accounts payable－related parties	(107,670)	(242,604)
Other payables	(23,621)	(432,189)
Other payables－related parties	(6,312)	(39,219)
Provisions	45,599	1,068
Other current liabilities	(6,177)	(11,401)
Increase (decrease) in other operating liabilities	(2,729)	2,024
Total changes in operating liabilities	(54,191)	(2,305,551)
Total changes in operating assets and liabilities	(113,931)	(341,253)
Cash inflow (outflow) generated from operations	55,358	(668,644)
Income taxes refund (paid)	(16,930)	1,417
Net cash flows from (used in) operating activities	38,428	(667,227)
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	(40,000)	(246,473)
Proceeds from disposal of investments accounted for using equity method	60,749	-
Proceeds from capital reduction of investments accounted for using equity method	442,289	-
Proceeds from disposal of non-current assets classified as held for sale	-	186,835
Acquisition of property, plant and equipment	(115,854)	(38,846)
Proceeds from disposal of property, plant and equipment	144,260	194,923
Decrease in refundable deposits	2,009	18,260
Decrease in other receivables due from related parties	10,000	174,075
Acquisition of intangible assets	(1,352)	(380)
Net cash inflows from business combination	122,902	103,402
Decrease in other financial assets	10,535	9,002
Increase in prepayments for business facilities	(10,938)	(3,030)
Interest received	4,334	21,017
Dividends received	1,418	1,885
Net cash flows from investing activities	630,352	420,670
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	546,599	1,211,713
Decrease in short-term borrowings	(296,599)	(2,213,369)
Proceeds from long-term borrowings	1,711,310	-
Repayments of long-term borrowings	(3,256,723)	(564,420)
Decrease in guarantee deposits received	(43)	(958)
Payment of lease liabilities	(9,939)	(10,520)
Acquisition of ownership interests in subsidiaries	(2,678)	(15,624)
Interest paid	(67,602)	(108,886)
Other financing activities	-	1,467
Net cash used in financing activities	(1,375,675)	(1,700,597)
Net decrease in cash and cash equivalents	(706,895)	(1,947,154)
Cash and cash equivalents at beginning of period	2,368,856	4,316,010
Cash and cash equivalents at end of period	$ **1,661,961**	**2,368,856**

See accompanying notes to financial statements.

MOTECH INDUSTRIES INC.

Notes to the Parent Company Only Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

MOTECH Industries Inc. (the Company) was incorporated on June 3, 1981, as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of the Company's registered office is 6F, No. 248, Sec. 3, Pei-Shen Rd., Shen-Keng Dist., New Taipei City 222, Taiwan. The Company's major operating activities are the manufacturing, marketing, and sale of solar cells, solar modules, photovoltaic inverters, the marketing, design, and engineering of photovoltaic (PV) power systems, and solar power generation.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issue by the Board of Directors on March 18, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The details of impact on the Company's adoption of the new amendments beginning January 1, 2020 are as follows:

(i) Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets certain conditions is a lease modification, rather any changes in lease liability are recognized in profit or loss. The amendments have been endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) in July 2020, earlier application from January 1, 2020 is permitted. Related accounting policy is explained in Note 4(l).

The Company has elected to apply the practical expedient for all rent concessions that meet the criteria beginning January 1, 2020, with early adoption. No adjustment was made upon the initial application of the amendments. The amounts for the year ended December 31, 2020 was $1,280, recognized as deduction of operating expenses.

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Company's financial statements:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, International Accounting Standards (“IAS”) 39 and IFRS 7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform －Phase 2”

(c) The impact of IFRS issued by International Accounting Standards Board but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (“IASB”), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

The individual financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial instruments at fair value through profit or loss are measured at fair value (including derivative financial instruments);

2) The net defined benefit assets are recognized as the present value of the defined benefit obligation, less, the fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The Company's parent company only financial statements are presented in New Taiwan dollars (TWD), which is the Company's functional currency. All financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of that date. The foreign currency gains or losses on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transactions.

Foreign currency differences arising from retranslation are recognized in profit or loss.

(Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollars (which was expressed in reporting currency) at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to New Taiwan Dollars (which was expressed in reporting currency) at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

(i) It expects to realize the asset, or intends to sell or consume it in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) If the asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Time deposits, in conformity with the aforementioned definition, that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash equivalents.

(f) Financial instruments

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

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Financial assets are classified into the following categories: measured at amortized cost and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets) and contract assets.

The Company measures loss allowances at an amount equal to lifetime expected credit losses (ECLs), except for the following which are measured as 12month ECLs:

other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

(Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘ credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any noncash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss, and are included in non-operating income and expense. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Non-current assets classified as held for sale

Noncurrent assets that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, property, plant and equipment and investment property are no longer depreciated.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Company's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

When the Company's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

(j) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for the using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs and the present value of decommissioning costs, less accumulated depreciation and any accumulated impairment losses.

When the Company intends to sell a self-constructed asset, the costs of the asset is attributable to the progress. If the Company intends to operate or use it on its own, the cost of the asset is attributable to property, plant and equipment.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 3 to 50 years

2) Machinery and equipment: 3 to 10 years

3) Office and other equipment: 1 to 20 years

(Continued)

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Company has the right to direct the use of the asset:

- The Company has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

- In rare cases where the decision on how, and for what purpose, the asset is used is predetermined, the Company has the right to direct the use of an asset if either:

  — the Company has the right to operate its asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  — the Company designed the asset in a way that predetermines how, and for what purpose, it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. In addition, the Company has elected not to separate its non-lease components and lease accounts, but instead combine them as a single lease component by classifying their underlying assets.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
- there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;
- there is a change in the assessment on lease term as to whether it will be extended or terminated; and
- the modifications of the lease underlying asset, scope or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income'.

(Continued)

(m) Intangible assets

(iv) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(vi) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The intangible asset of the Company is computer software, the estimated useful lives was 1 to 6 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(Continued)

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Provision

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

(iii) Decommissioning

The Company follows the policy of Bureau of Energy, Ministry of Economic Affairs, accruing the module recycle fee based on the size of the power station, and recognize as provision by the present value of decommissioning costs.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(Continued)

1) Goods sold

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of the Company is made with a credit term of 60days to 120 days, which is consistent with the market practice. The Company's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(o). A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Engineering contracts

The Company enters into contracts to build solar power station. Because its customer controls the asset as it is constructed, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(Continued)

(q) Contract costs

The Company recognizes an unconditional government grant related COVID19 as reduction of expenses when the grant becomes receivable. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss in the periods in which the expenses or losses are recognized.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(Continued)

(iv) Short-term employee benefits

Short-term employee benefit obligations are accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee. A liability is recognized when the obligation can be estimated reliably.

(s) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and the actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date to be confirmed the subscription numbers by employees.

(t) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

(Continued)

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(u) Business combination

For the business combinations caused by the organizational restructuring, the Company use the book value method instead of the acquisition method.

(v) Earnings per share (EPS)

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit or loss attributable to the ordinary equity holders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit or loss attributable to ordinary equity holders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, such as convertible bonds and employee compensation.

(w) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent-company-only financial statements is as follows:

Judgment regarding control of subsidiaries

The Company holds 21.06% and 40% of the outstanding voting shares of Inergy Technology Inc. (“Inergy”) and TECO Sun Energy Co., Ltd. (“TECO Sun Energy”), respectively, and is the single largest shareholder of the investees. Although the remaining shares of Inergy are not concentrated within specific shareholders, the Company still cannot obtain more than half of the total number of Inergy's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company has significant influence on but has no control over Inergy. The remaining shares of TECO Sun Energy are concentrated within specific shareholders, the Company cannot obtain more than half of the total number of TECO Sun Energy's directors, and it also cannot obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company has significant influence on but has no control over TECO Sun Energy.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of long-term non-financial assets

In the process of evaluating the potential impairment, the Company is required to make subjective judgments in determining the recoverable amount related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Please refer to note 6(h) for further description of the key assumptions used to determine the recoverable amount.

(b) Provisions impairment of notes and accounts receivable

The Company has estimated the impairment of notes and accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(b).

(Continued)

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash	$ 701	1,160
Demand deposits	958,187	1,809,713
Time deposits	553,073	557,983
Cash equivalents (investments in bonds sold under repurchase agreement)	150,000	-
	$ 1,661,961	**2,368,856**

(b) Notes and accounts receivable

The components were as follows:

	December 31, 2020	December 31, 2019
Notes receivable	$ 8	11,549
Accounts receivable	438,626	276,368
Accounts receivable-related parties	47,394	26,271
Subtotal	486,028	314,188
Less: loss allowance	(37,010)	(37,063)
	$ 449,018	**277,125**

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions of the Company were determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 370,557	0%	-
Past due 1~90 days	78,461	0%~0.08%	-
Past due 91~120 days	-	0%~0.08%	-
Past due 121~150 days	-	0%~35.97%	-
Past due 151~180 days	-	35.97%~95.66%	-
Past due more than 181 days	37,010	100%	37,010
	$ 486,028		**37,010**

(Continued)

	December 31, 2019		
	Gross carrying amount	**Weighted-average expected credit rate**	**Loss allowance provision**
Current	$ 271,821	0%	-
Past due 1~90 days	5,280	0%~0.12%	-
Past due 91~120 days	-	0%~0.12%	-
Past due 121~150 days	-	0%~53.93%	-
Past due 151~180 days	-	0%~100%	-
Past due more than 181 days	37,087	100%	37,063
	$ 314,188		**37,063**

The movements in the allowance for notes and accounts receivable were as follows:

	2020	**2019**
Beginning balance	$ 37,063	85,578
Losses of expected credit impairment recognized	4	11
Amounts written off	(58)	(47,495)
Effect of changes in foreign exchange rates	1	(1,031)
Ending balance	**$ 37,010**	**37,063**

At the reporting date, there was no pledge for notes and accounts receivable. Please refer to note 6(x) for further credit risk information.

(c) Other receivables

	December 31, 2020	**December 31, 2019**
Other receivables	$ 5,842	87,716
Other receivables-related parties	41,336	106,475
Less: loss allowance	-	(85,432)
	$ 47,178	**108,759**

(Continued)

The loss allowance provisions for other receivables was determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 47,112	0%	-
Past due 1~90 days	66	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%~16.58%	-
Past due 151~180 days	-	0%~61.44%	-
Past due more than 181 days	-	100%	-
	$ 47,178		**-**

	December 31, 2019		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 55,054	0%	-
Past due 1~90 days	569	0%	-
Past due 91~120 days	93	0%	-
Past due 121~150 days	-	0%~24.7%	-
Past due 151~180 days	-	0%~90.97%	-
Past due more than 181 days (Note)	138,475	100%	85,432
	$ 194,191		**85,432**

(Note): The amounts of past due but didn't recognize the loss allowance were other receivables due from related parties, please refer to note 7.

The movements in the allowance for other receivables were as follows:

	2020	**2019**
Beginning balance	$ 85,432	4
Losses of expected credit impairment recognized	9,245	87,166
Amounts written off	(96,410)	(4)
Effect of changes in foreign exchange rates	1,733	(1,734)
Ending balance	**$ -**	**85,432**

At the reporting date, there was no pledge for other receivables. Please refer to note 6(x) for further credit risk information.

(Continued)

(d) Inventories

	December 31, 2020	December 31, 2019
Finished goods	$ 378,828	197,547
Work in progress	56,834	43,025
Raw materials and supplies	127,369	62,784
Raw materials in transit	32,060	23,067
	$ 595,091	**326,423**

Except for cost of goods sold and other remaining gains or losses which were included in operating cost or deduction of operating cost were as follows:

	2020	2019
Reversal of loss on valuation of inventories and obsolescence	$ (24,215)	(47,467)
Loss of inventory disposal	11,633	42,995
Unallocated production overheads	76,027	253,102
	$ 63,445	**248,630**

At the reporting date, the inventories were not pledged.

(e) Non-current assets held for sale

In 2019, the Company disposed a part of its non-current assets held for sale, including that of its plant located at Southern Taiwan Science Park, recorded under the non-current assets held for sale on December 31, 2018, as well as its property, plant and equipment located in Taipei, based on the resolution approved during the board meeting in August 2019. The total amount of disposal was $186,835, resulting in a gain on disposal of non-current assets held for sale amounting to $49,571, recorded under other gains and losses. As of December 31, 2019, the aforementioned amount had been fully received. There was no such transaction for the year ended December 31, 2020.

(f) Investments accounted for using equity method

The components were as follows:

	December 31, 2020	December 31, 2019
Subsidiaries	$ 1,422,020	2,143,084
Associates	118,561	80,086
	$ 1,540,581	**2,223,170**

(Continued)

(i) Subsidiaries

Please see the consolidated financial statements for the year ended December 31, 2020.

(ii) At the reporting date, the investments accounted for using the equity method were not pledged.

(iii) Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the parent company only financial statements of the Company.

	December 31, 2020	December 31, 2019
Total equity of the individually insignificant investments in associates	$ **118,561**	**80,086**

	2020	2019
Attributable to the Company:		
Net profit from continuing operations	$ 9,398	2,695
Other comprehensive income	74	-
Total comprehensive income	$ **9,472**	**2,695**

The Company did not share any contingent liabilities of an associate incurred jointly with other investors. The Company also did not have any contingent liabilities that arise because due to the Company being severally liable for all the parts of liabilities of the associate.

(iv) Merger with subsidiaries

1) In May and August 2019, Motech Energy System Co., Ltd. (“MES”) issued new shares, and the Company did not invest capital based on shareholding ratio and the ownership interests had changed as a result. Therefore, the percentage of the Company's ownership was decreased to 99.59%. After that, the Company acquired all the remaining outstanding shares in cash from the non-controlling interests in March 2020. In May 2020, MES was merged with the Company; thereafter, the Company became the surviving company, and MES, the dissolved entity. The equity of the investee companies, MPO, MPA, MPG, MPB, MPZ, and TECO Sun Energy, held by MES was transferred to the Company.

2) In August 2019, the Company acquired the non-controlling interests of Taiwan Solar Module Manufacturing Corp. (TSMMC) in cash, please refer to note 6(7). In October 2019, TSMMC merged with the Company; thereafter, the Company became the surviving company, and TSMMS, the dissolved entity.

(Continued)

3) On May 1, 2020 and October 1, 2019 (the combination date), the carrying amount of assets and liability of MES and TSMMC were as follows:

		2020.5.1 MES	2019.10.1 TSMMC
Cash and cash equivalents	$	122,902	103,402
Accounts receivable		221	-
Accounts receivable-related parties		321,737	77,867
Other receivables		-	33
Other receivables-related parties		1,992	280
Contract assets		7,559	-
Current tax assets		-	11
Inventories		1,814	234,595
Prepayments (including related parties)		506	1,789
Other current assets		3,881	12,056
Investments accounted for using equity method		216,023	-
Property, plant and equipment (note 6(h))		15,487	105,445
Right-of-use assets (note 6(i))		-	1,584
Intangible assets (note 6(j))		4,061	1,538
Refundable deposits		278	9,042
Other non-current assets		-	122
Contract liabilities-current		(2,844)	(20,579)
Accounts payable		(62,290)	(64,918)
Accounts payable-related parties		(24,992)	(238,509)
Other payables (note 6(aa))		(14,398)	(15,898)
Other payable-related parties		(2,646)	(38,994)
Payable on machinery and equipment		-	(19,386)
Lease liabilities (current and non-current) (note 6(aa))		-	(1,542)
Provision (current and non-current) (note 6 (o))		-	(3,500)
Current tax liabilities		(13,666)	-
Other current liabilities, others		11	(5,741)
Long-term borrowings, current portion (note 6(aa))		(960)	-
Long-term borrowings (note 6(aa))		(12,000)	-
Book value	**$**	**562,676**	**138,697**

(v) At the reporting date, the investments accounted for using the equity method were not pledged.

(Continued)

(g) Changes in a parent's ownership interest in a subsidiary

(i) Acquisitions of non-controlling interests

In March 2020, the Company acquired the non-controlling interests of MES in cash. The effects of the changes in shareholdings were as follows:

	MES
Carrying amount of non-controlling interests on acquisition	$ 2,341
Consideration paid to non-controlling interests	(2,678)
The differences in retained earnings between the consideration and the carrying amount of the subsidiaries acquired	**$ (337)**

In 2019, the Group acquired the non-controlling interests of MES and TSMMC in cash. The effects of the changes in shareholdings were as follows:

	MES	TSMMC
Carrying amount of noncontrolling interest on acquisition	$ 1,064	14,496
Consideration paid to noncontrolling interests	(824)	(14,800)
The differences in capital surplus or retained earnings between the consideration and the carrying amount of the subsidiaries acquired	**$ 240**	**(304)**

(ii) Loss control of subsidiaries

In July and November 2019, the Company decided to dissolve MJ and Think Global, respectively, resulting in the Company to recognize the remaining capital investment of $9,780 as loss on disposals of investments under other gains and losses in September and March 2020. In 2020, the Company received the remaining capital investment amounting to $44,732.

(iii) Disposal of subsidiaries

The Company had sold its entire shares in MPA to a third party at the amount of $16,017 in September 2020, resulting in the Company to recognize a gain on disposal of investments amounting to $12,271, recorded under other gains and losses. As of December 31, 2020, the aforementioned amount had been received.

The carrying amount of assets and liabilities of MPA on August 31, 2020, the disposal date, was as follow:

Cash and cash equivalents	$ 5,735
Other current assets	1,189
Property, plant and equipment	340
Refundable deposit	80
Carrying amount of net assets	**$ 7,344**

(Continued)

(h) Property, plant and equipment

(i) The movements were as follows:

	Land	Building and structure	Machinery and equipment	Office and other equipment	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:						
Beginning balance at January 1, 2020	$ 17,905	1,151,287	2,878,841	1,634,934	-	5,682,967
Acquisition through merger	-	-	177	17,958	-	18,135
Additions	-	1,015	93,941	30,517	-	125,473
Reclassification	-	(12,775)	-	15,948	-	3,173
Disposals	-	(112,696)	(711,519)	(297,980)	-	(1,122,195)
Balance at December 31, 2020	$ **17,905**	**1,026,831**	**2,261,440**	**1,401,377**	**-**	**4,707,553**
Beginning balance as of January 1, 2019	$ 86,345	1,075,845	7,131,593	3,120,716	-	11,414,499
Acquisition through merger	-	-	107,151	10,253	-	117,404
Additions	-	-	15,608	3,419	-	19,027
Reclassification	(68,440)	76,894	(16,380)	(16,499)	-	(24,425)
Disposals	-	(1,452)	(4,359,131)	(1,482,955)	-	(5,843,538)
Balance at December 31, 2019	$ **17,905**	**1,151,287**	**2,878,841**	**1,634,934**	**-**	**5,682,967**
Depreciation and impairment loss:						
Beginning balance at January 1, 2020	$ -	317,320	2,427,379	1,475,588	-	4,220,287
Acquisition through merger	-	-	104	2,544	-	2,648
Depreciation expense	-	22,319	77,288	46,643	-	146,250
Reclassification	-	(10,443)	-	10,433	-	(10)
Disposals	-	(64,475)	(705,340)	(296,403)	-	(1,066,218)
Balance at December 31, 2020	$ **-**	**264,721**	**1,799,431**	**1,238,805**	**-**	**3,302,957**
Beginning balance at January 1, 2019	$ -	252,061	6,643,120	2,901,964	-	9,797,145
Acquisition through merger	-	-	9,632	2,327	-	11,959
Depreciation expense	-	25,904	99,251	58,734	-	183,889
Impairment loss	-	-	16,214	-	-	16,214
Reclassification	-	40,807	(16,380)	(20,040)	-	4,387
Disposals	-	(1,452)	(4,324,458)	(1,467,397)	-	(5,793,307)
Balance at December 31, 2019	$ **-**	**317,320**	**2,427,379**	**1,475,588**	**-**	**4,220,287**
Carrying amounts:						
Balance at December 31, 2020	$ **17,905**	**762,110**	**462,009**	**162,572**	**-**	**1,404,596**
Balance at January 1, 2019	$ **86,345**	**823,784**	**488,473**	**218,752**	**-**	**1,617,354**
Balance at December 31, 2019	$ **17,905**	**833,967**	**451,462**	**159,346**	**-**	**1,462,680**

(ii) In response to the changes in the supply and demand of the market, the Company had decided to adjust its production capacity and suspend some of its production lines in 2019. After calculating the recoverable amount of the related assets, which was estimated to be close to its fair value, less costs of disposal, and lower than the carrying amount of the assets, the Company recognized the impairment loss of $16,214, which was recorded under other gains and losses– impairment loss on non-financial assets. The suspended production lines were attributed to the Solar division. For the relevant segment information, please refer to note 14 of the consolidated financial statements as of December 31, 2020. There was no such transaction for the year ended December 31, 2020.

(Continued)

(iii) Besides the impairment loss recognized for those individual assets mentioned above, the Company had performed an impairment test as of December 31, 2019 because there were indications that the assets might be impaired. Due to the operating results in 2020, which showed that the impairment loss recognized for those individual assets may have decreased, the Company performed an impairment test as of December 31, 2020. After performing the impairment test, it was determined that the service potential of the impaired individual assets attributed to the Solar division had not increased, resulting in the Company to recognize the impairment losses that have not been reversed and the carry amount of cash generating unit ("CGU") to which they belonged which was not lower than the recoverable amount (value in use) as of December 31, 2020 and 2019. As of December 31, 2020, the key assumptions used in the estimation of value in use were the discount rate of 8.26%, the average growth rate (sales volume) of 0.97%, the average growth rate (average selling price) of (2.49)%, and the average growth rate (unit cost) of (3.06) %. As of December 31, 2019, the key assumptions used in the estimation of value in use were the discount rate of 6.66%, the average growth rate (sales volume) of 1.4%, the average growth rate (average selling price) of (2.4)%, and the average growth rate (unit cost) of (4.0)%.

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of generally investing in equities and the systemic risk of the specific CGU. Budgeted earnings before interest, taxes, depreciation and amortization ("EBITDA") were based on expectations of future outcomes considering the past experience, adjusted for the anticipated revenue growth. Revenue estimation was projected considering the operating results in the previous year and the estimation of the Company's own production capacity based on the future annual business plan approved by the management. The sales volume in the future was estimated to grow steadily, but the sales price was easily affected by the industry boom and fluctuates.

(iv) In order to set the business scale and improve the reliability of assets, the Company disposed some of its plants and accessory equipment amounting to $96,016 and $19,564, recognized as gains on disposal of property, plant and equipment under other gains and losses for the years ended December 31, 2020 and 2019, respectively.

(v) The reclassification was mainly for the transfer of prepayments for business facility, inventories, and non-current assets held for sale.

(vi) As of December 31, 2020 and 2019, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

(i) Right-of-use assets

The Company leases many assets, including land, buildings, and other equipment. Information about leases for which the Group as a lessee was presented below:

		Land	Buildings and structures	Other equipment	Total
Cost:					
Beginning balance at January 1, 2020	$	91,345	6,171	3,001	100,517
Lease modification		(18,325)	-	-	(18,325)
Balance at December 31, 2020	**$**	**73,020**	**6,171**	**3,001**	**82,192**
Beginning balance at January 1, 2019	$	-	-	-	-
Effects of retrospective application for IFRS 16		91,345	6,171	-	97,516
Acquisition through merger		-	-	3,001	3,001
Balance at December 31, 2019	**$**	**91,345**	**6,171**	**3,001**	**100,517**
Accumulated depreciation:					
Beginning balance at January 1, 2020	$	10,936	325	1,667	12,928
Depreciation expense		9,262	325	1,000	10,587
Balance at December 31, 2020	**$**	**20,198**	**650**	**2,667**	**23,515**
Beginning balance at January 1, 2019	$	-	-	-	-
Depreciation expense		10,936	325	250	11,511
Acquisition through merger		-	-	1,417	1,417
Balance at December 31, 2019	**$**	**10,936**	**325**	**1,667**	**12,928**
Carrying amount：					
Balance at December 31, 2020	**$**	**52,822**	**5,521**	**334**	**58,677**
Balance at January 1, 2019	**$**	**-**	**-**	**-**	**-**
Balance at December 31, 2019	**$**	**80,409**	**5,846**	**1,334**	**87,589**

The Company leases land and buildings for its office use, operation space and installation location of PV power station, with lease terms ranging from 6 to 20 years; The Company also leases other equipment, with the lease term of 3 years.

(Continued)

(j) Intangible assets

(i) The movements were as follows:

	Computer software	Expertise	Total
Costs:			
Beginning balance at January 1, 2020	$ 1,910		1,910
Additions	1,352	-	1,352
Acquisition through merger	7,701	-	7,701
Disposal	(200)	-	(200)
Balance at December 31, 2020	**$ 10,763**	**-**	**10,763**
Beginning balance as of January 1, 2019	$ 26,935	225,326	252,261
Additions	380	-	380
Acquisition through merger	1,910	-	1,910
Disposal	(27,315)	(225,326)	(252,641)
Balance at December 31, 2019	**$ 1,910**	**-**	**1,910**
Amortization and impairment loss:			
Beginning balance at January 1, 2020	$ 460	-	460
Amortization expenses	2,614	-	2,614
Acquisition through merger	3,640	-	3,640
Disposal	(200)	-	(200)
Balance at December 31, 2020	**$ 6,514**	**-**	**6,514**
Beginning balance at January 1, 2019	$ 23,652	225,326	248,978
Amortization expenses	1,506	-	1,506
Acquisition through merger	372	-	372
Disposal	(25,070)	(225,326)	(250,396)
Balance at December 31, 2019	**$ 460**	**-**	**460**
Carrying amounts:			
Balance at December 31, 2020	**$ 4,249**	**-**	**4,249**
Balance at January 1, 2019	**$ 3,283**	**-**	**3,283**
Balance at December 31, 2019	**$ 1,450**	**-**	**1,450**

(ii) Amortization expenses

The amortization expenses of intangible assets were included in the statement of comprehensive income as follows:

	2020	2019
Operating costs	$ 354	88
Operating expenses	2,260	1,418
	$ 2,614	**11,732**

(Continued)

(iii) Collateral

At the reporting date, the intangible assets were not pledged.

(k) Prepayments, other current and other non-current assets

(i) The components of prepayments were as follows:

	December 31, 2020	December 31, 2019
Prepaid expenses	$ 5,089	10,662
Prepayments to suppliers－current	43,178	49,981
	$ 48,267	**60,643**

(ii) The components of other current assets and other non-current assets were as follows:

	December 31, 2020	December 31, 2019
Excess business tax paid	$ 19,587	10,968
Others	9,500	9,835
Other current assets	29,087	20,803
Prepayments for business facilities	10,938	3,030
Refundable deposits	32,205	33,936
Net defined benefit assets	52,317	49,812
Other noncurrent assets	95,460	86,778
	$ 124,547	**107,581**

In response to the changes in the supply and demand of the market, the Company had decided to adjust its production capacity and suspend some of its production lines in 2019. After calculating the recoverable amount of the related assets, which was estimated to be close to its fair value, less costs of disposal, and lower than the carrying amount of the assets, the Company recognized the impairment loss of $2,795 under other gains and losses –impairment loss on nonfinancial assets. The prepayments for business facility was attributed to the Solar division. For the relevant segment information, please refer to note 14 of the consolidated financial statements as of December 31, 2020. There was no such transaction for the year ended December 31, 2020.

(iii) At the reporting date, the other current assets and other noncurrent assets were not pledged.

(Continued)

(l) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 300,000	50,000
Unused short-term credit lines	$ 1,226,745	6,229,766
Range of annual interest rates	1.5%~1.8%	1.6%

(i) At the reporting date, there was no pledge for short-term borrowings.

(ii) Please refer to note 6(x) for liquidity and interest rate risk information.

(m) Long-term borrowings

(i) The components were as follows:

	December 31, 2020			
	Currency	Range of annual interest rate	Maturity year	Amount
Syndicated loan	TWD	2.0085%	2023	$ 1,672,650
Financial loans for solar power station projects	TWD	1.35%~1.973%	2033	43,127
Less: current portion				(205,099)
Total				$ 1,510,678
Unused long-term credit lines				$ 4,530

	December 31, 2019			
	Currency	Range of annual interest rate	Maturity year	Amount
Syndicated loan	TWD	2.2073%~2.3406%	2021	$ 3,249,880
Less: current portion				(1,242,940)
Total				$ 2,006,940
Unused long-term credit lines				$ -

(ii) Pledge for loan

At the reporting date, demand deposits and property, plant and equipment had been pledged as collaterals for long-term borrowings, please refer to note 8.

(iii) Syndicated loan

In January 2018, the Company entered into a triennium syndicated loan agreement with a group of banks.

(Continued)

In accordance with the above mentioned agreement as amended in August 2019, the Company should comply with the following financial covenants in its second quarter and annual consolidated financial statements commencing from the consolidated financial statements for the year ended December 31, 2019:

1) Current ratio (current assets/current liabilities): not less than 100%.

2) Financial liability ratio (total financial liabilities/total tangible net assets): not exceeding 120%. (total financial liabilities = bank loans + bonds payable + other financial liabilities bearing interest – financial loans for PV power station projects).

3) The interest coverage ratio [(pre-tax net profit + depreciation + amortization + interest expenses) interest expenses]: not less than 100%. If the Company fails to comply the interest coverage ratio, it would not regarded as breach of contract only if the Company pay the compensation to the lead bank in a fixed rate of non-paid principal of the reporting date in monthly interest payment date till the Company would in compliance with the interest coverage ratio revised in the first supplemental loan agreement.

4) Net tangible assets (net assets, minus intangible assets): not be less than $3 million.

The Company did not comply with the revised interest coverage ratio in its 2019 annual consolidated financial statements. However, no breach of contract was committed. Hence, the Company was still in compliance with relevant procedures in the first supplemental loan agreement.

In November 2020, the Company entered into a triennium syndicated loan agreement with a group of banks to pay off the credit balance of its 2018 syndicated loan.

The Company can extend its credit term only once for two more years, within 24 to 30 months starting from the initial drawdown, through written application to leading bank, provided it does not breach the financial covenant within three years starting from the initial drawdown date.

The Company should comply with the following financial covenants in its second quarter and annual consolidated financial statements commencing from the consolidated financial statements for the year ended December 31, 2020:

1) Current ratio (current assets/current liabilities): not less than 100%.

2) Financial liability ratio (total financial liabilities/total tangible net assets): not exceeding 120%. (total financial liabilities=bank loans + bonds payable + other financial liabilities bearing interest – financial loans for PV power station projects).

3) The interest coverage ratio [(pretax net profit + depreciation + amortization + interest expense)/interest expenses]: not less than 100%. (applicable since 2021 second quarter consolidated financial statements)

4) Net tangible assets (net assets, minus intangible assets): not be less than $2 million.

If the Company initially fails to comply with the aforementioned covenants, it would not be regarded as breach of contract if it can provide the leading bank a financial improvement plan; and consequently, its preceding second quarter or annual consolidated financial statements is in conformity with the covenants; furthermore, a compensation has to be paid. If the Company still fails to comply with the said covenant in its preceding consolidated financial statements, all its credit facilities stated in the contract will be considered invalid. Also, the leading bank can decide either to waive all or parts of the unused credit facilities without the approval of the participating banks, or it can demand the Company for an immediate payment on its obligations under this agreement. The Company was in compliance with the aforementioned covenants in its 2020 annual consolidated financial statements.

(iv) Please refer to note 6(x) for liquidity and interest rate risk information.

(n) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	$ 9,146	11,623
Non-current	$ 49,992	76,915

For the maturity analysis, please refer to note 6(x).

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest expenses on lease liabilities (recorded under finance costs)	$ 1,555	2,074
Expenses relating to short-term leases	$ 102	-
Expenses relating to short-term leases	$ 11,739	27,197
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 423	712
COVID-19-related rent concessions (recorded as deduction of depreciation expenses)	$ (1,060)	-
COVID-19-related rent concessions (recognized as deduction of rent expenses)	$ (220)	-

The amounts recognized in the statement of cash flows for the Company were as follows:

	2020	2019
Total cash outflow for leases	$ 22,478	40,503

(Continued)

(i) Real estate and buildings leases

The Company leases land and buildings for its office use, operation space and the installation location of PV power stations, with lease terms ranging from 6 to 20 years. Some leases included an option to renew the lease for an additional period of the same duration after the end of the contract term. The extension options held are exercisable only by the Company and not by the lessors. If the lessee is not reasonably certain to use an optional extended lease term, the payments associated with the optional period will not be included with in lease liabilities.

(ii) Other leases

The Company leases other equipment, with lease terms of 3 years. In some cases, the Company has options to purchase the assets at the end of the contract term. In other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Company also leases IT equipment and other equipment with lease terms ranging from 1 to 3 years. These leases are short-term and leases of low-value items; therefore, the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(o) Provisions－current and non-current

		Warranty	Decommissioning	Total
Beginning balance at January 1, 2020	$	40,085	-	40,085
Provisions made		48,095	181	48,276
Provisions used		(2,496)	-	(2,496)
Balance at December 31, 2020	**$**	**85,684**	**181**	**85,865**
Beginning balance at January 1, 2019	$	35,517	-	35,517
Acquisition through merger		3,500	-	3,500
Provisions made		3,111	-	3,111
Provisions used		(2,043)	-	(2,043)
Balance at December 31, 2019	**$**	**40,085**	**-**	**40,085**

The carrying amounts of provisions were as follow:

		December 31, 2020	December 31, 2019
Provisions-current	$	22,549	9,304
Provisions-non-current		63,316	30,781
	$	**85,865**	**40,085**

(Continued)

Provision for warranties related mainly to solar modules and photovoltaic inverters sold. It is based on estimates made from historical warranty data associated with similar goods and services. The Company expected to settle its main liabilities with after sales of over 1 year to 25 years. Provision for decommissioning related mainly to PV power stations, wherein it is based on the scale of the power stations to calculate the expense of recycle the solar modules, and being recognized as provision by the present value of decommissioning costs.

(p) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 34,784	34,077
Fair value of plan assets	(87,101)	(83,889)
	(52,317)	(49,812)
The effects of limiting net defined benefit assets to assets ceiling	-	-
Net defined benefit assets (recorded under other non-current assets)	**$ (52,317)**	**(49,812)**

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. Minimum earnings on such funds shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The amount of the Company's Bank of Taiwan labor pension reserve account balance was already higher than the defined benefit obligation, so the Company had applied for a moratorium on the withdrawal of labor pension reserve account during to April 2020 to March 2021. The Company's Bank of Taiwan labor pension reserve account balance amounted to $87,101 as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

2) Movements in present value of the defined benefit obligations

		2020	2019
Defined benefit obligations at January 1	$	34,077	38,302
Current service costs and interest		489	593
Actuarial gains or losses		995	(2,232)
Benefits paid		(777)	(2,586)
Defined benefit obligations at December 31	**$**	**34,784**	**34,077**

3) Movements of defined benefit plan assets

		2020	2019
Fair value of plan assets at January 1	$	83,889	81,046
Expected return on plan assets		1,054	1,125
Contributions from plan participants		500	1,804
Actuarial gains or losses		2,435	2,500
Benefits paid		(777)	(2,586)
Fair value of plan assets at December 31	**$**	**87,101**	**83,889**
Actual return on plan assets	**$**	**3,489**	**3,625**

4) Movements of the effect of the asset ceiling

For the years ended December 31, 2020 and 2019, there were no changes in the effect of plan assets ceiling.

5) Expenses (reversal) recognized in profit or loss

		2020	2019
Cost of services	$	68	71
Net interest on the net defined benefit assets		(633)	(603)
	$	**(565)**	**(532)**
Operating expenses	$	(565)	(532)
	$	**(565)**	**(532)**

6) The remeasurements of the net defined benefit asset recognized in other comprehensive income.

		2020	2019
Cumulative amount at January 1	$	(7,493)	(2,761)
Recognized during the period		(1,440)	(4,732)
Cumulative amount at December 31	**$**	**(8,933)**	**(7,493)**

(Continued)

7) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.750 %	1.250 %
Rate of salary increase	2.000 %	2.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date of 2020 is $770.

The weighted-average lifetime of the defined benefits plans is 19.87 years.

8) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased by 0.25%	Decreased by 0.25%
December 31, 2020:		
Discount rate	(1,215)	1,277
Rate of salary increase	1,278	(1,187)
December 31, 2019:		
Discount rate	(1,255)	1,310
Rate of salary increase	1,277	(1,233)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal accounts at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

(Continued)

The Company allocates $23,539 and $25,940 as pension costs under the defined contribution plans in 2020 and 2019, respectively. Payment was made to the Bureau of Labor Insurance.

(q) Income taxes

(i) The components were as follows:

	2020	2019
Current tax expense		
Current period	$ -	-
Adjustment for prior periods	42	5,497
	42	5,497
Deferred tax expense		
Origination and reversal of temporary differences	-	946
Tax gains	**$ 42**	**6,443**

The amounts of income tax expense recognized in other comprehensive income were as follows:

	2020	2019
Items that may not be reclassified subsequently to profit or loss:		
Actuarial gain of defined benefit plans	**$ (287)**	**(946)**

The Company did not recognize any amount of income tax directly in equity.

Reconciliations of tax expense and profit (loss) before tax were as follows:

	2020	2019
Profit (loss) before tax	**$ 109,955**	**(1,324,310)**
Income tax using the Company's domestic tax rate	$ (21,991)	264,862
Non-deductible expense	(1,054)	-
Current year losses for which no deferred tax asset was recognized	16,744	(248,657)
Others	6,343	(9,762)
	$ 42	**6,443**

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries. Also, management considered it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Deferred tax assets have not been recognized because it is not probable that future taxable profit will be available. Details were as follows:

	December 31, 2020	December 31, 2019
Unrecognized deferred tax assets:		
Aggregate amount of temporary differences related to investments in subsidiaries	$ 773,637	784,962
Loss carryforwards	1,625,617	1,608,039
Deductible temporary differences	282,825	313,331
	$ **2,682,079**	**2,706,332**

	December 31, 2020	December 31, 2019
Unrecognized deferred tax liabilities:		
Aggregate amount of temporary differences related to investments in subsidiaries	$ **-**	**10,578**

As of December 31, 2020, the information of the Company's unused tax losses for which no deferred tax assets were recognized was as follows:

Year of loss	Loss carryforwards of unrecognized deferred tax assets	Expiry year
2015	$ 141,846	2025
2016	333,628	2026
2017	2,538,046	2027
2018	3,255,203	2028
2019	1,535,572	2029
2020	323,793	2030
	$ **8,128,088**	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

		Loss on valuation of inventories	Allowance for impairment	Others	Total
Deferred tax assets:					
Beginning balance at January 1, 2020	$	-	-	58,151	58,151
Recognized in profit or loss		-	-	2,331	2,331
Balance at December 31, 2020	$	**-**	**-**	**60,482**	**60,482**
Beginning balance at January 1, 2019	$	-	-	60,083	60,083
Recognized in profit or loss		-	-	(1,932)	(1,932)
Balance at December 31, 2019	$	**-**	**-**	**58,151**	**58,151**

		Defined benefit plans	Unrealized foreign exchange gains	Others	Total
Deferred tax liabilities:					
Beginning balance at January 1, 2020	$	9,962	48,163	26	58,151
Recognized in profit or loss		214	2,096	21	2,331
Recognized in other comprehensive income		287	-	-	287
Balance at December 31, 2020	$	**10,463**	**50,259**	**47**	**60,769**
Beginning balance at January 1, 2019	$	8,549	51,534	-	60,083
Recognized in profit or loss		467	(3,371)	26	(2,878)
Recognized in other comprehensive income		946	-	-	946
Balance at January 1, 2019	$	**9,962**	**48,163**	**26**	**58,151**

(iii) Examination and approval

The Company's income tax returns for all years through 2018 were assessed by the tax authorities.

(r) Capital and other equity

As of December 31, 2020, and December 31, 2019, the Company's authorized ordinary share were both $10,000,000, with par value of $10 (dollars) per share, and its issued shares were 355,042 thousand shares and 540,470 thousand shares, respectively.

The Company has reserved 20,000 thousand authorized shares for employee stock options, convertible preferred stock and convertible bonds.

(Continued)

Reconciliations of shares outstanding were as follows:

(In thousand shares)

	2020	2019
Beginning shares at January 1	540,470	540,656
Capital reduction	(185,409)	-
Retirement of restricted shares of stock for employees	(19)	(186)
Ending shares at December 31	**355,042**	**540,470**

(i) Ordinary share

A resolution was passed during the general meeting of shareholders held on June 18, 2020 for the capital reduction of ordinary shares amounting to $1,854,095 to offset the Company's accumulated deficit, with the approval of the Financial Supervisory Commission, and the date of capital reduction was set on July 28, 2020 based on the resolution decided during the board meeting. The relevant statutory registration procedures have since been completed.

A resolution was passed during the Board of Directors to cease the issuance of the global depositary receipts issued by the Company on the Luxembourg Stock Exchange on November 4, 2019, with the base date set on December 10, 2019. The above matter had been settled with the investors on June 19, 2020.

(ii) Capital surplus

The components were as follows:

	December 31, 2020	December 31, 2019
Premium on issued stock	$ 6,403	26,117
Changes in equity of subsidiaries and associates accounted for using equity method	18,849	159,837
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(1,703)
Restricted shares of stock issued for employees	-	4,864
Other	-	1,467
	$ 25,252	**190,582**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(Continued)

(iii) Retained earnings

Under the Company's articles of incorporation, the Company's current-period earnings are appropriated and distributed in the following order:

a) pay all taxes and duties;

b) cover prior years' accumulated deficit, if any;

c) of the remaining balance, 10% is set aside as legal reserve;

d) set aside a special reserve in accordance with the R.O.C. Securities and Exchange Act or as requested by the authorities in charge;

The balance, including the accumulated retained profits from the previous year, is the profit to be distributed. The Board of Directors shall propose the earnings distribution plan, in which the amount to be distributed cannot be less than 25% of the earnings available for distribution, in the shareholders' meeting for approval.

The Company's dividend policies are as follows:

a) Cash dividends and stock dividends are appropriated in consideration of the Company's budget for capital expenditures, financial condition, and future operating cash flows.

b) No dividends are distributed if the Company has no unappropriated earnings. Earnings can be distributed as cash or share dividends, but stock dividends shall not exceed 50% of the total distribution.

c) If there are no unappropriated earnings, or if there are unappropriated earnings but they are very much less than the earnings distributed in the prior year, or in consideration of financial, business, and operating requirements, then all of the capital surplus or a portion of the special reserve or capital surplus can be distributed according to the law or government regulations.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

(Continued)

2) Special reserve

In accordance with Decree No. 1010012865 issued by the FSC on 6 April 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

In accordance with Decree No.1010051600 issued by securities and futures bureau on November 21, 2012, issued employee unearned compensation in restricted share of stock refer to unrealized income. The Company does not have to put out legal reserve.

3) Earnings distribution

The shareholders of the Company resolved to use its additional paid in capital of \$168,576 and \$6,074,985 to cover its accumulated deficits on June 18, 2020 and June 17, 2019, respectively. Relevant information can be inquired at market observation post system.

On March 18, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings as follows:

	2020	
	Amount per share (dollars)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 0.20	$ **71,008**

(iv) Other comprehensive income accumulated in reserves, net of tax:

	Exchange differences on translation of foreign financial statements	**Unearned portion of restricted stock awards**
Beginning balance at January 1, 2020	$ (564,403)	(485)
Exchange differences on translation of foreign financial statements	(75,481)	-
Exchange differences on translation of foreign financial statements for subsidiaries and associates	121,793	-
Exchange differences on associates accounted for using equity method	74	-
Unearned portion of restricted stock awards	-	485
Balance at December 31, 2020	$ **(518,017)**	**-**

(Continued)

	Exchange differences on translation of foreign financial statements	Unearned portion of restricted stock awards
Beginning balance at January 1, 2019	$ (481,243)	(7,957)
Exchange differences on translation of foreign financial statements	(48,616)	-
Exchange differences on translation of foreign financial statements for subsidiaries and associates	(34,544)	-
Unearned portion of restricted stock awards	-	7,472
Balance at December 31, 2019	**$ (564,403)**	**(485)**

(v) Treasury stock

In 2019, the Company recovered 166.5 thousand shares due to the resignation of its employees. The said shares had all been written off. On December 31, 2019, the unretired shares were 19 thousand shares. As of December 31, 2020, the Company did not own any treasury stock.

(s) Share-based payment

Until December 31, 2020 the Company has no existing share-based payment transactions. Details of the new restricted shares of stock issued to employees were as follows:

(In thousand shares)

	2020	**2019**
Outstanding shares at January 1	$ 250.0	1,527.5
Vested during the year	(250.0)	(1,111.0)
Expired during the year	-	(166.5)
Outstanding shares at December 31	**$ -**	**250.0**

Compensation costs of the Company in 2020 and 2019 arising from restricted shares of stock issued to employees were $2,024 and $1,304, respectively.

(t) Earnings per share ("EPS")

(i) Basic EPS

	2020	**2019**
Profit (loss) attributable to ordinary shareholders of the Company	**$ 109,997**	**(1,317,867)**
Weighted average number of shares outstanding during the period (thousand shares) (Note 2)	**355,021**	**354,733**
Basic earnings per share (dollars)	**$ 0.31**	**(3.72)**

(Continued)

(ii) Diluted EPS

	2020	2019
Profit (loss) attributable to ordinary shareholders of the Company	$ 109,997	(1,317,867)
Effect of potentially dilutive common stock	-	-
Gain and loss attributable to ordinary shareholders of the Company (including the effect of potentially dilutive common stock)	$ **109,997**	**(1,317,867)**
Weighted average number of shares outstanding during the period (thousand shares) (after retrospective adjustment) (Note 2)	355,021	354,733
Effect of potentially dilutive common stock (thousand shares) (Note 1)	208	-
Weighted average number of shares outstanding during the period (thousand shares)	**355,229**	**354,733**
Diluted earnings per share (dollars)	$ **0.31**	**(3.72)**

(Note 1): The potential shares have an antidilutive effect; hence, they were not included in the calculation in 2019.

(Note 2): Retrospective adjustment have been made in accordance with the capital reduction.

(u) Revenue from contracts with customers

(i) The Company's revenue is recognized from contracts with customers both in 2020 and 2019.

(ii) Details of revenue were as follows:

	2020			2019		
	Solar	**Others**	**Total**	**Solar**	**Others**	**Total**
Taiwan	$ 1,869,883	171,345	2,041,228	1,327,218	13,191	1,340,409
Singapore	1,059,739	-	1,059,739	1,436,635	-	1,436,635
China	20,134	-	20,134	139,513	-	139,513
Others	32,827	731	33,558	220,704	551	221,255
	$ **2,982,583**	**172,076**	**3,154,659**	**3,124,070**	**13,742**	**3,137,812**

(Note): Geographic revenue is based on the geographical location of customers.

Since disaggregation of revenue is based on major products, the basis for division of operating segments, and their geographical regions, the revenue of major products and primary geographical markets are included in the above information.

(Continued)

(iii) Balance of contracts

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable (including related parties)	$ 486,028	314,188	1,438,572
Less: loss allowance	(37,010)	(37,063)	(85,578)
Total	$ 449,018	277,125	1,352,994
Contract liabilities－current (including related parties)	$ 52,480	47,560	16,572

Provision for impairment of notes and accounts receivable, please refer to note 6(b).

The amount of revenue recognized as the contract liability balance at the beginning of the period was as follows:

	2020	2019
Revenue recognized	$ 30,239	10,868

(v) Remuneration to employees and directors

The Company's articles of incorporation, which were authorized by the board of directors but has yet to be approved by the shareholders, require that earnings shall first be offset against any deficit, then, a minimum of 1% will be distributed as employee remuneration, and a maximum of 5% will be allocated as remuneration to directors. Employees who are entitled to receive the above mentioned employee remuneration, in share or cash, include the employees of the Company's subsidiaries who meet certain specific requirements.

For the year ended December 31, 2020, the Company estimated its employee remuneration amounting to $7,196 and directors' remuneration amounting to $1,799. These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employee remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board meeting.

The actual amount of remuneration to directors, which was less than the estimated amount, resulted in a difference of $372, recognized as gain or loss in 2021.

For the year ended December 31, 2019, the Company still had an accumulated loss; therefore, no remunerations to employees and directors were estimated and recognized.

Related information would be accessed at the Market Observation Post System website.

(Continued)

(w) Non-operating income and expenses

(i) Interest income

	2020	2019
Interest income from bank deposits	$ 3,224	9,339
Interest income from loans to other parties	1,111	9,701
	$ 4,335	**19,040**

(ii) Other income

	2020	2019
Rent income	**$ 12,188**	**26,500**

(iii) Other gains and losses

	2020	2019
Gains on disposals of non-current asset held for sale	$ -	49,571
Gains on disposals of property, plant and equipment	96,016	20,514
Losses on disposals of intangible assets	-	(2,245)
Foreign exchange gains	13,566	328
Gains on disposals of investments	2,491	-
Gains on lease modification	1,136	-
Management income	5,856	34,724
Impairment loss on non-financial assets	-	(19,009)
Government grants	34,037	9,521
Others	24,756	31,053
	$ 177,858	**124,457**

(iv) Finance costs

	2020	2019
Interest expense	$ (64,911)	(111,126)
Other finance costs	(2,049)	(2,547)
	$ (66,960)	**(113,673)**

(Continued)

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk is mainly from the carrying amount of financial assets.

2) Concentration of credit risk

In order to reduce the credit risk on accounts receivable, the Company continuously evaluate the financial status of these customers and request collateral when necessary. The Company evaluates the possible loss on accounts receivable periodically and accrues an loss allowance for impairment, if necessary. As of December 31, 2020 and 2019, the Company's accounts receivable were obviously concentrated on 7 and 3 customers, whose accounts represented 92% and 77% of the total accounts receivable, respectively.

3) Credit risk of receivables

The information for credit risk exposure of notes receivable and accounts receivable, please refer to note 6(b). The information for credit risk exposure of amortized cost financial assets including other receivables, please refer to note 6(c).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Bank loans	$ 2,015,777	(2,111,834)	(420,318)	(118,455)	(233,835)	(1,312,202)	(27,024)
Accounts payable, other payables and lease liabilities	595,225	(603,610)	(541,719)	(5,278)	(10,556)	(26,404)	(19,653)
	$ 2,611,002	**(2,715,444)**	**(962,037)**	**(123,733)**	**(244,391)**	**(1,338,606)**	**(46,677)**
December 31, 2019							
Non-derivative financial liabilities							
Bank loans	$ 3,299,880	(3,363,595)	(750,233)	(596,950)	(2,016,412)	-	-
Accounts payable, other payables and lease liabilities	602,817	(616,416)	(521,420)	(7,071)	(13,292)	(39,024)	(35,609)
	$ 3,902,697	**(3,980,011)**	**(1,271,653)**	**(604,021)**	**(2,029,704)**	**(39,024)**	**(35,609)**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency (in thousands)	Exchange rate	TWD	Foreign currency (in thousands)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 10,732	28.48	305,647	9,724	29.98	291,526
EUR	58	35.02	2,031	547	33.59	18,374
Non-monetary items						
USD	42,439	28.480	1,208,663	52,603	29.98	1,577,031
USD	1,453	29.587	42,990	1,393	31.108	43,334
Financial liabilities						
Monetary items						
USD	7,786	28.48	221,745	8,798	29.98	263,764
EUR	-	-	-	32	33.59	1,075
Non-monetary items						
USD	627	30.268	18,978	574	30.009	17,225

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, borrowings, accounts payable, and other payables that are denominated in foreign currency. A 1% of depreciation (appreciation) of the TWD against other foreign currencies as of December 31, 2020 and 2019, would have increased (decreased) the net profit (loss) as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2020 and 2019.

	Impact on profit (loss)	
	Increase by 1%	**Decrease by 1%**
December 31, 2020	**$ 859**	**(859)**
December 31, 2019	**$ 451**	**(451)**

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items was disclosed using the following total amounts:

	2020	**2019**
Foreign exchange gains	**$ 13,566**	**328**

(Continued)

(iv) Interest rate risk

Please refer to the notes on liquidity risk and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The departments of the Group's entities reported the increases/decreases in the interest rates and the exposure to changes in interest rates to the Company's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

The interest rate risk is mainly due to the Company's borrowing at floating rates. If the interest rate increases (decreases) by 1% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), the impact on profit (loss) would be as follows:

	Impact on profit (loss)	
	Increase by 1%	**Decreases by 1%**
December 31, 2020	**$ (20,158)**	**20,158**
December 31, 2019	**$ (32,999)**	**32,999**

(v) Fair value

1) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have quotation in active market and which fair value cannot be reasonably measured.

	December 31, 2020				
	Carrying value	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Loans and receivables:					
Cash and cash equivalents	$ 1,661,961	-	-	-	-
Notes, accounts receivable and other receivables	496,196	-	-	-	-
Refundable deposits	32,205	-	-	-	-
Other financial assets	24,663	-	-	-	-
Subtotal	**$ 2,215,025**	-	-	-	-

(Continued)

	December 31, 2020				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost:					
Bank loans	$ 2,015,777	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	595,225	-	-	-	-
Subtotal	$ 2,611,002	-	-	-	-

	December 31, 2019				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Loans and receivables:					
Cash and cash equivalents	$ 2,368,856	-	-	-	-
Notes, accounts receivable and other receivables	385,884	-	-	-	-
Refundable deposits	33,936	-	-	-	-
Other financial assets	35,198	-	-	-	-
Subtotal	$ 2,823,874	-	-	-	-
Financial liabilities at amortized cost:					
Bank loans	$ 3,299,880	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	602,817	-	-	-	-
Subtotal	$ 3,902,697	-	-	-	-

2) Transfer between Level 1 and Level 2: None.

3) Reconciliation of Level 3 fair values: None.

(y) Financial risk management

(i) Overview

The Company is exposed to the nature and extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

Detailed information about exposure risk arising from the aforementioned risk and the Company's objective, policies and process for managing risks and methods used to measure the risk arising from financial instruments is found below.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Each responsible division is responsible for developing and monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Supervisor is assisted in this oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Board of Directors.

The Company's Supervisor oversees how the management complies in monitoring the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet it contractual obligations and arises principally from the Company's receivables from the customers and investments in securities.

1) Accounts receivable

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed regularly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or an end-user customer, geographic location, industry, aging profile, maturity, and existence of previous financial difficulties. Accounts receivable and other receivables relate mainly to the Company's end-user customers. Customers that are graded as “high risk” are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

As a result of environment fluctuation in 2020 and 2019, certain purchase limits have been redefined, particularly for customers operating in solar division. The Company will be monitoring and adjusting the limits continuously.

(Continued)

Goods are sold subject to a retention of title clause, so that in the event of non-payment the Group may have a secured claim. The Company otherwise does not require collateral in respect of trade and other receivables.

The allowance for impairment accounts is estimated to reflect the loss on notes and accounts receivable for those customers graded as "high risk". The allowance account reflects the specific loss based on customers' financial position, historical payment behavior, and asset pledge.

2) Investments

The Company limits their exposure to credit risk by investing only in securities with liquidity and good credit ratings. Management actively monitors credit ratings, and given that the Company has only invested in securities with high credit ratings, management does not expect any counterparty to fail to meet their obligations.

The credit risk exposure in the bank deposits and equity instruments is measured and monitored by the Company's finance department. Since the Company's transactions are with external parties with good credit standing, highly rated financial institutions, and publicly traded stock companies, or involved convertible bonds issued by publicly traded companies, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantees

According to the Company's management policy, the Company can only provide financial guarantees to certain entities which meet specific requirements. As of 2020, the Company didn't provide any guarantees or endorsements to other companies.

(iv) Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than payables) over the succeeding 60 to 90 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2020 and 2019, the Company had unused bank facilities for $1,231,275 and $6,229,766, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the management. Generally, hedge accounting is not applied in these circumstances, and the Company charges the changes in value to profit or loss.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company entities, primarily the TWD. These transactions are denominated in TWD, EUR and USD.

At any point in time, the Company hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months. The Company also hedges all trade receivables and trade payables denominated in a foreign currency. The Company uses forward exchange contracts to hedge its currency risk, with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at the maturity date.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily TWD, US Dollar (USD), Chines Yuan (CNY) and Japanese Yen (JPY). This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalance.

The Company's investments in subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

2) Interest rate risk

The Company's interest rate on borrowings was at a floating rate. The Group did not enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

In response to changes in interest rates, the Company assesses each currency lending rate of financial institutions and maintains good relationships with them, in order to obtain lower financing costs. This also strengthens the management of working capital, reduces dependence on bank borrowings, and lowers the risk of changes in interest rates.

(Continued)

(z) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business.

The Company uses the debt-to-equity ratio to manage its capital. This ratio uses the total net debt to be divided by the total capital. The total net debt from the balance sheet are derived from the total liabilities, less, cash and cash equivalent. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

The Company's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 2,851,731	4,111,688
Less: cash and cash equivalents	(1,661,961)	(2,368,856)
Net liabilities	**$ 1,189,770**	**1,742,832**
Total equity	**$ 3,168,466**	**3,007,536**
Debt-to-equity ratio	**37.55 %**	**57.95 %**

As of December 31, 2020, the size of operation and the amounts of loan reduction resulted in a decrease in debt-to-equity ratio; and the profit for the current period resulted in an increase in the total equity.

(aa) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019, were as follows:

(i) Merger with subsidiary please refer to note 6(f).

(ii) For right-of-use assets under leases, please refer to note 6(i).

(iii)Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2020	**Cash flows**	**Foreign exchange movement**	**Other**	**December 31, 2020**
Long term borrowings (including current portion)	$ 3,249,880	(1,545,413)	-	11,310	1,715,777
Lease liabilities (current and non-current)	88,538	(9,939)	-	(19,461)	59,138
Interest payable (recorded as other payables and current provisions)	202	(67,602)	-	68,613	1,213
Prepaid interest (recorded as prepayments)	(7)	-	-	5	(2)
Total liabilities from financing activity	**$ 3,338,613**	**(1,622,954)**	**-**	**60,467**	**1,776,126**

	January 1, 2019	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Other	December 31, 2019
Long term borrowings (including current portion)	$ 3,808,600	(564,420)	-	5,700	3,249,880
Short term borrowings	1,052,420	(1,001,656)	(764)	-	50,000
Lease liabilities (current and non-current)	97,516	(10,520)	-	1,542	88,538
Interest payable (recorded as other payables)	1,115	(108,888)	-	107,975	202
Prepaid interest (recorded as prepayments)	-	2	-	(9)	(7)
Total liabilities from financing activity	$ 4,959,651	(1,685,482)	(764)	115,208	3,388,613

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and subsidiaries of the Company.

(b) Names and relationship with related parties

Name of related party	Relationship with the Group
Power Islands Limited (Power Islands)	Subsidiaries
Motech (Suzhou) Renewable Energy Co., Ltd. (SNE)	Subsidiaries
Motech (Xuzhou) Renewable Energy Co., Ltd. (XNE) (Note1)	Subsidiaries
Motech (Ma Anshan) Renewable Energy Co., Ltd. (MAS)	Subsidiaries
Cheer View Investment Limited (Cheer View)	Subsidiaries
Think Global Enterprises Limited (Think Global) (Note 2)	Subsidiaries
Motech (Maanshan) Energy Technologies Co. (MASE) (Note 3)	Subsidiaries
Kunshan Bejarno Renewable Energy Co., Ltd (Bejarno) (Note 4)	Subsidiaries
Noble Town Holdings Co., Ltd. (Noble Town)	Subsidiaries
Motech Americas, LLC (MA) (Note 5)	Subsidiaries
Motech Japan Inc. (MJ) (Note 6)	Subsidiaries
Teco Motech Co., Ltd. (Teco Motech)	Subsidiaries
Motech Energy System Co., Ltd. (MES) (Note 7)	Subsidiaries
Motech Power One Co., Ltd. (MPO)	Subsidiaries
Motech Power Alpha Co., Ltd (MPA) (Note 8)	Subsidiaries
Motech Power Gamma Co., Ltd (MPG)	Subsidiaries
Motech Power Beta Co., Ltd (MPB)	Subsidiaries
Motech Power Zeta Co., Ltd (MPZ)	Subsidiaries
Taiwan Solar Module Manufacturing Corp. (TSMMC) (Note 9)	Subsidiaries

Note 1: On January 20, 2020 the Board of Directors decided to dissolve XNE. As of December 31, 2020, the related liquidation procedures had yet to be completed.

Note 2: On November 4, 2019, the Board of Directors decided to dissolve Think Global. The remaining capital investment had been recovered by the Company in March 2020, and the related liquidation procedures had been completed.

Note 3: MASE acquired its business license in December 2017, and the capital injection had been made in January and February 2019.

Note 4: Bejarno acquired its business license in March 2019, and the capital injection had been made in May 2019. Bejarno had been disposed in July 2019.

Note 5: On March 19, 2020 the Board of Directors decided to dissolve MA. The remaining capital investment had been recovered by Noble Town in December 2020. The related liquidation procedures had been completed.

Note 6: On July 18, 2019 the Board of Directors decided to dissolve MJ. The remaining capital investment had been recovered by Noble Town in September 2020. The related liquidation procedures had been completed.

Note 7: In March 2020, the Company acquired the non-controlling interests of MES in cash. In May 2020, MES merged with the Company; thereafter, the Company became the surviving company, and MES, the dissolved entity. The equity of the investee companies, MPO, MPA, MPG, MPB and MPZ, held by MES was transferred to the Company.

Note 8: In May 2020, the Board of Directors had decided to sell the shares of MPA. In September 2020, the equity transfer had been completed.

Note 9: In August 2019, the Company acquired the non-controlling interest of TSMMC. In October 2019, TSMMC merged with the Company; thereafter, the Company became the surviving company and TSMMS, the dissolved entity.

(c) Significant transactions with related parties

(i) Operating revenue and accounts receivable

	Operating revenue	
	2020	**2019**
Subsidiary－MPO	$ 53,178	-
Subsidiary－MPB	50,545	-
Subsidiary－MES	39,798	108,306
Subsidiary－MPZ	28,795	-
Subsidiary－MAS	197	110,794
Subsidiary－Others	463	35
	$ 172,976	**219,135**

(Continued)

	Accounts receivable due from related parties	
	December 31, 2020	**December 31, 2019**
Accounts receivables:		
Subsidiary－MPB	$ 28,985	-
Subsidiary－MPO	5,975	-
Subsidiary－MPZ	11,945	-
Subsidiary－MES	-	26,248
Subsidiary－Others	489	23
	$ 47,394	**26,271**

In December 31, 2019 the Company received the advance sales receipts from the subsidiary, MES, amounting to $275, recorded under contract liabilities－ current. There was no such transaction for the year ended December 31, 2020.

If the credit terms of 90 to 150 days are offered to end customers, the remaining sales to related parties shall be based on the routine sales transactions. No accounts receivable from related parties were pledged as collateral since the provision for expected credit impairment is not required.

(ii) Purchases

	Purchases	
	2020	**2019**
Subsidiary－MAS	$ 1,382,457	1,622,391
Subsidiary－Others	-	71,379
	$ 1,382,457	**1,693,770**

	Account payable to related parties	
	December 31, 2020	**December 31, 2019**
Subsidiary－MAS	**$ 69,966**	**152,644**

Since the items purchased from related parties are not the same with those of other vendors, the purchase price could not be compared, however, the payment terms are not significantly different with those offered by other vendors.

(Continued)

(iii) Revenues of technical royalties and human supporting

The Company provided services to its subsidiaries, including technical royalties, human resources and plant maintenance, wherein the revenues are recognized as service income and other income under other gains and losses. The transaction amount and outstanding balance were listed as follows:

	Amounts	
	2020	**2019**
Subsidiary－MES	$ 2,942	6,910
Subsidiary－MPG	482	-
Subsidiary－MPB	786	-
Subsidiary－MPO	1,008	-
Subsidiary－MPZ	774	-
Subsidiary－TSMMC	-	31,197
	$ 5,992	**38,107**

	Other receivable due from related parties	
	December 31, 2020	**December 31, 2019**
Subsidiary－MES	$ -	2,510
Subsidiary－MAS	-	1,614
Subsidiary－MPB	323	-
Subsidiary－MPO	369	-
Subsidiary－MPZ	292	-
Subsidiary－MPG	178	-
	$ 1,162	**4,124**

(iv) Rent income

The Company leased out office to its related parties, and recognized the rental as rent income under other income. The transaction amount and outstanding balance were listed as follows:

	Amounts	
	2020	**2019**
Subsidiary－TSMMC	$ -	12,521
Subsidiary－MES	239	764
	$ 239	**13,285**

(Continued)

	Other receivable due from related parties	
	December 31, 2020	**December 31, 2019**
Subsidiary－MES	$ -	188

(v) Maintenance expenses of power station

The related parties provide to the Company maintenance services which are recognized as maintenance expenses under operating costs. The transaction amount and outstanding balance were listed as follows:

	Amounts	
	2020	**2019**
Subsidiary－MES	$ -	3,512

	Other payables to related parties	
	December 31, 2020	**December 31, 2019**
Subsidiary－MES	$ -	3,688

(vi) Research and development expenses

The research and development expenses for materials purchased from related parties and outstanding balance were listed as follows:

	Amounts	
	2020	**2019**
Subsidiary－MAS	$ 150	-

	Other payables to related parties	
	December 31, 2020	**December 31, 2019**
Subsidiary－MAS	$ 22	-

(Continued)

(vii) Property transactions

1) Purchase of property, plant and equipment

Equipment (unfinished construction) purchased from related parties of the Company and outstanding balance were as follows:

	Purchase price	
	2020	**2019**
Subsidiary－MAS	$ 72,054	303
Subsidiary－MES	3,481	-
	$ 75,535	**303**

	Other payables to related parties	
	December 31, 2020	**December 31, 2019**
Subsidiary－MAS	**$ 873**	**318**

2) Disposals of property, plant and equipment

Equipment (finished construction) sold to related parties of the Company and outstanding balance were as follows:

	2020		2019	
Related parties	**Disposal price**	**profit(loss) on disposal**	**Disposal price**	**profit(loss) on disposal**
Subsidiary－MAS	$ 18	18	901	901
Subsidiary－Others	-	-	81	33
	$ 18	**18**	**982**	**934**

	Other receivable due from related parties	
	December 31, 2020	**December 31, 2019**
Subsidiary－MAS	**$ 18**	**887**

(viii) Loans to other parties

Loans to related parties and outstanding balance were listed as follows:

	2020				
	Ending balance	**Actual usage amount during the period**	**Range of interest rates during the period**	**Interest income**	**Other receivable-interest**
Subsidiary－MES	**$ -**	**-**	3~5%	**471**	**-**
Subsidiary－MPO	**$ 50,000**	**-**	2~5%	**136**	**-**
Subsidiary－MPB	**$ 150,000**	**20,000**	2~5%	**117**	**75**
Subsidiary－MPZ	**$ 100,000**	**20,000**	2~5%	**387**	**32**

(Continued)

	2019				
	Ending balance	**Actual usage amount during the period**	**Range of interest rates during the period**	**Interest income**	**Other receivable-interest**
Subsidiary－MES	$ 100,000	50,000	3~5%	1,816	32
Subsidiary－MPO	$ 50,000	-	3~5%	-	-
Subsidiary－MPB	$ 100,000	-	3~5%	-	-
Subsidiary－MPZ	$ 50,000	-	3~5%	-	-
Subsidiary－SNE	$ -	-	4.6%~4.9%	6,324	-
Subsidiary－MAS	$ 129,099	-	4.65~5%	1,561	-

(ix) Other receivables－others

The Company paid the equipment relocation cost, utilities and some general expenses on behalf of related parties. The outstanding balance and impairment loss recognized were as follows:

	December 31, 2020	**December 31, 2019**
Subsidiary－MAS	$ 49	42,988
Subsidiary－Others	-	8,256
	$ 49	51,244

	2020	**2019**
Subsidiary－SNE	$ 7,745	-
Subsidiary－Power Islands	775	-
Subsidiary－Others	725	-
	$ 9,245	-

(x) Other receivables from related parties and other payables to related parties were listed as follows:

Other receivables－related parties:

	December 31, 2020	**December 31, 2019**
Other receivable－management service	$ 1,162	4,124
Other receivable－rent	-	188
Other receivable－equipment	18	887
Other receivable－loans	40,000	50,000
Other receivable－interest	107	32
Other receivable－others	49	51,244
	$ 41,336	106,475

(Continued)

Other payables－related parties:

		December 31, 2020	December 31, 2019
Other payable－power plants maintenance	$	-	3,688
Other payable－research and development expenses		22	-
Other payable－machinery and equipment		873	318
	$	**895**	**4,006**

(d) Key management personnel compensation

Key management personnel compensation comprised:

		2020	2019
Short-term employee benefits	$	21,253	19,505
Post-employment benefits		242	242
Share-based payments		668	(1,364)
	$	**22,163**	**18,383**

Please refer to note 6(s) for information on share-based payment.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object		December 31, 2020	December 31, 2019
Deposits (recorded as other non-current financial assets)	Guarantees for engineering project	$	930	930
Deposits (recorded as other non-current financial assets)	Guarantees for leased dormitory		2,367	3,650
Deposits (recorded as other non-current financial assets)	Guarantees for lands		10,618	10,618
Deposits (recorded as other non-current financial assets)	Long-term borrowings (including current portion)		10,748	20,000
	Other non-current financial assets		24,663	35,198
Land	Long-term borrowings (including current portion)		17,905	17,905
Building and structure	Long-term borrowings (including current portion)		761,418	832,971
Other equipment	Long-term borrowings (including current portion)		49,705	-
		$	**853,691**	**886,074**

(9) Commitments and contingencies

(a) The Company has contracts involving significant unrecognized commitments as follows:

(i) Unused letters of credit for the Company's purchases of raw materials, machinery and equipment were as follows:

	December 31, 2020	December 31, 2019
Unused letters of credit	$ 31,346	153

(ii) Bank performance guarantees for the customs and the research project of the Institute for Information Industry were as follows:

	December 31, 2020	December 31, 2019
Bank guarantees	$ 44,400	44,400

(iii) The status of agreements for the Company's expansion of the factory and purchases of machinery and equipment was as follows:

	December 31, 2020	December 31, 2019
Total contract price	$ 300,471	182,262
Unexecuted amount	$ 144,462	49,649

(b) The Company entered into long-term purchase contracts with suppliers to purchase nitrogen in bulk volume. Starting from the contract, if the actual consumed volume is less than basic volume usage, the Company should pay for the cost of the basic volume usage instead.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	2020			2019		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	306,939	130,714	437,653	305,682	182,958	488,640
Labor and health insurance	32,193	11,623	43,816	34,050	18,323	52,373
Pension	16,898	6,076	22,974	19,399	6,009	25,408
Director's remuneration	-	14,716	14,716	-	10,027	10,027
Others	11,149	3,079	14,228	12,825	2,289	15,114
Depreciation	119,791	35,986	155,777	154,285	41,115	195,400
Amortization	354	2,260	2,614	88	1,418	1,506

(Continued)

Additional information on the number of employees and employee benefits of the Company in 2020 and 2019 were as follows:

	2020	2019
Number of employees	622	625
Number of directors (non-employee)	7	6
Average employee benefit expense	$ 843	939
Average employee salary expense	$ 712	789
Adjustment of average employee salaries	(9.76)%	
Supervisor's remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) were as follows:

(i) The wages of the employees of the Company are in accordance with related regulations and are paid based on the professional skills and knowledge required, the complexity of their work and performance integrated with the Company's operating goals, and been determined by reference to industry salary levels. Employees' overall wages include their basic salary, meal allowances and additional allowances. In addition, merit program would be provided based on the Company's operating performance and individual performance. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a minimum of 1% of the profit as employee remuneration, which will be granted after being approved by the Board and reported in the shareholders' meeting.

(ii) The remuneration to managers is based on their involvement in the Company's operation, seniority and performance, and determined by reference to the Company's business strategy, future risks, profitability and industry salary level. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a minimum of 1% of the profit as employee remuneration, which shall be reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(iii) The remuneration to directors is based on their involvement and contribution to the Company, and determined by reference to the Company's future risks, development trends of the industry and industry salary level. The remuneration to directors included fixed remuneration and business execution expenses. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a maximum of 5% of the profit as directors' remuneration, which shall be reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(13)Other disclosures

(a) Information on significant transactions

The following is the information on significant □

i. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 1)	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Notes 3 and 4)	Maximum limit of fund financing (Notes 3 and 4)
												Item	Value		
0	The Company	MPO	Other receivables - related parties	50,000	50,000	-	2%~5%	2	-	Operating capital	-	None	-	316,846	633,693
0	The Company	MPZ	Other receivables - related parties	100,000	100,000	20,000	2%~5%	2	-	Operating capital	-	None	-	316,846	633,693
0	The Company	MPB	Other receivables - related parties	150,000	150,000	20,000	2%~5%	2	-	Operating capital	-	None	-	316,846	633,693
0	The Company	MAS	Other receivables - related parties	130,815	-	-	-	2	-	Operating capital	-	None	-	316,846	633,693
1	SNE	MAS	Other receivables - related parties	113,373	113,373	113,373	4.6%	2	-	Operating capital	-	None	-	124,489	248,978

Note 1: Highest balance of financing to other parties during the period was the highest credit lines approved by the Board of Directors. The ending balance was the same as that of the credit lines approved by the Board of Directors.

Note 2: Purposes of fund financing for the borrower as follows:

1. For entries the Company has business transactions with.
2. For entries with short-term financing needs.

Note 3: For entities with short-term financing needs, which provides by the Company, the amoumt avilable for financing shall not exceed 10% of net worth of the Company.
Total amount of short-term financing shall not exceed 20% of net worth of the Company.

Note 4: For entities with short-term financing needs, which provides by SNE, the amoumt avilable for financing shall not exceed 10% of net worth of SNE.
Total amount of short-term financing shall not exceed 20% of net worth of SNE.

ii. Guarantees and endorsements for other parties: None.

iii. Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None.

iv. Individual secu□

v. Acquisition of individual real estate with amount exceeding the lower of TWD300 thousand or 20% of the capital stock: None.

vi. Disposal of individual real estate with amount exceeding the lower of TWD300 thousand or 20% of the capital stock: None.

vii. Rel

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
MAS	The company	Parent company	Sale	1,382,607	73.49 %	90 days	Non-significant difference	90 days	69,988	42.16 %	
The Company	MAS	Subsidiary	Purchase	1,382,607	39.59 %	90 days	Non-significant difference	90 days	(69,988)	21.51 %	
MES	MPO	Subsidiary	Sale	108,741	55.69 %	90 days	Non-significant difference	90 days	-	0.00 %	Note
MPO	MES	Parent company	Purchase (Equipments)	108,741	67.16 %	90 days	Non-significant difference	90 days	-	0.00 %	Note

Note : Since the ma ables was the same as the ratio of the payables of maintenance costs, equipment and engineering.

viii. Receivables from related parties with amounts exceeding the lower of TWD$100 thousand or 20% of capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover rates	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
SNE	MAS	Subsidiary	114,646	-		－	1,273	-

Note: The amount had been offset in the consolidated financial statements.

ix. Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year 2020 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year			The highest percentage of the periords	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares/Units	Percentage of ownership	Carrying value				
The Company	Power Islands	Samoa	Holding Company	5,187,502	5,629,791	159,313,909	100.00 %	1,184,460	100.00 %	80,828	54,924	
The Company	THINK GLOBAL	British Virgin Islands	Holding Company	-	333	-	- %	-	100.00 %	(412)	(8,489)	
The Company	Inergy Technology Inc.	Taiwan	Product design	95,821	95,821	8,558,750	21.06 %	87,753	21.06 %	36,031	7,588	
The Company	Teco-Motech	Taiwan	Solar power generation and selling	11,028	12,446	1,440,000	60.00 %	3,530	60.00 %	3,482	2,089	
The Company	MES	Taiwan	Solar power generation and selling	-	645,562	-	- %	-	100.00 %	(6,014)	(7,557)	
The Company	MPO	Taiwan	Solar power generation and selling	250,000	-	25,000,000	100.00 %	160,532	100.00 %	26,622	22,402	Note
The Company	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	28,000	-	2,800,000	40.00 %	30,808	40.00 %	7,764	1,810	Note
The Company	MPA	Taiwan	Solar power generation and selling	-	-	-	- %	-	51.00 %	(1,308)	11,641	Note
The Company	MPG	Taiwan	Solar power generation and selling	33,000	-	3,300,000	100.00 %	24,951	100.00 %	4,067	3,731	Note
The Company	MPB	Taiwan	Solar power generation and selling	35,000	-	3,500,000	100.00 %	11,417	100.00 %	625	(581)	Note
The Company	MPZ	Taiwan	Solar power generation and selling	50,000	-	5,000,000	100.00 %	37,130	100.00 %	3,034	2,650	Note
MES	MPO	Taiwan	Solar power generation and selling	-	250,000	-	- %	-	100.00 %	26,622	4,321	Note
MES	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	-	28,000	-	- %	-	40.00 %	7,764	1,295	Note
MES	MPA	Taiwan	Solar power generation and selling	-	16,065	-	- %	-	51.00 %	(1,308)	(37)	Note
MES	MPG	Taiwan	Solar power generation and selling	-	33,000	-	- %	-	100.00 %	4,067	336	Note
MES	MPB	Taiwan	Solar power generation and selling	-	35,000	-	- %	-	100.00 %	625	1,206	Note
MES	MPZ	Taiwan	Solar power generation and selling	-	10,000	-	- %	-	100.00 %	3,034	384	Note
Power Islands	Cheer View	British Virgin Islands	Holding Company	2,564,272	2,564,272	77,500,000	100.00 %	3	100.00 %	189	189	
Power Islands	Noble Town	Samoa	Holding Company	1,315,740	1,315,740	42,533,090	100.00 %	26,799	100.00 %	31,263	31,263	
Cheer View	AE	United States	Polysilicon manufacturing and selling	2,398,043	2,398,043	11,573,647	37.11 %	-	37.11 %	-	-	
Noble Town	MA	United States	Solar module trading	-	1,144,920	-	- %	-	100.00 %	26,908	26,908	
Noble Town	MJ	Japan	Solar module trading	-	170,820	-	- %	-	100.00 %	21,460	4,065	

Note : The merger of MES and the Company on May 1, 2020 resulted in the Company to own the invested companies originally held by MES.

(c) Information on investment in mainland China:

The following is the information on investees in Mainland China for the year 2020:

i. The names of investees in Mainland China, the main businesses and products, and other information:

(Unit: thousand dollars)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	The highest percentage of the periords	Investment income (losses) (Notes 3 and 4)	Book value (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SNE	Manufacturing and processing, solar cells and solar modules	1,345,392 (CNY278,081)	(Note 1)	1,723,275	-	442,289	1,280,986	51,007	95.39 %	95.39 %	48,656	1,181,390	-
XNE	Manufacturing and processing, solar cells	794,434 (CNY165,000)	(Note 2)	-	-	-	-	12,824	95.39 %	95.39 %	12,233	163,194	-
MAS	Manufacturing and processing, solar cells and solar modules	2,279,911 (CNY505,500)	(Note 2)	-	-	-	-	29,187	95.39 %	95.39 %	3,639	838,872	-
MASE	Manufacturing and processing, solar wafer and solar cells	164,232 (CNY37,000)	(Note 2)	-	-	-	-	5,811	95.39 %	95.39 %	5,543	280	-

ii. Limitation on investment in Mainland China:

Unit: USD

Accumulated Investment in Mainland China as of December 31, 2020 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 6)
1,280,986 (USD38,481,092.61)	1,537,920 (USD 54,000,000)	1,901,079

Note 1: The Company indirectly invested in the company in Mainland China through a third region (Power Islands).

Note 2: The Company indirectly invested in the company in Mainland China through a third region in the company in Mainland China.

Note 3: Amounts was recognized based on audited financial statements.

Note 4: The amount consist of invesment gain or loss and carrying values as of December 31, 2020, recognized by the Company which indirectly invested through a third region.

Note 5: in the earnings (losses) was translated into TWD at the average rates prevailing at the transaction date.

The equity in the earnings (losses) was translated into TWD at the average rates during each period of the year. Other amounts on foreign currency financial assets was translated at the exchange rate at the balance sheet date, which was TWD28.48.

Note 6: Upper limitation would be 60% of the net worth of the Company.

Note 7: The amounts consist of investment in Mainland China were recorded at exchange rates into TWD.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

As of December 31, 2020, there was no shareholder who held over 5% of the total non physical common stocks. (Note)

Note: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(13) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2020.

6. **Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Year and as of the Date of this Annual Report, and Their Impact on the Company's Financial Position:** None.

VII. Review and Analysis of Financial Position and Performance and Associated Risks

1. **Financial Position:** Reasons and Impact of Significant Changes in Asset, Liability and Equity in 2019 and 2020

Financial Position (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year	2019.12.31	2020.12.31	Changes		Analysis on Changes (Note)
			Amount	%	
Current assets	6,246,757	4,310,993	(1,935,764)	(30.99)	1
Investments accounted for under the equity method	107,789	118,561	10,772	9.99	
Property, plant and equipment	2,858,925	2,809,300	(49,625)	(1.74)	
Intangible assets	8,870	4,249	(4,621)	(52.10)	
Other assets	387,006	375,122	(11,884)	(3.07)	
Total assets	9,609,347	7,618,225	(1,991,122)	(20.72)	1
Current liabilities	3,783,919	1,732,218	(2,051,701)	(54.22)	2
Non-current liabilities	2,718,631	2,643,942	(74,689)	(2.75)	
Total liabilities	6,502,550	4,376,160	(2,126,390)	(32.70)	2
Total capital	5,404,704	3,550,419	(1,854,285)	(34.31)	3
Capital surplus	190,582	25,252	(165,330)	(86.75)	4
Retained earnings	(2,022,672)	110,812	2,133,484	(105.48)	5
Other components of equity	(564,888)	(518,017)	46,871	(8.30)	
Treasury shares	(190)	0	190	(100.00)	
Non-controlling interests	99,261	73,599	(25,662)	(25.85)	6
Total equity	3,106,797	3,242,065	135,268	4.35	

Analysis on changes (Changes in percentage and dollar amount exceeding 20% and NT$10 million, respectively):

1. The decrease in current assets was mainly due to loan repayments and downsizing in 2020 which led to a decrease in cash and accounts receivable, respectively.
2. The decrease in current liabilities was mainly due to the refunding loan which reduced the current portion of loans, and the downsizing in 2020 which resulted in decreases in notes, account and other payables.
3. The decrease in capital was mainly due to the capital reduction for loss compensation in 2020.
4. The decrease in capital surplus was mainly due to loss compensation in 2020.
5. The increase in retained earnings was mainly due to capital reduction and the use of capital surplus for loss compensation in 2020.
6. The decrease in non-controlling interests was mainly due to capital reduction of the Company's China subsidiary in 2020.

2. Financial Performance

(1) Reasons for significant changes in revenue, operating income and income before income tax in 2019 and 2020

Financial Performance (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year	2019	2020	Increase (Decrease)	Change (%)	Analysis on Changes (Note)
Net revenue	5,297,076	3,678,395	(1,618,681)	(30.56)	1
Cost of revenue	(5,430,997)	(3,270,262)	2,160,735	(39.79)	2
Gross profit	(133,921)	408,133	542,054	(404.76)	2
Operating expenses	(909,736)	(418,098)	491,638	(54.04)	3
Operating income (loss)	(1,043,657)	(9,965)	1,033,692	(99.05)	1~3
Non-operating income and expenses	(296,974)	135,305	432,279	(145.56)	4
Income (loss) before income tax	(1,340,631)	125,340	1,465,971	(109.35)	5
Net income (loss) of continuing operations	(1,340,631)	125,340	1,465,971	(109.35)	5
Loss from discontinued operations	0	0	0	-	
Income tax expense	(6,324)	(13,398)	(7,074)	111.86	
Net income (loss)	(1,346,955)	111,942	1,458,897	(108.31)	5

Analysis on changes (Changes in percentage and dollar amount exceeding 20% and NT$10 million, respectively):

1. Net revenue: Net revenue dropped by NT$1,618,681 thousand in 2020, a decrease of 30.56% year-over-year. The main reasons were adjustments in operation scale and development strategies.
2. Cost of revenue and gross profit: Due to adjustments in operation scale and development strategies, the Company streamlined management and transformed to improve gross margin. Gross profit increased by NT$542,054 thousand.
3. Operating expenses: To streamline the organizational structure, the Company downsized human resources and recognized expected credit loss in 2019. It continued to practice cost saving measures in 2020. Consequently, the operating expenses decreased.
4. Non-operating income and expenses: The significant increase in non-operating income in 2020 was mainly due to the recognition of impairment loss of NT$533,399 thousand for non-financial assets in 2019, which did not occur in 2020. Also, the repayments of bank loans led to a decrease in interest expenses.
5. Income before income tax and net income: The increases in income before income tax and net income in 2020 were mainly due to streamlining and transformation which significantly improved the profitability.

(2) Expected sales volume and its basis

The annual sales target is determined by assessing the changes in external environment and solar markets as well as taking into account the Company’s technologies and capacities on a consolidated basis.

3. Cash Flows

(1) Variance analysis of cash flows in 2020

(In Thousands of New Taiwan Dollars, %)

Item \ Year	2019	2020	Increase (Decrease)	
			Amount	%
Operating activities	(701,425)	(708,147)	(6,722)	(0.96)%
Investing activities	1,209,468	325,514	(883,954)	(73)%
Financing activities	(2,551,077)	(958,427)	1,592,650	62%

Explanations on significant changes:

1. Net cash used in operating activities: Increases in prepayments to suppliers and inventories led to cash outflows from operating activities.
2. Net cash generated by investing activities: Mainly due to disposal of assets and decreases in other financial assets in 2020.
3. Net cash used in financing activities: The refunding loan in 2020 repaid a portion of loan-term loans.

(2) Improvement schemes for liquidity shortfall: The Company and its subsidiaries did not experience liquidity shortfall.

(3) Liquidity analysis for 2021 - consolidated

(In Thousands of New Taiwan Dollars)

Cash, Beginning of Year	Net Cash Provided by Operating Activities	Net Cash Used in Investing and Financing Activities	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
2,343,180	677,000	(502,000)	2,518,180	N/A	N/A

Analysis on expected cash flows in 2021

1. Operating activities: Cash inflows mainly due to growth in revenue.
2. Investing and financing activities: Capital expenditures for the power plant investment resulted in cash outflows.

4. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Operation

Consolidated capital expenditures were mainly for the construction of power stations and enhancement on partial capacities. All decisions were carefully reviewed by the Board and beneficial to the Company's finance and operation. The main source of funds for capital expenditures was cash flows generated from operations and bank loans.

5. Reinvestment Policies in the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Next Year

(1) Reinvestment policies in the most recent year: reinvestment policies of the company and its subsidiaries were all long-term strategic investments.

(2) Main reasons for investment gains or losses and improvement plans in the most recent year:

(In Thousands of New Taiwan Dollars)

Investee	Main Business	Investment Gain (Loss) in 2020	Main Reasons for Investment Gains or Losses	Improvement Plans
Power Islands Limited	Holding company	54,924	Recognition of reinvestment gains	None
Think Global Enterprises Limited	Holding company	(8,489)	Exchange losses	Liquidation process completed
inergy Technology Inc.	Product design	7,588	High gross margin of new products improved profitability	None
Teco-Motech Co., Ltd.	Generation and selling of solar power with PV systems	2,089	Recognition of revenue from selling of solar power	None
Motech Energy System Co., Ltd.	Generation and selling of solar power with PV systems	(7,557)	Failed to realize economies of scale	Incorporated with the Company through short-form merger
Motech Power One Co., Ltd.	Generation and selling of solar power with PV systems	26,723	Recognition of revenue from selling of solar power	None
TECO Sun Energy Co., Ltd.	Generation and selling of solar power with PV systems	3,105	Recognition of revenue from selling of solar power	None
Motech Power Alpha Co., Ltd.	Generation and selling of solar power with PV systems	11,604	Recognition of gains on disposal	Share transfers completed
Motech Power Gamma Co., Ltd.	Generation and selling of solar power with PV systems	4,067	Recognition of revenue from selling of solar power	None
Motech Power Beta Co., Ltd.	Generation and selling of solar power with PV systems	625	Recognition of revenue from selling of solar power	None
Motech Power Zeta Co., Ltd.	Generation and selling of solar power with PV systems	3,034	Recognition of revenue from selling of solar power	None
Cheer View Investment Limited	Holding company	189	Exchange gains (losses)	None
Noble Town Holdings Co., Ltd.	Holding company	31,263	Recognition of reinvestment gains	Liquidation process completed
AE Polysilicon Corporation	Manufacturing and selling of polysilicon	-	Impairment loss was fully recognized for AE. Thus, there was no investment gains or losses	Liquidation underway
Motech Americas, LLC	Selling of PV modules	26,908	Recognition of gains on liquidation	Liquidation process completed
Motech Japan Inc.	Selling of PV modules	4,065	Recognition of gains on liquidation	Liquidation process completed
Motech (Suzhou) Renewable Energy Co., Ltd.	Processing and manufacturing of solar cells and modules	48,656	Improvement in operations	None
Motech (Xuzhou) Renewable Energy Co., Ltd.	Processing and manufacturing of solar cells	12,233	Recognition of gains on liquidation	Liquidation underway
Motech (Maanshan) Renewable Energy Co., Ltd.	Processing and manufacturing of solar cells and modules	3,639	Improvement in operations	None
Motech (Maanshan) Energy Technologies Co., Ltd.	Processing and manufacturing of solar wafers and cells	5,543	Improvement in operations	None

(3) Investment plans of the next year

A. Continue to actively explore the downstream system market in response to government's advocacy of green energy as well as channels for our cells and modules.

B. Integrate Group resources, adjust the production scale and personnel allocation in China and Taiwan, and optimize as well as enhance production capacities to improve our production competitiveness and generate more benefits for the Group.

C. In line with the government's promotion of energy transformation policy, our focus will be on expanding the composite model of fishery and electricity symbiosis, where the diverse and composite uses of solar energy are promoted through cross-industry collaboration. With prudence and considerations of external environment and company resources, we will adopt long-term sound strategies to expand our business in the area.

6. Risks in the Most Recent Year and as of the Date of this Annual Report and the Assessments thereof

(1) Risk management organization

A. Risk management policies

Risk management is an essential part of business sustainability. To reduce the occurrence and losses of incidents, the Company adopts preventive measures to reinforce the risk management system in hope to achieve sustainable operation and protect stakeholders' rights.

To ensure continuous operations under major hazards or emergencies, the Company initiates the project for the establishment of business continuity management system. Ever since the commencement of the project, we develop business continuity plans and emergency drills through business strategy planning, business continuity risk assessment, impact analysis, and adoption of recovery strategies to mitigate potential business disruption risk from natural disasters and management deficiencies.

B. Structure of risk management organization

Board of Directors: The Company's Board of Directors is the highest-ranking unit in terms of risk management. Its objectives include regulatory compliance and the promotion and implementation of company-wide risk management. It clearly understands the risks of operations, ensures the effectiveness of risk management and takes on the ultimate responsibility for risk management.

Finance unit: It is the fund management unit of the Company, responsible for managing the use and flows of funds. It has emergency procedures in place when the demand for funds rises due to incidents in the market.

Internal audit department: The Company's Internal Audit Office is an independent department which reports directly to the Board. It monitors and provides methods and procedures of internal controls and internal audits to ensure an effective risk management operation.

Legal department: It is responsible for the Company's regulatory compliance and legality reviews of contracts. To assist with controlling the legal risk, internal policies and regulations are reviewed constantly for immediate responses to impacts on business due to changes in laws and regulations made by the competent authorities. It also has comprehensive review procedures in place to secure the exhaustiveness and legality of all transactions of the Company.

(2) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and associated action plans

(In Thousands of New Taiwan Dollars)

Item \ Year	2019			2020		
	Amount	% to Net Revenue	% to Operating Income	Amount	% to Net Revenue	% to Operating Income
Interest Income	20,364	0.38%	(1.95)%	26,015	0.71%	(261)%
Interest Expense	(132,916)	(2.51)%	12.74%	(80,138)	(2.18)%	804%
Net exchange (loss) gain	(8,817)	(0.17)%	0.84%	(884)	(0.02)%	8.87%

Source: Audited financial reports

A. Impacts of interest rate fluctuations and associated action plans:

Measures taken in response to interest rate risk included regular assessments on bank borrowing rates, adjustments on short-term borrowings and the maintenance of a good relationship with banks to obtain a lower financing cost. In addition, the Company and its subsidiaries strengthened working capital management and used fund raising instruments in the capital market to lower their dependence on bank borrowings and thus diversify the risk of changes in borrowing rates.

B. Impacts of foreign exchange rate fluctuations and associated action plans:

Expenses and revenues of the Company and its subsidiaries from operations were mostly dominated in foreign currencies and the majority of them were covered by natural hedges. In addition to monitoring our U.S. dollar position, the Company engaged in forward foreign exchange contracts when the need arises to reduce our foreign currency exposure. In 2020, the consolidated exchange losses amounted to about NT$884 thousand. The Company will continue to collect international finance and exchange rate data to have a better understanding on currency movements and adopt the most appropriate and low-risk hedging instruments to mitigate the impact of exchange rate fluctuations on the Company's operations.

C. Impacts of inflation and associated action plans:

Due to industry characteristics, inflation did not have any significant impact on the profitability of the Company and its subsidiaries in the most recent year and as of the date of this annual report.

(3) The policies, main reasons for gains or losses and associated action plans with respect to high-risk, highly-leveraged investments, lending funds to other parties, endorsement and guarantee and derivative trading

The Company and its subsidiaries did not engage in high-risk, highly-leveraged investments. Derivative transactions were not entered into for the purpose of trading and they were mostly forward foreign exchange contracts to hedge exchange rate risk from operations. The Company's hedging strategy focused on hedging risk of changes in the fair value of assets due to exchange rate fluctuations with counterparties being qualified banks. Thus, no significant credit risk was expected. Moreover, as gains and losses from exchange rate movements could be offset by the hedged items, there was no significant market risk. The Company conducted transactions pursuant to policies in the "Procedures for

Acquisition or Disposal of Assets", "Procedures for Lending Funds to Other Parties", "Procedures for Endorsement and Guarantee" and "Procedures for Financial Derivative Transactions".

(4) Future research and development plans and estimated expenses:

Project	Progress	R&D Expenses to be Invested	Trial Production Schedule	Deciding Factors
Development and optimization of finger electrode precision	Continue the thinning process. Expect to improve efficiency by 0.1%.	Wafers, pasts and screens required for experiments	Third quarter of 2021	Development of screens and paste and continuous improvement on collocation
Development of enhancement process for the front and back surface fields of PERC cells	Technology integration assessment underway. Expect to improve efficiency by 0.1%.	Wafer, laser equipment and diffusion equipment	Second quarter of 2021	Collocation of diffusion resistance and laser process shall be constantly adjusted
Development of large-sized solar cells (166mm x 166mm)	Establishment of large-sized cell processing platform	Processing equipment, tool upgrades and transformation, and wafers, pasts and screens required for experiments	Second quarter of 2021	Mass production yield of large-sized cells
Development of high-efficiency, large-sized single-glass bifacial modules (460W)	Establishment of large-sized module processing platform	Assessment on materials for large-sized modules Loading test fee for large-sized modules	Third quarter of 2021	Reliability of large-sized modules
Optimization and assessment on the process of high-efficiency, highly competitive TOPCon cells	Proof of concept	Testing fee for new process equipment	Fourth quarter of 2021	1. Whether the cell efficiency yield is improved 2. Degree of overhead cost reduction

R&D expenses for 2021 will account for about 2% of the sales revenue.

(5) Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business and associated action plans:

The Company and its subsidiaries constantly monitored the trends of changes in the political and economic environment in Taiwan and overseas as well as the changes in policies and regulations, and prepared appropriate action plans. Changes in major domestic and overseas policies and regulations did not have significant adverse impacts on the finance and business of the Company and its subsidiaries in the most recent year and as of the date of this annual report.

(6) Impacts of changes in technology and industry on the Company's finance and business and associated action plans:

Evolution of the sizes of silicon wafer continued to accelerate. In 2020, the proportion of G1 wafers exceeded M2 and became the mainstream. The Company upgraded production equipment and drawn up plans for wafers maintaining high proportions in the next five years to ensure the sources of wafers would not affect the product manufacturing and development. Moreover, the Company continued to advance on our monocrystalline PERC technology to strengthen our advantage of leading conversion efficiency. In addition, we developed ultra-high efficiency n-type TOPCon cells, giving customers the option of the highest efficiency among products of the same sizes to lower their overall PV system costs.

(7) Impacts of changes in corporate image on corporate risk management and associated action plans

The Company was committed to maintain its corporate image and comply with laws and regulations. Adhering to the principles of professionalism and integrity, incident that might affect the Company's corporate image did not occur in the most recent year and as of the date of this annual report.

(8) Expected benefits and risks relating to merger and acquisition and associated action plans:

In 2020 and as of the date of this annual report, the Company and its subsidiaries did not have plans to acquire other companies. For plans of mergers and acquisitions in the future, we will be prudent in our assessments and fully consider the synergy of combination to protect our shareholders' rights.

(9) Expected benefits and risks relating to plant expansion and associated action plans

The deterioration of global warming, increased awareness on environmental protection and decreased reserves of major energy all contributed to the expected growth of PV industry. The plant expansion plans of the Company and its subsidiaries were all reviewed carefully; thus, the potential risks associated were extremely low.

(10) Risks of concentrated sources of purchases or sales and associated action plans

The Company and its subsidiaries aggressively explore new markets and customers. We had a substantial number of customers; thus, there was no customer concentration risk. Key raw materials of the Company were mostly provided by two or more suppliers. Hence, there was no supplier concentration risk.

(11) Impact and risk of sale or transfer of significant number of shares by the Directors, Supervisors or shareholders with over 10% of shareholding and associated action plans None.

(12) Impact and risk of change in management and associated action plans

In 2020 and as of the date of this annual report, such incident did not occur in the Company nor its subsidiaries.

(13) Major litigations and non-litigations

A. Major litigations, non-litigations, or administrative disputes in the most recent year and as of the date of this annual report that have been concluded by means of a final and unappealable judgment, or are still under litigation, and have significant impacts on the interests of shareholders or share prices, the facts, amount of money at stake in the dispute, commencement date, major parties involved, and the status as of the date of this annual report:

(a) The Company initiated an action to claim construction cost of NT$33.5 million from Ri Yang Photovoltaic Energy Technology Co., Ltd. (Ri Yang) and Ri Ri Chun Petroleum Co., Ltd. (Ri Ri Chun), whereas Ri Yang and Ri Ri Chun filed a counterclaim for damages of NT$15 million on January 2, 2014. The Company won favorable decisions in both the first and second instances for the principal claim and the counterclaim. Ri Yang and Ri Ri Chun initiated an appeal to the third instance where the Supreme Court had remanded for new trial. The Company applied for provisional executions concerning the principal and interest of the construction cost and litigation expenses. The Court seized NT$17,801,808 from the bank deposits of Ri Yang and NT$17,808,942 from the bank deposits of Ri Ri Chun on June 27, 2016 and August 9, 2016, respectively. The Court revoked the first instance judgment on November 30, 2020 and denied the appeal and the amendment of the claim of Ri Yang and Ri Ri Chun. On December 21, 2020, these two companies initiated the demand of an appeal in the third instance of civil proceedings.

(b) The India company, Titan Energy Systems Ltd. (Titan), placed orders to purchase solar cells from Topcell Solar International Co., Ltd. (TSI) in November, 2010 and owed TSI US$1,819,468.57. TSI had engaged Indian lawyers to file a lawsuit against Titan at the Court of the Honorable I, City Civil Court, at Secunderabad on November 1, 2013. Motech merged with TSI on June 1, 2015 and assumed the action. Impairment loss was fully recognized for the accounts receivables and the rulings shall not have any material impact on the shareholders' equity. On March 28, 2019, the Company received notifications from the lawyer stating that Titan had filed for bankruptcy on January 9, 2019. The Company had completed the filing of creditors' rights on November 15, 2019.

(c) Luxuriance Environ. Tech. Development Co. (Luxuriance) undertook the project of nitrate nitrogen treatment system of the Company's Science Park Branch on February 17, 2014. It initiated an action for the Company to pay the construction fee of NT$22,034,984 at the Taiwan Tainan District Court on October 26, 2018. The Company won favorable decision in first instance on July 2, 2020. The Taiwan Tainan District Court denied Luxuriance's appeal on September 29, 2020.

(d) Tyco Electronics Holdings (Bermuda) No.7 Limited, Taiwan Branch (Tyco) initiated an action demanding the Motech (Suzhou) Renewable Energy Co., Ltd. (SNE) to pay for purchases of US$550,011.67 as well as interests for overdue payments of US$66,570.03 at the People's Court of Kunshan City, Jiangsu Province on September 6, 2018. The total claim amounted to US$616,581.7. The Court ruled for SNE to pay Tyco US$367,618.18 for purchases as well as interests for overdue payments (calculated based on US$367,618.18 using the interest rate of loans published by the People's Bank of China and effective on September 6, 2018 for a term equaled the overdue period starting from September 6, 2018 till the debt was fully repaid) within ten days after the ruling took effect. Both Tyco and the Company filed appeals concerning the court ruling. The case was now on trial at the Suzhou Intermediate People's Court.

(e) The Company's customer, Green Energy Technology Inc. (Green Energy), signed an agreement with the Company for its overdue payment on purchases of US$2,851,521.47 on March 11, 2019 and notarized the document. However, Green Energy failed to repay the Company in accordance with the agreement. Thus, the Company engaged lawyers to apply to the court for compulsory enforcement on the property of Green Energy based on the notarized agreement at the Taiwan Taipei District Court in August, 2019. The case was now transferred to the Taiwan Taoyuan District Court. On April 14, 2020, the Company received notification where the Taiwan Taipei District Court declared bankruptcy of Green Energy on April 14, 2020. The Company engaged lawyers to file creditors' rights on May 6, 2020.

B. Major litigations, non-litigations, or administrative disputes in the most recent year and as of the date of this annual report which have involved the Directors, Supervisors, President, de facto responsible person, major shareholders with over 10% of shareholding and affiliates; have been concluded by means of a final and unappealable judgment, or are still under litigation; and have significant impacts on the interests of shareholders or share prices: None.

(14) Other significant risks and associated action plans:

The assessment and analysis on the Company's information security risk was as follows:

Motech has established a comprehensive set of network and computer security systems, which include firewalls, antivirus system, data encryption system, intrusion prevention system, and spam filter system. We use these systems to control cyber risk, prevent trade secret leakage and maintain key business functions such as the manufacturing operations. However, we cannot guarantee that all networks and computer systems of Motech can completely avoid cyberattacks including ones from the third-party crippling the systems. Those attacks would invade the Company's intranet and IT systems by illegal means to sabotage operations, destroy goodwill or steal important confidential information. Serious cyberattacks may result in the Company's computer system losing all vital data stored within. Also, the production lines may be put on hold for an indefinite period of time until the attack is resolved.

Cyber attacks may attempt to steal the Company's trade secrets, intellectual property and confidential information, e.g., customer or stakeholder-specific data and personal data of employees. Malicious hackers may have computer viruses, destructive software or ransomware infiltrating Motech's network system to gain controls of the system in order to steal confidential information and blackmail the Company to interrupt its operations. Motech annually reviews and assesses relevant cyber security rules and procedures to ensure their adequacy and effectiveness, and further enhances preventive measures for various information risks. However, there is no guarantee that the Company is free from the new risks or attacks amid the ever-changing cyber threats. In 2020 and as of the date of this annual report, Motech did not identify any significant cyber attack nor did it discover any adverse impact or potential impact on Motech's finance and business.

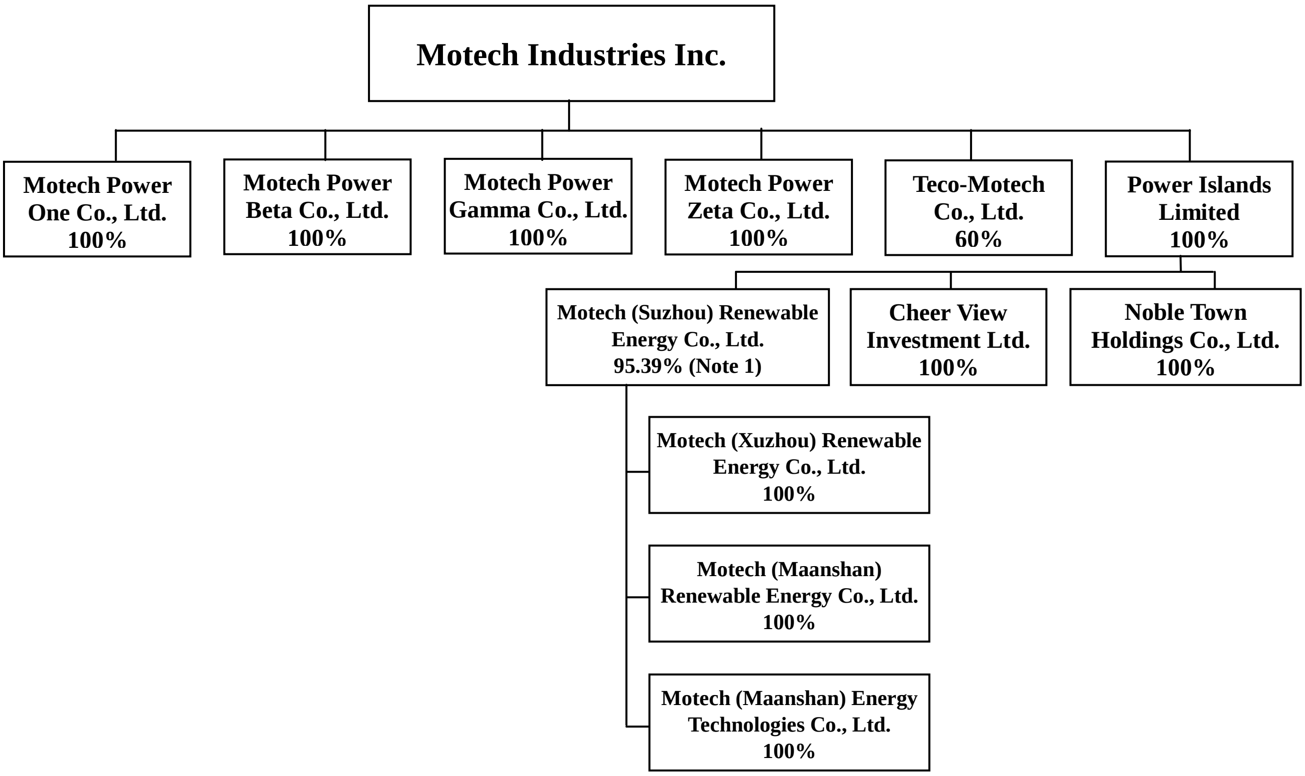
7. **Other Significant Matters:** None.

VIII. Special Notes

1. Affiliates

(1) Chart of affiliates

As of December 31, 2020



(2) Basic information on affiliates

As of December 31, 2020 (In Thousands of New Taiwan Dollars)

Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
Motech Power One Co., Ltd.	2017.04	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	250,000	Generation and selling of solar power with PV systems
Motech Power Beta Co., Ltd.	2018.11	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	35,000	Generation and selling of solar power with PV systems
Motech Power Gamma Co., Ltd.	2018.12	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	33,000	Generation and selling of solar power with PV systems
Motech Power Zeta Co., Ltd.	2019.02	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	50,000	Generation and selling of solar power with PV systems
Teco-Motech Co., Ltd.	2017.02	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	24,000	Generation and selling of solar power with PV systems
Power Islands Limited	2002.01	Portcullis (Samoa) Ltd, Portcullis Chambers, P.O. Box 1225, Apia Samoa	5,187,502	Holding company

Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
Motech (Suzhou) Renewable Energy Co., Ltd.	2006.12	No.1 Maodi Rd., Yushan Town, Kunshan City, Jiangsu Province P.R.C.	1,345,392	Processing and manufacturing of solar cells and modules
Motech (Xuzhou) Renewable Energy Co., Ltd.	2015.12	No.8, Feng-huang Rd., Xuzhou National Economic and Technological Development Zone, Jiangsu Province, China.	794,434	Processing and manufacturing of solar cells
Motech (Maanshan) Renewable Energy Co., Ltd.	2015.12	5th Bl., No.1188 Jin-shan Rd., Maanshan Economic and Technology Development Zone, Anhui Province P.R.C.	2,279,911	Processing and manufacturing of solar cells and modules
Motech (Maanshan) Energy Technologies Co., Ltd.	2017.11	No.1188 Jin-shan Rd., Maanshan Economic and Technology Development Zone, Anhui Province P.R.C.	164,232	Processing and manufacturing of solar wafers and cells
Cheer View Investment Limited	2006.09	Portcullis (BVI) Ltd, Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	2,564,272	Holding company
Noble Town Holdings Co., Ltd.	2009.08	Maystar (Samoa) Limited, Maystar Chambers, P.O. Box3269, Apia, Samoa	1,315,740	Holding company

(3) Shareholders in common of Motech and its affiliates with deemed control and subordination: None.

(4) Industries in which the affiliates operate:

Businesses engaged by Motech and its affiliates include:

A. The research, design, manufacturing and selling of the following products:
   (a) Processing and manufacturing of solar cells and modules
   (b) Manufacturing and selling of PV inverters
   (c) Design and installation of PV system
   (d) Generation and selling of solar power with PV systems

B. Technical services for the integration and installation of aforementioned power systems

C. Import and export of Company-related businesses

(5) Names and shareholding of Directors, Supervisors and Presidents of the Affiliates:

As of December 31, 2020 (In Thousands of Shares)

Company	Title	Name or Representative	Shareholding	
			Shares	Shares
Motech Power One Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	25,000	100%
Motech Power Beta Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	3,500	100%
Motech Power Gamma Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	3,300	100%
Motech Power Zeta Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	5,000	100%

Company	Title	Name or Representative	Shareholding	
			Shares	Shares
Teco-Motech Co., Ltd.	Director Director Director Director Director Supervisor Supervisor	Motech Industries Inc. Representative: Fred Yeh TECO Electric & Machinery Co., Ltd. Representative: Chien-Cheng Chen Motech Industries Inc. Representative: Ting-Chao Wang Motech Industries Inc. Representative: Yu-Chung Chen TECO Capital Investment Co., Ltd. Representative: Chun-Chih Chiu Chun-Hsiung Lan Hsi-Kung Chang	1,440	60%
Power Islands Limited	Director Director	Motech Industries Inc. Representative: Yung-Hui Tseng Motech Industries Inc. Representative: Chih-Kaou Lee	159,314	100%
Motech (Suzhou) Renewable Energy Co., Ltd.	Director Director Director Supervisor	Power Islands Ltd. Representative: Fred Yeh Power Islands Ltd. Representative: Ting-Chao Wang Power Islands Ltd. Representative: Chih-Kaou Lee Power Islands Ltd. Representative: Ming-Shiaw Lu	Company not limited by shares	95.39%
Motech (Xuzhou) Renewable Energy Co., Ltd.	Director Director Director Supervisor	Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Fred Yeh Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ting-Chao Wang Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Chih-Kaou Lee Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ming-Shiaw Lu	Company not limited by shares	95.39%
Motech (Maanshan) Renewable Energy Co., Ltd.	Director Director Director Supervisor	Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Fred Yeh Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ting-Chao Wang Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Chih-Kaou Lee Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ming-Shiaw Lu	Company not limited by shares	95.39%
Motech (Maanshan) Energy Technologies Co., Ltd.	Director Director Director Supervisor	Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Fred Yeh Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ting-Chao Wang Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Chih-Kaou Lee Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ming-Shiaw Lu	Company not limited by shares	95.39%
Cheer View Investment Limited	Director Director	Power Islands Ltd. Representative: Yung-Hui Tseng Power Islands Ltd. Representative: Chih-Kaou Lee	77,500	100%
Noble Town Holdings Co., Ltd.	Director Director	Power Islands Ltd. Representative: Yung-Hui Tseng Power Islands Ltd. Representative: Chih-Kaou Lee	42,533	100%

(6) Operational highlights of Affiliates:

(In Thousands of New Taiwan Dollars)

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Revenue	Operating Income	Net Income	Earnings per Share (NT$)
Motech Power One Co., Ltd.	250,000	967,479	688,856	278,623	112,889	45,102	26,622	1.06
Motech Power Beta Co., Ltd.	35,000	161,606	130,808	30,798	14,867	1,540	625	0.18
Motech Power Gamma Co., Ltd.	33,000	140,047	102,944	37,103	16,187	6,556	4,067	1.23
Motech Power Zeta Co., Ltd.	50,000	170,705	117,670	53,035	15,211	3,958	3,034	0.61
Teco-Motech Co., Ltd.	24,000	86,090	57,983	28,107	11,281	5,263	3,482	1.45
Power Islands Limited	5,187,502	1,208,663	0	1,208,663	0	(24)	80,828	0.51
Motech (Suzhou) Renewable Energy Co., Ltd.	1,345,392	1,331,166	86,272	1,244,894	0	(10,290)	51,007	Company not limited by shares
Motech (Xuzhou) Renewable Energy Co., Ltd.	794,434	171,081	0	171,081	877	(914)	12,824	Company not limited by shares
Motech (Maanshan) Renewable Energy Co., Ltd.	2,279,911	1,461,347	556,562	904,785	1,881,475	(7,662)	29,187	Company not limited by shares
Motech (Maanshan) Energy Technologies Co., Ltd.	164,232	57,864	57,570	294	0	(553)	5,811	Company not limited by shares
Cheer View Investment Limited	2,564,272	3	0	3	0	0	189	0.00
Noble Town Holdings Co., Ltd.	1,315,740	26,799	0	26,799	0	0	31,263	0.74

2. Private Placement of Securities in the Most Recent Year and as of the Date of this Annual Report: None.

3. The Company's Shares Held or Disposed of by Subsidiaries in the Most Recent Year and as of the Date of this Annual Report: None.

4. Other Necessary Supplement: None.

5. Any Events in the Most Recent Year and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act: None.