Tainergy Tech. Co., Ltd.
Table of Contents

Pages

One. Letter to Shareholders

I. 2020 business results 1
II. Summary of the business plan for 2021 2
III. Future development strategy 3
IV. The impact among the environments of external competition, legal ambiance, and overall business operations 3

Two. Company Profile

I. Date of Incorporation 4
II. Company milestones 4

Three. Corporate Governance Report

I. The Company's organizational structure 6
II. Information concerning the Directors, Supervisors, General managers, Vice General managers, Assistant Vice Presidents, and department and branch managers 8
III. Corporate governance implementation 24
IV. Independent Auditor Fee Information 52
V. Information on Replacement of CPA 53
VI. Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. 53
VII. Changes in shareholding and shares pledged by directors, supervisors, managerial officers and shareholders with 10% shareholdings or more in most recent year and as of the publication date of the annual report 53
VIII. Information on the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship under Statements of Financial Accounting Standards – 6 54
IX. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company 55

Four. Financing Status

I. Capital and shares 56
II. Issuance of corporate bonds 61
III. Issuance of preferred stock 61
IV. Description of the status of participation in the issue and private placement of overseas depositary receipts 61
V. Issuance of employee stock option certificates 61
VI. Issuance of restricted stock awards for employees 61
VII. Issuance of new shares in connection with mergers or acquisitions or with the acquisition of shares of another company 61
VIII. Implementation of Capital Utilization Plan 61

Five. Business Operation

I. Business Items 69
II. Market and Sales Overview 76
III. Number of employees employed for the two most recent years, and during the current year as of the date of publication of the annual report 82
IV. Information on environmental expenditure 82
V. Relations between employers and employees 84
VI. Important Contract 87

Six. Overview of Finances

I. Condensed balance sheet and statement of comprehensive income for the most recent five years 88
II. Financial analysis for the most recent five years 96
III. Supervisor’s review report on the latest financial statements 102
IV. Financial statements for the most recent year 103
V. Individual Financial statements for the most recent year audited and certified by CPAs 212
VI. If the Company or any of its affiliated companies had, in the most recent year up to the publication date of this annual report, experienced financial distress, the impacts to the Company’s financial position 341

Seven. Review and Analysis of Financial Status and Financial Performance and Risk Matters

I. Financial status 342
II. Operating results 343
III. Cash flow 343
IV. Effect of material capital expenditure in the most recent year on the financial status 344
V. The main reasons for the gains or losses of investments in the most recent year, the improvement plan and the investment plans for the next year 344
VI. Analysis and assessment of risks during the most recent year or during the current year up to the date of publication of the annual report 345
VII. Other important matters 349

Eight. Special Items

I. Information on affiliates 350
II. Private placement of securities in the most recent year up to the publication date of this annual report 359
III. Holding or disposal of the Company’s shares by its subsidiaries in the most recent year up to the publication date of this annual report 360
IV. Other necessary supplementary information 360
V. Any significant events materially affecting shareholders’ equity or the price of securities as defined in Paragraph 2 (2) of Article 36 of the Securities and Exchange Act in the most recent year up to the publication date of this annual report 360

One.Letter to Shareholders

I. 2020 business results

Our company was incorporated in May 2007 and is engaged in the R&D, design, manufacture and sales of solar cells, modules and related systems. In recent years, the industry has faced a number of challenges including: U.S. Section 201, China's June 1 New Deal, India's defensive tariff, and the lifting of minimum import price (MIP) on China for European solar products, resulting in a sharp decline in the overall supply chain prices. The Company's revenue and profitability were significantly impacted as a consequence. The Company adjusted its production capacity utilization rate and adopted strict selective approach in receiving orders, while doing what we could to meet customers' requirements. In 2020, the Company's consolidated revenue totaled NTD 2,193,597 thousand. The 2020 operating results are as follows:

(I) Business plan and implementation

Unit: NTD thousand

Item	2020		2019		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenue	2,193,597	100	2,328,813	100	(135,216)	-6
Gross profit	225,484	10	(119,615)	-5	345,099	-289
Operating profit (loss)	(5,148)	-0	(329,564)	-14	324,416	-98
Net profit (loss) before tax	(17,036)	-1	(509,706)	-22	492,670	-97

(II) Status of budget implementation

The Company is not required to disclose its financial forecasts for 2020 to the public.

(III) Revenues, expenses, and profitability analysis

Unit: NTD thousand

Item			2020	2019	Increase (decrease) %
Revenues and expenses	Operating revenue		2,193,597	2,328,813	-6
	Gross profit		225,484	-119,615	-289
	Net profit (loss) before tax		(17,036)	(509,706)	-97
Profitability	Return on assets ratio (%)		0.44	(9.68)	-104
	Return on equity (%)		(0.30)	(23.46)	-99
	Percentage of paid-in capital (%)	Operating profit	(0.26)	(16.48)	-101
		Net income before tax	(0.85)	(25.49)	-97
	Net profit margin ratio (%)		(0.24)	(20.78)	-99
	EPS (NTD)		(0.01)	(2.42)	-100

(IV) Performance in research and development

1. Technology level of the business

In the early stage of our business, we introduced foreign outstanding, advanced and high-capacity automated solar cell production equipment, and combined with the rich academic background of our R&D supervisor and our solid management system and process development, we created the best yield and conversion efficiency in the shortest period, allowing us to reduce production costs while maximizing production capacity.

We have set up an R&D lab and introduced advanced processes such as selective emitter and PERC technologies, which are currently in trial production. We also engage in closely information, technology and experience exchange with related domestic or foreign industries or academic institutions. We have also taken part in government-subsidized technology projects to seek business opportunities. By carrying out the above approaches, we hope improve ourselves with the world's advanced solar energy high efficiency process technology.

2. R&D Development

The Company's development plans for key technologies are as follows:

Technology	Plan
Process technology optimization	01. Single PERC solar cell efficiency improvement (mono-crystalline: 23.0%) 02. .9BB/MBB/Stacked tile product development
New material application	01. Large size wafer evaluation 02. Development and testing of new material passivation technology 03. HJT product development

In summary, our company's professional team will assist the management team in grasping important technologies, and to work towards development opportunities with well-known domestic and foreign research units to promote sustainable business. Looking forward to the future, we will do our utmost to innovate and develop in order to maintain our corporate competitiveness. In the future, we will continue to develop forward-looking technologies and innovative applications, conduct mass production research and system management in order to deepen our leading position in the industry. Maximizing profits for our shareholders is the ultimate goal of the entire company

II. Summary of the business plan for 2021

(I) Operational guidelines

1. To ensure continuous operation to achieve the purpose of the Company's business philosophy "prosperous company, happy employees," and to combine the existing technology area "protect the environment, look after the earth, development green products," we make every effort to increase the product competitiveness while creating social and economic prosperity.
2. We are proactively expanding our solar cell production line in Vietnam and will continue to increase production capacity in accordance with market needs to meet market competitiveness and customer demand.
3. By recruiting talented personnel, we are able to satisfy the needs of production capacity. The quality of our products will be our priority while at the same time being committed to reducing production costs, becoming the most advanced and innovative green energy technology company globally.

(II) Expected sales volume and its basis

The Company expects that, for 2021, the major products will be high-efficiency and high-quality solar cell products. The estimated sales volume for 2021 is based on the actual sales volume in 2020 as well as the current trend of demand in related industries.

(III) Key marketing policies

1. Take part in domestic and international exhibitions to increase the exposure of the Company and its products to further develop new markets and new sources of customers.
2. Uninterrupted and enhanced contact with existing customers. By keeping in touch with our customers, our products will satisfy customers' demand.
3. Increase PERC mono-crystal production lines to fulfill growing needs and enable the Company to achieve economic scale.
4. Product development is based on finding more outstanding suppliers to reduce the cost of raw materials. Meanwhile, through the improvement of production technology, we are able to reduce our product unit prices.

III. Future development strategy

(I) We will make every effort to expand new markets and develop new customers, and produce high-efficiency batteries and reduce efficiency degradation through R&D and process technology improvements.

(II) High-efficiency and new color products will be developed to open up the blue ocean market which will differentiate our new products and widen the gap in similar products.

(III) Establish upstream, midstream and downstream strategic alliances so that the supply of upstream raw materials will not run out, while downstream sales channels will remain smooth. We will also strengthen cooperative relationships with partners at all stages of the industry chain to increase competitiveness.

IV. The impact among the environments of external competition, legal ambiance, and overall business operations

As government subsidies in many countries are gradually decreasing year by year, gross profit also decreases. With cost being more competitive nowadays, our practical management experience enables us to be more competitive than its peers in terms of cost of plant, equipment, production management and operation. At the same time, thanks to the accumulated experience our parent company, KENMEC, possesses on automation equipment over the years, as well as its developed solar system operations, it helps reduce cost and increase sales when combined with our strategies. Moreover, through KENMEC's expansion of production capacity, we are able to reduce production cost, improve product quality and open up the regional markets globally in a balanced manner. By taking these approaches we will reduce risks caused by economic downturns in a single region as a means to further expand our global market shares to ensure the sustainable growth of the Company.

Two.Company Profile

I. Date of Incorporation: May 14, 2007

II. Company milestones

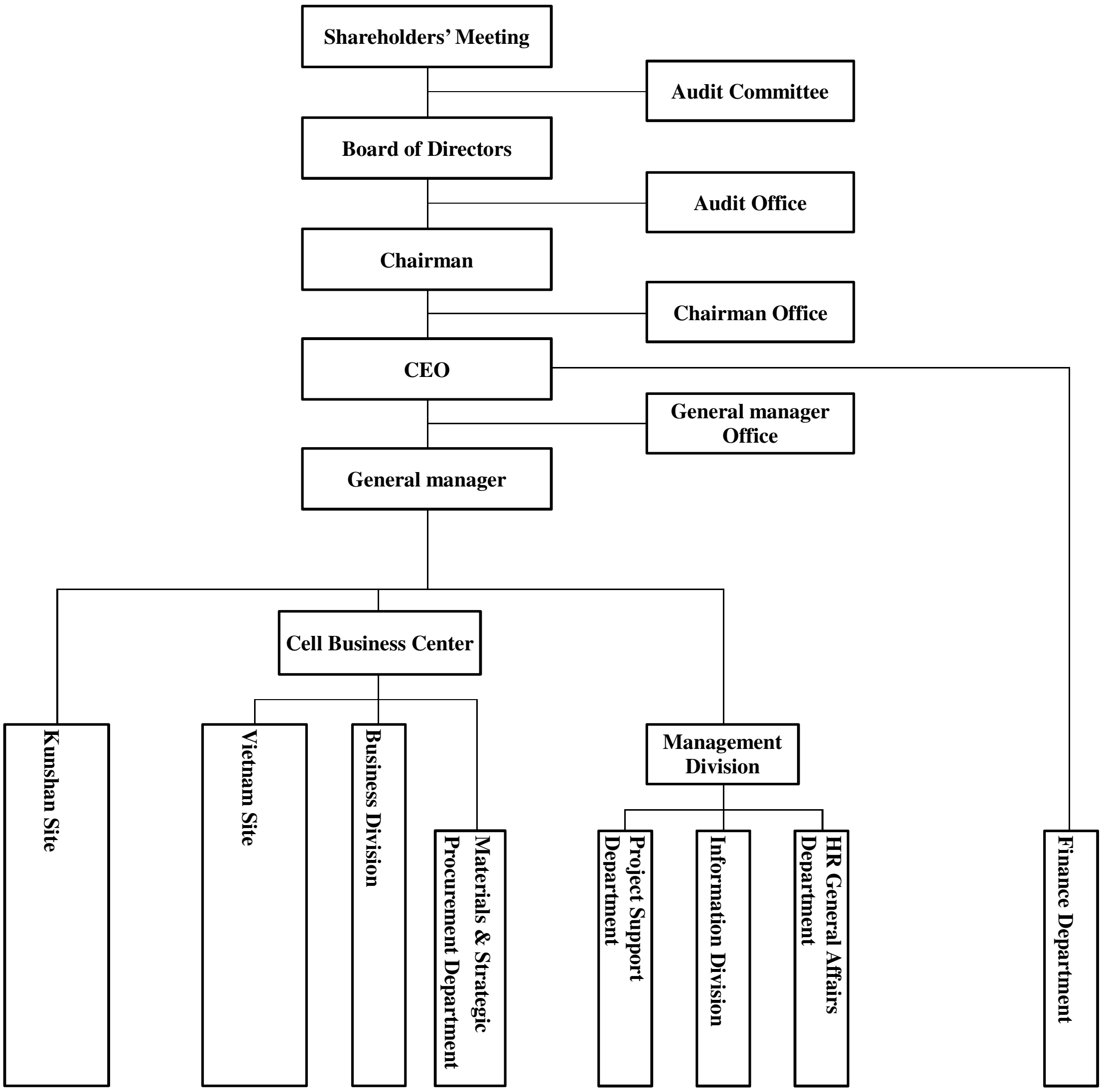
Month Year	Important Events
2007.05	Tainergy Tech. Co., Ltd. was established with a registered capital of NTD 1,000,000,000, and a paid-in capital of NTD 5,000,000.
2007.09	Capital was increased by cash of NTD 534,880,000, the paid-in capital after the capital increase was NTD 539,880,000.
2008.03	1. Capital was increased by cash of NTD 160,120,000, the paid-in capital after the capital increase was NTD 700,000,000. 2. Tainergy Tech. Co., Ltd. (Kunshan) was approved for investment through KENMEC TECHNOLOGY HOLDING (SAMOA) Co., Ltd. under approval from the Ministry of Economic Affairs with Letter Jing-Shen-Er-Zi No.09700100570.
2008.08	Trial production for the first production line began.
2008.09	1. The first production line was put into mass production. 2. Achieved the target of break-even in one month.
2009.04	KENMEC TECHNOLOGY HOLDING (SAMOA) Co., Ltd. changed its name to Tainergy Tech Holding (Samoa) Co., Ltd.
2009.05	Passed ISO9001: 2000 certification.
2009.06	Capital was increased by earnings of NTD 105,000,000, the paid-in capital after the capital increase was NTD 805,000,000.
2009.11	The board of directors resolved to purchase related equipment for the second production line.
2009.12	Capital was increased by cash of NTD 20,000,000, the paid-in capital after the capital increase was NTD 825,000,000.
2010.01	Approved by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan to be a publicly listed company.
2010.03	Listed as an emerging stock company; the Company's stock was trading on the emerging stock market.
2010.04	Trial production for the second production line began.
2010.05	1. The second production line was put into mass production. 2. The board of directors resolved to purchase related equipment for the third production line.
2010.06	Capital was increased by earnings of NTD 82,500,000, the paid-in capital after the capital increase was NTD 907,500,000.
2010.07	Capital was increased by cash of NTD 100,000,000, the paid-in capital after the capital increase was NTD 1,007,500,000.
2010.08	The board of directors resolved to purchase related equipment for the fourth production line.
2010.10	The third production line was put into mass production.
2010.11	The board of directors resolved to purchase related equipment for the production line in Plant 2.
2010.12	Capital was increased by cash of NTD 200,000,000, the paid-in capital after the capital increase was NTD 1,207,500,000.
2011.04	Trial production for the fourth production line began.

Month Year	Important Events
2011.08	1. The fourth production line was put into mass production. 2. Capital was increased by cash of NTD 132,200,000, the paid-in capital after the capital increase was NTD 1,339,700,000. 3. Our stock was officially listed for trading. 4. Set up a module-related department
2011.10	Capital was increased by earnings of NTD 120,750,000, the paid-in capital after the capital increase was NTD 1,460,450,000.
2011.12	Trial production began at Plant 2
2012.03	Capital was increased by cash of NTD 600,000,000, the paid-in capital after the capital increase was NTD 2,060,450,000
2012.06	Plant 2 was put into mass production.
2012.12	The module production line was put into mass production.
2013.03	Established CHENG YANG ENERGY, CO., LTD.
2013.11	Common stocks were privately placed for NTD 250,000,000, the paid-in capital after the capital increase was NTD 2,310,450,000.
2013.12	Established Tainergy Tech. Japan Co., Ltd.
2014.04	Capital was increased by cash of NTD 1,044,225,000, the paid-in capital after the capital increase was NTD 2,765,450,000.
2014.09	Established VIETNERGY COMPANY LIMITED.
2014.10	Was awarded the 8th Annual Excellent Enterprise Award in Taoyuan.
2014.11	Awarded 2 stars in "Management Quality Excellence by Chinese Security for Quality Award."
2015.05	Capital was increased by cash of NTD 400,000,000, the paid-in capital after the capital increase was NTD 3,165,450,000.
2016.05	Capital was increased by cash of NTD 400,000,000, the paid-in capital after the capital increase was NTD 3,565,450,000.
2016.06	Set up the Audit Committee and appointed independent directors as its members.
2016.12	Was awarded the "Taiwan Excellent PV."
2017.10	Established Kunshan Kunfu Energy Development Co., Ltd.
2018.03	Tainergy Technology (Ma-an-shan) Co., Ltd.
2018.06	Established Star Solar New Energy Co., Ltd.
2019.11	Liquidated Tainergy Technology (Ma-an-shan) Co., Ltd.
2019.11	Kunshan Kunfu Energy Development Co., Ltd. changed its name to Kunshan SENSIC Electronic Materials Co., Ltd.
2019.12	Decreased its capital by NTD 1,565,450,000, the paid-in capital after the capital reduction was NTD 2,000,000,000.
2020.04	Disposed of CHENG YANG ENERGY, CO., LTD.
2020.06	Established TAISIC MATERIALS CORP. Established Kunshan Jichang Energy Technology Co., Ltd.

Three.Corporate Governance Report

I. The Company's organizational structure

(I) Organizational structure



(II) Operations of main divisions

Department	Main responsibilities
Chairman Office	1. Responsible to all shareholders for the resolutions made by the board of directors. 2. Proposes the Group's overall business goals and executive plans. 3. Ensures the Group's operation and future development direction. 4. Approves the Group's major decisions and signs important contracts.
General manager Office	1. Proposes the Company's overall business goals and executive plans. 2. Ensures the Company's operation and future development direction. 3. Approves the Company's major decisions and signs important contracts.
Audit Office	1. Examines and evaluates whether the Company's internal control system is intact, reasonable and effective. 2. Investigates and assesses the efficiency of the plans or policies of each unit and their assigned functions.

Department	Main responsibilities
Materials & Strategic Procurement Department	1. Implement medium- and long-term production and material demand planning based on annual plans and sales forecasts. 2. Short-term production planning, execution and tracking. 3. Integration and coordination of product production and sales activities. 4. Inventory control of raw materials, in-process products and finished goods. 5. Warehouse storage and transportation management.
Information Division	1. Information equipment planning and product specification procurement evaluation. 2. Hardware maintenance of equipment and security system in the server room. 3. Troubleshooting of the operating system and software installation settings. 4. Responsible for building and maintaining the manufacturing system.
HR General Affairs Department	1. Formulates and implements the HR policy. 2. Carries out human resource functions such as selection, employment, development and retention. 3. Maintains employee relations. 4. Plant general administration and fixed assets management.
Project Support Department	1. Handles inspection, repair, maintenance and abnormality of the plant system. 2. Functions involving planning, contracting, supervision and acceptance of the plant. 3. Operation management of all public systems, including budget control, operation cost control, stability and safety control.
Business Division	1. Market analysis and competitor analysis. 2. Develops potential customers in Taiwan and overseas and develops new markets. 3. Expands business and increases company and product awareness. 4. Sets sales plans and targets. 5. Follows up product quality and customers' opinions. 6. Provides existing customers with their product demand and assist in their future development
Finance Department	1. Business analysis and management report preparation. 2. Capital control. 3. Handles daily accounting affairs and prepares financial statements on a regular basis. 4. Plans annual budget and follows up the control. 5. Capital structure management and financial planning. 6. Stock affairs.

II. Information concerning the Directors, Supervisors, General managers, Vice General managers, Assistant Vice Presidents, and department and branch managers

1. Information about directors and supervisors

March 29, 2021 Unit: thousand shares; %

Title	Nationality or place of registration	Name	Gender	Date elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent position in the Company and in other companies	Other Managers, Directors, or Supervisors who are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Corporate director	Taiwan (R.O.C.)	KENMEC MECHANICAL ENGINEERING CO., LTD.	—	2019.06.21	3 years	April 26, 2007	96,597	27.09	57,666	28.83	0	0	0	0	None	None	None	None	None	
Corporate director representative	Taiwan (R.O.C.)	CHING-FU HSIEH	Male	2019.06.21	3 years	April 26, 2007	0	0	0	0	0	0	0	0	EMBA, National Chengchi University, designer of Combined Logistics Command depot, salesman of Ye Niu Industrial Co., Ltd.	Note 1	Director	MING-CHIH HSIEH	Father-son	Note
Corporate director representative	Taiwan (R.O.C.)	WEI-TI CHEN	Male	2019.06.21	3 years	November 4, 2009	0	0	287	0.14	0	0	0	0	Master of Science in Management, Baker University, Kansas Lecturer of Tatung Institute of Commerce and Technology General manager of TWENTY-FOUR ENTERPRISE CO., LTD. Consultant of KENMEC MECHANICAL ENGINEERING CO., LTD. Consultant of Tainergy Tech. Co., Ltd. Director of Sysgration Ltd. Chairman of Sysgration Ltd. Shenzhen Corporate director representative of Etasis Electronics Corporation General manager of Sheng-Yang Development Co., Ltd.	Vice chairman of National Development Foundation	None	None	None	

Title	Nationality or place of registration	Name	Gender	Date elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent position in the Company and in other companies	Other Managers, Directors, or Supervisors who are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	Taiwan (R.O.C.)	MING-CHIH HSIEH	Male	2019.06.21	3 years	2019.06.21	0.9	0	0.5	0	0	0	0	0	Graduated from the Department of Information of Christchurch Polytechnic Institute of Technology Administrator, executive, deputy manager, manager, assistant vice president of Business Department of KENMEC MECHANICAL ENGINEERING CO., LTD. Deputy manager, assistant vice president, vice general manager of KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Director of Ming-Kai Investment Co., Ltd. Supervisor of BAK TECHNOLOGY CO., LTD. Director of Kai-Xuan Investment Co., Ltd. Director of Suzhou Kenmec Property Development Ltd.	Chairman	CHING-FU HSIEH	Father-son	
Director	Taiwan (R.O.C.)	CHIEN-LIANG CHEN	Male	2019.06.21	3 years	June 28, 2013	0	0	0	0	0	0	0	0	EMBA, National Chengchi University, College of Commerce Department of Business Management and Human Resources, Queensland University of Technology, Australia CMC Ultramold P/L Operations Manager	Director of Visual Photonics Epitaxy Co, Ltd.	None	None	None	
Independent director	Taiwan (R.O.C.)	YAO-JUNG KAN	Male	2019.06.21	3 years	June 28, 2012	0	0	0	0	0	0	0	0	EMBA, National Chengchi University, College of Commerce Tungnan University, Department of Electronics General manager, of Singapore, Hong Leong/Millennium & Copthorne Hotels in Taiwan Chief of Staff and Spokesman of MarkWell Group & Wei-Ta Cloud Telecom, Co., Ltd. Assistant vice president in the general manager office, Pacific Securities	Executive vice general manager of Hong Leong Hotel Development Ltd. General manager of Millennium & Copthorne Hotels in Taiwan	None	None	None	

Title	Nationality or place of registration	Name	Gender	Date elected	Term	Date first elected	Shareholding when elected		Current Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Main career (academic) achievements	Concurrent position in the Company and in other companies	Other Managers, Directors, or Supervisors who are Spouses or Relatives within the Second Degree of Kinship			Remarks
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent director	Taiwan (R.O.C.)	CHIA-HSIANG WANG	Male	2019.06.21	3 years	June 28, 2013	0	0	0	0	0	0	0	0	M.B.A. in Accounting, Gardner Webb University Accountant, Delaware, USA Director of KPMG Assistant vice president of PAN CHINA (TW) CPAS Assistant vice president of Crowe (TW) CPAs	Note 2	None	None	None	
Independent director	Taiwan (R.O.C.)	FU-LING YEH	Female	2019.06.21	3 years	June 28, 2013	0	0	0	0	0	0	0	0	University of Pittsburgh MBA Master of Urban Planning, University of Pennsylvania Department of Sociology, National Taiwan University EMBA, National Chengchi University, College of Commerce Director of INNOJOY TECHNOLOGY INC. Supervisor of Liu-Ming Optoelectronics Co. Manager of Investor Relations/Acting Spokesman of CoAdna Holdings, Inc. Special Assistant of Chairman Office, Zenitron Corporation ASUS Computer Business Manager Representative: DK Media Group Corporation representative Corporate Chairman of CHOICE BIOTECH INC.	Director of Songlin Investment Co., Ltd. Vice general manager of Industrial Technology Investment Corporation	None	None	None	

Note1: 1.Responsible person of Long-Zi Industrial Co., Ltd. 2.Chairman of Shun-Cheng Investment Co., Ltd. 3.Chairman of Shun-Zhong Investment Co., Ltd. 4.Chairman and General Manager of KENMEC MECHANICAL ENGINEERING CO., LTD. 5.Chairman of TAINERGY TECH HOLDING (SAMOA) CO., LTD. 6.Chairman and General Manager of Tainergy Technology (Kunshan) Co., Ltd. 7. Chairman of KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. 8.Chairman of KENMEC TECHNOLOGY (SUZHOU) CO., LTD. 9. Chairman of KENMEC TECHNOLOGY (FUQING) CO., LTD. 10.Chairman of KENMEC International Holding (BVI) Co., Ltd. 11. Chairman of KENMEC Communication Holding (BVI) Co., Ltd. 12.Chairman of KENMEC VIETNAM COMPANY LIMITED. 13. Chairman of Shun-Zhong Assets Management Co., Ltd. 14.Chairman of Ming-Xuan Development Co., Ltd. 15.Chairman of Cheng-Feng Assets Management Co., Ltd. 16.Chairman and General Manager of KENTEC Inc. 17.Chairman of Ample Assets Holdings Ltd. 18. Chairman of Fraternity Trade Development (KunShan) Co., Ltd. 19.Corporate director representative of Tao Garden Hotel Co., Ltd. 20. Chairman of KENMEC AUTOMATION ENGINEERING (KUNSHAN). 21.Managing director and General Manager of Kunshan SENSIC Electronic Materials Co., Ltd. 22.Chairman of Ming-Xuan Investment Co., Ltd. 23.Chairman of Suzhou KENMEC Property Development Ltd. And general manager. 24. Director of TAISIC MATERIALS CORP. 25. Chairman of Kunshan Jichang Energy Technology Co., Ltd.

Note2:1.Accountant of Crowe (TW) CPAs 2.Chairman of PAN-CHINA INTERNATIONAL FINANCIAL ADVISORY CO., LTD. 3.Chairman of Jing-Ye Enterprise Management Consulting (Shanghai) Co., Ltd. 4.Chairman of Xinpi Asset Management Co., Ltd. 5. Executive Director of Xindan Biotechnology Co., Ltd. 6. Representative of the legal person director of Taiwan Sike Co., Ltd. 7. Independent Director of New Optoelectronics Technology (Stock) Company

Note: Where the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level managerial officer) of a company are the same person, spouses, or relatives within the first degree of kinship: In view of the Company's operational needs, the chairman and general manager are responsible for coordinating the operation and management of the entire company; therefore, our chairman and the general managers are relatives of one another. The Company expects to comply with the laws and regulations to carry out relevant affairs in the next election.

2. Major shareholders of corporate shareholders

April 27, 2021

Corporate Shareholders (Note 1)	Major shareholders of corporate shareholders	Shareholding ratio (Note 2)
KENMEC MECHANICAL ENGINEERING CO., LTD.	CHING-FU HSIEH	9.67
	YUEH-CHEN LIN	7.30
	CHOU-HUANG PAI	4.92
	TUNG-HSUEH HUNG	3.30
	Shun-Cheng Investment Co., Ltd.	2.97
	FU-LIN HSIEH	2.49
	MING-KAI HSIEH	1.67
	JIAX-XIAN LIN	1.48
	SHU-HUI HUANG	1.12
	ZHONG-ZE YAO	0.90

Note 1: If the Director or Supervisor is the representative of a corporate shareholder, please fill in the name of the corporate shareholder.

Note 2: Please fill in the name of the major shareholder of the corporate shareholder (top 10 in shareholding) and the shareholding ratio. If the major shareholder is a corporate shareholder, please refer to the following table.

3. Major shareholders who are legal entities

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Shun-Cheng Investment Co., Ltd.	CHOU-HUANG PAI	12.36%
	YUEH-CHEN LIN	32.54%
	Shen-Cai Investment Co., Ltd.	27.64%
	Ming-Kai Investment Co., Ltd	20.48%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Shen-Cai Investment Co., Ltd.	FANG-YI PAI	50.00%
	ZHEN-YU PAI	50.00%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Ming-Kai Investment Co., Ltd.	Kai-Xuan Investment Co., Ltd.	100.00%

Corporate entities (Note 1)	Major shareholders of corporate entities	Shareholding ratio (Note 2)
Kai-Xuan Investment Co., Ltd.	MING-KAI HSIEH	33.33%
	MING-CHIH HSIEH	33.33%
	CHIAO-AN HSIEH	33.33%

Note 1: If the major shareholder in Table 1 is a corporate shareholder, please fill in their name.

Note 2: Please fill in the name of major shareholder of the corporate shareholder (top 10 in shareholding) and the shareholding ratio.

4. Professional knowledge and independence of the directors or supervisors

Qualifications / Name	Having at least five years' work experience and the following professional qualifications			Compliance of independence (Note)												Number of public companies in which concurrently serves as an independent director
	Having more than five years of work experience as a lecturer or above in commerce, law, finance, accounting or subjects required by the business of the Company in public or private colleges or universities	Judge, public prosecutor, attorney-at-law, certified public accountant, or other professional or technical specialist with at least five years of experience, who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company.	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	11	12	
Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH	No	No	Yes					✓		✓		✓	✓	✓	✓	0
Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: WEI-TI CHEN	No	No	Yes					✓		✓		✓	✓	✓	✓	0
MING-CHIH HSIEH	No	No	Yes					✓		✓		✓	✓	✓	✓	0
CHIEN-LIANG CHEN	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
YAO-JUNG KAN	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		0
CHIA-HSIANG WANG	No	Yes	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
FU-LING YEH	No	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: A "✓" is marked in the space beneath a condition number when a Director has met that condition during the two years prior to election and during his or her period of service; the conditions are as follows:

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

(2) (2)Not a director or supervisor of the Company or its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(3) Not a natural-person shareholder or holder of shares, together with those held by a spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking within the top 10 in holdings.

(4) (1)Not a managerial officer listed in criteria (1) or a spouse, relative of second degree, or direct kin of third degree or closer to persons not qualified for criteria (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or of a corporate shareholder that ranks among the top five in shareholdings according to Paragraph 1 or Paragraph 2 Article 27 of the Company Act (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(6) Not a director, supervisor, or employee, holding a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (the same does not apply, however, in cases where the person is an independent director of the company or its parent company, any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(7) Not the same person with the company's director, general manager, or person of an equivalent post or of a specified company or institution's director, supervisor, or officer (the same does not apply, however, in cases where the person is an independent director of the company or its parent company, any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(8) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of a specified company or institution that has financial or business relationships with the Company (the same does not apply to certain companies or institutions holding more than 20% of the total issued shares of the Company but no more than 50%, and to independent directors appointed in accordance with the Act or the laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual, or an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider in the past two years has received cumulative remuneration exceeding NTD 500,000, or a spouse thereof. This restriction does not apply to a member of the salary and Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

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

(11) Not under any circumstances as stipulated in Article 30 of the Company Act.

(12) Not elected as a government or corporate representative according to Article 27 of The Company Act.

5. Information concerning the General Managers, Vice General managers, Assistant Vice Presidents, and department and branch managers:

March 29, 2021 Unit: thousand shares; %

Title	Nationality	Name	Gender	Date elected	Shareholding		Shareholdings of spouse and underage children		Shares held by proxy		Academic and Career Achievements	Concurrent positions in other companies	Spouse or relatives of second degree or closer acting as managerial officers		
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship
General Manager	Taiwan (R.O.C.)	MING-KAI HSIEH (Note 1)	Male	January 26, 2010	12	0.01	3	0.001	0	0	Master, Business Administration, National Chengchi University Master, Nankai Institute Of Economics, China Director of Tainergy Tech Co., Ltd. General Manager of Tainergy Tech Co., Ltd.	1. Corporate director representative Tainergy Technology (Kunshan) Co., LTD. 2. Director of KENTEC Inc. 3. Chairman of Star Solar New Energy Co., Ltd. 4. Director representative of Shun-Zhong Investment Co., Ltd. 5. Remuneration Committee member of Visual Photonics Epitaxy Co., Ltd. 6. Chairman of TAISIC MATERIALS CORP.	None	None	None
General Manager	Taiwan (R.O.C.)	VINCENT HSIEH	Male	November 1, 2020	74	0.04	0	0	0	0	M.S. in Materials Science and Engineering, National Tsing Hua University R&D manager of GINTECH ENERGY CORPORATION.	1. Corporate director representative Tainergy Technology (Kunshan) Co., LTD. 2. Supervisor of Kunshan SENSIC Electronic Materials Co., Ltd. 3. Corporate director representative of TAISIC MATERIALS CORP.	None	None	None
Assistant vice president	Taiwan (R.O.C.)	I-KUANG CHEN	Male	January 1, 2020	2	0	0	0	0	0	Master of Social Welfare, National Chung Cheng University Manager of Tainergy Tech. Co., Ltd.	General Manager of Vietnergy Co., Ltd.	None	None	None
Accounting supervisor	Taiwan (R.O.C.)	HSIU-CHEN YU	Female	October 18, 2011	39	0.02	0	0	0	0	Major or accounting, Hsing Wu University Section manager of accounting department, KENMEC MECHANICAL ENGINEERING CO., LTD.	Supervisor of Star Solar New Energy Co., Ltd.	None	None	None

Note 1: Job Adjustment on October 31, 2020.

6. Remuneration to general directors, independent directors, general manager and vice general manager in the most recent year

(1) Remuneration to general directors and independent directors

December 31, 2019; Unit: NTD thousand

Title	Name	Remuneration to Directors								Sum of A, B, C, and D as Percentage of Net Income (Note 10)		Remuneration to Employees Holding Concurrent Positions								Sum of A, B, C, D, E, F and G as Percentage of Net Income (Note 10)		Remuneration from parent company or invested businesses other than subsidiaries (Note 12)
		Remuneration (A) (Note 2)		Retirement pension (B)		Remuneration from earnings distribution (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses, special allowances, etc. (E) (Note 5)		Retirement pension (F)		Remuneration to employees (G) (Note 6)						
																The Company		All the companies included in the financial statements (Note 7)				
		The Company	All the companies included in the financial statements (Note 7)	The Company	All the companies included in the financial statements (Note 7)	The Company	All the companies included in the financial statements (Note 7)	The Company	All the companies included in the financial statements (Note 7)	The Company	All the companies included in the financial statements (Note 7)	The Company	All the companies included in the financial statements (Note 7)	The Company	All the companies included in the financial statements (Note 7)	Amount of cash bonus	Amount of share bonus	Amount of cash bonus	Amount of share bonus	The Company	All the companies included in the financial statements (Note 7)	
Chairman	Representative of KENMEC MECHANICAL	600	600	–	–	–	–	30	30	21.3904	21.3904	4,567	4,567	–	–	–	–	–	–	176.4535	176.4535	None

Director	Representative of KENMEC MECHANICAL	360	360	–	–	–	–	28	28	13.1737	17.1737	–	–	–	–	–	–	–	–	13.1737	17.1737	None
Director	MING-CHIH HSIEH	360	360	–	–	–	–	12	12	12.6305	12.6305	–	–	–	–	–	–	–	–	12.6305	12.6305	None
Director	CHIEN-LIANG CHEN	360	360	–	–	–	–	30	30	13.2417	13.2417	–	–	–	–	–	–	–	–	13.2417	13.2417	None
Independent director	YAO-JUNG KAN	600	600	–	–	–	–	25	25	21.2206	21.2206	–	–	–	–	–	–	–	–	21.2206	21.2206	None
Independent director	CHIA-HSIANG WANG	600	600	–	–	–	–	30	30	21.3904	21.3904	–	–	–	–	–	–	–	–	21.3904	21.3904	None
Independent director	FU-LING YEH	600	600	–	–	–	–	30	30	21.3904	21.3904	–	–	–	–	–	–	–	–	21.3904	21.3904	None

I.Please provide in detail the policy, system, standards and structure of remuneration to independent directors, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested and other factors: The Company's remuneration to independent directors includes reimbursement for carrying out work duties, travel allowances and remuneration distributed to directors. The Company must pay a fixed amount regardless of earnings or losses in accordance with the Charter. The remuneration is handled according to the Company's "Regulations for remuneration to directors." The remuneration distribution of the Company's annual profit is determined by reference to the number of times directors attend board meetings or his/her contribution to the Company (including, but not limited to, the number of the Company's shares held and providing endorsement/guarantee for the Company) during his/her term. Therefore, the policy and determination of remuneration to directors is positively linked to operating performance and risk exposure. The Company has purchased liability insurance for directors and supervisors to minimize the risk of them being charged for their due execution of duties by shareholders or other related parties. II.In addition to what is disclosed in the above table, the remuneration to the Company's directors for providing services (such as assuming a non-employee advising post) for all the companies included in the financial statement in the most recent year: None.

Range of Remuneration

Range of remuneration to each director	Director name			
	Total remuneration (A+B+C+D)		Total remuneration (A+B+C+D+E+F+G) (A+B+C+D+E+F+G)	
	The Company (Note 9)	All companies included in the financial reports (Note 10) I	The Company (Note 9)	All companies included in the financial reports (Note 10) J
Below NTD 1,000 thousand	Representatives of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH, WEI-TI CHEN, MING-ZHI HSIEH, CHIEN-LIANG CHEN, YAO-JUNG KAN, CHIA-HSIANG WANG, FU-LING YEH,	Representatives of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH, WEI-TI CHEN, MING-ZHI HSIEH, CHIEN-LIANG CHEN, YAO-JUNG KAN, CHIA-HSIANG WANG, FU-LING YEH,	Representatives of KENMEC MECHANICAL ENGINEERING CO., LTD.: WEI-TI CHEN, MING-ZHI HSIEH, CHIEN-LIANG CHEN, YAO-JUNG KAN, CHIA-HSIANG WANG, FU-LING YEH, MING-CHIH HSIEH	Representatives of KENMEC MECHANICAL ENGINEERING CO., LTD.: WEI-TI CHEN, MING-ZHI HSIEH, CHIEN-LIANG CHEN, YAO-JUNG KAN, CHIA-HSIANG WANG, FU-LING YEH, MING-CHIH HSIEH
NTD 1,000 thousand (inclusive) – NTD 2,000 thousand (exclusive)	None	None	None	None
NTD 2,000 thousand (inclusive) – NTD 3,500 thousand (exclusive)	None	None	None	None
NTD 3,500 thousand (inclusive) – NTD 5,000 thousand (exclusive)	None	None	None	None
NTD 5,000 thousand (inclusive) – NTD 10,000 thousand (exclusive)	None	None	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH
NTD 10,000 thousand (inclusive) – NTD 15,000 thousand (exclusive)	None	None	None	None
NTD 15,000 thousand (inclusive) – NTD 30,000 thousand (exclusive)	None	None	None	None
NTD 30,000 thousand (inclusive) – NTD 50,000 thousand (exclusive)	None	None	None	None
NTD 50,000 thousand (inclusive) – NTD 100,000 thousand (exclusive)	None	None	None	None
Over NTD100,000 thousand	None	None	None	None
Total	7	7	7	7

Note 1: Note 1: Directors' names are presented separately (for corporate shareholders, the name of the corporate shareholder and its representatives are stated separately), whereas the amount of benefits and allowances are presented in aggregate sums. If a director is also a general manager or vice general manager, he/she should fill in this table and table (3) below.

Note 2: Refers to remuneration to directors in the last year (including salaries, allowances, severance pay, various bonuses and incentives, etc.)

Note 3: Refers to the amount of directors' remuneration that the Board has proposed as part of the latest earnings appropriation.

Note 4: Refers to remuneration to directors for services rendered (including travel, special allowances, various subsidies, accommodation, corporate vehicle and other in-kind benefits). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits.

Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles and in-kind benefits that the director received in the last year for assuming the role of a company employee (such as a general manager, vice general manager, managerial officer or other employee). Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed.

Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits.

Note 6: Refers to any remuneration that the director has received (in cash or in shares) in the last year for assuming the role of an employee (such as general manager, vice general manager, managerial officer or other employees). The amount of employee remuneration proposed by the Board of Directors in the last year has been disclosed (where the amount could not be estimated, the actual amount paid in the last year was presented instead). Table 1-3 has also been completed for reference.

Note 7: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents the total amount of remuneration paid by all companies above to the Company's directors.

Note 8: The amount of remuneration paid by the Company to each director has been disclosed in ranges. The name of the director must also be disclosed.

Note 9: The details represent the range of remuneration paid by the consolidated entity (including the Company) to each director. The name of the director must also be disclosed.

Note 10: Net income refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 11: a.This field represents all forms of remuneration that directors received from the Company's invested businesses other than subsidiaries
b.For directors who received remuneration from invested businesses other than subsidiaries, amounts received from these invested businesses have been added to column J of the remuneration brackets table. In which case, column J will be renamed "all invested businesses."
c.Remuneration refers to any returns, remuneration (including remuneration received as an employee, director and supervisor) and professional service fees which the director received for serving as directors, supervisors or managerial officers in invested businesses other than subsidiaries.

* The basis of remuneration disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure, and not for tax purposes.

(2) Remuneration to the General Manager and Vice General manager

December 31, 2020; Unit: NTD thousand

Title	Name (Note 1)	Salary (A) (Note 2)		Retirement pension (B)		Bonuses, special allowances, etc. (C) (Note 3)		Employee remuneration amount (D) (Note 4)				Sum of A, B, C, and D as Percentage of Net Income (Note 8)		Remuneration from Investees beyond Subsidiaries or the Parent Company (Note 9)
		The Company	All the companies included in the financial statements (Note 5)	The Company	All the companies included in the financial statements (Note 5)	The Company	All the companies included in the financial statements (Note 5)	The Company		All the companies included in the financial statements (Note 5)		The Company	All the companies included in the financial statements (Note 5)	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	CHING-FU HSIEH	3,960	3,960	-	-	607	607	-	-	-	-	155.0631	155.0631	16.959
General Manager	MING-KAI HSIEH (Note)	3,480	3,480	100	100	587	587	-	-	-	-	141.4913	153.7144	5,707
General Manager	VINCENT HSIEH	2,971	2,971	108	108	620	620	-	-	-	-	125.5784	125.5784	None

Note:MING-KAI HSIEH Job Adjustment on October 31, 2020

Range of Remuneration

Range of remuneration to the General Manager and Vice General Manager	Names of the General Manager and Vice General Manager	
	The Company (Note 7)	All the companies included in the financial statements (Note 8) (E)
Below NTD 1,000 thousand	None	None
NTD 1,000 thousand (inclusive) – NTD 2,000 thousand (exclusive)	None	None
NTD 2,000 thousand (inclusive) – NTD 3,500 thousand (exclusive)	None	None
NTD 3,500 thousand (inclusive) – NTD 5,000 thousand (exclusive)	CHING-FU HSIEH, MING-KAI HSIEH, VINCENT HSIEH	CHING-FU HSIEH, MING-KAI HSIEH, VINCENT HSIEH
NTD 5,000 thousand (inclusive) – NTD 10,000 thousand (exclusive)	None	None
NTD 10,000 thousand (inclusive) – NTD 15,000 thousand (exclusive)	None	None
NTD 15,000 thousand (inclusive) – NTD 30,000 thousand (exclusive)	None	None
NTD 30,000 thousand (inclusive) – NTD 50,000 thousand (exclusive)	None	None
NTD 50,000 thousand (inclusive) – NTD 100,000 thousand (exclusive)	None	None
NTD 10,000 thousand and above	None	None
Total	3	3

Note 1: Note 1: The names of the general managers and vice general managers are required to be presented separately; the amount of payments made may be presented in aggregate sums. If a director is also a general manager or vice general manager, he/she should fill in this table and table (1) above.

Note 2: Refers to salaries, allowances, and severance pay made to the general managers and vice general managers in the last year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits made to the general managers and vice general managers. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits.

Note 4: Represents the amount of employee remuneration provided for the general managers and vice general managers (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Table 1-3 has been prepared in addition to the above details. Net income refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 5: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents the total amount of remuneration paid by all companies above to the Company's general managers and vice general managers.

Note 6: The amount of remuneration made by the Company to its general managers and vice general managers; the names of general managers and vice general managers have been disclosed separately in ranges.

Note 7: The disclosure includes the sum of amounts paid by the consolidated entity (including the Company) to the Company's general managers and vice general managers; the names of general managers and vice general managers have been disclosed separately in ranges.

Note 8: Net income refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 9: a. This field represents all forms of remuneration that the general managers and vice general managers received from the Company's invested businesses other than subsidiaries.

b. For general manager and vice general managers who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses have been added to column E of the remuneration brackets table. In which case, Column E will be renamed "all invested businesses."

c. Remuneration refers to any returns, remuneration (including remunerations received as an employee, director and supervisor) and professional service fees which the Company's general manager and vice general managers received for serving as directors, supervisors, or managerial officers in invested businesses other than subsidiaries.

* The basis of remuneration disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure, and not for tax purposes.

(3) Top 5 executives with the highest remuneration

December 31, 2020; Unit: NTD thousand

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses, special allowances, etc. (C) (Note 3)		Employee remuneration amount (D) (Note 4)				Sum of A, B, C, and D as Percentage of Net Income (Note 6)		Remuneration from Investees beyond Subsidiaries or the Parent Company (Note 7)
		The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements	The Company		All the companies included in the financial statements (Note 5)		The Company	All the companies included in the financial statements	
								Amount paid in cash	Amount paid in shares	Amount paid in cash	Amount paid in shares			
Chairman	CHING-FU HSIEH	3,960	3,960	-	-	607	607	-	-	-	-	155.06	155.06	16,959
General Manager	MING-KAI HSIEH	3,840	3,840	100	100	587	587	-	-	-	-	141.49	153.71	5,707
Vice General Manager of Operations	VINCENT HSIEH	2,971	2,971	108	108	620	620	-	-	-	-	125.58	125.58	None
Assistant vice president	SHAO-YEH SHIH	1,950	2,429	108	108	500	500	-	-	-	-	86.84	103.10	None
Assistant vice president	HAN-PENG SHU	1,630	2,011	99	99	340	340	-	-	-	-	70.27	83.17	None

Note 1: The "executives" in so-called "top 5 executives with the highest remuneration" refer to managerial officers of the Company. The criteria for the determination of managerial managers are in accordance with the scope of "managerial officers" as stipulated in the Order Letter Tai-Cai-Zheng(3) 0920001301 dated March 27, 2003 issued by the former Securities and Futures Commission, Ministry of Finance. The determination for the calculation of the "top 5 executives with the highest remuneration" is based on the total amount of salaries, pensions, bonuses and special allowances received by the managerial officers from all companies included in the consolidated financial statements, as well as the amount of remuneration to employees (the total of A+B+C+D), and then ranked by the highest paid executives). If a director is also a supervisor listed above, he/she should fill in this table and the table (1-1) above.

Note 2: Refers to salaries, allowances, and severance pay made to the top 5 executives with the highest remuneration in the last year.

Note 3: Refers to other remuneration such as bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, corporate vehicle or other in-kind benefits paid to the top 5 executives. Where housing, cars, vehicles, or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits. Part of the salary expense was recognized according to IFRS2 – "Share-based Payment." Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.

Note 4: Represents the amount of employee remuneration provided for the top 5 executives with the highest remuneration (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Table 1-3 has been prepared in addition to the above details.

Note 5: The disclosure includes all companies covered by the consolidated financial statements (including the Company), and represents the total amount of remuneration paid by all companies above to the Company's top 5 executives with the highest remuneration.

Note 6: Net income refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 7: a. This field represents all forms of remuneration that the general managers and vice general managers received from the Company's invested businesses other than subsidiaries (if none, please fill in "none").
b. Remuneration refers to the remuneration and remuneration received by the top five remuneration executives of the company as directors, supervisors or managers of non-subsidiary investment enterprises or parent companies (including remuneration for employees, directors and supervisors) And related remuneration such as business execution costs.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(4) Names of the managerial officers receiving employee remuneration and the distribution thereof

Unit: NTD thousand

	Title (Note 1)	Name (Note 1)	Amount paid in shares	Amount paid in cash	Total	Ratio of total amount to profit after tax (%)
Managerial Officers	General Manager	VINCENT HSIEH	Note 2			
	Assistant vice president	I-KUANG CHEN				
	Accounting supervisor	HSIU-CHEN YU				

Note I: Refers to serving managerial officers as of publication of the annual report.

Note II: There were no proposed employee bonuses as the Company accumulated a loss in 2020.

Note 1: Names and titles have been disclosed separately, whereas the amount of remuneration has been disclosed in aggregate.

Note 2: Represents the amount of employee remuneration provided for the managerial officers (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year's payout ratio). Net income refers to the amount of profit shown in the latest financial reports of the consolidated/standalone entity.

Note 3: Pursuant to FSC Letter No. Tai-Cai-Zheng-3-0920001301 dated March 27, 2003; the role of managerial officers covers the following positions:

(1) General manager or other equivalent position
(2) Vice general manager or other equivalent position
(3) Assistant vice president or other equivalent position.
(4) Chief finance officer
(5) Chief accounting officer
(6) Others with the right to manage affairs and sign for the Company

Note 4: If the directors, general managers and deputy general managers receive employee remuneration (including stocks and cash), in addition to the remuneration of general directors, independent directors, supervisors, general managers and deputy general managers, they should also be filled in Make a list of this table.

(5) Analysis of remuneration paid to Directors, Supervisors, General managers and Vice General managers by the Company and all consolidated entities in the recent two years as a percentage of net income in the parent company only or individual financial statements and explanation on remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

Title	Remuneration as a percentage of net income after tax			
	2020		2019	
	The Company	All the companies included in the financial statements	The Company	All the companies included in the financial statements
Director	124.4377%	124.4377%	(0.7975)%	(0.7975)%
Names of the General Manager and Vice General manager	422.1328%	434.3559%	(3.1636)%	(3.1636)%

The policy for remuneration to director/supervisors is formulated in the Company's Charter which was approved by the shareholders' meeting. The remuneration to the general manager and vice general manager is determined based on their participation and contribution to the Company's operations, with reference to local and foreign peers. In terms of the relation between remuneration distribution and operating performance, the Company fully considers its operational objectives, financial conditions, as well as the professional capacity and responsibility of the director/supervisor while analyzing future operational risks.

III. Corporate governance implementation

(I) Functionality of the Board of Directors:

The board of director held four (A) meetings during 2020; the attendance of directors/supervisors is summarized as follows:

Title	Name (Note 1)	Actual Attendance B	Attendance by proxy	Actual Attendance Rate (%) [B/A]	Remarks
Chairman	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD. – CHING-FU HSIEH	4	0	100%	
Director	Representative of KENMEC MECHANICAL ENGINEERING CO., LTD. – WEI-TI CHEN	4	0	100%	
Director	MING-CHIH HSIEH	4	0	100%	
Director	CHIEN-LIANG CHEN	4	0	100%	
Independent director	YAO-JUNG KAN	3	0	75%	
Independent director	CHIA-HSIANG WANG	4	0	100%	
Independent director	FU-LING YEH	4	0	100%	

Other matters to be stated:

I. Matters listed in Article 14-3 of the Securities and Exchange Act and for board of directors' meetings, state the date, session, the discussed agenda. Any matter about which an independent director expresses an objection or reservation that has been included in records or stated in writing, and how the company has responded to such opinions: None.

II. Directors' avoidance of the proposals involving any conflict of interest, information including the director's name, contents of the proposals, causes of recusal, and participation in the voting process should be stated: None.

III. TWSE/TPEx Listed Companies should disclose information including the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) evaluation and Appendix 2(2) for the evaluation of the board of directors shall be filled in: Not applicable. The Company only implemented board evaluation since 2020.

IV. Measures the objectives to strengthen the functionality of the Board and execution status in the current year and the recent years.

The board of directors has authorized the audit committee and remuneration committee to assist the board in performing its supervising duties. These two committees are made up entirely of independent directors. Each committee reports their activities and resolutions to the board of directors on a regular basis.

Note 1: If a director or supervisor is a juristic person, please disclose the name of the corporate shareholder and their representative.

Note 2: (1) If a director or supervisor resigns before the end of the year, the resignation date shall be indicated in the Remarks field. The actual attendance rate (%) was calculated on the basis of the number of board meetings held during each director's term and the number of meetings actually attended by that director.

(2) If there is a reelection of directors and supervisors before the end of the year, the new and old directors and supervisors must be stated in the Remarks field, and indicate if such director and supervisor is old, new, or reelected, as well as the reelection date. The percentage of actual (proxy) attendance (%) will be calculated based on the number of Board of Directors' meetings held during active duty and the number of actual (proxy) attendance.

(II) The state of the audit committee or the state of supervisors participating in the operation of the board of directors

1. The state of audit committee members participating in the operation of the audit committee.

The Company's Audit Committee is made up of three independent directors. The purpose of the Audit Committee is to provide assistance to the Board of Directors in carrying out procedures regarding the quality and integrity of accounting, audits and financial reporting and financial controls.

The Audit Committee held four meetings in 2020; primary matters for reviews included:

(1) Audit of financial statements and accounting policies and procedures
(2) The internal control system and related policies and procedures
(3) Material assets or derivatives transaction
(4) Material loaning of funds and endorsement/guarantee
(5) Raising or issuing marketable securities
(6) Derivatives and cash investments
(7) Legal compliance
(8) Company risk management
(9) Qualifications, independence and performance evaluation of CPAs
(10) The hiring or dismissal of an attesting CPA, or the compensation given thereto.
(11) Implementation of Audit Committee Responsibilities
(12) Audit Committee performance self-evaluation questionnaire

2. Review of financial statements

We, the Undersigned Supervisors, hereby acknowledge that the Board of Directors has prepared and submitted hereto the Business Report, Consolidated Financial Statements, and Proposed Allocation of Earnings of KENMEC Mechanical Engineering Co., Ltd. of 2020 and that among them, the Financial Statements have been duly audited by the Deloitte & Touche Taiwan as duly delegated by the Board of Directors which already issued the Audit Report. These statements have been audited by the Audit Committee to be accurate.

3. Evaluation of the internal control system effectiveness

The Audit Committee evaluates the effectiveness of the policies and procedures (including control measures on finance, operation, risk management, information security, outsourcing and legal compliance) of the Company's internal control system. It also reviews the periodic reports of the Company's Audit Department and CPAs as well as management, including risk management, and legal compliance. With reference to the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee believes that the Company's risk management and internal control system is effective and that the Company has adopted the control mechanisms necessary to monitor and correct non-compliance.

4. Appointment of CPAs

The Audit Committee is given the responsibility of overseeing the independence of the accounting firm to ensure the integrity of the financial statements. In general, other than tax-related services or specially approved items, the accounting firm must not provide other services to the Company. All services provided by the accounting firm must be approved by the Audit Committee. In order to ensure the independence of the CPAs, the Audit Committee has formulated an independence evaluation form in accordance with Article 47 of the Certified Public Accountant Act and the contents of Bulletin No. 10 "Integrity, Impartiality, Objectivity and Independence" to evaluate the independence, professionalism and appropriateness of the CPAs, while also assessing whether they are related parties or have business or financial interest with the Company. The Audit Committee meeting held on March 20, 2020 and the Board meeting held on March 20, 2020 reviewed and approved that Jui-Chuan Chih and Hui-Ming Chen, of Deloitte Touche Taiwan, met the independence evaluation criteria and are qualified to serve as the Company's financial and tax CPAs. In the most recent year (2020), the Audit Committee had 4four meetings (A), the attendance is as follows:

Title	Name	Actual attendance count (B)	Attendance by proxy	Actual Attendance Rate (%) [B/A]	Remarks	Election date
Independent director	CHIA-HSIANG WANG	4	0	100.00%	Reelected	
Independent director	YAO-JUNG KAN	3	0	100.00%	Reelected	
Independent director	FU-LING YEH	4	0	100.00%	Reelected	

Other matters to be stated:

I. Matters listed in Article 14-5 of the Securities and Exchange Act and any resolutions not approved by the audit committee but passed by more than two-thirds of directors: None.

II. For the implementation and state of independent directors' recusal: None

III. State of communication between independent directors, chief internal auditor and CPA (such as significant items, methods and results of communications on the Company's finances and business status)

Description: 1.The internal audit supervisor shall report progress on a quarterly basis. In the event of a material issue, a meeting may be convened at any time to report to the independent directors.

Date	Key Matter
March 20, 2020	Implementation of the audit plan for 2019 Q4
May 6, 2020	Implementation of the audit plan for 2020 Q1
August 5, 2020	Implementation of the audit plan for 2020 Q2
October 29, 2020	Implementation of the audit plan for 2020 Q3

2.Independent directors and CPAs shall communicate fully with each other each quarter. In the event of a material issue, a meeting may be convened at any time.

Date	Key Matter
May 6, 2020	Explanation of profit and loss, material accounting issues, and major issues discussed with management for the first quarter of 2020
August 5, 2020	Explanation of profit and loss for the first half of 2020, material accounting issues and major issues discussed with management
October 29, 2020	Explanation of profit and loss for the first three quarters of 2020, material accounting issues and major issues discussed with management

(III) Corporate governance implementation and the difference from the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
I. Whether the company establishes and discloses its rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?		V	The Company has not established Corporate Governance Best-Practice Principles; however, the important principles of corporate governance, such as protecting the rights and interests shareholders, strengthening the functions of the board, exercising the functions of supervisors, respecting the rights and interests of stakeholders and enhancing the transparency of information have been stipulated in related measures with the consideration of the Company's current conditions as well as laws and regulations.	The Company has not established Corporate Governance Best-Practice Principles; however, it will do so in a gradual manner.
II. Equity structure and shareholders' rights of financial holding company (I) Whether the company has the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?		V	(I) The Company has a spokesman and acting spokesman system, and cooperates with professional stock agencies to address the issues listed. Given the new amendments are being made to the corporate governance provisions, it will be approved by the board of directors at a later day, and related internal procedures will also be established.	(I) In the process of establishing internal operating procedures as there were new legal amendments.
(II) Whether the company has control over the list of major shareholders and the controlling parties of such shareholders?	V		(II) Through the actual information that can be provided by the stock agency, the Company discloses the major shareholders and the list of ultimate controllers of major shareholders as required by law.	(II) No significant differences yet
(III) Whether the company has established and implemented risk control mechanism and firewall between the Company and its affiliates?	V		(III) The Company has formulated written regulations for financial operations with its affiliates, while supervising the management, financial operations and audit management of its subsidiaries.	(III) No significant differences yet
(IV) Whether the company has established internal regulations prohibiting insider trading against non-public information?	V		(IV) The Company has established internal regulations prohibiting insider trading.	(IV) No significant differences yet
III. Composition and responsibilities of the Board of Directors (I) Whether the company has established and implemented guidelines for diversity of the composition of the board of directors?	V		(I) The Company's board has been composed in a diversified manner. When appointing a director, not only should their personal professional backgrounds be taken into account, the diversity of the directors is an equally important factor. The	(I) No significant differences yet

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
			professional backgrounds of the members shall cover management and finance and shall have multiple backgrounds in industry, academia and knowledge, which is helpful in enhancing the Company's performance and efficiency.	
(II) Other than establishing a remuneration committee and an audit committee as required by the law, has the company established other functional committees voluntarily?	V		(II) The Company has set up a remuneration committee as required by the law. Other types of functionals may be set up voluntarily in accordance with the law and actual needs.	(II) No significant differences yet
(III) Whether the company established the Regulations Governing the Board Performance Evaluation and its evaluation methods, and does the company perform a regular performance evaluation each year and submit the results of performance evaluations to the board of directors and use them as reference in determining compensation for individual directors, their nomination, and additional office terms?		V	(III) Board of Directors' self-evaluation or peer evaluation has been established and implemented since 2020/1/1.	(III) No significant differences yet
(IV) Whether the company carry out assessments on the independence of the certified public accountant(s)?	V		(IV) The Company's finance division carries out a self-evaluation on the independence of the CPAs once a year. The evaluations of the board of directors for the past two years have been completed on March 15, 2019 and March 20, 2020, respectively. After evaluating the seven independence/conflict of interest procedures including not holding any direct or indirect material financial interest in the Company and not having any business dealings that affects independence, CPAs Jui-Chuan Chih, and Hui-Ming Chen of Deloitte Touche both met the criteria of the Independence evaluation, and are qualified to serve as the Company's CPAs. These CPAs have also provided a "Statement of Independence."	(IV) No significant differences yet
IV. Has the Company established a full- or part-time corporate governance unit or personnel to oversee corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to board meetings and shareholders' meetings according to laws, handling corporate	V		The Company's corporate governance affairs are supervised by the chief finance officer. The chief finance officer has at least three years of experience in financial and stock affairs of a public company and is responsible for handling matters associated with corporate governance, including matters concerning board meetings and annual general meetings, producing minutes of the board meeting and shareholders' meeting, registering the	No significant differences yet

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
registration and amendment registration, producing (or recording) minutes of board meetings and shareholders' meetings)?			Company's changes, reviewing and amending the Company's corporate governance rules and applicable measures, providing the information necessary for the directors and the audit committee in order for them to carry out their duties, and arranging continuing education for directors based on the Company's industrial characteristics and the directors' academic qualifications.	
V. Whether the company has established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), establishment of investors' relations office on websites and proper response to stakeholders' concerns of corporate social responsibility?	V		We have established a spokesman and acting spokesman as the Company's communication channels with stakeholders, and have set up a section on the Company's official website dedicated to stakeholders to provide answers to stakeholders' concerns on corporate social responsibility.	No significant differences yet
VI. Has the company entrusted professional organizations for handling shareholder meeting matters?	V		A professional agency has been commissioned for matters regarding shareholders meetings.	No significant differences yet
VII. Public Disclosure of Information (I) Whether the company has established a website to disclose information concerning financial affairs and corporate governance? (II) Whether the company has adopted other means for disclosure, such as setting up an English website, appointing personnel to gather and disclose relevant information, properly implementing the spokesman system, and posting the meetings minutes with institutional investors on websites? (III) Does the company publicly announce and file the annual financial report within two months after the close of the fiscal year and announce and file the financial reports of the first, second, and third quarters and the monthly operation status prior to the regulated deadline?	 V V	 V	 (I) Our business information has been disclosed on the Company website (http://www.tainergy.com) for shareholders and the public. (II) The Company has appointed dedicated personnel to be responsible for the disclosure of important information, which is released on the MOPS and the Company website. (III) The Company releases its financial report in accordance with the prescribed period, and has never released it ahead of the prescribed period.	 (I) No significant differences yet (II) No significant differences yet (III) No significant differences yet
VIII. Is there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the continuing education for directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance	V		1. The Company has planned to arrange continuing education courses for the directors, while at the same time informing directors/supervisors of updates of corporate governance laws. 2. The Company has appointed dedicated personnel to be in charge of risk management and measurement standards, and the implementation is good.	No significant differences yet

Evaluation Item	States of operation (Note 1)			Nonconformities to the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons thereof
	Yes	No	Summary	
for the Company's directors and supervisors) that is helpful in understanding the corporate governance operation of the Company?			3. At Tainergy, we keep an open communication channel with our customers, and the implementation is good. 4. We also take out liability insurance for our directors and the attendance of the directors at the board meetings is good.	
IX. Please specify the status of the correction based on the corporate governance assessment report released by the Corporate Governance Center of TWSE in the most recent year, and the priority corrective actions and measures against the remaining deficiencies. We, as a company, strive for the development of sustainability in economic, environmental and social aspects, and will continue to uphold our core corporate values of integrity, while holding the long-term sustainable responsibility to our stakeholders and society. Matters pending improvement have been addressed as priorities for gradual improvement.				

Note 1: Regardless of ticking "yes" or "no" for the state of operation, it should be explained in the summary field.

Note 2: The term "corporate governance self-evaluation report" refers to the report on the current operation and performance of the Company under corporate governance self-evaluation items.

(IV) If the company has established a remuneration committee, its composition, duties and state shall be disclosed.

1. Composition and duties of the remuneration Committee:

Composition	The establishment of the Company's remuneration committee was resolved by the board of directors' meeting held on August 19, 2011. The committee must be composed of with at least three members and the appointment is determined by the board. One of the members must be an independent director who will also serve as the convener. The Company's remuneration committee is made up of three independent directors (Chia-Hsiang Wang, Yao-Jung Kan, Fu-Ling Yeh)who are to carry out the following duties faithfully and with the care of a good manager.
Duties	I. Periodically review the yearly and long-term performance goal of the Directors and managerial officers of the Company, and the policy, system, standard and structure of the remuneration. II. Periodically evaluate the remuneration to directors and managerial officers. When the Committee exercises the above duties, it shall follow the guidelines as per below: 1. With respect to the performance assessment and remuneration of directors and managerial officers of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure. 2. Directors and manager officers shall not to engage in behavior beyond the risk tolerance level of the Company for the purpose of pursuing remuneration. 3. With respect to the time to distribute bonus in proportion with the short-term performance of directors and senior managerial officers, or remuneration that is partially variable, the Company shall consider the characteristics of the industry and the business nature to decide the proper time to pay. "Remuneration" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. If decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the board of directors of the parent company, the parent company's remuneration committee shall be asked to make recommendations before the matter is submitted to the board of directors for deliberation.

2. Information about remuneration committee members

Identity (Note 1)	Qualifications / Name	Having at least five years' work experience and the following professional qualifications			Compliance of independence (Note 2)										Number of other public companies concurrently served as Remuneration Committee member	Remarks
		Lecturer or above in commerce, law, finance, accounting or subjects required by the Company's business in public or private colleges or universities	Judge, public prosecutor, attorney, accountant, or other professional or technical specialists who have passed a national examination and received a certificate in a profession necessary for the Company's business	Commercial, legal, financial, accounting or other work experience required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10		
Independent director	CHIA-HSIANG WANG	No	Yes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Reelected
Independent director	YAO-JUNG KAN	No	No	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Reelected
Independent director	FU-LING YEH	No	No	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	Reelected

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

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

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

(2) Not a director or supervisor of the Company or its affiliates (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(3) Not a natural-person shareholder or holder of shares, together with those held by a spouse, minor children, or held by the person under other names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking within the top 10 in holdings.

(4) (1)Not a managerial officer listed in criteria (1) or a spouse, relative of second degree, or direct kin of third degree or closer to persons not qualified for criteria (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company or of a juristic-person shareholder that ranks among the top five in shareholdings according to Paragraph 1 or Paragraph 2 Article 27 of the Company Act (the same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(6) Not a director, supervisor, or employee, holding a majority of the company's director seats or voting shares and those of any other company are controlled by the same person (the same does not apply, however, in cases where the person is an independent director of the company or its parent company, any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(7) Not the same person with the company's director, general manager, or person of an equivalent post or of a specified company or institution's director, supervisor, or officer (the same does not apply, however, in cases where the person is an independent director of the company or its parent company, any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(8) Not a director, supervisor, managerial officer, or shareholder holding more than 5% of a specified company or institution that has financial or business relationships with the Company (the same does not apply to certain companies or institutions holding more than 20% of the total issued shares of the Company but no more than 50%, and to independent directors appointed in accordance with the Act or the laws and regulations of the local country, and concurrently serving as such at the Company and its parent or subsidiary or a subsidiary of the same parent).

(9) Not a professional individual, or an owner, partner, director, supervisor, or managerial officer of a sole

proprietorship, partnership, company, or institution that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting, or related services to the company or any affiliate of the company for which the provider in the past two years has received cumulative remuneration exceeding NTD 500,000, or a spouse thereof. This restriction does not apply to a member of the salary and Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not under any circumstances as stipulated in Article 30 of the Company Act.

3. Members' term of office: From June 21, 2019 to June 20, 2022; the Committee held two (A) meetings during 2020, and the qualifications and attendance of the members are as follows:

Title	Name	Actual Attendance B	Attendance by proxy	Actual Attendance Rate (%) [B/A]	Remarks
Convener	CHIA-HSIANG WANG	2	0	100.00%	
Committee member	YAO-JUNG CHUEH	2	0	100.00%	
Committee member	FU-LING YEH	2	0	100.00%	

Other matters to be stated:

I. If the Board of Directors does not adopt or amend the suggestions from the Remuneration Committee, the date and session of the Board meeting, contents of the proposals, meeting resolutions, and the Company's handling of the Remuneration Committee's opinions shall be specified (if the remuneration passed by the Board of Directors is higher than that suggested by the Remuneration Committee, the deviation and causes thereof shall be specified): None.

II. If any member objects or expresses qualified opinions to the resolution made by the Remuneration Committee, whether on-the-record or in writing, the date and session of the meeting, contents of the proposal, the entire members' opinions, and how their opinions are addressed shall be specified: None.

Discussions and resolutions by the remuneration committee

Remuneration committee	Motion content and follow-up	Resolution	The handling of the Company
3rd meeting of the 4th term August 5, 2020	1. Motion for amendments to the Company's "Regulations for Remuneration to Directors."	All committee members approved and passed the motion.	The motion was submitted to the Board of Directors' meeting subject to approval.
4th meeting of the 4th term October 29, 2020	1.Review the policies, systems, standards and structure of directors and managers' performance evaluation and salary compensation. 2. Discussion on the principle of 109 year-end bonuses for managers and above	All committee members approved to adopt the company's existing complete system.	The motion was submitted to the Board of Directors' meeting subject to approval.

(V) Corporate social responsibility implementation and the difference from the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies and reasons

Tainergy's management vision is "protect the earth, benefit mankind and develop green products." Based on this notion, we proactively promote many environmental protection policies and dedicate ourselves to increasing the environmental awareness of all our employees, while at the same time ensuring that our products are in compliance with environmental protection regulations.

Evaluation Item	States of ethical management (Note 1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (Note 2)	
I. Does the Company implement the risk assessment of environmental, social, and corporate governance issues related to corporate operation and establish relevant risk management policies or strategies based on the principle of materiality? (Note 3)	V		The internal risk management policy formulated by the Company is based on the foundation of taking precautionary measures in order to reduce possible losses arising from risks. We have also formulated risk management regulations to identify, assess, handle and monitor potential risks that may affect the Company reaching its targets. Regular follow-ups are carried out and these regulations are incorporated into the daily operations of each department.	No significant differences yet
II. Whether the company has a specific (or part-time) unit set up to promote corporate social responsibility (CSR) and have the senior management been authorized by the board of directors to handle matters and report the processing results to the board of directors?	V		The Company's plant affairs department, management department, business department and financial department jointly facility operations associated with CSR. The management department reports to the senior management on a periodic basis.	Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
III. Environmental issues				
(I) Whether the company has implemented environmental policies suitable for the Company's industry characteristics?	V		(I) The Company has established an environmental management system suitable for the Company's industry characteristics, such as the promotion of the 6S system.	Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons

Evaluation Item	States of ethical management (Note 1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (Note 2)	
(II) Is the company committed to enhancing the utilization efficiency of resources and using renewable materials with low impact on the environment?	V		(II) The Company dedicates itself to increasing employees' environmental protection awareness and ensuring that the Company's products are in compliance with environmental protection policies. We have been making an effort in increasing the utilization of resources, such as the facilitation of e-operations, plant waste reduction, and resource recycling in order to seek the maximum efficiency of resources.	
(III) Does the Company assess the present and future potential risk and opportunities of climate change in relation to the Company and adopt countermeasures related to climate issues?	V		(III) We have evaluated the current and future potential risks and opportunities of climate change posed on the Company and included it into risk management. At the same time, we proactively promote energy saving and carbon reduction, and have installed a solar power system.	
(IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of waste in the past two years and establish policies for energy saving, carbon reduction, reduction of greenhouse gas emission, and water consumption or other waste management?	V		(IV) We, at Tainergy, continue to promote energy-saving and carbon reduction strategies to effectively reduce greenhouse gas (GHG) emissions and reduce water consumption. We have set ourselves improvement objectives and will make gradual improvements in the future. In 2019, the water consumption reduced by 7700% from the previous year. Other specific measures include replacing old	

Evaluation Item	States of ethical management (Note 1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (Note 2)	
			lighting with energy-saving lighting, replacing old air conditioners with energy-saving ones, installing water-saving valves to reduce unnecessary waste of resources, and installing solar power systems. The products produced by our subsidiary, Tainergy, utilize the infinite sunlight and transform it into energy, both energy-saving and eco-friendly. By doing so, the subsidiary is also making an effort to fulfill the social responsibility as a global citizen.	
IV. Social issues				
(I) Does the Company develop management policies and procedures in accordance with the relevant regulations and international human rights conventions?	V		(I) In an effort to fulfill our corporate social responsibility and to protect the human rights of our employees, customers and stakeholders, at Tainergy, we abide by the principles of International Bill of Human Rights, including the "United Nations Global Compact" and the "Universal Declaration of Human Rights." Furthermore, we also respect the basic human rights recognized internationally, and have formulated the human rights policy in accordance with applicable labor laws and regulations where the Company operates. The Company's human rights policy applies to the Company and its domestic and	Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons

Evaluation Item	States of ethical management (Note 1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (Note 2)	
			foreign subsidiaries, joint ventures, and other groups or affiliated organizations over which the Company holds substantial control. Our implementation guidelines are 1. diverse inclusion and equal job opportunities; 2. providing a safe and healthy working environment; 3. respecting the freedom of assembly and association of employees; and 4. providing employee education and training.	
(II) Does the company establish and implement proper employee benefit measures (including the salary, holidays, and other benefits) and reflect the corporate business performance or achievements in the employee remuneration?	V		(II) We have a comprehensive system of management rules and regulations, including salary management rules and leave management rules to clearly specify regulations regarding benefits, including remuneration, leave and employee benefits. Employees also receive an annual health examination, three major festival allowances, wedding and bereavement support payment, and employee insurance. In addition, the Company allocates 1% to 3% of our profits as remuneration to employees, so that the remuneration and the Company's business are jointly growing. By taking such approach, we also promote a harmonious labor–management relationship and fulfill corporate social responsibility.	

Evaluation Item	States of ethical management (Note 1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (Note 2)	
(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(III) Follow the national occupational safety and health laws and regulations and the requirements of customers and related organizations, and respect the requirements of relevant interested parties for occupational safety and health. The office has access control, regular fire drills every year, annual employee health check, and weekly internal website Provide relevant and shared health information to enhance employee safety and health knowledge. No industrial safety accidents occurred in 109 years.	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		(IV) KENMEC has formulated the "Employee Development Plan Rules," and passed the Taiwan Training Quality System (TTQS) standards. We conduct systematic and structured talent cultivation and enhance the career development of our employees in a planned manner.	
(V) Does the Company comply with relevant laws and international standards with regard to customer health and safety, privacy, marketing and labeling in relation to the products and services and establish relevant policies and complaint procedure to protect the right of the customers?	V		(V) We comply with applicable laws and regulations and international standards in respect of the marketing and labeling of our products and services. We have attained the ISO9001 2008 quality management verification and we comply with confidentiality agreements and personal data	

Evaluation Item	States of ethical management (Note 1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (Note 2)	
			protection laws when it comes to the privacy of our customers. To ensure consumer rights, we have a customer service unit in place and an outlet for stakeholders to make complaints.	
(VI) Whether the company has established the supplier management policy to require the supplier to comply with relevant regulations on issues of environmental protection, occupational safety and health or labor rights and provide its status of implementation?	V		(VI) The Company has formulated the "Supplier Management Rules" and contracts with our suppliers that include regulations related to environmental protection, intellectual property rights and integrity provisions to protect the rights and interests of all stakeholders. Moreover, there is also the "Supplier Evaluation Survey" formulated demanding our suppliers to abide by rules on environmental protection, occupational safety and health or labor rights issues. At the same time, we continue to keep sound and interactive contact with our suppliers in order to maintain the partnership to achieve mutual benefit. In addition, we regularly promote to our internal employees and our subsidiaries, as well as customers, suppliers and contractors, hoping that the supply chain manufacturers agree with the Company on the CSR policy and are willing to comply with related operations. The Company evaluates the	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">States of ethical management (Note 1)</th><th rowspan="2">Deviations from “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies” and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>impact of procurement and manufacturing practices on environment and society of the supply source community while strengthening the partnership between supply chain manufacturers to jointly make an effort to enhance CSR.</td><td></td></tr>
<tr><td>V. Has the company taken reference from the internationally accepted reporting standards or guidance when preparing CSR reports to disclose non-financial information? Has the report mentioned above been assured, verified, or certified by a third party?</td><td></td><td>V</td><td>Our practices towards CSR are handled in accordance with the competent authorities and related laws and regulations. The Company has also set up a section dedicated to CSR on its website and information associated with the actual operation of CSR is disclosed on the Company website and MOPS.</td><td>The Company has not prepared a CSR report. In the future, we will prepare for one depending on the development needs and laws.</td></tr>
<tr><td colspan="5">VI. If the Company has established corporate social responsibility principles based on “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the principles and their implementation: None.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices:
1. Product features: Through our green manufacturing capabilities, we are engaged in green product manufacturing. We install solar power systems on roofs of office buildings and plants, public agencies, schools, outlying islands and residential homes as well as developing streetlight integrated solar power systems. We care very much about environmental protection and are doing what we can to save energy and reduce carbon, steadily creating value.
2. Not only do we purchase gifts from social welfare organizations on three major festivals for our employees, we also donate our own products – solar power modules and systems to social welfare organizations, which come with a warranty for 20 years of maintenance.
3. As a means for the concept of green energy products to be implemented into daily life, we have adopted trees on the sidewalk of the industrial park and we clean the drainage holes on a periodic basis to effectively solve the problem of flooding in the rainy season.
4. Human capital: KENMEC provides a motivating reward system, performance bonus, year-end bonus, comprehensive and open promotion channel; provides employees with a healthy and safe workplace with a breastfeeding room in place; plans annual health examinations, health education consultation and labor safety and health management to prevent occupational disasters and diseases; and organizes all-inclusive</td></tr>
</table>

Evaluation Item	States of ethical management (Note 1)			Deviations from "Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies" and reasons
	Yes	No	Summary (Note 2)	
employee activities, such as departmental dinners, year-end meals, domestic and overseas employee trips, birthday parties, and special store discounts.				

Note 1: If the "state of operation" is specified "Yes," please explain the key policies, strategies and measures taken and the current progress; if the "state of operation" is specified "No," please provide reasons and explain any policy, strategy and measure planned for the future.

Note 2: If the company has prepared a corporate social responsibility report, the "state of operation" may be completed by providing a reference to the CSR report and an index page.

Note 3: "Materiality principle" refers to environmental, social and corporate governance issues that are of material impact to the Company's investors and stakeholders.

(VI) Company's practice of ethical management and measures adopted

Implementation of ethical corporate management and deviations from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons thereof

Evaluation Item	States of ethical management (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
I. Enactment of ethical management policy and program				
(I) Has the company established an ethical management policy that has been passed by its board of directors, and clearly specified in its rules and external documents the ethical corporate management policies and the commitment by the board of directors and senior management on rigorous and thorough implementation of such policies and methods?	V		(I) As we have formulated the "Code of Conduct for Employees," we strictly require each and every one of our employees to exercise the Code. The annual report discloses the Company's ethical management policy as well as the commitment of the board of directors and management to implement the Code. In 2020, we organized internal and external education training courses in relation to ethical management issues (ethical management legal compliance, accounting system and internal control system courses); a total of 902 people participated, totaling 1,901 hours.	(I) The Company has not established a "Code of Conduct for Employees"; however it will do so in a gradual manner. Due to provisions of the law being amended, the formulation is currently in progress.
(II) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly with the inclusion			(II) In an effort to prevent dishonest acts, the Company has the "Rules for Handling Cases of Reporting Illegal and Unethical or Dishonest Conducts" in an effort to prevent dishonest conduct. We also require our employees to promise that they will not have	(II) No significant differences yet

Evaluation Item	States of ethical management (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
of the prevention measures against each behavior specified in Article7 Paragraph 2 of the "Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies"?			conflicts of interest or ethical concerns when conducting their duties. Through the Company's internal control, we carry out regular analysis to evaluate business activities containing higher unethical act risks to facilitate the prevention of unethical and illegal conduct.	
(III) Does the Company specify the operating procedures, behavior guidelines, discipline of violation and complaint system in the prevention program for unethical conduct, and implement the program accordingly? Does the Company regular review and modify the program mentioned above?			(III) As a means to promote and facilitate ethical conduct, we organize education and training courses and tutorials; we enable our employees to understand the determination and the policy of the Company regarding ethical management, solutions for preventive practices and the consequences of unethical conduct.	(III) No significant differences yet
II. Implementation of ethical business (I) Does the Company have the integrity record of the trading counterparty assessed and the clauses of ethical conduct expressed in the contract signed between them?	V		(I) Before engaging in transactions with counterparties, the Company carries out a number of evaluations, including ethical conduct evaluation in order to avoid dealing with companies with an unethical conduct history. Ethical conduct terms are also specified in the contract signed between the Company and counterparties.	(I) No significant differences yet
(II) Does the Company establish a specific unit for the board of directors to promote corporate ethical business and regularly (at least once a year) report	V		(II) The Company has not yet set up a dedicated CSR unit. Each year, the internal audit unit reports the prevention of unethical conduct	(II) The Company has not yet set up a dedicated CSR unit.

Evaluation Item	States of ethical management (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
the ethical management policy, prevention program of unethical conduct and implementation status of supervision to the board of directors?			plan to the board of directors based on the risk assessment and monitors the implementation.	In the future, it shall be handled according to the Company's development and legal needs.
(III) Has the company formulated a conflict of interest prevention policy, provided appropriate reporting channels, and implemented it?	V		(III) When a new employee signs the labor contract, we ask them to make a commitment that they will not be involved in any illegal business conducts. There is also "Rules for Handling Cases of Reporting Illegal and Unethical or Dishonest Conducts" in place for employees to make a complaint (Tel: 03-4555807; e-mail: tainergy@tainergy.com).	(III) No significant differences yet
(IV) Does the Company establish an effective accounting system and internal control system to implement ethical business and draft relevant audit plans by the internal audit unit based on the risk assessment results of the unethical conduct? Is the compliance of the prevention program for the unethical conduct audited accordingly by the audit office or committed accountants?	V		(IV) The Company has set up an effective accounting system and internal control system to closely and strictly monitor risks of unethical conducts to ensure the enforcement of ethical management. The audit office reviews the compliance of the system on a regular basis.	(IV) No significant differences yet.
(V) Whether the company organizes internal and external education and training for corporate ethical management?	V		(V) The Company has formulated the "Integrity and Confidentiality Policy" and has built integrity into its corporate culture, which is promoted from time to time in all meetings for implementation.	(V) No significant differences yet.

Evaluation Item	States of ethical management (Note 1)			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
III. The operation of reporting system (I) Has the company established reporting and reward systems, convenient reporting channels and had a representative assigned to handle such issues? (II) Has the company implemented any standard procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconduct?		V V	(I) Has proposed a reporting and reward system and set up a reporting channel (Tel: 03-4555807, e-mail: tainergy@tainergy) (II) In the event of an integrity violation, the Company convenes a material disciplinary committee made up of senior executives from across departments to review the matter. If the integrity violation is significant, the Company will report the matter to the board of directors' meeting in accordance with related laws and operating procedures, while enforcing related the confidentiality mechanism.	No deviation
(III) Has the company adopted measures for protecting whistle-blowers from inappropriate disciplinary actions due to whistle-blowing?		V	(III) The Company agrees on protecting whistle-blowers from inappropriate disciplinary actions due to their whistle-blowing, and is willing to discuss relevant cooperative protection measures.	
IV. Enhancing Information Disclosure (I) Does the company have the contents of the Ethical Corporate Management Best-Practice Principles and its implementation disclosed on the website and MOPS?		V	The Company has set up a company website to disclose the Company's profile, and basic and financial information. The Company's ethical management rules and its implementation effectiveness are also disclosed on the MOPS in a timely, open and transparent manner on a regular basis.	No deviation

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">States of ethical management (Note 1)</th><th rowspan="2">Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">V. If the Company has established corporate social responsibility principles based on “Corporate Social Responsibility Best-Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the principles and their implementation: None.
The Company has not yet formulated Ethical Corporate Management Best-Practice Principles.</td></tr>
<tr><td colspan="5">VI. Other material information that helps understand the practice of ethical management of the company (e.g. the company’s determination regarding ethical management, policies and invitations to business partners to participate in education and training, review of the company’s code of ethical management practices): None.</td></tr>
</table>

Note 1: Regardless of ticking “yes” or “no” for the state of operation, it should be explained in the summary field.

(VII) For companies that have the Corporate Governance rules and relevant regulations stipulated, the inquiry method of the Corporate Governance rules and relevant regulations shall be disclosed: The Company has not yet set up corporate governance rules or related measures.

(VIII) Other significant information that will provide a better understanding of the state of the Company’s implementation of corporate governance: The Company has formulated internal operating procedures for handling material information. The system has been announced to all employees, managerial officers and directors to avoid violations and insider trading.

(IX) Implementation of the internal control system

(1) Declaration of an Internal Control System: Please refer to page 47.

(2) If an accountant is entrusted to perform a special audit on the internal control system, the audit report shall be disclosed: N/A.

(X) List of discipline, significant deficit and improvement status of violation of internal control system in most recent year and as of the publication date of the annual report: None.

Tainergy Tech. Co., Ltd.

Statement on Internal Control System

Date: March 10, 2021

The following declaration are made based on the 2020 self-assessment of the Company's internal control system:

I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the board of the directors and managerial officers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security), reliablefinancial reporting, and regulatory compliance.

II. There are inherent limitations to even the most well-designed internal control system. Therefore, an effective internal control system can only reasonably assure achievement of the three goals mentioned above. Furthermore, changes in the environment and circumstances may all affect the effectiveness of the internal control system. However, the internal control system of the Company features a self-monitoring mechanism that rectifies any deficiencies immediately upon discovery.

III. The Company has assessed the effectiveness of its internal control policy design and implementation in accordance with the criteria determining the effectiveness of the internal control policies provided in the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "the Regulations"). The determination criteria of the internal control policies adopted in "the Regulations" consist of five major elements depending on the management control process: 1. Environment control, 2. Risk assessment, 3. Control operations, 4. Information and communication, 5. Supervision. Each element further encompasses several sub-elements. Please refer to "The Governing Principles" for more details.

IV. The Company has adopted the aforementioned criteria to validate the effectiveness of its internal control system design and execution.

V. Based on the result of the preceding assessment, the Company finally determined the effectiveness of the design and implementation of our internal control policy as of December 31, 2020 (including the supervision and management of subsidiaries) regarding the awareness of business results and target accomplishments, the reliability of reports and compliance with relevant laws and regulations. This policy provided reasonable assurance that the above objectives have been achieved.

VI. This declaration constitutes part of the Company's Annual Report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This declaration was approved at the Company's Board of Directors meeting held on March 20, 2021 without any objections from the 6 attending directors. The contents of the declaration were agreed upon unanimously.

Tainergy Tech. Co., Ltd.
Chairman: CHING-FU HSIEH (Signature and Seal)
General Manager: VINCENT HSIEH (Signature and Seal)

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

1. The Company's 2020 Annual General Meeting was held on June 24, 2020. Resolutions passed by the shareholders present at the meeting and the status of implementation are as follows:

Item	Resolutions made by shareholders' meeting	Implementation status
1	Recognition of the motion for 2019 business report and financial statements	The Company's 2019 operating revenue was NTD 2,328,813 thousand, net income after tax NTD (509,706) thousand, with earnings per share of NTD (2.42).
2	Recognition of the motion for 2019 loss allowance	As the Company suffered a loss in 2019, remuneration to employees and directors will not be distributed as stipulated in the Company's Articles of Incorporation.
3	Amendment to the Company's "Articles of Incorporation"	It was passed by resolution and has been handled in accordance with the established procedures.
4	Motion for the intention to increase cash capital to issue new shares	Not yet executed.
5	Motion for issuing new shares by way of cash capital increase through private placement	Not yet executed.

2. The following is a summary of the significant resolutions made by the Company's Board of Directors from January 1, 2020 to the publication of the annual report:

Year – session Date of meeting	Resolution	Matters stipulated in §14-3 or §14-5 of the Securities and Exchange Act	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
2020-1 March 20, 2020	1. The review of the effectiveness of the Company's 2019 internal control system and the declaration of internal control system.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	2. Motion for the appointment of the Company's CPAs and the evaluation of their independence.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	3. Passed the motion for 2019 business report and financial statements	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	4. Motion for discussion on the distribution of the Company's 2018 remuneration to employees and directors.		None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	5. Motion for discussion on 2019 loss allowance.		None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	6. The execution status of the 2019 private place of common stocks.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	7. Motion for the intention to increase cash capital to issue new shares.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting

Year – session Date of meeting	Resolution	Matters stipulated in §14-3 or §14-5 of the Securities and Exchange Act	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
	8. Motion for issuing new shares by way of cash capital increase through private placement	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	9. Motion for the recognition of 2019 related parties, specific companies and enterprise groups.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	10. Passed the Company's 2020 budget.		None	Resolved and passed by directors present at the board meeting
	11. Motion for amendments to some provisions of the Company's "Articles of Incorporation"		None	Resolved and passed by directors present at the board meeting
	12. Motion for matters regarding the 2020 Annual General Meeting and acceptance of proposals from shareholders holding 1% or more of the shares.		None	Resolved and passed by directors present at the board meeting
	13. Motion for the proposed loaning of funds of RMB 15,000,000 to the Company's subsidiary – Tainergy Tech (Kunshan) Co. Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	14. Motion for the proposed loaning of funds of NTD 50,000,000 to the Company's subsidiary – Cheng Yang Energy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	15. Motion to pursue the case of endorsement/guarantee of USD 1,000,000 by the subsidiary, Vietnergy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	16. Motion to pursue the case of endorsement/guarantee of USD 550,000 by the subsidiary, Vietnergy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	17. Motion for the credit line application of Taiwan Business Bank, Nangang Branch.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
2020-2 2020/05/06	1. Motion for the proposed loaning of funds of RMB 15,000,000 to Tainergy Tech (Kunshan) Co. Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	2. Motion for terminating the loaning of funds of NTD 20,000,000 to the Company's subsidiary – Cheng Yang Energy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	3. Motion for the proposed loaning of funds of USD 3,000,000 in foreign currency equivalent, to the subsidiary Vietnergy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	4. Motion to pursue the new application for a medium-term loan limit of NTD 48,550,000 from Bank SinoPac Beixin Branch.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	5. Motion for matters regarding the 2020 Annual General Meeting and acceptance of proposals from shareholders holding 1% or more of the shares.		None	Resolved and passed by directors present at the board meeting
2020-3 2020/08/05	1. Motion for amendments to the Company's "Regulations for Remuneration to Directors."	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	2. Motion for the evaluation of whether the Company's overdue receivables are in the nature of a fund loaning.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	3. Motion for the proposed loaning of funds of NTD 55,000,000 to the Company's subsidiary – AISIC MATERIALS CO.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting

Year – session Date of meeting	Resolution	Matters stipulated in §14-3 or §14-5 of the Securities and Exchange Act	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
	4. Motion for the proposed loaning of funds of USD 2,000,000 in foreign currency equivalent, to the subsidiary Vietnergy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	5. Motion to add USD 2,500,000 of endorsement/guarantee to the subsidiary, Vietnergy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	6. Motion for the extension and addition of a short-term credit line of Bank of Taiwan, Nangang Branch.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	7. Motion to pursue the newly added medium-term loan limit of NTD 71,595,000 from Bank SinoPac Beixin Branch.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	8. Motion for the application of a new consolidated credit line of Hua Nan Bank, Nangang Branch.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
2020-4 2020/10/29	1. Motion for reviewing the yearly and long-term performance goal of the Directors and managerial officers of the Company, and the policy, system, standard and structure of the remuneration.		None	Resolved and passed by directors present at the board meeting
	2. Motion for the 2020 distribution principle of year-end bonuses to assistant vice presidents and above.		None	Resolved and passed by directors present at the board meeting
	3. Motion to set up the 2021 audit plan.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	4. Motion for the evaluation of whether the Company's overdue receivables and amounts not arising from normal business activities (including "other receivables," "prepayments" and "refundable deposits") are in the nature of fund loaning.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	5. Motion for the original lease for the Zhongli plant and Taipei office leased from the parent, KENMEC, which required re-signing of the contract due to change range or location of the lease and the acquisition of the right-to-use assets was recalculated.		None	Resolved and passed by directors present at the board meeting
	6. Motion for not distributing dividends for 2020 Q3.		None	Resolved and passed by directors present at the board meeting
	7. Motion for reappointing VINCENT HSIEH as general manager of the Company.		None	Resolved and passed by directors present at the board meeting
2021-1 March 10, 2021	1. The review of the effectiveness of the Company's 2020 internal control system and the declaration of internal control system.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	2. Motion for the appointment of the Company's CPAs and the evaluation of their independence.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	3. Passed the motion for 2020 business report and financial statements	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	4. Motion for discussion on the distribution of the Company's 2020 remuneration to employees and directors.		None	Resolved and passed by directors present at the board meeting
	5. Motion for discussion on 2020 loss allowance.		None	Resolved and passed by directors present at the board meeting
	6. The execution status of the 2020 private place of common stocks.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting

Year – session Date of meeting	Resolution	Matters stipulated in §14-3 or §14-5 of the Securities and Exchange Act	Opinions of the independent directors and the Company's handling of their opinions	Resolutions made by the Board of Directors or Audit Committee
	7. Motion for the intention to increase cash capital to issue new shares.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	8. Motion for issuing new shares by way of cash capital increase through private placement	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	9. Motion for the recognition of 2020 related parties, specific companies and enterprise groups.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	10. Passed the Company's 2021 budget.		None	Resolved and passed by directors present at the board meeting
	11. Motion for amendments to some provisions of the Company's "Articles of Incorporation"		None	Resolved and passed by directors present at the board meeting
	12. Revision of the company's "Rules of Procedures for Shareholders' Meetings".		None	Resolved and passed by directors present at the board meeting
	13. Revision of the company's "Rules of Procedure of the Board of Directors" part of the draft.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	14. Motion for matters regarding the 2021 Annual General Meeting and acceptance of proposals from shareholders holding 1% or more of the shares.		None	Resolved and passed by directors present at the board meeting
	15. Motion to pursue the case of endorsement/guarantee of USD 800,000 by the subsidiary, Vietnergy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	16. Motion to pursue the case of endorsement/guarantee of USD 1,000,000 by the subsidiary, Vietnergy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	17. Motion to pursue the case of endorsement/guarantee of NTD 3,630,690 by the subsidiary, Star Solar New Energy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	18. Motion for the proposed loaning of funds of USD 3,000,000 in foreign currency equivalent, to the subsidiary Vietnergy Co., Ltd.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	19. Motion for The establishment of a corporate governance director case.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting
	20. Motion for the extension comprehensive quota of Bank of Mega, Taipei Branch.	V	None	Reviewed and passed by the Audit Committee; Resolved and passed by directors present at the board meeting

(XII) Any other documented objections or qualified opinions raised by directors or supervisors against board resolutions in relation to matters in most recent year and as of the publication date of the annual report: None.

(XIII) Resignation or discharge of the company's chairman, general manager and managerial staff of accounting, finance, internal audit, corporate governance personnel and research and development in most recent year and as of the printed date of the annual report: None.

Title	Name	Date of Arrival	Date of Dismissal	Reason for Resignation or Dismissal
General Manager	MING-KAI HSIEH	January 26, 2010	October 31, 2020	Job Adjustment

IV. Independent Auditor Fee Information

Accounting firm name	Name of CPA		Audit period	Remarks
Deloitte & Touche Taiwan	HUI-MING CHEN	JUI-CHUAN CHIH	January 1, 2019–December 31, 2019	None
Deloitte & Touche Taiwan	HUI-MING CHEN	JUI-CHUAN CHIH	January 1, 2020–December 31, 2020	None

Unit: NTD thousand

Amount range \ Fee category		Audit Fee	Non-audit remuneration	Total
1	Less than NTD 2,000 thousand		429	
2	NTD 2,000 thousand (inclusive) – NTD 4,000 thousand	3310		3739
3	NTD 4,000 thousand (inclusive) – NTD 6,000 thousand			
4	NTD 6,000 thousand (inclusive) – NTD 8,000 thousand			
5	NTD 8,000 thousand (inclusive) – NTD 10,000 thousand			
6	NTD 10,000 thousand and above			

Note: The accountant's fee shall be disclosed if one of the following is met:

(I) When non-audit fees paid to the CPA, to the accounting firm of the CPA, and to any affiliated enterprise of such accounting firm are equivalent to one fourth or more of the audit fees paid to them, disclose the amounts of both audit and non-audit fees and the details of the non-audit services:

Independent Auditor Fee Information

Unit: NTD thousand

Accounting firm name	Name of CPA	Audit Fee	Non-audit remuneration					Audit period	Remarks
			System design	Corporate registration	Human resources	Others (Note)	Subtotal		
Deloitte & Touche Taiwan	HUI-MING CHEN JUI-CHUAN CHIH	3,310	-	-	-	429	429	2020	Transfer pricing NTD 250 thousand Capital reduction of NTD 30 thousand

Note: Please list the service items f or non-audit fees. If "other" reaches 25% or more of the total amount of non-audit fees, its content of service shall be disclosed in the Remarks field.

(II) Audit fee for the change of accounting firms paid in the year is less than the previous year, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

(III) Over 10% decrease in audit fee on a year-to-year basis, the decreased amount, percentage and reason of the audit fee shall be disclosed: None.

V. Information on Replacement of CPA

Year		Name of CPA firm	Name of CPA	Reason for change
2017	Former	Deloitte & Touche Taiwan	MING-CHUNG HSIEH and HUI-MING CHEN	In line with the firm's internal organizational restructuring
	Succession		JUI-CHUAN CHIH and HUI-MING CHEN	
2018	Former	Deloitte & Touche Taiwan	JUI-CHUAN CHIH and HUI-MING CHEN	
	Succession		HUI-MING CHEN and JUI-CHUAN CHIH	

VI. Any of the Company's chairman, general manager, or managerial officer in charge of finance or accounting held a position in the CPA's firm or its affiliates in the most recent year: None

VII. Changes in shareholding and shares pledged by directors, supervisors, managerial officers and shareholders with 10% shareholdings or more in most recent year and as of the publication date of the annual report

1. Any change in equities of directors, supervisors, managerial officers, and major shareholders

Unit: thousand shares

Title	Name	2020		By March 29 of 2021	
		No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged	No. of increase (decrease) of shares held	No. of increase (decrease) of shares pledged
Corporate director	KENMEC MECHANICAL ENGINEERING CO., LTD.	(44,914)	None	None	None
Corporate director representative	CHING-FU HSIEH	None	None	None	None
Corporate director representative	WEI-TI CHEN	(225)	None	None	None
Director	CHIEN-LIANG CHEN	None	None	None	None
Director	MING-CHIH HSIEH	-	None	None	None
Independent director	YAO-JUNG KAN	None	None	None	None
Independent director	CHIA-HSIANG WANG	None	None	None	None
Independent director	FU-LING YEH	None	None	None	None
CEO	CHING-FU HSIEH	None	None	None	None
General Manager	MING-KAI HSIEH (Note 1)	None	None	None	None
General Manager	VINCENT HSIEH (Note 2)	(58)	None	None	None
Assistant vice president	HAN-PENG SHU (Note 3)	None	None	None	None
Assistant vice president	SHAO-YEH SHIH (Note 4)	None	None	None	None
Assistant vice president	I-KUANG CHEN	-	None	None	None
Accounting supervisor	HSIU-CHEN YU	(30)	None	None	None

Note 1: Job Adjustment on October 31, 2020.
Note 2: Elected on November 1, 2020.
Note 3: Resigned on October 16, 2020.
Note 4: Resigned on July 11, 2020.

2. Information on the related party who is the counterparty of any equity transfer by a director, supervisor, manager, or major shareholder: None.
3. Information on any related party who is the counterparty of a pledge of equity by a director, supervisor, managerial officer, or major shareholder: None.

VIII. Information on the top-ten shareholders who are related parties to each other, in a spousal relationship or within the second degree of kinship under Statements of Financial Accounting Standards – 6

March 29, 2021; share unit: thousand shares

Name	Shares held by the shareholder		Shareholdings of spouse and underage children		Total shares held in the names of others		Names and relationship of top 10 shareholders who are related parties, spouses or within second-degree of kinship to each other under Statements of Financial Accounting Standards – 6 (Note 3)		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or name)	Relationship	
KENMEC MECHANICAL ENGINEERING CO., LTD. (KENMEC) Representative: CHING-FU HSIEH	57,666	28.83%	–	0.00%	–	0.00%	None	None	None
JUN-MING LIN	1,648	0.82%	–	0.00%	–	0.00%	None	None	None
GUI-SONG ZHANG	1,200	0.60%	–	0.00%	–	0.00%	None	None	None
JUNG-CHEN LIAO	1,015	0.51%	–	0.00%	–	0.00%	None	None	None
MIAO-HSUEH SHIH	791	0.40%	–	0.00%	–	0.00%	None	None	None
SU-WEN WU	785	0.39%	–	0.00%	–	0.00%	None	None	None
ZAI-BO CHEN	760	0.38%	–	0.00%	–	0.00%	None	None	None
XI-QUAN LIN	640	0.32%	–	0.00%	–	0.00%	None	None	None
ZHOU-HUANG PAI	555	0.28%	–	0.00%	–	0.00%	None	None	None
MENG-JIA ZHENG	440	0.22%	–	0.00%	–	0.00%	None	None	None

Note 1: The top 10 shareholders should be listed, and the names of corporate shareholders and their representatives should be listed separately if they are corporate shareholders.
Note 2: The calculation of proportion of shareholding shall be the holding by the person, spouse, and dependents or in the name of a third party separately.
Note 3: The aforementioned shareholders for disclosure shall include institutional shareholders and natural persons, with the relations between the shareholders as required by the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Number of shares held and shareholding percentage of the Company, the Company's directors, supervisors, managerial officers and directly or indirectly controlled entities on the same investee:

December 31, 2020/Unit: thousand shares; %

Invested enterprise (Note)	Invested by the Company		Investment by directors, supervisors, and managerial officers, or by directly or indirectly controlled enterprises		Aggregate investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
TAINERGY TECH HOLDING (SAMOA) CO., LTD.	—	100.00	—	—	—	100.00
Tainergy Technology (Kunshan) Co., Ltd.	—	—	—	100.00	—	100.00
Kunshan SENSIC Electronic Materials Co., Ltd.	—	—	—	100.00	—	100.00
Kunshan Jichang Energy Technology Co., Ltd.	—	—	—	100.00	—	100.00
Suzhou Kenmec Property Development Ltd.	—	—	—	31.75	—	31.75
Star Solar New Energy Co., Ltd.	500	100.00	—	—	500	100.00
VIETNERGY COMPANY LIMITED	—	100.00	—	—	—	100.00
TAISIC MATERIALS CORP.	1,932	64.40	—	—	1,932	64.4

Note: No shareholding as it is a limited company.

Four. Financing Status

I. Capital and shares

(I) Equity capital sources

1. Formation of capital: Changes in capital for the most recent year and up to the date of publication of the annual report.

Unit: Thousand shares/NTD thousand

Month Year	Issue price	Authorized capital stock		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Equity capital sources	Offset by any property other than cash	Others
2007.05	NTD 10	100,000	1,000,000	500	5,000	Established capital	None	Note 1
2007.10	NTD 25	100,000	1,000,000	53,988	539,880	Cash capital increase	None	Note 2
2008.03	NTD 25	100,000	1,000,000	70,000	700,000	Cash capital increase	None	Note 3
2009.07	NTD 10	100,000	1,000,000	80,500	805,000	Capital increase by earnings	None	Note 4
2009.12	NTD 25	100,000	1,000,000	82,500	825,000	Cash capital increase	None	Note 5
2010.06	NTD 10	100,000	1,000,000	90,750	907,500	Capital increase by capital reserve	None	Note 6
2010.07	NTD 35	150,000	1,500,000	100,750	1,007,500	Cash capital increase	None	Note 7
2010.12	NTD 40	150,000	1,500,000	120,750	1,207,500	Cash capital increase	None	Note 8
2011.08	NTD 21.5	150,000	1,500,000	133,970	1,339,700	Cash capital increase	None	Note 9
2011.10	NTD 10	150,000	1,500,000	146,450	1,460,450	Capital increase by earnings	None	Note 10
2012.04	NTD 15	250,000	2,500,000	206,045	2,060,450	Cash capital increase	None	Note 11
2013.11	NTD 19	250,000	2,500,000	231,045	2,310,450	Private placement of common stock	None	Note 12
2014.04	NTD 22.95	300,000	3,000,000	276,545	2,765,450	Cash capital increase	None	Note 13
2015.05	NTD 17.34	400,000	4,000,000	316,545	3,165,450	Cash capital increase	None	Note 14
2016.04	NTD 17.33	400,000	4,000,000	356,545	3,565,450	Cash capital increase	None	Note 15
2019.11	NTD 10	400,000	4,000,000	200,000	2,000,000	Capital reduction to cover losses	None	Note 16

Note 1: Approved registration date: Fu-Jian-Shang-Zi No. 09684603100 on May 14, 2007.
Note 2: Approved registration date: Jing-Shou-Shang-Zi No. 09601250830 on October 15, 2007.
Note 3: Approved registration date: Jing-Shou-Shang-Zi No. 09701076500 on March 28, 2008.
Note 4: Approved registration date: Jing-Shou-Shang-Zi No. 09801154590 on July 16, 2009.
Note 5: Approved registration date: Jing-Shou-Shang-Zi No. 09801285360 on December 11, 2009.
Note 6: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 0990024645 dated May 14, 2010; Approved registration date: Jing-Shou-Shang-Zi No. 09901131420 on June 24, 2010.

Note 7: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 0990001371 dated January 26, 2010; approved by the Financial Supervisory Commission with the order letter: No. 0990008548 dated February 26, 2010; approved by the Financial Supervisory Commission with the order letter: No. 0990028586 dated June 2, 2010; approved registration date: Jing-Shou-Shang-Zi No. 09901172870 on July 30, 2010.

Note 8: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No.

0990053764 dated October 5, 2010; approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 0990059380 dated November 10, 2010; Approved registration date: Jing-Shou-Shang-Zi No. 10001009360 on January 17, 2011.

Note 9: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng(1) Zi No. 1000032822 dated July 14 2011; Approved registration date: Jing-Shou-Shang-Zi No. 10001200240 on August 26, 2011.

Note 10: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1000044437 dated September 14, 2011; Approved registration date: Jing-Shou-Shang-Zi No. 10001248890 on October 31, 2011.

Note 11: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1010000994 dated February 2, 2012; Approved registration date: Jing-Shou-Shang-Zi No. 10101058810 on April 6, 2012.

Note 12: Approved registration date: Jing-Shou-Shang-Zi No. 10201243560 on November 29, 2013.

Note 13: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1030007417 dated March 21, 2014; Approved registration date: Jing-Shou-Shang-Zi No. 10301072450 on April 22, 2014.

Note 14: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1040013073 dated April 27, 2015; Approved registration date: Jing-Shou-Shang-Zi No. 10401103350 on June 4, 2015.

Note 15: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1050008133 dated March 25, 2016; Approved registration date: Jing-Shou-Shang-Zi No. 10501095630 on May 11, 2016.

Note 16: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1080335179 dated November 14, 2019.

2. Types of shares

Unit: Shares

Types of shares	Authorized capital stock			Remarks
	Outstanding shares	Unissued shares	Total	
Registered stocks	200,000,000 (Note 1)	200,000,000	400,000,000 (Note 2)	Listed stocks

Note 1: Including 14,023,475 shares of private placement stock

Note 2: 2,000,000 shares are for the subscription of stock warrants, preferred shares with stock options or stock option bonds.

3.General information about the reporting system: None.

(II) Composition of shareholders

March 29, 2021

Shareholder structure number	Government Agency	Financial Institution	Other Corporate Entities	Individual	Foreign Institutions and Foreigners	Total
Number of Persons	0	0	132	35,599	32	35,763
Number of Shares Held	0	0	58,772,148	140,239,570	988,282	200,000,000
Shareholding ratio	0.00%	0.00%	29.39%	70.12%	0.49%	100.00%

Note: All companies listing for the first time on TWSE/TPEx are required to disclose Chinese investors' holding interests. A Chinese investor refers to an individual, corporation, organization, or institution of Mainland origin, or any company owned by the above party in a foreign location, as defined in Article 3 of the "Regulations Governing Mainland Residents' Investment in Taiwan."

(III) Distribution of equity

March 29, 2021; common stock; NTD 10 par value per share

Range of Shareholding	Number of Shareholders	Number of Shares Held	Shareholding ratio
1 to 999	16,059	1,847,502	0.92
1,000 to 5,000	14,649	31,415,502	15.71
5,001 to 10,000	2,666	20,348,144	10.17
10,001 to 15,000	762	9,634,139	4.82
15,001 to 20,000	530	9,747,309	4.87
20,001 to 30,000	417	10,866,592	5.43
30,001 to 40,000	201	7,272,067	3.64
40,001 to 50,000	119	5,560,294	2.78
50,001 to 100,000	230	16,513,770	8.26
100,001 to 200,000	91	12,871,601	6.44
200,001 to 400,000	27	7,577,488	3.79
400,001 to 600,000	4	1,840,159	0.92
600,001 to 800,000	4	2,976,314	1.49
800,001 to 1,000,000	-	-	0.00
1,000,001 shares and above	4	61,529,119	30.76
Total	35,763	200,000,000	100.00

(IV) List of major shareholders (shareholders holding 5% or more of the shares or names, numbers of shareholding and ratio of the top 10 shareholders)

March 29, 2021

Name of major shareholder/shareholding	Number of shareholding	Shareholding Ratio (%)
KENMEC MECHANICAL ENGINEERING CO., LTD. (KENMEC) Representative: CHING-FU HSIEH	57,666	28.83
JUN-MING LIN	1,648	0.82
GUI-SONG ZHANG	1,200	0.60
JUNG-CHEN LIAO	1,015	0.51
MIAO-HSUEH SHIH	791	0.40
SU-WEN WU	785	0.39
ZAI-BO CHEN	760	0.38
XI-QUAN LIN	640	0.32
ZHOU-HUANG PAI	555	0.28
MENG-JIA ZHENG	440	0.22

(V) Market price, net value, earnings, and dividends in the most recent two years and information thereof

Unit: NTD

Item \ Year			2019	2020	By March 31 of 2021 (Note 8)
Market price per share (Note 1)	Highest		6.50	37.05	32.30
	Lowest		3.46	6.20	22.90
	Average		4.86	20.78	28.10
Net value per share	Before distribution		8.99	8.89	8.33
	After distribution (Note 2)		—	—	—
EPS	Weighted average number of shares (thousand shares)		200,000	200,000	200,000
	EPS (Note 3)	Before retrospective adjustment	(2.42)	0.01	(0.53)
		After retrospective adjustment	—	—	—
Dividends per share	Cash dividend		—	—	—
	Stock dividends	Surplus allotment	—	—	—
		Capital reserve allotment	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
ROI analysis	P/E ratio		(2.01)	2,078	(53.02)
	P/D ratio (Note 6)		—	—	—
	Cash dividend yield (Note 7)		—	—	—

*If there is a surplus or capital reserve to increase capitalization for distributing shares, the market price and cash dividend information adjusted retrospectively based on the number of shares to be issued shall be disclosed.

Note 1: The table lists the highest and lowest market price of common stocks for each year, and the annual average market price was calculated in accordance with the annual trading value and volume of each year.

Note 2: Please fill in the number of shares issued at the end of the year and the distribution according to the resolution of the general meeting of shareholders of next year.

Note 3: If there is a retroactive adjustment from distribution of bonus shares, the pre-adjustment and adjusted surplus per share shall be listed.

Note 4: Dividends that have not been issued in the current year are accrued to the issuer of the annual surplus; the accumulated undistributed dividends of the current year should be disclosed separately.

Note 5: P/E ratio = Average closing price per share in current year/earnings per share
Note 6: P/D ratio = Average closing price per share in current year/cash dividend per share
Note 7: Cash dividend yield = Cash dividend per share/average closing price per share in current year
Note 8: The data of net worth per share and earnings per share shall be based on the most recent quarter numbers audited by CPAs as of the printed date of the annual report; the remaining columns shall fill in the current year's data as of the publication date of the annual report.

(VI) The Company's dividend policy and implementation status

1. The dividend policy stipulated in the Company's Articles of Incorporation:

The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for decision after taking into account the actual funding situation of the Company.

Profits may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

2. The proposed dividend distribution for the year: The Company has proposed to not distribute shareholder bonuses, employee bonuses and remuneration to directors/supervisors as the Company suffered a loss in 2017.

(VII) The impact of stock dividend issuance on business performance, EPS, and shareholder return rate: Not applicable.

(VIII)Employee bonuses and remuneration to directors, and supervisors

1. The percentage or scope of employee bonuses and remuneration to directors and supervisors as set forth in the Articles of Incorporation:

If there is a profit for the year, the Company shall first pay taxes and cover previous losses, then set aside 10% as the legal reserve. As required by the law or competent authorities, a special reserve shall also be set aside. The remaining is then used for earnings distribution which is proposed by the board of directors and recognized by the shareholders' meeting. Among the earnings, 5%–15% is allocated as remuneration to employees, whereas remuneration to directors and supervisors is allocated at 1%–3% of the current year's pre-tax net income. Also, employees who are entitled to receive the Company's stock must be the Company's employees who meet certain criteria.

2. The accounting of the difference between the estimates of remuneration to employees, directors and supervisors, the basis for the calculation of outstanding shares for dividend payment and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: There is no remuneration to employees, directors or supervisors as the Company suffered a loss this year. If there is any change in the amount on the date of resolution made by the shareholders' meeting, the changed amount shall be treated as a change in accounting estimates and accounted for in the year of resolution made by the shareholders' meeting. If there is still a change in the amount, it is adjusted into the accounts on the shareholders meeting the following year.

3. Distribution of the remuneration approved by the Board of Directors:

(1) Information on the proposed employee bonus and remuneration to directors and supervisors passed by the board of directors: Not applicable.
(2) Proposed amount of stock distributed as employee remuneration and as a percentage to net income: None.
(3) Assumed earnings per share in consideration after distribution of employee

bonus and remuneration to directors and supervisors: Not applicable.

4. Actual distribution of employee bonus and remuneration to directors and supervisors in the previous year: No difference as the actual distribution was the same as the original resolution and the original amount recognized.

(IX) Repurchase of shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferred stock: None.

IV. Global Depository Receipts: None.

V. Issuance of employee stock option certificates: None.

VI. Issuance of restricted stock awards for employees: None.

VII. Issuance of new shares in connection with mergers or acquisitions or with the acquisition of shares of another company: None.

VIII. Implementation of Capital Utilization Plan:

The analysis of the previous cash capital increase, merger or acquisition, issue of new shares in connection with the acquisition of shares of another company, or plan of utilization of capital from issuance of corporate bonds: The Company did not engage in merger, the acquisition of shares of another company to issue new shares or issue corporate bonds, and the implementation of the previous cash capital increase plan is as follows:

(I) Private placement of common stocks in November 2013 (completed in 2013 Q4)

1. Plan

(1) Approval by the board of directors and shareholders' meeting: The proposal to request the annual general meeting to authorize the board of directors to handle the motion of private placement of common stocks resolved by the board of directors on March 28, 2013. On June 28, 2013, the annual general meeting approved the motion for private placement of common stocks; on November 8, 2013, matters in relation to the pricing of the private placement of common stocks were approved by the board of directors.

(2) Fund required for the plan: NTD 475,000 thousand.

(3) Source of capital: Private placement of 25,000 thousand common shares at NTD 10 per share, an issue price of NTD 19 per share, raising NTD 475,000 thousand.

(4) Fund utilization plan, fund utilization progress and the possible benefits to be produced

A.fund utilization plan and fund utilization progress

Unit: NTD thousand

Plan	Scheduled completion date	Total amount of fund required	Estimated fund utilization progress
			2013 Q4
Repayment of bank loans	2013 Q4	300,000	300,000
Enrich working capital	2013 Q4	175,000	175,000
Total		475,000	475,000

Information source: Provided by Tainergy

B.Possible benefits to be produced

Through the private placement, we hope to reduce capital costs, strengthen the Company's competitiveness while improving operational efficiency. The Company's financial structure is expected to be improved, posing positive effect on shareholders' equity.

2. Implementation status

Unit: NTD thousand

Plan	Implementation		As of 2013 Q4	Reasons for advance progress or progress falling behind and improvement plan
Repayment of bank loans	Amount spent	Estimated	300,000	The plan to issue common stocks by way of private placement was completed in 2013 Q4.
		Actual	300,000	
	Execution progress	Estimated	100.00%	
		Actual	100.00%	
Enrich working capital	Amount spent	Estimated	175,000	
		Actual	175,000	
	Execution progress	Estimated	100.00%	
		Actual	100.00%	
Total	Amount spent	Estimated	475,000	
		Actual	475,000	
	Execution progress	Estimated	100.00%	
		Actual	100.00%	

Information source: Provided by Tainergy

The Company's plan to issue common stocks by way of private placement in 2013 has been fully paid on November 14, 2013. The proceeds from the private placement were used to repay bank loans and enrich working capital upon receipt. The plan was completed in 2013 Q4 and has been disclosed on the MOPS as required.

3. Benefit evaluation

Unit: %

Item \ Year	End of 2012	End of the 3rd quarter of 2013	End of 2013
Liability ratio	52.46%	46.12%	34.92%
Owned capital ratio	47.54%	53.88%	65.08%
Long-term capital to fixed assets ratio	112.13%	131.09%	156.48%
Current ratio	58.91%	71.90%	100.73%
Quick ratio	47.01%	64.34%	67.87%

Information source: The information for the end of 2012 and 2013 is based on the standalone financial reports audited by the CPAs and the statements prepared by the Company for the end of 2013 Q3. Given that the solar industry hit rock bottom in 2012, the Company's financial structure and solvency were relatively weak. Not only was the liability ratio at 52.46%, but the current ratio and quick ratio were only at 58.91% and 47.01%, respectively. As the Company's operations began to bounce back in 2013, the financial structure improved at the end of 2013 Q3 from the end of 2012, with the liability ratio dropping to 46.12% and the long-term capital to fixed assets ratio raising to 131.09%. However, the current ratio and quick ratio remained weak. Through the injection of private placed funds, in 2013 Q4, our Company was able to repay bank loans and enrich working capital. In 2013, the overall liability ratio decreased to 34.92%, long-term assets to fixed assets ratio also increased to 156.48%, and current ratio and quick ratio increased to 100.73% and 67.87%, respectively. Together with the decrease in the Company's interest expense of NTD 7,050 thousand in 2013 Q4, from NTD 8,888 thousand in 2013 Q3 – a decrease of NTD 1,838 thousand – indicating the benefits of the private placement of common stocks.

(II) First cash capital increase in 2014 (completed in April 2014, the plan for 2014 Q2 was completed)

1. Plan

(1) Competent authority approval date and reference: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1030007417 dated March 21, 2014.

(2) Total funds required for the plan: NTD 1,044,225 thousand.

(3) Source of funds: Cash capital increase by issuing 45,500 thousand shares at NTD 10 per share, at an issue price of NTD 22.95 per share, raising NTD 1,044,225 thousand.

(4) Capital utilization plan, capital utilization progress and the possible benefits to be produced

Unit: NTD thousand

Plan	Estimated completion time	Total amount of fund required	Estimated fund utilization progress
			2014 Q2
Repayment of loans	2014 Q2	605,243	605,243
Enrich working capital	2014 Q2	438,982	438,982

Plan	Estimated completion time	Total amount of fund required	Estimated fund utilization progress
			2014 Q2
Total		1,044,225	1,044,225
Expected possible benefits	1. Repayment of bank loans In the fund-raising plan, NTD 605,243 thousand was expected to repay loans to reduce the amount of loans borrowed from financial institutions and other institutions as well as to reduce the interest burden. Based on the current interest rate of loans to be repaid, it is estimated that NTD 9,114 thousand of interest expense can be saved in 2014. The saving will adequately reduce the Company's financial burden and enhance its solvency while strengthening its financial structure, posing benefits on the Company's overall operating development. 2. Enrich working capital In the fund-raising plan, NTD 438,982 thousand will be used to enrich working capital to meet the increased demand for working capital as a result of operational growth. The raised funds will replace bank financing, which helps increase the stability of long-term capital, enhance short-term solvency, strengthen capital flexibility and improve financial structure while also saving interest expenditures and increasing the Company's operating competitiveness. Based on the average interest rate of 2.28% of short-term loans, with the raised funds replacing bank financing, an amount of NTD 10,009 thousand is expected to be saved each year in the future.		

2. Implementation status

Unit: NTD thousand; %

Plan	Implementation		As of 2014 Q2	Reasons for advance progress or progress falling behind
Repayment of loans	Amount spent	Estimate	605,243	Completed in 2014 Q2 as planned.
		Actual	605,531	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.05%	
Enrich working capital	Amount spent	Estimate	438,982	
		Actual	447,829	
	Execution progress (%)	Estimate	100.00%	
		Actual	102.01%	
Total	Amount spent	Estimate	1,044,225	
		Actual	1,053,360	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.87%	

Information source: The provision a cash capital increase for issuing new shares from Tainergy to the Company was completed in April 2014. The execution was also completed by 2014 Q2 as planned. The securities underwriter of the cash capital increase has been asked to express their opinion on the use of the funds and has disclosed the information on MOPS as required.

3. Benefit evaluation

Unit: %

Period / Item	2013 (before fund-raising)	First half of 2014 (after fund-raising)
Liability ratio	34.92%	20.03%
Current ratio	100.73%	228.27%
Quick ratio	67.87%	175.09%

Information source: The information for 2013 is based on the standalone financial reports audited by the CPAs and the statements prepared by the Company for the first half of 2014. After the Company's cash capital increase was in place in April 2014, it was used to repay bank loans and enrich working capital. The execution of the plan was completed in 2014 Q2. Judging from the Company's financial statements as of the end of 2014 Q2 when the cash capital increase plan was completed, the Company's liability ratio decreased from 34.92% in 2013 to 20.03% in the first half of 2014; the current ratio increased from 100.73% in 2013 to 228.27% in the first half of 2014; the quick ratio increased to 175.09% in the first half of 2014 from 67.87% of 2013 – indicating that the financial structure and solvency had significantly improved. In terms of interest savings, the Company's interest expenses for the first half of 2014 were NTD 11,229 thousand, which translates into a full-year amount of NTD 22,458 thousand and compared to the interest expenses of NTD34,779 thousand in 2013, an amount of NTD 12,321 thousand was saved. In summary, the cash capital increase has been beneficial in terms of the improvement of the Company's financial structure as well as saving interest expenses.

(III) First cash capital increase in 2015 (completed in May 2015, the plan for 2015 Q2 was completed)

1. Plan

(1) Competent authority approval date and reference: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1040013073 dated April 27, 2015.

(2) Total funds required for the plan: NTD 693,600 thousand.

(3) Source of funds: Cash capital increase by issuing 40,000 thousand shares at NTD 10 per share, at an issue price of NTD 17.34 per share, raising NTD 693,600 thousand.

(4) Capital utilization plan, capital utilization progress and the possible benefits to be produced

Unit: NTD thousand

Plan	Estimated completion time	Total amount of fund required	Estimated fund utilization progress
			2015 Q2
Repayment of loans	2015 Q2	550,000	550,000
Enrich working capital	2015 Q2	143,600	143,600
Total		693,600	693,600

Plan	Estimated completion time	Total amount of fund required	Estimated fund utilization progress
			2015 Q2
Expected possible benefits	1. Repayment of bank loans In the fund-raising plan, NTD 550,000 thousand was expected to repay loans to reduce the amount of loans borrowed from financial institutions and other institutions as well as to reduce the interest burden. Based on the current interest rate of loans to be repaid, it is estimated that NTD 12,559 thousand of interest expense can be saved in 2015. The saving will adequately reduce the Company's financial burden and enhance its solvency while strengthening its financial structure, posing benefits on the Company's overall operating development. 2. Enrich working capital In the fund-raising plan, NTD 143,600 thousand will be used to enrich working capital to meet the increased demand for working capital as a result of operational growth. The raised funds will replace bank financing, which helps increase the stability of long-term capital, enhance short-term solvency, strengthen capital flexibility and improve financial structure while also saving interest expenditures and increasing the Company's operating competitiveness. Based on the average interest rate of 2.28% of short-term loans, with the raised funds replacing bank financing, an amount of NTD 3,274 thousand is expected to be saved each year in the future.			

2. Implementation status

Unit: NTD thousand; %

Plan	Implementation		As of 2015 Q2	Reasons for advance progress or progress falling behind
Repayment of loans	Amount spent	Estimate	550,000	Completed in 2015 Q2 as planned.
		Actual	550,000	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.00%	
Enrich working capital	Amount spent	Estimate	143,600	
		Actual	143,600	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.00%	
Total	Amount spent	Estimate	693,600	
		Actual	693,600	
	Execution progress (%)	Estimate	100.00%	
		Actual	100.00%	

The cash capital increase for issuing new shares was completed in May 2015. The executed was also completed by 2015 Q2 as planned. The securities underwriter of the cash capital increase has been asked to express their opinion on the use of the funds and has disclosed the information on MOPS as required.

3. Benefit evaluation

Unit: %

Item \ Period	2014 (before fund-raising)	First half of 2015 (after fund-raising)
Liability ratio	25.73	18.40
Current ratio	191.11	248.49
Quick ratio	152.15	189.74
Ratio of long-term capital to fixed assets	254.07	304.33

Information source: The information is based on the 2014 standalone financial reports audited by the CPAs and the statements prepared by the Company for the first half of 2015. After the Company's cash capital increase was in place in May 2015, it was used to repay bank loans and enrich working capital. The execution of the plan was completed in 2015 Q2. Judging from the Company's financial statements as of the end of 2015 Q2 when the cash capital increase plan was completed, the Company's liability ratio decreased from 25.73% in 2014 to 18.40% in the first half of 2015; the current ratio increased from 191.11% in 2014 to 248.49% in the first half of 2015; the quick ratio increased from 152.15% in the first half of 2014 to 189.74% in the first half of 2015. Also, the ratio of long-term capital to fixed assets increased from 254.07% to 304.33% in 2014. It has indicated that the financial structure and solvency had significantly improved. In terms of interest savings, the Company's interest expenses for the first half of 2015 were NTD 7,028 thousand, which translates into a full-year amount of NTD 14,056 thousand and compared to the interest expenses of NTD18,558 thousand in 2014, an amount of NTD 4,502 thousand was saved. In summary, the cash capital increase has been beneficial in terms of the improvement of the Company's financial structure as well as saving interest expenses.

(IV) First cash capital increase in 2016 (completed in April 2016, the plan for 2016 Q4 was completed)

1. Plan

(1) Competent authority approval date and reference: Approved by the Financial Supervisory Commission with the order letter: Jin-Guan-Zheng-Fa-Zi No. 1050008133 dated March 25, 2016.
(2) Total funds required for the plan: NTD 693,200 thousand.
(3) Source of funds: Cash capital increase by issuing 40,000 thousand shares at NTD 10 per share, at an issue price of NTD 17.33 per share, raising NTD 693,200 thousand.
(4) Capital utilization plan, capital utilization progress and the possible benefits to be produced

Unit: NTD thousand

Plan	Scheduled completion date	Total amount of fund required	Estimated fund utilization progress		
			2016 Q2	2016 Q3	2016 Q4
Investment in Vietnergy Co., Ltd.	2016 Q4	787,600	580,003	172,633	34,964

(5) Expected possible benefits

The capital increase will be used to invest in Vietnergy Limited (Tainergy Vietnam), a wholly owned company by the Company. The fund is for the expansion of the plant of Tainergy Vietnam as well as the purchase of machinery and equipment. It is expected to increase operating revenue, gross margin and net profit by NTD 13,833,666 thousand, NTD 1,383,368 thousand and NTD 830,021 thousand, respectively, which poses large benefits to the Company's future operation from 2016 to 2019.

Five.Business Operation

I. Business Items

(I) Business scope

1. Main content of the operated businesses:
   (1) Manufacture of Batteries and Accumulators
   (2) Manufacture of Power Generation, Transmission and Distribution Machinery
   (3) Electronics Components Manufacturing
   (4) Energy Technical Services
   (5) International Trade
   (6) Research, develop, design, manufacture and sales the following products:
   A. Solar cells and related system.
   B. Solar power module.
   C. International trade in relation to the aforementioned products.
   (7) All business items that are not prohibited or restricted by law, except those that are subject to special approval.
2. Operating weight:
   The operating weight of the Company's major products:

Unit: NTD thousand

Major product category	2019		2020	
	Net revenue	Operating weight	Net revenue	Operating weight
Solar cell	2,223,213	95.47	2,079,714	94.81
Solar module	2,386	0.10	48,917	2.23
Others	103,214	4.43	64,966	2.96
Total	2,328,813	100.00	2,193,597	100.00

3. Current products (services): R&D of solar cells, production, sales and OEM services.
4. New product (service) planned to be developed: High efficiency and low-cost solar cells.

(II) Overview of the industry

1. Current situation and development of the industry:
   In the past two years, countries around the world have set themselves carbon neutrality targets while promoting green energy policies, and with the declining cost of solar power generation, the expansion of the solar power market is looking positive. The installed capacity is expected to exceed 140GW in 2021, and 160GW in an optimistic scenario, with an annual growth rate expected to reach over 15%.
   (1) The global demand for solar power suffered large decline in 2018 with an installed capacity of 88GW. After a series of adjustment, the global demand for modules bounced back to 121GW in 2019, and was predicated to continue in the US in the beginning of 2020 as it was in high demand. Unanticipatedly, the COVID-19 outbreak that erupted in February put a stop to demand in the solar power market. After months and months of lockdowns, isolation, and lifting of restrictions, the market is slowly picking up and the annual installed solar capacity was approximately 127GW in 2020.
   (2) The top four countries with largest demand are China, Europe, the United States, and India. It is also worth mentioning that under the encouragement of its domestic policies, India's demand for solar power grew by a wide margin and total demand for 2019 was close to that of the US. However, due to the India's dense population and health, and infrastructure not being as advanced as other countries, the pandemic outbreak posed a large effect on demand of

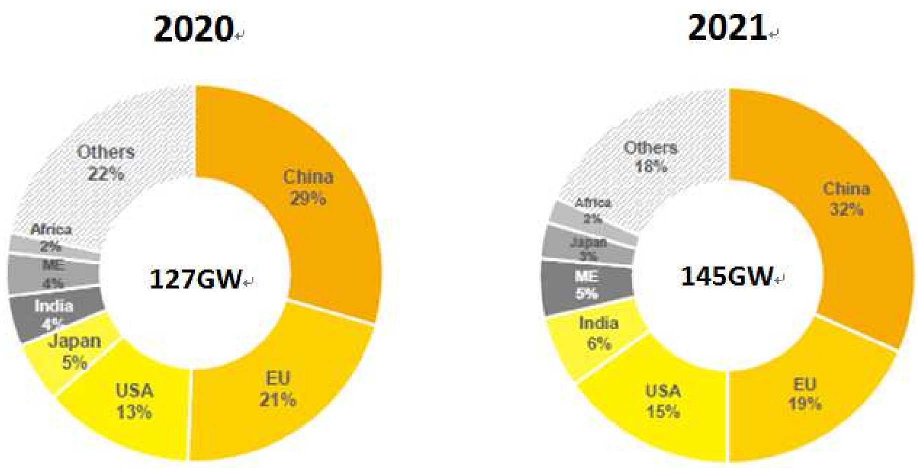
domestic photovoltaic (PV) and installation progress, and primarily contributed to lockdowns and sluggish supply chain. The installed capacity was only 4% of global demand.

(3) On the other hand, although the solar power market also suffered a large decline in second half of first qarter and second quarters of 2020 due to government policies including home isolation, the US added 16.5GW of PV capacity in 2020, a much better amount than the expected 11.5GW. The result is mainly thanks to the rebound of public sector and residential market in light installations, enabling the US PV to maintain its continuous growth for the next 10 years. Looking forward to 2021, the market is looking positive in the US under the 2-year extension of the Investment Tax Credit (ITC) as an incentive and state policy to help distributed generation. It is expected the annual installed demand will exceed 20GW.

(4) China has been dominating the solar market for many years. In the first half of 2020, the progress of China's installed capacity was affected by the pandemic outbreak; in the second half, demand and the deadline for grid integration drove the progress of installations to accelerate. The number of grid integration projects in China exceeded 10GW, and the number of grid integration in the 4th quarter at competitive and affordable prices also exceeded expectations. In the coming year (2021), many provinces in China have planned the "14th Five-Year Plan" of renewable energy development to build large PV bases and configuration of energy storage demonstration projects. The PV demand is expected to thrive.

(5) Aside from the demand from the three major countries stated above, European, Japanese and Korean markets are all expected to see steady demand in 2021, in the post-pandemic era. Although emerging markets such as Southeast Asia, the Middle East North Africa, and Central and South America are still suffering from the outbreak, economic and regional risks, with national policies all pointing in the same direction, the overall demand is expected to steadily increase in 2021.

Figure 1, the global solar energy market share of the installation distribution for 2020 – 2021



2. Upstream, midstream, and downstream of the industry

(1) Silicon Materials

With added production capacity that released in 2019 and 2020, silicon material prices declined at a slow pace, and they remained low in the first half of 2020. In second half of 2020, a number of silicon manufacturers reduced or stopped output due to accidents, and the continuous release of silicon wafer supply capacity has exceeded the capacity of silicon plants, resulting in a sharp rise in upstream silicon material prices from July to September. Although prices were stable for a period of time, they increased sharply again, however, since January 2021, and it has not stopped. The rise in silicon material prices has cast a variable on the PV supply chain, which may result in an intense upstream and downstream price negotiation.

(2) Silicon Wafer Supply

Given silicon wafer production capacity has expanded extensively in recent years, and mono-crystalline wafer production capacity reaching 240GW in 2021, it is likely to result in oversupply. On the other hand, with the situation of multi-crystalline cell prices remaining sluggishness for a long time, many wafer plants with old capacity or in high tariff areas have gradually withdrawn from the market, resulting in a drop in the overall multi-crystalline wafer capacity to less than 15%.

In terms of mono-crystalline silicon wafers, due to the stable market demand, the production rate of major manufacturers is able to remain at a high level. However, given the overall production capacity of silicon wafer plants has exceeded the production capacity of silicon material plants by a wide margin, the rise in silicon price has been gradually taking the gross profit from silicon wafer plants. Once major silicon wafer plants begin to increase prices, it will seriously crush the profitability of downstream manufacturers in the PV supply chain, directly or indirectly impacting the implementation of terminal demand.

(3) Market Supply and Demand

Overall, downstream demand in the PV industry should be optimistic in 2020; however, with continuous production capacity in all segments of the supply chain, there may still be an oversupply situation. In the long run, the overall supply chain prices will keep on declining as manufacturers reduce cost. Also, the uneven production capacity between upstream silicon materials and silicon wafers that resulted in an increase in raw materials also pose many variables on the overall supply chain depending on the pricing strategy of the silicon wafer oligopoly suppliers, which may affect the industry. If silicon wafer suppliers decide to raise the price, it will undoubtedly lead to price games between upstream raw material sectors, midstream cell plants, module plants and downstream power stations, and the price of the actual product will rise or fall depending on market supply and demand.

3. Development Trends of Products

(1) As mono-crystalline PERC has already established its mainstream position in the market, the expansion of cell plants after 2019 mainly manufacture mono-crystalline PERC. It is estimated that mono-crystalline PERC will account for more than 70% of all types of solar cells in 2021.

(2) Silicon wafers and production equipment will move towards large-size products: From the M2 size (156.75mm), the mainstream in the past two years to the G1 size (158.75mm) today, and then to M6 (166mm), 182mm, and even M12 (210mm).

(3) As there are many module technology manufacturers, the main purpose is to improve the module wattage. Among them, the 9BB cell layout and half-wafer

process are the most focused in the market.

(III) Overview of the Technology and R&D

1. Technology level of the business

In the early stage of our business, we introduced foreign outstanding, advanced and high-capacity automated solar cell production equipment, and combined with the rich academic background of our R&D supervisor and our solid management system and process development, we created the best yield and conversion efficiency in the shortest period, allowing us to reduce production cost while maximizing production capacity.

We have set up an R&D engineering department and introduced advanced processes and measurement equipment. We also work closely with domestic and foreign companies in the related industry, or academic units to conduct exchanges regarding information, technology and experience. By carrying out the above approaches, we hope improve ourselves with the world's most advanced solar energy high efficiency process technology.

2. R&D Development

The Company's development plans for 2020 key technologies are as follows, with R&D expenses accounting for approximately 1% of revenue

Technology	Plan
Process technology optimization	01. Single PERC solar cell efficiency improvement (mono-crystalline: 23.0%) 02. 9BB/MBB/Stacked tile product development
New material application	01. Large size wafer evaluation 02. Development and testing of new material passivation technology 03. HJT product development

3. R&D personnel and their education

The solar cell process requires a combination of technologies from various industries. The Company's R&D team mostly possess professional experience in panel, PCB and semiconductor processes, plant construction, equipment, power generation and production management. Their academic qualifications are as follows:

Year / Education distribution	End of 2019		End of 2020		End of March 2021	
	Number of Persons	%	Number of Persons	%	Number of Persons	%
Doctoral Degree	1	2.78	4	8.00	4	8.00
Master's degree	10	27.78	9	18.00	9	18.00
University/college	24	66.67	34	68.00	34	68.00
Below high school	1	2.77	3	6.00	3	6.00
Total	36	100.00	50	100.00	50	100.00

4. R&D expense of the most recent 5 years

Unit: NTD thousand; %

Item	2016	2017	2018	2019	2020	First quarter of 2021
R&D Expense	86,983	65,727	47,442	19,572	39,186	9,914
Total operating revenue	7,343,091	5,966,344	2,727,097	2,328,813	2,193,597	413,795
as a percentage of revenue	1.18%	1.10%	1.74%	0.84%	1.79%	2.40%

CPA's responsibility for the audit of the consolidated financial statements

5. Technologies or products successfully developed

Given that the conversion efficiency of solar cells is a crucial indicator of the technological development of the solar power industry, the Company is dedicated to improving the conversion efficiency and new processes of solar cells as well as developing and designing low-cost products. As a means to allow a full range of product line portfolio, we utilized our existing process technology, R&D and engineering manpower and have successfully developed a high efficiency black solar cell and attained a patent in Taiwan. Its anti-reflective layer effectively reduces the reflection rate of light, to further improve the conversion efficiency. Thanks to its apt color uniformity and architectural matching ratio, it has been highly recognized and adopted by a number of module customers. We have also developed high efficiency and PID-free solar cells and modules that passed international certifications such as, IEC 62804, TUV, UL, and PI-BERLIN. Moreover, we have also successfully developed chain-type high quality and cost-competitive products and attained patents in Japan and Taiwan. The Company's R&D achievements in average conversion efficiency over the years are as follows:

Year	R&D results
2008	The average conversion efficiency of 6-inch polycrystalline solar cells has increased to 15.8%.
2009	The average conversion efficiency of 6-inch polycrystalline silicon solar cells has increased to 16.1%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 16.0%.
2010	The average conversion efficiency of 6-inch polycrystalline silicon solar cells has increased to 16.5%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 16.3%.
2011	The average conversion efficiency of 6-inch polycrystalline silicon solar cells has increased to 17.1 %. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 17.4%. The average conversion efficiency of 6-inch polycrystalline silicon back electrode solar cells has increased to 17.8%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 18.2%.
2012	The average conversion efficiency of 6-inch polycrystalline silicon PID FREE cells increased to 17.6% The average conversion efficiency of 6-inch polycrystalline silicon high-efficiency solar cells has increased to 18.2%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 17.6%. The average conversion efficiency of 6-inch polycrystalline silicon back electrode solar cells has increased to 18 %. The average conversion efficiency of 6-inch class monocrystalline silicon solar

Year	R&D results
	cells has increased to 18.64%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 19.2%. The maximum power of 6*10 polycrystalline silicon high-efficiency solar module has increased to 260W.
2013	The average conversion efficiency of 6-inch polycrystalline silicon PID FREE cells increased to 18.0% The average conversion efficiency of 6-inch polycrystalline silicon high-efficiency solar cells has increased to 18.4%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 17.6%. The average conversion efficiency of 6-inch polycrystalline silicon back electrode solar cells has increased to 18.2 %. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 18.8%. The average conversion efficiency of 6-inch monocrystalline silicon solar cells has increased to 19.6%. The maximum power of 6*12 polycrystalline silicon high-efficiency solar module has increased to 320W.
2014	Passed the “Trench-type copper electrode solar cell technology development project” by the Bureau of Energy in 2014. The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.0%. The average conversion efficiency of 6-inch monocrystalline silicon solar energy PID resistant cells has increased to 19.6%. The average conversion efficiency of 6-inch polycrystalline silicon solar PERC cells has increased to 18.5%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 20.2%. The maximum power of 6*10 monocrystalline silicon high-efficiency solar modules has increased to 280W. PID passed the dual 85 96hr test.
2015	4BB New product development Passed the “Coated type double-sided solar cell development project” by the Bureau of Energy in 2015.
2016	The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.2%. The average conversion efficiency of 6-inch monocrystalline silicon solar energy PID resistant cells has increased to 19.8%. The average conversion efficiency of coated double-sided 6” polycrystalline silicon solar PERC cells has been increased to 19.0%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 20.4%. The average conversion efficiency of 6-inch polycrystalline silicon black solar cells has increased to 18.6%.
2017	The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.5%. The average conversion efficiency of 6-inch monocrystalline silicon solar energy PID resistant cells has increased to 20.1%. The average conversion efficiency of coated double-sided 6” polycrystalline silicon solar PERC cells has been increased to 19.4%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 21.1%. The 6*10 polycrystalline silicon high-efficiency solar module VPC-275W is registered and certified. The 6*10 monocrystalline silicon high-efficiency solar module VPC-290W is registered and certified.
2018	The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.6%.

Year	R&D results
	The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 20.9%. The average conversion efficiency of coated double-sided 6" polycrystalline silicon solar PERC cells has been increased to 20.4%. The average conversion efficiency of 6-inch class monocrystalline silicon solar cells has increased to 21.8%. The 6*10 monocrystalline silicon high-efficiency solar module VPC-305W is registered and certified. The 6*12 monocrystalline silicon high-efficiency solar module VPC-375W is registered and certified.
2019	The average conversion efficiency of 6-inch polycrystalline silicon solar energy PID resistant cells has increased to 18.82%.
2020	Double-sided 158.75 mm mono-crystalline silicon cells have an average conversion efficiency of 22.80% with a 70% generating efficiency of the back side > front side

(IV) Long-term and Short-term Business Development Plans

At Tainergy, we persist on seeking to develop the solar cell and module markets to expand our production scale, reduce production cost and improve quality to further expand our market share and develop emerging markets to ensure the Company's sustainability.

1. The Company's short-term business strategy
   (1) Improve production equipment and technology, while striving for improving conversion efficiency to satisfy demand.
   (2) We will make every effort to expand new markets and develop new customers, and produce high-efficiency batteries and reduce efficiency degradation through R&D and process technology improvements.
   (3) Development of high conversion efficiency products;
   (4) Zero deficiencies in quality management;
   (5) Reduce production costs; increase price advantage; and
   (6) Continue to expand customers.
2. Long-term business strategy
   (1) In response to the variables that are brought by the new anti-dumping and anti-subsidy policies, we will be prepared with comprehensive business planning. Meanwhile, we will also keep a close eye on global market changes and proactively develop emerging markets to reduce the impact of changes in a single market posed on the market.
   (2) Strengthen the integration of the Group's resources and establish a high-performance production management model to increase market competitiveness.
   (3) Establish upstream and downstream material quality and technology exchange to enhance conversion efficiency and increase product value, thus increasing competitiveness.
   (4) Continue to pursue a strong financial structure in order to reduce operational risk and ensure operational performance.
   (5) Establish upstream, midstream and downstream strategic alliances so that the supply of upstream raw materials will not run out, while downstream sales channels will remain smooth in order to utilize our capacities. We will also strengthen cooperative relationships with partners at all stages of the industry chain to increase competitiveness.
   (6) The construction of the Vietnam site has been completed, and in order to satisfy customers' different demand and to develop new markets, the products

produced in the Vietnam site will directly supply the emerging markets and the growing demand in Vietnam.

(7) We have expanded the construction of the China site as a means to respond to the growing demand in China, to serve customers closely, and improve customer satisfaction, while achieving economies of scale to further reduce costs and increase revenues.

II. Market and Sales Overview

(I) Market analysis

1. Sales (provision) of major products (services) regions

Unit: NTD thousand; %

Sales regions \ Year		2019		2020	
		Amount	Proportion	Amount	Proportion
Domestic market		254,794	10.94	112,234	5.12
Export	Asia	1,747,306	75.03	1,658,520	75.61
	Europe	10,492	0.45	96,140	4.38
	Others	316,221	13.58	326,703	14.89
	Subtotal	2,074,019	89.06	2,081,363	94.88
Total		2,328,813	100.00	2,193,597	100.00

2. Market share

The Company's main operations are the production, R&D and sales of crystalline silicon solar cells and modules. Based on the calculation of installed solar power globally of 127GW in 2020, the Company's sales of solar power products in 2020 were approximately 655MW, accounting for 0.52% v of a global market share.

3. Market future supply, demand and growth

(1) As mono-crystalline PERC has established its mainstream position in the market, the expansion of production in 2020 for cell plants will focus on mono-crystalline PERC.

(2) It is estimated that the production capacity for N-type cells will increase significantly after 2020.

(3) With the increase in wafer sizes, multi-crystalline and mono-crystalline cells will move toward larger sizes in order to provide more wattage under the same conversion efficiency.

4. Competitive niche

(1) The mono-crystalline silicon PREC cell is the most popular mainstream product in the production market, and meets the demands of the U.S. market in terms of production dimension. Currently, the most popular is G1-sized (158.75mm) cells. The Vietnam Factory of Tainergy plans to complete modification in mid-2021 and start production of M6-sized (166mm) cells.

(2) Flexibility – Tainergy has proper production capacity which can be dynamically adapted to significant market changes or crisis.

(3) Take advantage of the production at third places (Vietnam) - Due to the policy of protective tariffs from some countries (such as the U.S.), Tainergy has taken advantage of the production capacity at third places for potential relative pricing advantages and increased profits.

(4) Robust business policies – In addition to cost reduction, grasp more business opportunities, and careful evaluation of future development, the Company seek

strategic partners for long-term cooperation and co-prosperity.

5. Favorable factors and possible challenges for the development vision and measures

(1) Favorable factor – Booming development in the US solar power system

A. The 26% of the investment tax credit (ITC) and policy deadline have been extended for two years which has allowed the continuation of a large amount of installed solar capacity in the US.

B. General manager Biden announced a USD2 trillion clean energy policy.

C. It is expected that the installed capacity of solar power in the US will be approximately 20GW in 2021, and the demand will grow steadily from 2021 to 2025, with 2014–2015 expected to exceed 30GW of module demand.

D. New opportunities brought with the US–China trade war: The National Security Strategy still lists fighting against China as one of its priorities after US General manager Biden took office. In terms of PV industry, the US still imposes heavy tariffs on the import of Chinese PV products (crystalline silicon solar cells, solar modules). These tariffs include the Section 301 and bilateral taxes, and in particular the anti-dumping rate announced in October 2020 has increased significantly, with the rate range generally falling at 68.93%. In the face of heavy tariff barriers, it is not favorable for Chinese crystalline silicon cell products to be directly exported to the US and the US demand on solar power cells modules are likely to be transferred to Southeast Asia such as Vietnam and Thailand.

(2) Possible challenges and measures

A. Overall, there is still more supply than demand in the solar power industry and as a result of that, suppliers reduce costs in order to gain advantage. With product prices continuing to fall, profit is relatively limited.

B. As many solar power plants have adopted the vertical integration method, it has increased the cooperation efficiency of the supply chain to gain cost advantages, thus improving negotiation. For example, major integrated plants such as Xi'an LONGI Silicon Materials and Jinko Solar have emphasized technology + cost + brand advantages, module shipments and gross profit is optimized.

C. With upstream silicon plants and silicon wafer leading manufactures controlling the prices of raw materials, wafer costs will affect the downstream market changes.

(3) Countermeasures:

A. We will make the effort to negotiate or sign long-term contracts with suppliers to ensure the supply of goods and gain competitive material prices to further reduce the production costs of products, achieving a win-win situation.

B. Upstream and downstream raw material quality control mode and technology exchange channels will be established to improve the conversion efficiency of cells to increase the product value to further increase competitiveness.

C. We will take advantage of the effect of switching orders brought by anti-dumping and anti-subsidy policies and take over the demand in the third place, creating a regional supply shortage to deepen our strategic position.

D. Furthermore, we will proactively search for quality customers in different geographic regions and form a long-term business relationship with them in an effort to disperse risks and increase competitiveness.

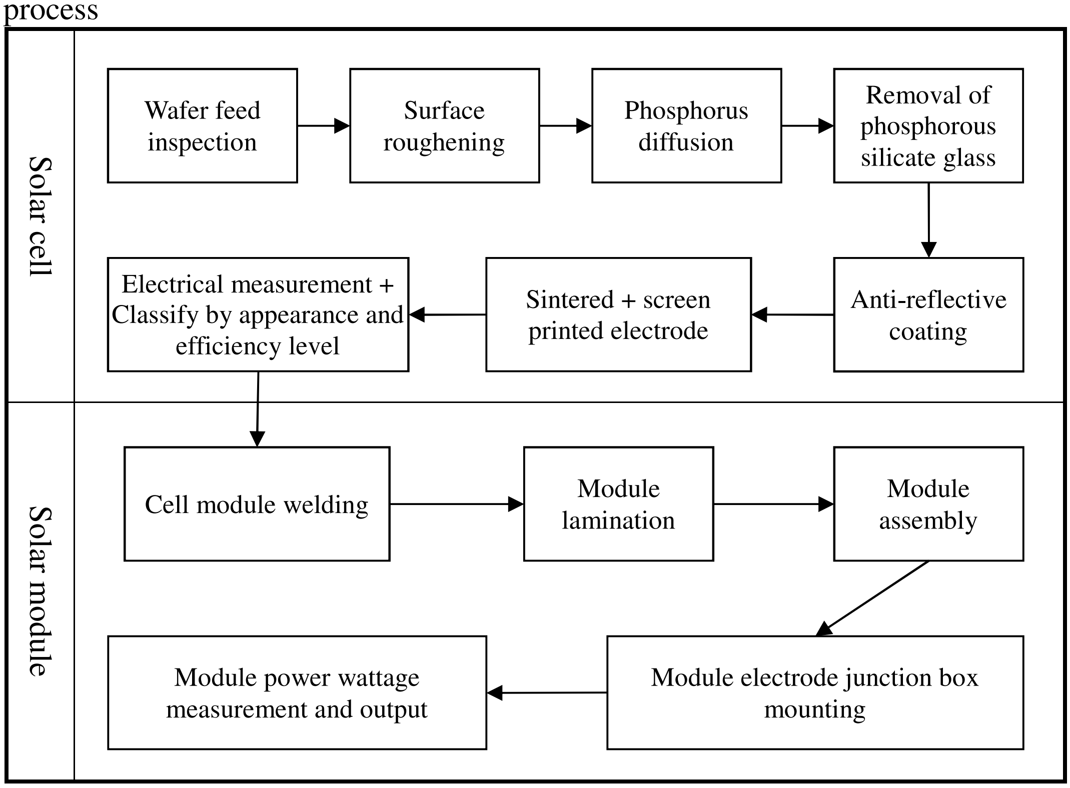
(II) Important Purposes and Production Processes of Main Products

1. Important purposes of major products

Solar cells convert light directly into electricity without using fuel and there are no waste or pollution problems. As solar cells have no rotating parts, they do not generate noise when operating, and under normal use, the product life can reach more than over 20 years. The outer diameter of the cells can be changed according to needs from – small: consumer electronic products such as watches, small computers, battery chargers, solar vehicles and residential power supply; to large: independent power plants, providing extensive use of applications.

Field	Application
Power plant	5MW independent power plant or 10 MW independent power plant.
Building	Solar power building 100KW or 300KW power supply systems, residential power supply systems, emergency power supply systems, emergency lighting systems, curtain walls, sunshades, skylight panels, roof tiles.
Outlying islands, remote areas	PV-electrochemical devices for repeaters, PV systems for outlying islands, PV systems for mountain regions
Livelihood	Radios, meters, watches, calculators, solar cameras, flashlights, battery chargers, camping lights.
Roads, traffic	Street lights, traffic signs, road signs, sign lights, solar electric vehicle charging stations, highway emergency telephones, remote road emergency telephones, parking meters, parking lot control gate systems, highway soundproof wall PV systems, highway rest area PV systems, solar vehicles, level crossing signs, bus shelter PV systems, station roof-type PV systems.
Agriculture, forestry, fisheries and livestock	Farmhouse electricity, greenhouse cultivation PV systems, agricultural irrigation, automatic watering systems, electric fence for livestock, cow milk refrigeration, fish farming, aeration, automatic feeders.
Communication	For wireless communication, base stations/repeaters, emergency telephone repeaters, telephone communication PV systems, radio receiving PV systems, microwave repeaters.

2. Production process



(III) Supply Status of Main Materials

Main raw materials	Supplier	Supply condition
Silicon wafer materials	Company BG, Company BH	Good
Slurry	Company J	Good

(IV) Main suppliers and customers

1. Names of vendors that accounted for more than 10% of the total procurement of goods in any of the past two years and the amount and proportion of the goods sold and the reason for the change

Unit: NTD thousand

Item	2018				2019				As of 2020 Q1			
	Name	Amount	Ratio to annual net procurement (%)	Relationship with the issuer	Name	Amount	Ratio to annual net procurement (%)	Relationship with the issuer	Name	Amount	Ratio to net purchase in current year to the end of the previous quarter (%)	Relationship with the issuer
1	Company AX	218,359	17.69	None	Company J	271,499	17.69	None	Company BR	76,704	25.48	None
2	Company AT	139,151	11.27	None	Company BG	132,942	11.27	None	Company BS	53,632	17.82	None
3									Company BT	49,925	16.59	None
4									Company J	47,783	15.88	None
5								None	Company BH	38,146	12.67	None
6	Others	876,878	71.04	None	Others	892,162	68.81	None	Others	34,803	11.56	None
	Net procurement	1,234,388	100.00	—	Net procurement	1,296,603	100.00	—	Net procurement	300,993	100.00	—

Note 1: A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement amount in either of the two most recent fiscal years, the amounts bought from each, the percentage of total procurement accounted for by each, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

2. Names of customers that accounted for more than 10% of the total sales of goods in any of the past two years and the amount and proportion of the goods sold and the reason for the change

Unit: NTD thousand

Item	2019				2020				As of 2021 Q1			
	Name	Amount	Ratio to annual net sales (%)	Relationship with the issuer	Name	Amount	Ratio to annual net sales (%)	Relationship with the issuer	Name	Amount	Ratio to net sales in current year to the end of the previous quarter (%)	Relationship with the issuer
1	Company BD	388,284	16.67	None	Company BM	1,364,847	62.22	None	Company BM	210,104	50.77	None
2	Company BO	302,742	15.50	None	Company BN	272,813	12.44	None				None
4	Others	1,886,952	67.83	None	Others	555,937	25.34	None	Others	203,691	49.23	None
	Net sales	2,328,813	100.00	—	Net sales	2,193,597	100.00	—	Net sales	413,795	100.00	—

Note 1: A list of any customers accounting for 10 percent or more of the company's total sales amount in either of the two most recent fiscal years, the amounts sold to each, the percentage of total procurement accounted for by each, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

(V) Production Volume and Value in the Most Recent Two Years

Unit: thousand pieces; NTD thousand

Production value / Year / Main product	2019			2020		
	Production capacity (thousand pieces)	Production volume (thousand pieces)	Production value (NTD thousand)	Production capacity (thousand pieces)	Production volume (thousand pieces)	Production value (NTD thousand)
Solar cell	123,249	123,249	1,797,896	151,519.0	151,519.0	1,927,300
Solar module	0.4	0.4	1,840	0.0	0.0	0
Others		13	282,484	0.0	0.0	49,804
Total	123,249.4	123,262.4	2,082,220	151,519.0	151,519.0	1,977,104

(VI) Sale Volume and Value in the Most Recent Two Years

Unit: thousand pieces; NTD thousand

Sales value / Year / Main product	2019				2020			
	Domestic market		Export		Domestic market		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Solar cell	8,801	153,179	122,050	2,070,034	1,082	153,179	142,792	2,069,918
Solar module	3	1,243	0.4	1143	10	4,211	—	—
Other (Note)	—	100,372	—	2,842	—	98,277	—	11,445
Total	8,804	254,794	122,051	2,074,019	1,092	254,794	1,42,792	2,081,363

Note: The Company's other products are mainly raw materials and materials associated to the manufacturing process of solar cells and modules, which are counted in different units.

III. Number of employees employed for the two most recent years, and during the current year as of the date of publication of the annual report

Unit: person; year; %

Year		End of 2019	End of 2020	End of March 2021
Number of employees	Managerial Officers	13	21	17
	General employees	696	752	673
	Total	709	773	690
Average age		30.94	30.89	31.61
Average years of service		4.02	4.21	3.99
Education distribution	Doctoral Degree	0.28%	0.65%	0.58%
	Master's degree	5.08%	4.40%	4.64%
	University/college	29.48%	29.75%	31.45%
	Below senior high school	65.16%	65.20%	63.33%

IV. Information on environmental expenditure

(I) According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made:

1. Application for the pollution facility installation permit or pollution discharge permit

Category	Environmental protection-related permits and regulations	Acquisition date	Remarks
Water pollution prevention	Wastewater consent certificate	January 11, 2008	Zhong-Zong-Zi No. 0975140026
	Water pollution prevention program Approval review	March 5, 2008	Fu-Huan-Shui-Zi No. 0970700481
	Attained the certificate for the completion of the management center's wastewater (sewage) pipeline connection	October 29, 2008	Zhong-Zong-Zi No. 0975141813
	Letter of approval for Class B wastewater special personnel setup	November 24, 2008	Fu-Huan-Shui-Zi No. 0970075946
	Change of water pollution prevention license	April 20, 2011	Fu-Huan-Shui-Zi No. 1000021000
	Certificate of consent for waste connection	September 15, 2011	Zhong-Zong-Zi No. 1005142017
	Change of water pollution prevention license	December 26, 2011	Fu-Huan-Shui-Zi No. 1000079806
	Letter of approval for Class A wastewater special personnel setup	November 2, 2012	Fu-Huan-Shui-Zi No. 1010076229
	Application for the extension of change of water pollution prevention license	December 4, 2017	Fu-Huan-Shui-Zi No. 1060291874
	Change of water pollution prevention license	August 20, 2015	Fu-Huan-Shui-Zi No. 1040218974
Stationary pollution source prevention	Stationary pollution source installation license	April 17, 2008	Fu-Huan-Kong-Zi No. 0970602769
	Letter of approval for Class A air pollution special personnel setup	March 11, 2009	Fu-Huan-Kong-Zi No. 0980013567
	Stationary source operating license	October 30, 2009	Fu-Huan-Kong-Zi No. 0980013574
	Alteration of operating license for stationary pollution sources	November 6, 2010	Fu-Huan-Kong-Zi No. 0990037552
	Change of stationary pollution source installation license	May 20, 2011	Fu-Huan-Kong-Zi No. 1000020999
	Change of stationary source operating license	December 8, 2011	Fu-Huan-Kong-Zi No. 1000041875

Category	Environmental protection-related permits and regulations	Acquisition date	Remarks
	Letter of approval for Class A air pollution special personnel setup	November 20, 2012	Fu-Huan-Kong-Zi No. 1010080426
	Change of stationary pollution source installation license	March 17, 2015	Fu-Huan-Kong-Zi No. 1040064935
	Application for the extension of stationary source operating license	November 21, 2016	Fu-Huan-Kong-Zi No. 1050288704
Business waste management	Letter of approval for business waste removal plan	January 28, 2008	Fu-Huan-Fei-Zi No. 0970002603
	Alteration of letter of approval for business waste removal plan	January 8, 2010	Fu-Huan-Fei-Zi No. 0990000862
	Change of letter of approval for business waste removal plan	May 21, 2010	Fu-Huan-Fei-Zi No. 0990017091
	Change of letter of approval for business waste removal plan	January 11, 2011	Fu-Huan-Fei-Zi No. 0990079455
	Change of letter of approval for business waste removal plan	June 24, 2011	Fu-Huan-Shi-Zi No. 1000038317
	Change of letter of approval for business waste removal plan	June 11, 2012	Fu-Huan-Shi-Zi No. 1010025334
	Change of letter of approval for business waste removal plan	April 24, 2014	Fu-Huan-Shi-Zi No. 1030094981
	Change of letter of approval for business waste removal plan	August 24, 2015	Fu-Huan-Shi-Zi No. 1040221267
	Letter of approval for class A waste treatment technician setup	September 5, 2016	Fu-Huan-Shi-Zi No. 1050220236
	Change of letter of approval for business waste removal plan	November 2, 2017	Fu-Huan-Shi-Zi No. 1060264462
chemical substance manageme	Approval for toxic chemical operations (dibutyl phthalate)	July 24, 2008	Fu-Huan-Ji-Zi No. 0970048489
	Cancellation for toxic chemical operations (dibutyl phthalate)	December 30, 2010	Fu-Huan-Ji-Zi No. 0990087970

2. Pollution prevention fees should be paid, and the payment details
   (1) The Company pays a quarterly sewage treatment fee to Zhongli Industrial Park.
   (2) The Company pays a monthly fee to an outsourced waste treatment sector.
   (3) The Company reports its payments each year in January, April, July and October and pays the fees within the due dates in accordance with Article 3 of the "Air Pollution Control Fee Collection Regulations."
3. Dedicated environmental protection personnel shall be set up and its state shall be disclosed
   There is one dedicated person each for wastewater treatment, waste, occupational safety and health, fire prevention management.

(II) Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced

March 31, 2021

Equipment name	Quantity	Acquisition date	The use purpose and the possible effects to be produced
Volatile organic waste gas treatment system	1 unit	2008.10, 2009.06, 2010.09, 2010.12, 2011.01, 2011.02, 2011.10, 2011.12,	Treats exhaust gas to meet environmental emission criteria

		2012.03, 2012.04, 2012.06	
Acid-alkali wastewater treatment system	1 unit	2008.11, 2009.02, 2009.04, 2009.06, 2009.12, 2011.01, 2011.07, 2011.08, 2011.10, 2011.11, 2011.12, 2012.03, 2012.06, 2013.09, 2014.06, 2014.12	Treats production effluent to meet environmental emission criteria
Acid-alkali waste gas treatment system	1 unit	2009.04, 2009.12, 2010.12, 2011.01, 2011.10, 2011.12, 2012.03, 2012.06, 2012.08, 2014.10, 2015.01	Treats exhaust gas to meet environmental emission criteria
General exhaust system	1 unit	2009.04, 2009.06, 2009.12, 2012.6	Prevents air pollution to comply with environmental laws
Local Scrubber	16 units	2009.12, 2011.03, 2012.12	Prevents air pollution to comply with environmental laws

(III) During the current fiscal year up to the date of publication of the annual report, the losses caused by environmental pollution (including compensation) and total amount of penalties. The future countermeasures (including improvement plans) shall also be disclosed (including the estimated amount of losses, penalties and compensation that may occur if countermeasures are not taken. If it cannot be reasonably estimated, facts of the reason shall be given): None.

V. Relations between employers and employees

(I) Various employee welfare measures, continuous education, training, retirement systems and their implementation status; agreements between employers and employees and various measures for protecting the interests of employees

1. Employee welfare

In compliance with laws and regulations, the Company allocates employee welfare funds and has organized an employee welfare committee to plan, supervise and promote affairs in relation to employee welfare. Our employees receive benefits such as vouchers (money) for three major holidays and year-end bonuses. There are also allowances for weddings, funerals, hospitalization and childbirth to look after employees' lives. Also, not only are our employees covered by labor and health insurance as required by the Labor Standards Act and applicable laws and regulations, we also buy group medical insurance and accident insurance as a means to provide them with better life protection.

2. Employees' continuing education and training

In an effort to help new employees settle into work as soon as possible, we arrange courses according to their positions through pre-employment training. Employees of the same department will assist new employees in understanding the Company's industrial positioning and future development direction. In terms of on-the-job training of employees, each department arrange suitable internal training courses depending on the actual needs to enable our employees to receive new information regarding professional skills at any time. Technical seminars are also held from time to time to enhance the employee's own process and R&D capabilities. Moreover, according to the requirements of the professional courses of each function, at Tainergy, we arrange for our employees to attend training courses organized by different consulting firms, training agencies or government and business organizations to deepen their professionalism.

The performance of 2020 education and training:

Item	Number of courses	Total participants	Total hours	Total amount
1. New employee training	23	324	647	－(Note)
2. Promotional functional training	42	566	1,244	9,887
3. General training	2	12	10	239
4. Self-inspired training	－	－	－	－
Total	67	902	1,901	10,126

Note: The lecturers are the Company's employees, so there are no expenses.

3. The retirement system and its implementation

(1) In a bid to allow our employees to have peace of mind while working and feel protected regarding their retirement life, our employees' retirement is handled in accordance with the Labor Pension Act and applicable regulations.

(2) All employees of the Company are applicable to the new labor retirement system and 6% of their salaries is contributed to the personal pension account at the Bureau of Labor Insurance. Where a worker makes a voluntary contribution, the amount will be deposited in the same account.

4. Agreement between labor and management

The Company is in the industry where the Labor Standards Act is applicable. With a strong emphasis on labor–management relations, we hold meetings on a regular basis and we abide by the Labor Standards Act in all operations. As of now, the Company's labor–management relations are sound as no significant labor disputes have occurred.

5. Work environment and employees' personal safety

(1) The Company has attained the international OHSAS 18001 certification and safety management. In a bid to prevent occupational disasters, we have formulated the "Safety and Health Code of Practice." By doing so, we protect the safety and health of occupational workers, and our employees are required to wear a work helmet and goods must be placed neatly when entering the plant area, creating a safe, healthy, comfortable and friendly working environment.

(2) We also strengthen the safety and health education and training, while also conducting promotion and drills to effectively increase the employees' work safety awareness, intelligence and response ability to ensure the safety of our employees.

(3) Each year, our employees receive a health examination and we also carry out workplace health promotion activities in an effort look after and improve the physical and mental health of our employees.

6. Code of conduct and ethics for employees

(1) We have formulated the "Work Rules" as the standard of conduct for our employees to follow and its main contents are follows:

a. The Company's employees shall faithfully perform their duties, comply with all reasonable rules and regulations of the Company.

b. Employees shall not use their authority to benefit themselves or others.

c. Employees shall not take advantage of their duty or go against the performance of their duties to accept hospitality, gifts, kickbacks or other unlawful benefits.

d. Employees shall exercise due diligence in the matter of confidentiality of business secrets or duty secrets, important documents, technology or information, and shall report any breach of confidentiality to their superiors for promoting handling.

(2) The "Employee Appraisal Measures" have also been formulated and our employees are well informed of the related regulations.

(3) Internal and external education and training regarding ethical management organized by the Company

In 2020, we organized internal and external education training courses in relation to ethical management issues (ethical management legal compliance, accounting system and internal control system courses); a total of 17 people participated, totaling 72 hours.

No.	Course type	Participants	Hours of the course	Remarks
1	Ethical management legal compliance	12	12	Including integrity promotion for newcomers
2	Accounting system and internal control	5	60	

(II) List any losses suffered by the Company in the most recent two fiscal years and up to the annual report publication date due to labor disputes, and disclose an estimate of possible expenses that could be incurred currently

and in the future and measures being or to be taken. If it cannot be reasonably estimated, facts shall be given:

1. In the past two years and up until now, the Company's labor–management relations have been sound as no significant labor disputes have occurred, and there has been no loss arising from labor disputes.

2. Current and possible future measures:

A. Fully comply with labor laws and regulations and reinforce benefit measures.

B. Establish open and honest labor communication and complaint channels.

C. Establish an operation management system for all employees to take part in.

3. Estimate of possible expenses that could be incurred currently and in the future: The Company upholds harmonious and ethical management policies, and if there are no other

external changes, labor–management will remain peaceful and no monetary losses will occur.

VI. Important Contract

Nature of Contract	Counterparty	Commencement Date of the Contract	Contents	Restrictive Clauses
Material Supply Contract	Tainergy Tech. Co., Ltd. Sino-American Silicon Products Inc.	September 14, 2007 – December 31, 2021	Silicon wafer supply	None
Development Contract	Tainergy Tech. Co., Ltd. National Chung Shan Institute of Science and Technology	January 1, 2020 – July 15, 2020	SIC technology development	None
Development Contract	TAISIC MATERIALS CORP. National Chung - Shan Institute of Science and Technology	July 15, 2020 – December 31, 2025	SIC technology development	None None
Lease Contract	Tainergy Tech. Co., Ltd. KENMEC MECHANICAL ENGINEERING CO., LTD.	May 1, 2016 – October 31, 2020	Plant and office leasing	None
Lease Contract	Tainergy Tech. Co., Ltd. KENMEC MECHANICAL ENGINEERING CO., LTD.	November 1, 2020 –October 31, 2025	Plant and office leasing	None

Six.Overview of Finances

I. Condensed balance sheet and statement of comprehensive income for the most recent five years

1. Condensed Balance Sheet

(1) The International Financial Reporting Standards (IFRS) have been adopted (consolidated)

Unit: NTD thousand

Item \ Year		Financial information for the most recent five years (Note 1)					Financial information as of 2021 Q1 (Note 3)
		2016	2017	2018	2019	2020	
Current assets		3,091,020	3,520,308	2,269,487	1,451,381	1,429,767	1,312,198
Property, plant and equipment (Note 2)		3,217,176	3,108,629	2,138,522	2,013,145	1,807,941	2,246,453
Intangible assets		1,541	653	483	19,443	17,403	16,785
Other assets (Note 2)		1,331,083	682,877	635,936	686,247	687,916	659,945
Total assets		7,640,820	7,312,467	5,044,428	4,170,216	3,943,027	4,235,381
Current liabilities	Before distribution	1,809,342	2,370,392	2,047,513	1,530,672	1,554,256	1,410,082
	After distribution	1,809,342	2,370,392	2,047,513	1,530,672	1,554,256	1,410,082
Non-current liabilities		523,297	687,862	670,118	840,872	610,490	1,159,911
Total liabilities	Before distribution	2,332,639	3,058,254	2,717,631	2,371,544	2,164,746	2,569,993
	After distribution	2,332,639	3,058,254	2,717,631	2,371,544	2,164,746	2,569,993
Equity attributable to the owner of the parent company		5,308,181	4,254,213	2,326,797	1,798,672	1,775,808	1,669,800
Share capital		3,565,450	3,565,450	3,565,450	2,000,000	2,000,000	2,000,000
Capital reserves		2,007,712	1,984,465	1,051,900	795,161	794,973	795,348
Retained earnings	Before distribution	(12,282)	(941,276)	(1,833,715)	(484,474)	(482,210)	(588,681)
	After distribution	(12,282)	(941,276)	(1,833,715)	(484,474)	(482,210)	(588,681)
Other equity		(252,699)	(354,426)	(456,838)	(512,015)	(536,955)	(536,867)
Treasury stocks		—	—	—	—	-	-
Non-controlling equity		—	—	—	—	2,473	(4,412)
Total equity	Before distribution	5,308,181	4,254,213	2,326,797	1,798,672	1,778,281	1,665,388
	After distribution	5,308,181	4,254,213	2,326,797	1,798,672	1,778,281	1,665,388

Note 1: The financial information for 2016–2020 listed above has been audited by CPAs.

Note 2: The Company has not performed asset revaluation.

Note 3: Financial information for the last quarter as of publication date of the annual report has been reviewed by CPAs.

Note 4: The figures listed above after distribution is based on the resolutions of the following year's shareholders' meeting.

(2) Taiwan’s Financial Accounting Standards have been adopted (consolidated)

Unit: NTD thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		End of 2016	End of 2017	End of 2018	End of 2019	End of 2020
Current assets		N/A (The Company has adopted the International Financial Reporting Standards (IFRS) since 2013)				
Funds and investments						
Fixed assets (Note 2)						
Intangible assets						
Other assets						
Total assets						
Current liabilities	Before distribution					
	After distribution					
Long-term liabilities						
Other liabilities						
Total liabilities	Before distribution					
	After distribution					
Share capital						
Capital reserves						
Retained earnings	Before distribution					
	After distribution					
Unrealized gain or loss on financial instruments						
Cumulative conversion adjustments						
Net loss not recognized as pension cost						
Total shareholder equity	Before distribution					
	After distribution					

Note 1: The financial information for 2016–2020 listed above has been audited by CPAs.

(3) The International Financial Reporting Standards (IFRS) have been adopted (standalone)

Unit: NTD thousand

Item		Financial information for the most recent five years (Note 1) 2016	2017	2018	2019	2020
Current assets		2,517,355	2,840,384	2,049,830	1,478,006	1,082,546
Property, plant and equipment (Note 2)		1,125,927	698,222	104,857	105,278	131,134
Intangible assets		1,350	616	376	19,381	17,378
Other assets (Note 2)		3,502,899	3,118,920	2,137,370	1,603,876	1,506,461
Total assets		7,147,531	6,658,142	4,292,433	3,206,541	2,737,519
Current liabilities	Before distribution	1,447,547	1,987,870	1,749,098	1,203,642	817,748
	After distribution	1,447,547	1,987,870	1,749,098	1,203,642	817,748
Non-current liabilities		391,803	416,059	216,538	204,227	143,963
Total liabilities	Before distribution	1,839,350	2,403,929	1,965,636	1,407,869	961,711
	After distribution	1,839,350	2,403,929	1,965,636	1,407,869	961,711
Share capital		3,565,450	3,565,450	3,565,450	2,000,000	2,000,000
Capital reserves		2,007,712	1,984,465	1,051,900	795,161	794,973
Retained earnings	Before distribution	(12,282)	(941,276)	(1,833,715)	(484,474)	(482,210)
	After distribution	(12,282)	(941,276)	(1,833,715)	(484,474)	(482,210)
Other equity		(252,699)	(354,426)	(456,838)	(512,015)	(536,955)
Treasury stocks		-	-	-	-	-
Total equity	Before distribution	5,308,181	4,254,213	4,292,433	1,798,672	1,775,808
	After distribution	5,308,181	4,254,213	4,292,433	1,798,672	1,775,808

Note 1: The financial information for 2016–2020 listed above has been audited by CPAs.

Note 2: The Company has not performed asset revaluation.

(4) Taiwan's Financial Accounting Standards have been adopted (standalone)

Unit: NTD thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		End of 2016	End of 2017	End of 2018	End of 2019	End of 2020
Current assets		N/A (The Company has adopted the International Financial Reporting Standards (IFRS) since 2013)				
Funds and investments						
Fixed assets (Note 2)						
Intangible assets						
Other assets						
Total assets						
Current liabilities	Before distribution					
	After distribution					
Long-term liabilities						
Other liabilities						
Total liabilities	Before distribution					
	After distribution					
Share capital						
Capital reserves						
Retained earnings	Before distribution					
	After distribution					
Cumulative conversion adjustments						
Unrealized gain or loss on financial instruments						
Net loss not recognized as pension cost						
Treasury stocks						
Total shareholder equity	Before distribution					
	After distribution					

Note 1: The financial information for 2016–2020 listed above has been audited by CPAs.

2. Condensed Statement of Comprehensive Income

(1) The International Financial Reporting Standards (IFRS) have been adopted (consolidated)

Unit: NTD thousand; EPS: NTD

Item \ Year	Financial information for the most recent five years (Note 1)					Financial information as of 2021 Q1 (Note 2)
	2016	2017	2018	2019	2020	
Operating revenue	7,343,091	5,966,344	2,727,097	2,328,813	2,193,597	413,795
Gross profit	125,798	(175,878)	(801,824)	(119,615)	225,484	(42,553)
Operating profit and loss	(294,651)	(460,049)	(1,124,271)	(329,564)	(5,148)	(97,276)
Non-operating revenue and expenses	(40,014)	(488,474)	(614,534)	(180,142)	(11,888)	(5,108)
Profit before tax	(334,665)	(948,523)	(1,738,805)	(509,706)	(17,036)	(102,384)
Net profit of continuing operations for the period	(293,953)	(951,849)	(1,844,186)	(484,003)	(5,340)	(113,356)
Loss of discontinued operations	0	0	0	0	0	0
Net profit (loss) for the period	(293,953)	(951,849)	(1,844,186)	(484,003)	(5,340)	(113,356)
Other comprehensive income for the period (Net after tax)	(242,078)	(102,119)	(102,906)	(55,648)	(25,621)	88
Total comprehensive income for the period	(536,031)	(1,053,968)	(1,947,092)	(539,651)	(30,961)	(113,268)
Net profit attributable to the owner of parent company	(293,953)	(951,849)	(1,844,186)	(484,003)	2,945	(106,471)
Net profit attributable to non-controlling equity	0	0	0	0	(8,285)	(6,885)
Total comprehensive income attributable to the owner of the parent company	(536,031)	(1,053,968)	(1,947,092)	(539,651)	(22,676)	(106,383)
Total comprehensive income attributable to non-controlling equity	0	0	0	0	(8,285)	(6,885)
EPS	(0.85)	(2.67)	(5.17)	(2.42)	0.01	(0.53)

Note 1: The financial information for 2016–2020 listed above has been audited by CPAs.

Note 2: Financial information for the last quarter as of publication date of the annual report has been reviewed by CPAs.

(2) Taiwan's Financial Accounting Standards have been adopted (consolidated)

Unit: NTD thousand; EPS: NTD

Item \ Year	Financial information for the most recent five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	N/A (The Company has adopted the International Financial Reporting Standards (IFRS) since 2013)				
Gross profit					
Operating profit and loss					
Non-operating income and benefits					
Non-operating expenses and losses					
Pre-tax income from continuing operations					
Profit or loss from continuing operations					
Profit or loss from discontinued operations					
Extraordinary items					
Cumulative effect of changes in accounting principles					
Total consolidated profit and loss					
Net income of the parent company's shareholders					
Minority interest					
EPS (NTD) (Note 2)					

Note 1: The financial information for 2016–2020 listed above has been audited by CPAs.
Note 2: EPS after retroactive adjustment

(3) The International Financial Reporting Standards (IFRS) have been adopted (standalone)

Unit: NTD thousand; EPS: NTD

Year / Item	Financial information for the most recent five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	5,573,755	4,440,751	2,285,134	2,469,632	2,171,530
Gross profit	119,934	(294,677)	(581,059)	76,816	116,840
Operating profit and loss	(156,744)	(530,616)	(794,446)	(117,964)	107,771
Non-operating revenue and expenses	(178,774)	(419,229)	(941,699)	(366,038)	(104,827)
Profit before tax	(335,518)	(949,845)	(1,736,145)	(484,002)	2,944
Continuing operations Current net profit	(293,953)	(951,849)	(1,844,186)	(484,003)	2,945
Loss of discontinued operations	-	-	-	-	-
Net profit (loss) for the period	(293,953)	(951,849)	(1,844,186)	(484,003)	2,945
Other comprehensive income for the period (Net after tax)	(242,078)	(102,119)	(102,906)	(55,648)	(25,621)
Total comprehensive income for the period	(536,031)	(1,053,968)	(1,947,092)	(539,651)	(22,676)
EPS	(0.85)	(2.67)	(5.17)	(2.42)	0.01

Note 1: The financial information for 2016–2020 listed above has been audited by CPAs.

(4) Taiwan's Financial Accounting Standards have been adopted (standalone)

Unit: NTD thousand; EPS: NTD

Year / Item	Financial information for the most recent five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	N/A (The Company has adopted the International Financial Reporting Standards (IFRS) since 2013)				
Gross profit					
Operating profit and loss					
Non-operating income and benefits					
Non-operating expenses and losses					
Continuing operations Pre-tax income					
Profit or loss from continuing operations					
Profit or loss from discontinued operations					
Extraordinary items					
Cumulative effect of changes in accounting principles					
Profit and loss for the period					
EPS (NTD) (Note 2)					

Note 1: The financial information for 2016–2020 listed above has been audited by CPAs.
Note 2: EPS after retroactive adjustment

3. CPAs and their audit opinions for the most recent five years:

1. CPAs and their audit opinions for the most recent five years

Year	Accounting firm name	Name of CPA	Audit Opinion
2016	Deloitte & Touche Taiwan	MING-CHUNG HSIEH and HUI-MING CHEN	Unqualified opinion
2017	Deloitte & Touche Taiwan	JUI-CHUAN CHIH and HUI-MING CHEN	Unqualified opinion
2018	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	Unqualified opinion
2019	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	Unqualified opinion
2020	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	Unqualified opinion

2. If there was change/replacement of the CPA within the most recent five fiscal years, explanation made by the company's previous and current CPA over the causes for such change/replacement shall be set forth:

Year		Name of CPA firm	Name of CPA	Reason for change
2016	Former	Deloitte & Touche Taiwan	MING-CHUNG HSIEH and HUI-MING CHEN	In line with the firm's internal organizational restructuring
	Succession	Deloitte & Touche Taiwan	JUI-CHUAN CHIH and HUI-MING CHEN	
2018	Former	Deloitte & Touche Taiwan	JUI-CHUAN CHIH and HUI-MING CHEN	
	Succession	Deloitte & Touche Taiwan	HUI-MING CHEN and JUI-CHUAN CHIH	

II. Financial analysis for the most recent five years

1. The International Financial Reporting Standards (IFRS) have been adopted (consolidated)

1. The International Financial Reporting Standards (IFRS) have been adopted (consolidated)

Analysis item (Note 5) \ Year (Note 1)		Financial analysis for the most recent five years					As of 2021 Q1 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure %	Ratio of liabilities to assets	30.53	41.82	53.87	56.87	54.90	60.68
	Ratio of long-term capital to property, plant, and equipment	181.26	158.98	140.14	131.12	132.13	125.77
Solvency %	Current ratio	170.84	148.51	110.84	94.82	91.99	93.06
	Quick ratio	140.98	124.41	96.29	86.38	75.54	66.65
	Times interest earned	(7.40)	(25.73)	(31.89)	(9.7)	0.41	(13.20)
Operating ability	Accounts receivable turnover ratio (times)	7.37	5.59	3.16	5.86	13.75	32.82
	Average collection days	49	65.24	115.68	62.28	26.54	11.12
	Inventory turnover ratio (times)	16.02	16.95	12.25	19.94	13.14	8.22
	Accounts payable turnover ratio (times)	8.05	7.60	4.10	8.6	6.54	6.04
	Average sales days	23	21.53	29.80	18.3	27.77	44.40
	Property, plant and equipment turnover (times)	2.28	1.92	1.28	1.16	1.21	0.74
	Total asset turnover ratio (times)	0.94	0.80	0.44	0.51	0.54	0.40
Profitability	Return on assets ratio (%)	(3.34)	(12.34)	(29.17)	(9.68)	0.44	(2.63)
	Return on equity ratio (%)	(5.52)	(19.91)	(56.05)	(23.46)	(0.30)	(6.58)
	Ratio of pre-tax income to paid-in capital (%)	(10.57)	(26.60)	(48.77)	(25.49)	(0.85)	(5.12)
	Net profit margin ratio (%)	(4.00)	(15.95)	(67.62)	(20.78)	(0.24)	(6.85)
	EPS (NTD)	(0.85)	(2.67)	(5.17)	(2.42)	0.01	(0.53)
Cash flow	Cash flow ratio (%)	12.42	8.20	(11.96)	27.16	31.16	(15.70)
	Cash flow adequacy ratio (%)	120.57	181.64	129.29	239.76	104.79	(21.81)
	Cash reinvestment ratio (%)	0.38	2.11	(2.89)	6.63	8.13	(3.47)
Leverage	Operating leverage	-1.36	(0.66)	0.21	(0.46)	(64.74)	0.78
	Financial leverage	0.88	0.93	0.97	0.87	0.15	0.93

Description of changes: (Analysis may be exempted if the increase or decrease change does not reach 20%)

1. Times interest earned improvement was mainly due to the reduction in the loss margin in 2020.
2. Operating capacity improvement: Mainly due to large revenue reduction and the lengthened payoff period as the solar industry suffered a downturn in 2019, resulting in a decline in operating capacity. The situation has improved in 2020.
3. Profitability improvement:In 2020, the profit from selling the subsidiary (power plant) was recognized.
4. Decline in leverage: Mainly due to the decline in operating income in 2020.

Information source: Financial reports audited by the CPAs.

Note 1: As the financial information with the adoption of IFRS is less than five years, in 2012, the consolidated financial information with adoption of Taiwan's Financial Accounting Standards is presented as follows:

Note 2: Accounts receivable turnover is calculated on an aggregate basis and inventory turnover is calculated on a net basis.

Note 3: As operating activities are net cash outflows, they are therefore not listed

Note 4: Formula description:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities / total assets.
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
   (3) Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable from operation) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes receivable from operation) balance.
   (2) Average collection days = 365 / receivables turnover ratio.
   (3) Inventory turnover ratio = Cost of sales / average inventory.
   (4) Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.
   (5) Average sales days = 365 / inventory turnover ratio.
   (6) Property, plant and equipment turnover ratio = Net sales / average net property, plant and equipment.
   (7) Total assets turnover ratio = Net sales / average total assets.
4. Profitability
   (1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.
   (2) Return on equity = Profit and loss after tax / average total equity.
   (3) Net profit margin = Profit and loss after tax / net sales.
   (4) EPS = (Profit and loss attributable to the owner of parent company - dividends from preferred shares) / weighted average number of outstanding shares.
5. Cash flow
   (1) Cash flow rate = Net cash flow from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (gross of property, plant and equipment + long-term investment + other non-current assets + operating funds).
6. Leverage:
   (1) Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit.
   (2) Financial leverage = Operating profit/ (operating profit - interest expenses).

2. The International Financial Reporting Standards (IFRS) have been adopted (standalone)

Analysis item	Year	Financial analysis for the most recent five years (Note 1)				
		2016	2017	2018	2019	2020
Financial structure	Ratio of liabilities to assets (%)	25.73	36.11	53.87	43.91	35.13
	Ratio of long-term capital to property, plant, and equipment (%)	506.25	668.88	140.14	1902.49	1463.98
Solvency	Current ratio (%)	173.90	142.89	110.84	122.79	132.38
	Quick ratio (%)	149.42	118.59	96.29	116.15	109.66
	Times interest earned (times)	(25.48)	(30.75)	(31.89)	(21.36)	1.22
Operating ability	Accounts receivable turnover ratio (times)	8.14	5.60	3.16	6.38	18.90
	Average collection days	45	65	115.68	57.21	19.31
	Inventory turnover ratio (times)	17.77	15.80	12.25	21.36	15.97
	Accounts payable turnover ratio (times)	9.78	9.24	4.10	8.18	13.56
	Average sales days	21	23	29.8	17.08	22.85
	Property, plant and equipment turnover (times)	4.95	6.36	1.28	23.39	16.56
	Total asset turnover ratio (times)	0.81	0.64	0.44	0.66	0.73
Profitability	Return on assets ratio (%)	(4.11)	(13.43)	(29.17)	(12.40)	0.45
	Return on equity ratio (%)	(5.52)	(19.91)	(56.05)	(23.46)	0.16
	Ratio of profit before tax to paid-in capital (%)	(9.41)	(26.64)	(48.77)	(24.20)	0.15
	Net profit margin ratio (%)	(5.27)	(21.43)	(67.62)	(19.60)	0.14
	EPS (NTD)	(0.85)	(2.67)	(5.17)	(2.42)	0.01
Cash flow	Cash flow ratio (%)	7.42	(16.75)	(11.96)	40.23	(7.93)
	Cash flow adequacy ratio (%)	63.33	56.27	129.29	25.85	(2.99)
	Cash reinvestment ratio (%)	(0.98)	(4.22)	(2.89)	19.34	(2.98)
Leverage	Operating leverage	(1.81)	0.13	0.21	0.20	(0.09)
	Financial leverage	0.93	0.95	0.97	0.84	1.14

Description of changes: (Analysis may be exempted if the increase or decrease change does not reach 20%)

1. Times interest earned improvement was mainly due to the reduction in the loss margin in 2020.
2. Operating capacity improvement: Mainly due to large revenue reduction and the lengthened payoff period as the solar industry suffered a downturn in 2019, resulting in a decline in operating capacity. The situation has improved in 2020.
3. Profitability improvement:In 2020, the profit from selling the subsidiary (power plant) was recognized.
4. Cash flow ratio decline: Mainly due to the purchase of SIC equipment resulted in 2020, resulting in a decline in net cash inflows than 2019.
5. Decline in leverage: Mainly due to the decline in operating income in 2020.

Information source: Financial reports audited by the CPAs.

Note 1: As cash from operating activities is cash outflows, it is not intended to be calculated.

3. Taiwan's Financial Accounting Standards have been adopted (consolidated)

Item		Year	Financial information for the most recent five years				
			2016	2017	2018	2019	2020
Financial structure	Ratio of liabilities to assets (%)		–	–	–	–	–
	Ratio of long-term capital to fixed assets (%)		–	–	–	–	–
Solvency	Current ratio (%)		–	–	–	–	–
	Quick ratio (%)		–	–	–	–	–
	Times interest earned (times)		–	–	–	–	–
Operating ability	Receivables turnover ratio (times) (Note 1)		–	–	–	–	–
	Average collection days		–	–	–	–	–
	Inventory turnover ratio (times) (Note 1)		–	–	–	–	–
	Accounts payable turnover ratio (times)		–	–	–	–	–
	Average sales days		–	–	–	–	–
	Fixed asset turnover ratio (times)		–	–	–	–	–
	Total asset turnover ratio (times)		–	–	–	–	–
Profitability	Return on assets ratio (%)		–	–	–	–	–
	Return on equity (%)		–	–	–	–	–
	Ratio of profit before tax to paid-in capital (%)	Operating profit	–	–	–	–	–
		Net income before tax	–	–	–	–	–
	Net profit margin ratio (%)		–	–	–	–	–
	Retroactive adjustment of EPS (NTD)		–	–	–	–	–
Cash flow	Cash flow ratio (%)		–	–	–	–	–
	Cash flow adequacy ratio (%)		–	–	–	–	–
	Cash flow reinvestment ratio (%)		–	–	–	–	–
Leverage	Operating leverage		–	–	–	–	–
	Financial leverage		–	–	–	–	–

Information source: Consolidated financial reports audited by the CPAs.

Note 1: Accounts receivable turnover is calculated on an aggregate basis and inventory turnover is calculated on a net basis

Note 2: Not disclosed as the value is negative

Note 3: Formula description:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities / total assets.
   (2) Ratio of long-term capital to fixed assets = (Net shareholders' equity + Long-term liabilities) / Net fixed assets.
2. Solvency
   (1) Current ratio = Current assets / current liabilities.
   (2) Quick ratio = (Current assets - inventory - prepayment) / current liabilities.
   (3) Times interest earned = Net profit before income tax and interest expenses / interest expenses for the period.
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable from operation) turnover ratio = Net sales / average of accounts receivable (including accounts receivable and notes

receivable from operation) balance.

(2) Average collection days = 365 / receivables turnover ratio.

(3) Inventory turnover ratio = Cost of sales / average inventory.

(4) Payables (including accounts payable and notes payable from operation) turnover ratio = Cost of sales / average of accounts payable (including accounts payable and notes payable from operation) balance.

(5) Average sales days = 365 / inventory turnover ratio.

(6) Fixed assets turnover ratio = Net sales / average total fixed assets.

(7) Total assets turnover ratio = Net sales / average total assets.

4. Profitability

(1) Return on assets = [Profit and loss after tax + interest expense × (1 - tax rate)] / average total assets.

(2) Return on shareholders' equity = Profit and loss after tax / average shareholders' equity.

(3) Net profit margin = Profit and loss after tax / net sales. EPS = (net income after tax - preferred stock dividends) / weighted average number of outstanding shares.

5. Cash flow

(1) Cash flow rate = Net cash flow from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years / (capital expenditure + increase in inventory + cash dividends) in the most recent five years.

(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (fixed asset gross + long-term investment + other assets + operating funds).

6. Leverage:

(1) Operating leverage = (Net operating revenue - variable costs and expenses of operations) / operating profit.

(2) Financial leverage = Operating profit/ (operating profit - interest expenses).

4. Financial analysis – Taiwan’s Financial Accounting Standards have been adopted (standalone)

Item		Year	2015	2016	2017	2018	2019
			Financial information for the most recent five years				
Financial structure	Ratio of liabilities to assets		–	–	–	–	–
	Ratio of long-term capital to fixed assets		–	–	–	–	–
Solvency	Current ratio (%)		–	–	–	–	–
	Quick ratio (%)		–	–	–	–	–
	Times interest earned (times)		–	–	–	–	–
Operating ability	Accounts receivable turnover ratio (times)		–	–	–	–	–
	Average collection days		–	–	–	–	–
	Inventory turnover ratio (times)		–	–	–	–	–
	Accounts payable turnover ratio (times)		–	–	–	–	–
	Average sales days		–	–	–	–	–
	Fixed asset turnover ratio (times)		–	–	–	–	–
	Total asset turnover ratio (times)		–	–	–	–	–
Profitability	Return on assets ratio (%)		–	–	–	–	–
	Return on equity (%)		–	–	–	–	–
	Ratio of profit before tax to paid-in capital (%)	Operating profit	–	–	–	–	–
		Net income before tax	–	–	–	–	–
	Net profit margin ratio (%)		–	–	–	–	–
	Retroactive adjustment of EPS (NTD)		–	–	–	–	–
Cash flow	Cash flow ratio (%)		–	–	–	–	–
	Cash flow adequacy ratio (%)		–	–	–	–	–
	Cash flow reinvestment ratio (%)		–	–	–	–	–
Leverage	Operating leverage		–	–	–	–	–
	Financial leverage		–	–	–	–	–

Information source: Financial reports audited by the CPAs.

III. Supervisor's review report on the latest financial statements

Tainergy Tech. Co., Ltd.

Audit Committee's Audit Report

The Board of Directors of the Company has prepared the 2020 standalone financial statements and consolidated financial statements audited by Deloitte & Touche Taiwan and the audit report has been issued.

The standalone financial statements, consolidated financial statements stated above, alongside business report and the motion for loss allocation have been audited by the Audit Committee and no discrepancy with relevant regulations, such as the Company Act, has been found. We have presented you the reports based on the provisions stipulated in Article 14-4 in the Securities and Exchange Act and Article 219 in the Company Act.

Please acknowledge accordingly.

Regards,
2021 Annual General Meeting of Tainergy Tech. Co., Ltd.

Audit Committee Convener: Yao-Jung Kan

March 30, 2021

Stock Code: 4934

Tainergy Tech Co., Ltd. and subsidiaries

Consolidated Financial Statements with Independent Auditors' Report

2020 and 2019

Address: No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)

Tel: (02)27883798

Declaration Letter of Consolidated Financial Statements of Affiliated Companies

Considering that the companies to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises" were the same as those to be included in the consolidated financial statements of the parent and subsidiaries under IFRS 10 in 2020 (from January 1, 2020 to December 31, 2020), and the related information to be disclosed in the consolidated financial statements of affiliated enterprises was already disclosed in the said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated enterprises were prepared separately.

In witness thereof, the Declaration is hereby presented.

Company name: Tainergy Tech. Co., Ltd.

Person in charge: CHING-FU HSIEH

March 26, 2021

Independent Auditors' Report

To: Tainergy Tech. Co., Ltd.

Audit opinion

We audited the consolidated balance sheets of Tainergy Tech Co., Ltd. and subsidiaries (Tainergy Group) as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flow for the period from January 1 to December 31, 2020 and 2019, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission, and thus presented fairly, in all material aspects, the consolidated financial position of Tainergy Group as of December 31, 2020 and 2019, and the consolidated business performance and cash flow for the period from January 1 to December 31, 2020 and 2019.

Basis of audit 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 Generally Accepted Auditing Standards; in 2019, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the Letter Jin-Guan-Zheng-Shen-Zi No.1090360805 issued by the Financial Supervisory Commission on February 25, 2020, and the generally accepted auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the consolidated financial statements" section in this report. We were independent of Tainergy Group in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all the other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key audit matters

Key audit matters refer to, based on our professional judgment, the most important matters for auditing Tainergy Group's consolidated financial statements in 2019. Such matters were addressed during the overall audit of the consolidated financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters for Tainergy Tech Co., Ltd. and subsidiaries' (Tainergy Group) consolidated financial statements in 2020 are described as follows:

<u>The verification of the shipment with respect to the revenue from parts of certain customers</u>

Tainergy Tech. Co., Ltd. and its subsidiaries mainly engage in the research, design, manufacturing and sales of solar cells, panels and related systems. Since we presumed that revenue recognition was a significant risk based on the materiality principle and the Statements on Auditing Standards, we considered that the occurrence of the sales revenue from parts of certain customers recognized by the Tainergy Tech. Co., Ltd. and its subsidiaries was significant to the financial statements. Therefore, the verification of the shipment with respect to the revenue from parts of the certain customers was listed as the key audit matter of the year. Please refer to Note 4 (13) for the description of revenue recognition policies.

We performed the following main audit procedures:

1. We knew and tested the design and implementation of the internal control related to the recognition of revenue from parts of certain customers.
2. We carried out population sampling for the revenue statements of the said parts of certain customers, reviewed relevant supporting documents, and examined the collection of payments to confirm the occurrence of sales transactions.
3. We reviewed any material sales returns and discounts occurring after the balance sheet date to make sure whether there was any material misstatement of the sales revenue from the parts of certain customers.

Other matters

For the separate financial statements prepared by Tainergy Tech. Co., Ltd. in 2020 and 2019, we had an independent auditors' report issued with an unqualified opinion for reference.

Responsibility of the management and governance unit for the consolidated financial statements

The management was responsible for preparation of the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial

Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission and maintaining the necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatement due to fraud or error.

During preparation of the consolidated financial statements, the management was also responsible for evaluating Tainergy Group's ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless the management intended to make Tainergy Group enter into liquidation or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

Tainergy Group's governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

CPA's responsibility for the audit of the consolidated financial statements

We audited the consolidated financial statements for the purpose of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatement due to fraud or errors and issuing an audit report. Reasonable assurance refers to a high level of assurance. However, we could not guarantee the detection of all material misstatements in the consolidated financial statements with the audit conducted based on the generally accepted auditing standards. The misstatements might be due to fraud or error. If the individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of the users of the consolidated financial statements, the misstatement was deemed material.

We used our professional judgment to be skeptical during the audit conducted based on the generally accepted auditing standards. We also performed the following works:

1. We identified and assessed the risk of any misstatement in the consolidated financial statements due to fraud or error, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, and we did not find that the risk of material misstatement due to fraud was higher than the same due to errors.
2. We understood the internal control related to the audit to the extent necessary to design audit procedures appropriate for the current circumstances. However, the purpose of such work was not to express opinions regarding the effectiveness of Tainergy Group's internal control.

3. We evaluated the appropriateness of the accounting policies adopted by the management and the rationality of the accounting estimates and relevant disclosure made by the management.
4. We drew a conclusion about the appropriateness of the application of the going concern basis of accounting by the management and whether the event or circumstances which might cause major doubts about Tainergy Group's ability as a going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstance, we must provide a reminder in the audit report for the users of the consolidated financial statements to pay attention to the relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Tainergy Group would no longer have its ability as a going concern.
5. We evaluated the overall presentation, structure, and contents of the consolidated financial statements (including the relevant notes) and whether the consolidated financial statements presented relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming the Group to provide opinions regarding the consolidated financial statements. We were responsible for instruction, supervision and conduct of the Group's audit cases, as well as the expression of the audit opinions for the Group.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of the internal control identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in Tainergy Group's consolidated financial statements in 2020 based on the matters communicated with the governance unit. We specified such matters in the audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the audit report as we could reasonably expect that the negative impact of the coverage would be greater than the public interest brought thereby.

Deloitte & Touche Taiwan

CPA HUI-MING CHEN	CPA JUI-CHUAN CHIH
Approval No. from the Securities and Futures Commission Tai-Cai-Zheng-Liu-Zi No. 0920123784	Approval No. from the Financial Supervisory Commission Jin-Guan-Zheng-Shen-Zi No. 1060023872

March 26, 2021

Tainergy Tech Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2020 and 2019

Unit: NTD thousand

Code	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 34)	$ 523,442	13	$ 606,662	15
1136	Financial assets measured at amortized cost – current (Notes 4, 9, 10, 34, and 36)	269,067	7	14,990	-
1150	Net accounts receivables (Notes 4, 11, 27, 34, and 36)	-	-	46,720	1
1172	Accounts receivable (Notes 4, 11, 27, and 34)	85,351	2	171,101	4
1140	Contract assets – current (Notes 4 and 27)	14,102	-	34,795	1
1200	Other receivables (Notes 4, 11, and 34)	11,593	-	10,889	-
1210	Other receivables – related parties (Notes 4, 11, 13, and 34)	252,492	6	390,438	10
1220	Current income tax assets (Notes 4 and 27)	1,556	-	2,707	-
130X	Inventory (Notes 4 and 12)	181,757	5	77,187	2
1421	Prepayments (Notes 20, 35, and 36)	73,859	2	52,060	1
1470	Other current assets (Notes 12, 13, 20, 34, 36, and 37)	16,548	1	43,832	1
11XX	Total current assets	1,429,767	36	1,451,381	35
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss – non-current (Notes 4, 7, and 34)	-	-	3,003	-
1520	Financial assets measured at fair value through other comprehensive income – non-current (Notes 4, 8, and 34)	20,658	1	20,658	1
1535	Financial assets measured at amortized cost – non-current (Note 4, 9, 10, 34, and 36)	1,788	-	53,588	1
1550	Investment under the equity method (Notes 4 and 14)	300,546	8	225,661	5
1600	Property, plant, and equipment (Notes 4, 15, 36, and 37)	1,807,941	46	2,013,145	48
1755	Right-of-use assets (Notes 3, 4 and 16)	283,026	7	217,458	5
1780	Other intangible assets (Notes 4 and 17)	17,403	-	19,443	-
1840	Deferred income tax assets (Notes 4 and 29)	42,327	1	31,426	1
1915	Prepayment for equipment (Notes 18, 32, and 35)	10,324	-	102,900	3
1920	Guarantee deposits paid (Notes 18, 34, 36, and 37)	29,247	1	31,553	1
15XX	Total non-current assets	2,513,260	64	2,718,835	65
1XXX	Total assets	$ 3,943,027	100	$ 4,170,216	100
代碼	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 19, 34, and 36)	$ 432,866	11	$ 346,021	8
2150	Notes payable (Notes 20 and 34)	161,913	4	72,535	2
2170	Accounts payable (Notes 20 and 34)	223,577	6	143,806	4
2130	Contract liabilities – current (Note 25)	52,181	1	127,118	3
2200	Other payables (Notes 21 and 34)	470,641	12	238,159	6
2220	Other payables – related parties (Notes 21, 34, and 36)	73,468	2	395,720	10
2280	Lease liabilities – current (Notes 3, 4, 16, 34, and 35)	30,771	1	14,358	-
2320	Long-term loans maturing within one year (Notes 19, 34, and 36)	101,384	2	142,377	3
2399	Other current liabilities (Note 21)	7,455	-	50,578	1
21XX	Total current liabilities	1,554,256	39	1,530,672	37
	Non-current liabilities				
2540	Long-term loans (Notes 19, 34, and 36)	103,398	3	529,837	13
2550	Liability reserve – non-current (Notes 4 and 24)	2,575	-	7,459	-
2570	Deferred income tax liabilities (Notes 4 and 27)	1,177	-	843	-
2580	Lease liabilities – non-current (Notes 3, 4, 16, 34, and 35)	121,319	3	68,122	2
2645	Guarantee deposits received (Notes 23 and 34)	264,615	7	90,405	2
2630	Deferred income – non-current (Notes 4, 23,and 31)	110,393	3	137,839	3
2640	Net defined benefit liabilities – non-current (Notes 4 and 23)	7,013	-	6,367	-
25XX	Total non-current liabilities	610,490	16	840,872	20
2XXX	Total liabilities	2,164,746	55	2,371,544	57
	Equity attributable to the owner of the Company (Notes 13, 14, 23, and 24)				
3110	Common stock capital	2,000,000	51	2,000,000	48
3200	Capital reserves	794,973	20	795,161	19
	Retained earnings				
3350	Undistributed earnings	(482,210)	(12)	(484,474)	(12)
3300	Total retained earnings	(482,210)	(12)	(484,474)	(12)
	Other equity				
3410	Exchange differences from the translation of foreign operations' financial statements	(494,186)	(13)	(469,246)	(11)
3420	Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income	(42,769)	(1)	(42,769)	(1)
3400	Total of other equity	(536,955)	(14)	(512,015)	(12)
31XX	Total equity of the Company's owner	1,775,808	45	1,798,672	43
36XX	Non-controlling equity	2,473	-	-	-
3XXX	Total equity	1,778,281	45	1,798,672	43
	Total liabilities and equity	$ 3,943,027	100	$ 4,170,216	100

The attached notes are part of the consolidated financial statements.

Chairman: CHING-FU HSIEH President: VINCENT HSIEH Accounting Manager: HSIU-CHEN YU

Tainergy Tech Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

January 1 to December 31, 2020 and 2019

Unit: NTD thousand;
LPS unit: NT dollar

Code		2020 Amount	2020 %	2019 Amount	2019 %
	Operating revenue (Notes 4 and 25)				
4100	Net sales revenue	$ 2,193,597	100	$ 2,328,813	100
	Operating costs				
5110	Cost of sales (Notes 4, 12, 20, 26, and 37)	(1,968,113)	(90)	(2,448,428)	(105)
5900	Operating gross loss	225,484	10	(119,615)	(5)
	Operating expenses (Notes 11, 13, 26, 28, and 37)				
6100	Marketing expenses	(22,810)	(1)	(32,190)	(1)
6200	Administrative expenses	(168,636)	(7)	(158,187)	(7)
6300	R&D expenses	(39,186)	(2)	(19,572)	(1)
6000	Total operating expenses	(230,632)	(10)	(209,949)	(9)
6900	Operating loss – net	(5,148)	-	(329,564)	(14)
	Non-operating revenue and expenses (Notes 14, 15, 16, 26, 30, 37, and 38)				
7100	Interest income	20,333	1	27,231	1
7190	Other revenue	52,478	2	25,452	1
7020	Other profits and losses	(39,988)	(2)	(168,509)	(7)
7050	Financial costs	(28,792)	(1)	(47,623)	(2)
7060	Share of profit/loss of associates and joint ventures under equity method	(15,919)	(1)	(16,693)	(1)
7000	Total non-operating revenue and expenses	(11,888)	(1)	(180,142)	(8)
7900	Net loss before tax of continuing operations	(17,036)	(1)	(509,706)	(22)
7950	Income tax profit (Notes 4 and 27)	11,696	1	25,703	1
8200	Current net loss	(5,340)	-	(484,003)	(21)

(Next page)

(Continued from previous page)

Code		2020 Amount	2020 %	2019 Amount	2019 %
	Other comprehensive income				
8310	Titles not reclassified as profit or loss:				
8311	Remeasurement of the defined benefits plan (Notes 4 and 23)	($ 681)	-	($ 471)	-
8316	Unrealized profit/loss on valuation of investment in equity instruments measured at fair value through other comprehensive income (Notes 4 and 24)	-	-	586	-
8360	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences from the translation of foreign operations' financial statements (Notes 4 and 24)	(24,940)	(1)	(55,763)	(2)
8399	Income tax related to titles likely to be reclassified as profit or loss (Notes 4 and 27)	-	-	-	-
8300	Other comprehensive income (net after tax) for the year	(25,621)	(1)	(55,648)	(2)
8500	Total comprehensive income for the year	($ 30,961)	(1)	($ 539,651)	(23)
	Net loss attributable to:				
8610	The owner of the Company	$ 2,945	-	($ 484,003)	(21)
8620	Non-controlling equity	(8,285)	-	-	-
8600		($ 5,340)	-	($ 484,003)	(21)
	Total comprehensive income attributable to:				
8710	The owner of the Company	($ 22,676)	(1)	($ 539,651)	(23)
8720	Non-controlling equity	(8,285)	-	-	-
8700		($ 30,961)	(1)	($ 539,651)	(23)
	Earnings (losses) per share (Note 28)				
	Continuing operations				
9710	Basic EPS (LPS)	$ 0.01		($ 2.42)	
9810	Diluted EPS (LPS)	$ 0.01		($ 2.42)	

The attached notes are part of the consolidated financial statements.

Chairman: CHING-FU HSIEH President: VINCENT HSIEH Accounting Manager: HSIU-CHEN YU

Tainergy Tech Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2020 and 2019

Unit: NTD thousand;
DPS unit: NT dollar

Code		Equity attributable to the owner of the Company							Non-controlling equity	Total equity
		Share capital		Capital reserves	Retained earnings		Other equity			
		Number of shares (thousand shares)	Amount		Special reserves	Undistributed earnings	Exchange differences from the translation of foreign operations' financial statements	Unrealized profit (loss) from the financial assets measured at fair value through other comprehensive income		
A1	Balance on January 1, 2019	356,545	$ 3,565,450	$ 1,051,900	$ 10,965	($ 1,844,680)	($ 413,483)	($ 43,355)	$ -	$ 2,326,797
	Allocation and distribution of earnings in 2018									
B15	Special reserves for offsetting losses	-	-	-	(10,965)	10,965	-	-	-	-
	Other changes in capital reserves:									
C7	Changes regarding associates and joint ventures under equity method	-	-	11,526	-	-	-	-	-	11,526
C11	Capital reserves for offsetting losses	-	-	(268,265)	-	268,265	-	-	-	-
D1	Net loss in 2019	-	-	-	-	(484,003)	-	-	-	(484,003)
D3	Other comprehensive income after tax in 2019	-	-	-	-	(471)	(55,763)	586	-	(55,648)
D5	Total comprehensive income in 2019	-	-	-	-	(484,474)	(55,763)	586	-	(539,651)
F1	Capital reduction for offsetting losses	(156,545)	(1,565,450)	-	-	1,565,450	-	-	-	-
Z1	Balance on December 31, 2019	200,000	2,000,000	795,161	-	(484,474)	(469,246)	(42,769)	-	1,798,672
	Other changes in capital reserves:									
C7	Changes regarding associates and joint ventures under equity method	-	-	(188)	-	-	-	-	78	(110)
D1	Net profit (loss) in 2020	-	-	-	-	2,945	-	-	(8,285)	(5,340)
D3	Other comprehensive income after tax in 2020	-	-	-	-	(681)	(24,940)	-	-	(25,621)
D5	Total comprehensive income in 2020	-	-	-	-	2,264	(24,940)	-	(8,285)	(30,961)
O1	Increase/decrease in non-controlling equity	-	-	-	-	-	-	-	10,680	10,680
Z1	Balance on December 31, 2020	200,000	$ 2,000,000	$ 794,973	$ -	($ 482,210)	($ 494,186)	($ 42,769)	$ 2,473	$ 1,778,281

The attached notes are part of the consolidated financial statements.

Chairman: CHING-FU HSIEH President: VINCENT HSIEH Accounting Manager: HSIU-CHEN YU

Tainergy Tech Co., Ltd. and Subsidiaries

Consolidated Statement of Cash Flow

January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Code		2020	2019
	Cash flow from operating activities		
A10000	Current net loss before tax	($ 17,036)	($ 509,706)
A20010	Profit and expense/loss		
A20100	Depreciation expenses	329,875	467,557
A20200	Amortization expenses	2,619	721
A20300	Expected profit on reversal of credit impairment	(5,169)	(7,737)
A20400	Net loss on financial assets and liabilities measured at fair value through profit or loss	32	788
A20900	Financial costs	28,792	47,623
A21200	Interest income	(20,333)	(27,231)
A29900	Reversal of deferred income	(28,392)	(21,560)
A22300	Share of loss of associates and joint ventures under equity method	15,919	16,693
A22500	Profit on disposal of property, plant, and equipment	(5,661)	(10,797)
A23100	Loss on disposal of investments	50,196	-
A24100	Unrealized profit from the exchange of foreign currencies	(1,578)	(2,829)
A23500	Profit on lease agreement modification	(132)	(796)
A23700	Impairment loss from non-financial assets	-	344,352
A23700	Loss on inventory devaluation and obsolescence	-	8,139
A23800	Profit on reversal of impairment loss from non-financial assets	(12,659)	-
A23800	Profit on price recovery of inventory	(5,085)	-
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	2,971	(705)
A31125	Contract assets	17,631	(286,452)
A31130	Notes receivable	46,720	78,198
A31150	Accounts receivable	62,432	256,325
A31180	Other receivables	(2,657)	3,044
A31190	Other receivables – related parties	190	1,172
A31200	Inventory	(99,397)	68,243
A31230	Prepayments	(18,286)	27,522
A31240	Other current assets	-	381
A32125	Contract liabilities	(74,937)	95,859
A32130	Notes payable	89,378	(63,320)

(Next page)

(Continued from previous page)

Code		2020	2019
A32150	Accounts payable	$ 79,771	($ 73,070)
A32180	Other payables	55,508	(14,081)
A32190	Other payables – related parties	1,439	(1,901)
A32200	Liability reserve	(4,884)	3,667
A32230	Other current liabilities	(9,878)	25,598
A32240	Net defined benefit liabilities	(35)	(17)
A32990	Deferred income	-	1,000
A33000	Cash generated from operations	477,354	426,680
A33100	Interest received	31,964	29,450
A33300	Interest paid	(27,367)	(41,068)
A33500	Income tax returned	2,352	619
AAAA	Net cash inflow from operating activities	484,303	415,681
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(251,899)	(26,536)
B00050	Disposal of financial assets measured at amortized cost	-	75,970
B01800	Acquisition of associates	(85,100)	-
B02300	Net cash inflow from disposal of subsidiaries	248,472	-
B02700	Acquisition of property, plant, and equipment	(469,838)	(159,345)
B02800	Disposal proceeds of property, plant, and equipment	6,494	32,876
B03800	Decrease in guarantee deposits paid	2,306	11,376
B04400	Other receivables – decrease in related parties	126,164	175,745
B04500	Acquisition of intangible assets	(578)	(19,684)
B06600	Decrease in other financial assets	23,084	79,775
B07100	Increase in prepayments for equipment	(18,144)	(114,783)
BBBB	Net cash inflow (outflow) from investing activities	(419,039)	55,394
	Cash flows from financing activities		
C00100	Increase in short-term loans	86,845	-
C00200	Decrease in short-term loans	-	(744,032)
C01700	Repayment of long-term loans	(73,558)	(38,945)
C03700	Other payables – increase in related parties	-	380,000
C03800	Other payables – decrease in related parties	(320,000)	-
C03100	Increase in guarantee deposits received	174,210	18,808
C04020	Repayment of the principal of leases	(21,395)	(30,734)
C05800	Changes in non-controlling equity	10,680	-
CCCC	Net cash outflow from financing activities	(143,218)	(414,903)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(5,266)	(33,221)

(Next page)

(Continued from previous page)

Code		2020	2019
EEEE	Net increase (decrease) in current cash and cash equivalents	($ 83,220)	$ 22,951
E00100	Balance of cash and cash equivalents – beginning of the year	606,662	583,711
E00200	Balance of cash and cash equivalents – ending of the year	$ 523,442	$ 606,662

The attached notes are part of the consolidated financial statements.

Chairman: CHING-FU HSIEH President: VINCENT HSIEH Accounting Manager: HSIU-CHEN YU

Tainergy Tech Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

January 1 to December 31, 2020 and 2019

(All amounts are in NTD thousand unless otherwise specified.)

I. Company milestones

Tainergy Tech. Co., Ltd. (hereinafter referred to as "the Company") was approved for establishment on May 14, 2007. The Company's main business activities are the research, design, manufacturing and sales of solar cells, panels and related systems.

The Company's stock was listed for trading on the Taiwan Stock Exchange in August 2011.

The consolidated financial statements were stated in the Company's functional currency, NTD.

II. Approval date and procedures of the financial statements

The consolidated financial statements were approved at the board meeting on March 10, 2021.

III. Application of new and amended standards and interpretation

(I) The amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC) and the statements of interpretation (SIC) (hereinafter collectively referred to as "IFRSs") approved and released by the Financial Supervisory Commission (hereinafter referred to as "FSC") were applied for the first time.

Apart from those described below, the Company expected no material changes to the accounting policies of the consolidated company after adopting the amended IFRSs approved and released by the FSC:

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

The consolidated company's adoption of the amendments and the use of the standard of "it can be reasonably expected to affect the users" for determination of materiality started on January 1, 2020. The consolidated company also adjusted the disclosure of consolidated financial statements and deleted any immaterial information that may blur material information.

(II) IFRSs approved by the Financial Supervisory Commission (hereinafter referred to as "FSC") and adopted in 2021

New/Amended/Revised Standards and Interpretation	Effective Date per IASB (Note 1)

Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9"	Effective from the date of announcement
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, "Interest Rate Benchmark Reform – Phase II"	Annual reporting periods beginning on or after January 1, 2021
Amendments to IFRS 16, "Covid-19-Related Rent Concessions"	Annual reporting periods beginning on or after June 1, 2020

(III) IFRSs issued by the IASB but not yet approved and released by the FSC

New/Amended/Revised Standards and Interpretation	Effective Date per IASB
"Annual Improvements to IFRS Standards 2018–2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3, "Updating a Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and their Associate or Joint Venture"	Undetermined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless otherwise specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

Note 2: The amendment to IFRS 9 will be applied to the exchange of financial liabilities or provision amendment occurred during annual reporting periods beginning on or after January 1, 2022. The amendment to IAS 41 "Agriculture" will be applied to fair value measurement during annual reporting periods beginning on or after January 1, 2022. The amendment to IFRS 1 "First-time Adoption of IFRSs" will be retrospectively applied to annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendment will be applied to business mergers with an acquisition date during annual reporting periods beginning on or after January 1, 2022.

Note 4: The amendment is applied to the plants, property and equipment in the location and condition necessary to achieve the operation as expected by the management after January 1, 2021.

Note 5: The amendment will be applied to the contracts in which all the obligations have not been performed on January 1, 2022.

Note 6: The amendment will be prospectively applied to annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendment will be applied to the changes in accounting estimates and accounting policies during annual reporting periods beginning on or after January 1, 2023.

1. Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and their Associate or Joint Venture"

According to the amendments, if the consolidated company sells or invests assets that meet the definition of a "business" in IFRS 3 "Business Combinations" to any of the associates (or joint ventures), or the consolidated company loses control over any of the subsidiaries that meets the aforesaid definition and maintains significant influence (or joint control) over the subsidiary, the consolidated company recognizes all the profits or losses generated from such transactions.

However, if the consolidated company sells or invests assets that do not meet the definition of a "business" in IFRS 3 "Business Combinations" to any of the associates (or joint ventures), or the consolidated company loses control over any of the subsidiaries that do not meet the aforesaid definition in a transaction with any of the associates (or joint ventures) and maintains significant influence (or joint control) over the subsidiary, the profit or loss resulting from such transactions shall be recognized only to the extent of unrelated investors' interests in such associate (or joint venture), i.e. the consolidated company's share of the profit or loss shall be eliminated.

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

The amendment specifies that when determining whether liabilities are classified as non-current liabilities, it shall be assessed whether the consolidated company, at the end of a reporting period, has a right to extend the due date of the liabilities by at least 12 months after the reporting period. If the consolidated company has such right at the end of the reporting period, the liabilities are classified as non-current liabilities no matter whether the consolidated company is expected to exercise the right. The amendment clarifies that if the consolidated company shall complete certain requirements to have the right to defer the settlement of liabilities, the consolidated company must have followed the requirements before the end of a reporting period; the same shall apply even if the lender checks the consolidated company's compliance with such requirements on a later date.

The amendment regulates that, for the purpose of liability classification, the aforementioned settlement of liabilities refers to a transfer of cash, other economic resources or the consolidated company's equity instruments to the counterpart to eliminate the liabilities. However, if the terms and conditions of liabilities may, at the option of the counterparty, result in settlement of the liabilities by the transfer of the consolidated company's equity instruments, and the option is recognized as equity separately in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms and conditions do not affect the classification of the liabilities.

3. Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use"

The amendment stipulates that it is inappropriate that the sale proceeds of the items developed in order to bring property, plant and equipment to the location and condition necessary to meet the operation as expected by the management are stated as a deduction from the cost of the assets. The items mentioned above shall be measured based on IAS 2 "Inventory," and the sale proceeds and costs of such items shall be recognized as profit or loss according to the applicable standards.

The amendment is applied to the plants, property and equipment in the location and condition necessary to achieve the operation as expected by the management after January 1, 2021. If the consolidated company adopts the amendment for the first time, the information related to the comparative periods shall be restated.

4. Amendments to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"

The amendment specifies that when assessing whether a contract is onerous, “costs of fulfilling the contract” shall include any additional costs (e.g. direct labor and material costs) for performing the contract and the amortization expenses of other costs directly related to the performance of the contract (e.g. amortized depreciation expenses of the property, plant, and equipment used during the fulfillment of the contract).

When the consolidated company adopts the amendment for the first time, the accumulated effect will be recognized as retained earnings on the date of first-time adoption. Except for the above-mentioned effects, up to the approval and release date of the consolidated financial statements, the consolidated company assessed the effects of the amendments to other standards and interpretation on the financial position and performance on a continuous basis. The relevant effects would be disclosed after the assessment.

IV. Summary of significant accounting policies

(I) Declaration of compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and released by the FSC.

(II) Basis for preparation

Except for the financial instruments measured at fair value, the consolidated financial statements are prepared on the basis of historical cost.

Fair value measurement is classified into Levels 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: refer to quoted prices in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
2. Level 2 inputs: refer to the inputs, other than the quoted prices included in Level 1, that are observable for assets or liabilities directly (namely, the price) or indirectly (namely, presumed from the price).
3. Level 3 inputs: refer to the inputs that are not observable for assets or liabilities.

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

Current assets include:

1. assets held mainly for the purpose of trading;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. liabilities held mainly for the purpose of trading;

2. liabilities to be settled within 12 months after the balance sheet date, (irrelevant whether any long-term re-financing or payment re-arrangement agreement has been completed after the balance sheet date and before the date of release of financial statements; such liabilities are still current liabilities); and
3. liabilities whose due date cannot be unconditionally extended by more than 12 months after the balance sheet date. However, the terms and conditions of the liabilities that may, at the option of the counterparty, result in settlement of the liabilities by issuance of equity instruments do not affect the classification of liabilities.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

The consolidated company engages in the constructions with an operating cycle longer than one year. Therefore, the assets and liabilities related to the constructions are classified as current or non-current based on the normal operating cycle.

(IV) Basis for consolidation

The consolidated financial statements are financial statements including the Company and the entities controlled by the company(subsidiaries). The operating profits and losses of acquired or disposed subsidiaries from the acquisition date to the disposal date in the current period are included in the consolidated statement of comprehensive income. The financial statements of the subsidiaries are adjusted to have their accounting policies consistent with those of the consolidated company. All the transactions, account balances, profits, and expenses/losses between entities are eliminated during preparation of the consolidated financial statements. The total comprehensive income of the subsidiaries is attributable to the owner of the Company and the non-controlling equity even though this results in the non-controlling equity having a deficit balance.

Changes to the consolidated company’s equity ownership in the subsidiaries are treated as equity transactions if the changes do not result in loss of control. The book values of the consolidated company and the non-controlling equity are adjusted to reflect the changes in their relative equity in the subsidiaries. The difference between the adjusted amount of the non-controlling equity and the fair value of any paid or received consideration is directly recognized as equity and attributable to the owner of the Company.

(V) Foreign currency

During preparation of each entity’s financial statements, transactions using currencies other than the entity’s functional currency (foreign currencies) are stated in the functional currency at the exchange rate on the date of transaction.

Monetary foreign currency items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized as profit or loss in the current period.

Non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date of determining the fair value, and the exchange differences resulting therefrom are recognized as profit or loss in the current period. However, when changes in the fair value are recognized as other comprehensive income, the exchange differences arising therefrom are stated as the same.

Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the consolidated financial statements, the assets and liabilities of foreign operations (including the subsidiaries, associates, joint ventures or branches with countries in which they operate or currencies they use different from those of the Company) are translated into NTD at the exchange rate on each balance sheet date. The income and expense items are translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized as other comprehensive income.

If the consolidated company disposes all the interests of foreign operations or disposes their partial interest in a subsidiary and lose the control thereover, or the retained equity interest after disposal of the joint agreements or associates of the foreign operations is stated as financial assets and treated with the same accounting policy as the one for financial instruments, all the accumulated exchange differences attributable to the owner of the Company and related to the foreign operations are reclassified as profit or loss.

When partial disposal of the subsidiary of the foreign operations does not lead to loss of control, any accumulated exchange differences are re-attributed in proportion to the subsidiary’s non-controlling equity but not recognized as profit or loss. For any other partial disposal of foreign operations, any accumulated exchange differences are reclassified as profit or loss based on the proportion of the disposal.

(VI) Investment in associates and joint ventures

An associate refers to a company over which the consolidated company has a significant influence, but it is not a subsidiary or joint venture. A joint venture refers to a joint arrangement over which the consolidated company and another company have joint control, and the consolidated company and such company are entitled to net assets.

The consolidated company adopts the equity method for investment in associates and joint ventures.

Under the equity method, the investment in associates and joint ventures is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the consolidated company's shares of profit/loss and other comprehensive income in the associates and joint ventures and the distributed profits. In addition, changes to the equity in the associates and to the joint ventures are recognized based on shareholding ratios.

When the acquisition cost exceeds the consolidated company's shares of the net fair value of the associates and joint ventures' identifiable assets and liabilities on the date of acquisition, such excess is recognized as goodwill which is included in the book value of such investment and may not be amortized; when the consolidated company's shares of the net fair value of the associates and joint ventures' identifiable assets and liabilities on the date of acquisition exceed the acquisition cost, such excess is recognized as profit/loss of the period.

When the consolidated company does not subscribe for new shares issued by the associates and joint ventures based on our shareholding ratio, resulting in changes to the shareholding ratio and consequently to the net equity value of investment, these changes are used for adjustment of the capital reserve – changes in the net equity of associates and joint ventures recognized under the equity method and the investments under equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the consolidated company's ownership equity in the associates and joint ventures, the amounts related to the associate and joint venture in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates and joint ventures' direct disposal of relevant assets or liabilities shall be in accordance with. If the said adjustment shall be debited to capital reserves, and the balance of capital reserves arising from investment under equity method is insufficient to be offset, the difference is debited to retained earnings.

When the consolidated company's shares of losses in the associates are equal to or exceed the equity in the associates and joint ventures (including the carrying amount of investment in the associate and joint venture under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the consolidated company in the associate and joint venture concerned), we do not recognize further losses. The consolidated company recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the consolidated company makes payment on behalf of the associates and joint ventures.

For impairment evaluation, the consolidated company examines the entire investment book value (including goodwill) for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any recognized impairment loss is not allocated to any assets forming any part of the book value of the investment, including goodwill. Any reversal of the impairment loss is recognized to the extent of a subsequently increase in the recoverable amount of the investment.

Once the investment is not classified as investment in associates and joint ventures, the consolidated company stops using the equity method and measures the retained equity interests in the former associates and joint ventures at fair value. The differences between the fair value of the retaining earnings, proceeds from disposal and the investment book value on the date when the equity method is discontinued are recognized as profit or loss of the period. Besides this, for total amounts related to the associate and joint venture in other comprehensive income, the basis of accounting treatment thereof is the same as the basis which the associates and joint ventures' direct disposal of relevant assets or liabilities shall be in accordance with. When the investment in associates became the investment in joint ventures, or the investment in joint ventures became the investment in associates, the consolidated company continues to use the equity method but does not remeasure retained equity interests.

The profit or loss generated from the upstream, downstream and side stream transactions between the consolidated company and the associates and between the consolidated company and the joint ventures is recognized in the consolidated financial statements only to the extent that such profit or loss is irrelevant to the consolidated company's equity in the associates and joint ventures.

(VII) Inventory

Inventory includes raw materials, materials, finished goods and work-in-progress goods. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items except for the inventories of the same type. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VIII) Property, plant, and equipment

The property, plant, and equipment are recognized in accordance with the cost and subsequently measured based on the cost net of accumulated depreciation and impairment losses.

The property, plant, and equipment under construction are recognized based on the cost net of accumulated impairment losses. The cost includes professional service fees and the loan costs eligible for capitalization. Once the assets are completed and ready for their intended use, the assets are classified as appropriate items under property, plant and equipment, and the depreciation of the assets starts.

Each significant part of the property, plant, and equipment is separately depreciated on the straight-line basis over its useful life. The consolidated company reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year and prospectively recognize the effect from changes in accounting estimates.

For derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss.

(IX) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Intangible assets are amortized on the straight-line basis over its useful life. The estimated useful life, residual value and method of amortization are reviewed at least on the end day of each year, and the effect from changes in accounting estimates are recognized prospectively. Intangible assets with indefinite useful life are recognized based on the cost net of accumulated impairment losses.

2. Derecognition

For derecognition of the intangible assets, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss of the period.

(X) Impairment of tangible and intangible assets (excluding goodwill), and contract cost-related assets

The consolidated company assesses whether there are any signs indicating that any tangible and intangible assets (except for goodwill) may be impaired on each balance sheet date. If there is any of such signs, the recoverable amount of the assets is estimated. When the recoverable amount of individual assets cannot be estimated, the consolidated company estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are amortized on a reasonable and consistent basis to the smallest group of cash-generating units

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually or when there is any sign of impairment.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized as profit or loss.

When the impairment loss is reversed subsequently, the book value of the asset or cash-generating unit is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance that the impairment loss of the assets or cash-generating units is not recognized in the previous year. The reversal of the impairment loss is recognized as profit or loss.

The impairment for the inventory, property, plant, and equipment as well as intangible assets recognized due to customer contrasts is first recognized in accordance with the inventory impairment regulations and the aforesaid requirements. The excess of the book value of contract cost-related assets over the consideration that can be received for providing relevant commodities or services net of relevant direct costs is recognized as impairment losses thereafter. The book value of the contract cost-related assets is then included in the cash-generating unit to which the assets belong in order to perform impairment assessment for the cash-generating unit.

When the impairment loss is reversed subsequently, the book value of the asset, cash-generating unit or contract cost-related assets is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance where the impairment loss of the assets, cash-generating unit or contract cost-related assets is not recognized in the previous year. The reversal of the impairment loss is recognized as profit or loss.

(XI) Non-current assets held for sale

If the book value of non-current assets (or disposal groups) is to be recovered mainly through sale transactions rather than through continuing use, they are classified as held for sale. Non-current assets (or disposal groups) qualified for the classification must be available for immediate sale in the current condition and must be very likely to be sold. When the management at an appropriate level guarantees to sell the assets, and the sale transaction is to be completed within one year from the date of classification, they are very likely to be sold.

If the sale will result in loss of the control over a subsidiary, all the assets and liabilities of the subsidiary are classified as held for sale no matter whether the non-controlling equity in the former subsidiary is retained.

When the guaranteed sale plan will dispose of all or parts of the investments in the associates or joint ventures, only the equity meeting the conditions of held for sale is transferred to held for sale, and the consolidated company stops using the equity method for such equity. The equity method is used continuously for any other equity that is not classified as held for sale. If the disposal will lead to loss of material influence and joint control over the investments, any equity that is not classified as held for sale is treated according to the accounting policies for financial instruments when disposing of the held-for-sale equity.

Non-current assets (or disposal groups) classified as held-for-sale are measured at the lower of the book value and the fair value net of sale costs. In which case, the depreciation of such assets stops.

For the subsidiaries, joint operations, joint ventures, associates, partial interest in the joint ventures or associates that are no longer qualified to be classified as held for sale, they are measured at the book value of such interest as not being classified as held for sale. The financial statements that were classified as held for sale are then retrospectively adjusted.

If non-current assets (or disposal groups) held for sale are reclassified as the non-current assets (or disposal groups) held for distribution to owners, they are measured at the lower of the book value and the fair value net of distribution costs, and the reversal of accounting treatment under the original category is not necessary.

(XII) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the consolidated company becomes a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Any transaction cost measured at fair value through profit or loss directly attributable to the acquisition or issuance of the financial assets or financial liabilities is immediately recognized as profit or loss.

1. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Type of measurements

The financial assets held by the consolidated company are those measured at fair value through profit or loss and at amortized cost as well as investment in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets mandatorily measured at fair value through profit or loss include financial assets and designated to be measured at fair value through profit and loss. The financial assets mandatorily measured at fair value through profit and loss include the investment in equity instruments that the consolidated company does not designate to be measured at fair value through other comprehensive income, and the investment in liability instruments that are not qualified to be classified as those measured at amortized cost or measured at fair value through other comprehensive income.

If measurement or recognition inconsistency can be eliminated or reduced significantly after financial assets are designated to be measured at fair value through profit or loss, the consolidated company makes such designation at the initial recognition.

The financial assets measured at fair value through profit or loss are measured at fair value, and any profit or loss (including any dividends or interests generated from the financial assets) from remeasurement of the financial assets is recognized as profit or loss. For determination of the fair value, please refer to Note 34.

B. Financial assets measured at amortized cost

When the consolidated company’s invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

a. The financial assets held under a business model with the purpose of holding these assets to collect contractual cash flows; and

b. The contractual terms generate cash flows on a specific date that are solely payments of principal and interest.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation is recognized as profit or loss.

Except for the following two circumstances, the interest income is calculated as the effective interest rate times the total book value of financial assets:

a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.

b. For financial assets originally not purchased or originated credit-impaired but subsequently becoming credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets.

Cash equivalents include highly liquid time deposits that can be converted into defined amounts of cash at any time within 3 months after the date of acquisition and are subject to an insignificant risk of changes in value, and are used to meet short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the consolidated company may make an irrevocable election to designate the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration to be measured at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the consolidated company's right to receive dividends is determined, the dividends of investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss except where such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial assets

The consolidated company assesses impairment losses on the financial assets (including accounts receivable) measured according to amortized cost, investment in liability instruments measured at fair value through other comprehensive income, leases receivable and contract assets based on the expected credit losses on each balance sheet date.

Loss allowances for accounts receivable, leases receivable and contract assets are recognized based on the lifetime-expected credit losses The consolidated company first assesses whether the credit risk on other financial assets significantly increases after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on the 12-month expected credit losses; when the increase is significant, it is recognized based on the lifetime-expected credit losses.

The expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime-expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

The impairment loss on all financial assets is deducted from the book value of the financial assets through allowance accounts. However, the loss allowance of the investment in liability instruments measured at fair value through other comprehensive income is recognized as other comprehensive income, and the book value thereof is not reduced.

(3) Derecognition of financial assets

The consolidated company derecognizes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized as profit or loss. Upon derecognition of the entire investment in liability instruments measured at fair value through other comprehensive income, the difference between its book value, and the total amount of the consideration received plus any cumulative gain or loss recognized as other comprehensive profit or loss is recognized as profit or loss. Upon derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the consolidated company are classified as financial liabilities or equity based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

The equity instruments issued by the consolidated company are recognized based on the payment net of the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction from equity. Purchase, sale, issuance or cancellation of the equity instruments owned by the Company are not recognized as profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Except for the following circumstances, all financial liabilities are measured at amortized cost under the effective interest method.

<u>Financial liabilities measured at fair value through profit or loss</u>

Financial liabilities measured at fair value through profit or loss include the financial liabilities held for transaction.

The financial liabilities held for transaction are measured at fair value, and any profit or loss (including any dividends or interests paid for the financial liabilities) from remeasurement of the financial liabilities is recognized as profit or loss.

For determination of the fair value, please refer to Note 34.

(2) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid (including any non-cash assets transferred and any liabilities assumed) are recognized as profit or loss.

4. Derivatives

The derivatives in the contract of the consolidated company include forward exchange rate and interest rate swaps in order to manage the interest rate and exchange rate risk of the consolidated company.

The derivatives are recognized initially at the fair value when the contract of derivatives is signed and subsequently remeasured at the fair value on the balance sheet date. Any profit or loss from the remeasurement is recognized as profit or loss directly. However, for derivatives that are designated as effective hedging instruments, the timing at which they are recognized as profit or loss depends on the underlying hedge arrangement. When the fair value of the derivatives is positive, they are classified as financial assets; when the fair value is negative, they are classified as financial liabilities.

If derivatives are embedded in a main contract of assets within the scope of IFRS 9, the classification of financial assets is determined depending on the contract as a whole. If derivatives conforming to the definition of derivatives are embedded in a main contract of assets not within the scope of IFRS 9 (e.g. a main contract of financial liabilities), and their risk and feature are not in close relation with the risk and feature of the main contract, and the hybrid contract is not measured at fair value through profit or loss, the embedded derivatives are deemed stand-alone derivatives.

(XIII)Liability reserve

The amount recognized as liability reserves (including the contractual obligation to maintain or restore infrastructures before they are returned to the grantor and the various payments required by the government in accordance with laws, which are specified in service concession arrangements) is the best estimate of the expenses needed to settle the obligation on the balance sheet date in consideration of the risks and uncertainty of the obligation. The liability reserves are measured based on the estimated discounted cash flow for settlement of the obligation.

Warranty

The warranty obligation to guarantee that products conform to the agreed specification is recognized based on the best estimate made by the management for the expenses needed to settle the Company's obligation when the revenue of the relevant commodities is recognized.

(XIV) Recognition of revenue

After the consolidated company's recognition of performance obligations under a contract with customers, the consolidated company allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after each performance obligation is fulfilled.

For the contract in which transfer of commodities or services and collection of considerations are conducted at an interval within 1 year, the transaction price is not adjusted for significant financing components.

1. Revenue from sale of commodities

   Revenue from sale of commodities is generated from the sales of solar cells and panels. Once solar cells and panels are delivered to the customer-designated location or shipping point, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes the risk that the products might become outdatede. Therefore, the revenue and accounts receivable are recognized at that point of time. The receipts in advance from the sale are recognized as contract liabilities before the delivery of the products.

   When export of raw materials for processing, the control over the ownership of processed products is not transferred, and thus the revenue for the export of raw materials is not recognized.

2. Service income

   Service income is earned from the entrusted purchase of equipment, the software installment and extended warranty.

3. Construction income

   The consolidated company progressively recognizes contract assets during the construction and transfer them to accounts receivable when billing. If the construction proceeds received exceed the revenue recognized, the difference is recognized as contract liabilities. Construction retainage retained by customers according to contractual terms and conditions is to ensure that the consolidated company fulfills all the contractual obligation thereof and is recognized as contract assets before the fulfillment of the consolidated company.

(XV) Lease

1. The consolidated company is the lessor

A lease is classified as finance leases when almost all the risks and returns attached to the ownership of assets are transferred to the lessee according to the terms and conditions, and all the other leases are classified as operating leases.

The lease payment under operating leases less lease incentives is recognized as profit on the straight-line basis over the lease term. The original direct cost generated from the acquisition of the operating leases plus the book value of underlying assets is recognized as expenses on the straight-line basis over the lease term.

2. The consolidated company is the lessee

The lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized as expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to restore the underlying asset) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses, and then the remeasurement of the lease liabilities is adjusted.

The right-of-use assets are depreciated on the straight-line basis over the period from the lease commencement date to the expiration of the useful life or the lease period, whichever is sooner. If the ownership of underlying assets will be acquired after the expiration of the lease term, or the cost of the right-of-use assets reflects the exercise price for purchase options, the underlying assets are depreciated over the period from the lease commencement date to the expiration of the useful life of the underlying assets.

The lease liabilities are initially measured based on the present value of lease payments (including fixed payments, substantial payments, variable lease payments depending on certain indexes or rates, the amount to be paid by the lessee under residual value guarantee, the exercise price for purchase options if the consolidated company can be reasonably assured that the right will be exercised, and the fine for termination of the lease reflected during the lease period less received incentives). If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term, the amount to be paid under residual value guarantee, the assessment relating the purchase options of underlying assets, or the changes in the index or rate determining the lease payments cause the changes in the future lease payments, we remeasure the lease liabilities and adjust the right-of-use assets accordingly. However, the residual remeasurement is recognized in profit or loss when the book value of right-of-use assets is reduced to zero. The lease liabilities are separately presented in the consolidated balance sheet.

(XVI)Cost of borrowing

The cost of borrowing that can be directly attributable to the assets for which acquisition, building or production meet the requirements is part of the cost of such assets until almost all the required activities for them to reach the intended status of use or sale are completed.

The income earned from temporary investment by using certain loans before the occurrence of capital expenses meeting the requirements is deducted from the cost of borrowing that meets the requirements of capitalization.

Otherwise, all the costs of borrowing are recognized as profit or loss in the year in which the borrowing occurred.

(XVII)Government grants

The government grants shall only be recognized when it is reasonable to ensure that the consolidated company will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively.

The government grants are recognized as profit or loss on a systematic basis within the period when the costs to be subsidized by the government are recognized as expenses by the consolidated company. Government grants for which the acquisition of non-current assets in a purchase or building manner or in other manners by the consolidated company is necessary are recognized as deferred income and transferred to profit or loss on a reasonable and systematic basis over the useful life of the relevant assets.

If the government grants are used to make up the expenses or losses that have occurred, or immediately support the finance of the consolidated company and there is no future cost, such grants are recognized in profit or loss during the period when they can be received.

(XVIII)Employee benefits

1. Short-term employee benefits

Liabilities related to employee benefits are measured at non-discounted amount expected to be paid against the services to be provided by the employees.

2. Retirement benefits

Every pension fund contributed under the defined pension appropriation plan is recognized as expenses during the period when employees provide services.

Defined retirement benefit costs (including servicing costs, net interest, and remeasurement) under the defined retirement benefit plan are calculated actuarially using the projected unit credit method. The net interest on service costs (including current service costs and net defined benefit liabilities (assets) is recognized as employee benefit expenses when the interest accrues. Remeasurement (including actuarial profits or losses, changes in the effect of asset limits, and return on plan assets net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It is not reclassified as profit or loss in the subsequent periods.

Net defined benefit liabilities (assets) represent the contribution deficit (surplus) in the defined retirement benefit plan. Net defined benefit assets shall not exceed the present value of contribution refunded from the defined retirement benefit plan or future deductible contribution.

(XIX) Share-based payment arrangement

<u>Employee equity-settled share-based payment arrangement</u>

The equity-settled share-based payment arrangement is recognized as expenses based on the fair value of equity instruments on the grant date and the best estimate of the vested amount on the straight-line basis over the vesting period, while the capital reserve – stock option is adjusted. If the amount is immediately vested on the grant date, it is recognized as expenses on that date.

(XX) Income tax

The income tax expenses are the total of current and deferred income taxes.

1. Current income tax

The 10% additional income tax on undistributed earnings calculated according to the Income Tax Act is recognized as the annual income tax expense resolved at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

The deferred income taxes are calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when we are likely to have taxable income available to offset the income tax arising from deductible temporary differences, loss carryforwards, purchase of machine/equipment, R&D and talent training.

Taxable temporary differences generated from investment in subsidiaries, associates and joint arrangements are recognized in deferred income tax liabilities except where the consolidated company can control the timing of reversal of the taxable temporary differences, and where such differences are not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investment are recognized, to the extent that they are expected to be reversed in the foreseeable future, as deferred income tax assets only when we are likely to have taxable income adequate to realize the temporary differences.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized as deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income adequate to return all or part of the assets in the future, the book value thereof is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax laws legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax on the balance sheet date arising from the method that the consolidated company excepts to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes of the year

The current and deferred income taxes are recognized as profit or loss other than those related to the titles stated as other comprehensive income or as equity directly, which are recognized in other comprehensive income separately or in equity directly.

V. Major sources of uncertainty of significant accounting judgments, estimates, and assumptions

For adoption of the accounting policies, our management must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from those estimates.

The consolidated company deems the effect of the COVID-19 on the economy as a consideration of significant accounting estimates. The management will continue to review the estimates and basic assumptions. When the amendments to the estimates only affect the current period, they are recognized in the period in which they are made; when the amendments to the estimates affect the current and future periods at the same time, they are recognized in the period in which they are made and the future period.

As assessed by the management, there is no material uncertainty in the accounting policies, estimates and basic assumptions that the consolidated company adopts.

VI. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 1,809	$ 901
Bank check and demand deposit	323,637	195,434
Cash equivalents (investment with an initial maturity date within 3 months)		
Time deposit	197,996	410,327
	$ 523,442	$ 606,662

Interest rate range of bank deposits on the balance sheet date

	December 31, 2020	December 31, 2019
Bank deposit	0.001% - 2.1%	0.001% - 2.1%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2020	December 31, 2019
Financial assets – non-current		
Mandatory measurement at fair value through profit or loss		
Structured deposit	$ -	$ 3,003

The consolidated company and the bank signed a structured time deposit contract with a 5-year term in 2019. The structured time deposit includes an embedded derivative not in a close relation to the main contract. Since the main contract included in the hybrid contract belongs to the assets within the scope of IFRS 9, the main contract is mandatorily classified as financial assets measured at fair value through profit or loss according to the overall assessment for the hybrid contract.

VIII. Financial assets measured at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Non-current		
Investment in equity instruments	$ 20,658	$ 20,658

Investment in equity instruments

	December 31, 2020	December 31, 2019
Non-current		
Domestic investment		
Non-listed (Non-OTC) stock		
Common stock of KENTEC INC.	$ 20,658	$ 20,658

The consolidated company invested in KENTEC INC. according to our medium and long-term strategies and expected to gain profits through long-term investment. Since the consolidated company's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
Current		
Domestic investment		
Time deposit with an initial maturity date over 3 months	$ 183,627	$ 14,990
Interest rate-linked structured deposit	85,440	-
	$ 269,067	$ 14,990
Non-current		
Domestic investment		
Time deposit with an initial maturity date over 3 months	$ 1,788	$ 53,588

As of December 31, 2020 and 2019, the interest rate range of the time deposit with an initial maturity date over 3 months was 0.24%–1.07% and 0.24%–7%, respectively.

For more information on the credit risk management and impairment assessment of the financial assets measured at amortized cost, please refer to Note 10.

For more information on the pledge of the financial assets measured at amortized cost, please refer to Note 35.

X. Credit risk management of the investment in liability instruments

The consolidated company's investment in liability instruments was recognized as financial assets measured at amortized cost:

	Measurement at amortized cost	
	December 31, 2020	December 31, 2019
Total book value	$ 270,855	$ 68,578
Allowance for loss	-	-
Amortized cost	$ 270,855	$ 68,578

The credit risk of bank deposits and other financial instruments is measured and monitored by the finance department of the Company. The consolidated company's trade counterpart and performing party are all reputable banks and the financial institutions and corporates rated as the investment level or higher with no significant performance concerns; therefore, there is no significant credit risk. The consolidated company's current credit risk evaluation mechanism and the total book value of liability instruments for each credit rating are shown as follows:

Credit rating	Definition	Basis for recognition of expected credit losses	Percentage of expected credit losses	Total book value on December 31, 2020	Total book value on December 31, 2019
Normal	A debtor has a low credit risk and is fully capable of settling contractual cash flows.	Expected credit losses for 12 months	0 %	$ 270,855	$ 68,578

XI. Notes/accounts receivable and other receivables

	December 31, 2020	December 31, 2019
Notes receivable		
From operation	$ -	$ 46,720
Less: Loss allowance	-	-
	$ -	$ 46,720
Accounts receivable		
Measurement at amortized cost		
Total book value	$ 89,393	$ 182,944
Less: Loss allowance	(4,042)	(11,843)
	$ 85,351	$ 171,101
Other receivables		
Non-related party		
Business tax refund receivable	$ 688	$ 405
Purchase discounts and allowances receivable	7,033	7,403
Others	3,872	3,081
Less: Loss allowance	-	-
	11,593	10,889
Related party		
Loans receivable – fixed interest rate (II)	249,489	375,653

Loans receivable – interest	2,913	14,505
Others	90	280
	252,492	390,438
	$ 264,085	$ 401,327

(I) Accounts/notes receivable

Accounts receivable measured at amortized cost

The consolidated company provides a 30-to-90-day loan period on average for sale of commodities, and interest does not accrue on accounts receivable. According to the policy of the consolidated company, we only trade with the counterparts that are rated equivalent to the investment level or higher. Full guarantees are required if necessary to reduce the risk of financial losses due to default. The information on credit rating is provided by independent rating institutions; if such information is not available, the consolidated company rates the main customers with reference to other open financial information and historic trading records of these customers. The consolidated company continuously monitors the credit risk exposure and the credit rating of the trading counterpart and distributes the total trading amount to different customers qualified in credit rating. In addition, the consolidated company manages the credit risk exposure through the credits of the trading counterpart reviewed and approved by the Risk Management Committee every year.

The consolidated company recognizes the loss allowance for accounts receivable based on the lifetime expected credit losses according to the simplified approach of IFRS 9. The lifetime expected credit losses are calculated using a provision matrix with consideration of customers' historical default records and current financial position, industrial and economic environments, GDP forecasts and industrial prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different customers, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of accounts receivable.

When there is any evidence showing that the trading counterpart is facing serious financial difficulties and the consolidated company cannot estimate a reasonable recoverable amount (for example, the trading counterpart is undergoing liquidation), the consolidated company directly writes off related accounts receivable, continues to claim for payment, and recognizes the recovered amount therefrom as profit or loss.

Our loss allowances for accounts and notes receivable measured using the provision matrix are as follows:

December 31, 2020

	Not overdue	1–30 days overdue	31–60 days overdue	61–90 days overdue	91–120 days overdue	121–180 days overdue	181–364 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	1.00% - 46.90%	11.98% - 74.53%	11.98% - 75.04%	11.98% - 75.04%	11.98% - 75.04%	11.98% - 87.88%	11.98% - 98.88%	100%	
Total book value	$ 2,405	$ 83,459	$ 233	$ 143	$ -	$ -	$ -	$ 3,153	$ 89,393
Loss allowance (lifetime expected credit losses)	(51)	(835)	(2)	(1)	-	-	-	(3,153)	(4,042)
Amortized cost	$ 2,354	$ 82,624	$ 231	$ 142	$ -	$ -	$ -	$ -	$ 85,351

December 31, 2019

	Not overdue	1–30 days overdue	31–60 days overdue	61–90 days overdue	91–120 days overdue	121–180 days overdue	181–364 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	1% - 38.06%	48.53% - 87.59%	48.53% - 87.59%	48.53% - 87.59%	48.53% - 87.59%	48.53% - 87.59%	48.53% - 87.59%	51.36% - 100%	
Total book value	$ 207,721	$ -	$ -	$ -	$ -	$ 432	$ 1,942	$ 19,569	$ 229,664
Loss allowance (lifetime	(203)	-	-	-	-	(378)	(1,211)	(10,051)	(11,843)

expected credit losses)									
Amortized cost	$ 207,518	$ -	$ -	$ -	$ -	$ 54	$ 731	$ 9,518	$ 217,821

Changes in loss allowance for accounts and notes receivable are as follows:

	2020	2019
Balance – beginning of the year	$ 11,843	$ 20,187
Less: Impairment loss reversed in the year	(5,169)	(7,717)
Actual amount written off in the current period	(2,683)	(673)
Differences from translation of foreign currencies	51	46
Balance – ending of the year	$ 4,042	$ 11,843

(II) Other receivables – loans receivable

The interest rate risk exposure and contractual maturity date of the consolidated company's loans receivable with fixed interest rates are described as follows:

	December 31, 2020	December 31, 2019
Loans receivable with fixed interest rates		
No more than 1 year	$ 249,489	$ 375,653

The consolidated company has acquired the property of the borrowing company as collateral.

The details of the loans receivable are listed below:

	Maturity date	Collateral	Effective interest rate	December 31, 2019	December 31, 2019
A loan receivable of RMB 6,000,000 with a fixed interest rate	February 21, 2020	Yes	4.85%	$ -	$ 14,636
A loan receivable of RMB 6,000,000 with a fixed interest rate	February 24, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	February 25, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 3, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 4, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 7, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 10, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 12, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 13, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 14, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 18, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 6,000,000 with a fixed interest rate	March 20, 2020	Yes	4.85%	-	25,830
A loan receivable of RMB 2,600,000 with a fixed interest rate	April 21, 2020	Yes	4.85%	-	11,193
A loan receivable of RMB 2,600,000 with a fixed interest rate	April 24, 2020	Yes	4.85%	-	11,193
A loan receivable of RMB 2,600,000 with a fixed interest rate	April 25, 2020	Yes	4.85%	-	11,193
A loan receivable of RMB 2,600,000 with a fixed interest rate	April 28, 2020	Yes	4.85%	-	11,193
A loan receivable of RMB 2,600,000 with a fixed interest rate	April 29, 2020	Yes	4.85%	-	11,193
A loan receivable of RMB 2,600,000 with a fixed interest rate	May 6, 2020	Yes	4.85%	-	11,193
A loan receivable of RMB 2,260,000 with a fixed interest rate	May 7, 2020	Yes	4.85%	-	9,729
A loan receivable of RMB 4,000,000 with a fixed interest rate	March 10, 2021	Yes	4.85%	17,508	-
A loan receivable of RMB 5,000,000 with a fixed interest rate	March 11, 2021	Yes	4.85%	21,885	-
A loan receivable of RMB 8,000,000 with a fixed interest rate	November 10, 2021	Yes	4.85%	35,016	-
A loan receivable of RMB 8,000,000 with a fixed interest rate	November 11, 2021	Yes	4.85%	35,016	-
A loan receivable of RMB 8,000,000 with a fixed interest rate	November 12, 2021	Yes	4.85%	35,016	-
A loan receivable of RMB 8,000,000 with a fixed interest rate	November 15, 2021	Yes	4.85%	35,016	-
A loan receivable of RMB 8,000,000 with a fixed interest rate	November 16, 2021	Yes	4.85%	35,016	-
A loan receivable of RMB 8,000,000 with a fixed interest rate	November 17, 2021	Yes	4.85%	35,016	-
				$ 249,489	$ 375,653

(III) Other receivables – others

Interest does not accrue on other receivables. According to the policy of the consolidated company, we only trade with the counterparts that are rated equivalent to the investment level or higher. Full guarantees are required if necessary to reduce the risk of financial losses due to default. The information on credit rating is provided by independent rating institutions; if such information is not available, the consolidated company rates the main customers with reference to other open financial information and historic trading records of these customers. The consolidated company continuously monitors the credit risk exposure and the credit rating of the trading counterpart and distributes the total trading amount to different customers qualified in credit rating. In addition, the consolidated company manages the credit risk exposure through the credits of the trading counterpart reviewed and approved by the Risk Management Committee every year.

Changes in loss allowance for other receivables are as follows:

	2020	2019
Balance – beginning of the year	$ -	$ 20
Less: Impairment loss reversed in the year	-	(20)
Balance – ending of the year	$ -	$ -

XII.Inventory

	December 31, 2020	December 31, 2019
Finished goods	$ 91,306	$ 30,692
Work in process	47,002	30,615
Raw material	15,389	12,627
In-transit inventory	28,060	3,253
	$ 181,757	$ 77,187

The nature of costs of sales is shown below:

	2020	2019
Cost of inventory sold	$ 1,972,585	$ 2,043,532
Loss from inventory devaluation (gain from price recovery) (I)	(5,085)	8,139
Impairment loss from prepayments for purchase (gain from price recovery) (II)	(12,659)	140,987
Abnormal manufacturing cost of inventory	13,272	255,770
	$ 1,968,113	$ 2,448,428

(I) The recovery of net realizable value of inventory resulted from a rise in the sale prices in certain markets.

(II) For impairment losses of prepayments for purchase, please refer to the description of Notes 18 and 36.

XIII.Subsidiary

Subsidiaries included in the consolidated financial statements

Entities in the consolidated financial statements are as follows:

Name of investor	Name of the subsidiary	Nature of business	Shareholding ratio December 31, 2019	Shareholding ratio December 31, 2019	Description
Tainergy Tech. Co., Ltd.	Tainergy Tech Holding (Samoa) Co., Ltd.	Investment business	100	100	
Tainergy Tech. Co., Ltd.	Cheng Yang Energy Co., Ltd.	Solar power generation and sale of solar power systems	-	100	(1)
Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	Production of high-tech solar cells and the components of the cells	100	100	-
Tainergy Tech. Co., Ltd.	Star Solar New Energy Co., Ltd.	Solar power generation and sale of solar power systems	100	100	-
Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Manufacture and sale of electronic parts and components	64.4	-	(2)
Tainergy Tech Holding (Samoa) Co., Ltd.	Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech cells (solar cells and the components of the cells)	100	100	
Tainergy Technology (Kunshan) Co., Ltd.	Kunshan SENSIC Electronic Materials Co., Ltd.	Sales and manufacture of electronic materials and parts	100	100	(3)
Tainergy Technology (Kunshan) Co., Ltd.	Kunshan Jichang Energy Technology Co., Ltd.	Sale of solar power-related products	100	-	(4)

(1) The consolidated company sold 100% of the shares for a total of NTD 283,496,000 on April 28, 2020. Please refer to Note 30.

(2) TAISIC MATERIALS CO. is located in Zhongli District, Taoyuan City and was established with a capital investment of NTD 6,400,000 by Tainergy Tech. Co., Ltd. of the consolidated company in June 2020, and thus the Tainergy Tech. Co., Ltd. acquired 64% of the shares. The main business activities of TAISIC MATERIALS CO. are the manufacture and sales of electronic parts and components.

The consolidated company did not raise additional capital of NTD 12,920,000 according to the shareholding ratio thereof during Juan and December 2020, as a result, the shareholding ratio increased to 64.4%. For changes in the consolidated company's ownership equity in the associates, the capital reserves decreased by NTD 78,000.

(3) Kunshan SENSIC Electronic Materials Co., Ltd. (originally named Kunshan Kunfu Energy Development Co., Ltd.) is located in Kunshan City, Jiangsu Province of the People's Republic of China and was established with a 100% capital investment by Tainergy Technology (Kunshan) Co., Ltd. of the

consolidated company in October 2017. The main business activities of Kunshan SENSIC Electronic Materials Co., Ltd. are the manufacture and sales of electronic parts and components. A capital contribution of RMB 2,000,000 and RMB 2,500,000 was contributed on January 8 and April 20, 2020, respectively.

(4) Kunshan Jichang Energy Technology Co., Ltd. is located in Kunshan City, Jiangsu Province of the People's Republic of China and was established with a 100% capital investment by Tainergy Technology (Kunshan) Co., Ltd., one of the consolidated companies, in June 2020. The main business activities of Kunshan Jichang Energy Technology Co., Ltd. are the sale of solar power-related products A capital of RMB 27,920,000 was expected to be contributed, but it has not been contributed as of December 31, 2020.

XIV.Investment under the equity method

	December 31, 2020	December 31, 2019
Investment in associates	$ 300,546	$ 225,661

Investment in associates

	December 31, 2020	December 31, 2019
Material associates		
Suzhou Kenmec Property Development Ltd.	$ 300,546	$ 225,661

Material associates

Company name	Nature of business	Main business premise	Proportion of shareholding and voting right December 31, 2019	Proportion of shareholding and voting right December 31, 2019
Suzhou Kenmec Property Development Ltd.	Real estate business	China	31.75%	31.75%

For more information on the above-mentioned associate's business nature, main business premise, and the country in which the company is registered, please refer to Table 6 "Name and Territory of Investees and Other Relevant Information" and Table 8 "Information on Investments in Mainland China."

The consolidated company did not raise additional capital according to the shareholding ratio thereof on January 14 and March 31, 2020, as a result, the shareholding ratio decreased by 1.75% and increased by 1.75%, respectively. For changes in the consolidated company's ownership equity in the associates, an amount of NTD 110,000 was recognized as capital reserves.

Since the consolidated company did not raise additional capital according to the shareholding ratio thereof during January 1 and December 31, 2019; therefore, the shareholding ratio cumulatively dropped by 31.75%. For changes in the consolidated company's ownership equity in the associates, the capital reserve was adjusted up by NTD 11,526,000.

Since the fair value of the consolidated company's equity investments under the equity method calculated based on the equity valuation report issued by the experts on December 31, 2019 was lower than its relative book value, the management of the consolidated company performed an impairment test for the investments to check whether the book value of each investment was lower than the fair value. The asset-based valuation approach was used for the valuation of the fair value. It was assessed that the book value of the consolidated company's investment in Suzhou KENMEC Property Development Ltd. was NTD 42,076,000 higher than the fair value on December 31, 2019. An impairment loss of NTD 42,076,000 was recognized for investment under the equity method in 2019.

The impairment losses recognized as a result of the consolidated company's investment in associates are shown as follow:

	2020	2019
Suzhou Kenmec Property Development Ltd.	$ -	$ 42,076

The investment under the equity method and the consolidated company's shares of profits/ losses and other comprehensive income in the associate were calculated based on the financial statements audited by CPAs.

The following financial information summary is prepared based on the associates' IFRS consolidated financial statements and reflected the adjustments made after using the equity method.

Suzhou Kenmec Property Development Ltd.

	December 31, 2020	December 31, 2019
Current assets	$ 1,463,583	$ 1,637,329
Non-current assets	12,391	15,261
Current liabilities	(647,006)	(1,078,279)
Non-current liabilities	-	-
	$ 828,968	$ 574,311
The consolidated company's shareholding ratio	31.75%	31.75%
The consolidated company's equity	$ 263,197	$ 182,344
Equity acquisition premium – adjustments to the fair value of real estate under construction	77,851	84,530
Impairment loss (including the transfer of non-current assets held for sale)	(42,076)	(42,076)
Other adjustments (adjustments for translation of interest rates in the financial statements)	1,574	863
Book value of investment	$ 300,546	$ 225,661

	2020	2019
Operating revenue	$ 276,170	$ -
Net loss for the year	($ 29,665)	($ 50,237)
Other comprehensive income	-	-
Total comprehensive income	($ 29,665)	($ 50,237)

XV.Property, plant, and equipment

	December 31, 2020	December 31, 2019
Internal use	$ 1,807,941	$ 2,013,145

Internal use

	Land improvement	House and building	Machine and equipment	Transport equipment	Office equipment	Leasehold improvement	Other equipment	Uncompleted construction	Total
Cost									
Balance on January 1, 2020	$ 64,770	$ 456,497	$ 4,604,748	$ 10,811	$ 38,811	$ 594,607	$ 53,092	$ 130,865	$ 5,954,201
Addition	-	-	84,365	-	3,113	22,172	669	603,631	713,950
Disposal	-	-	(52,402)	(568)	(8,064)	(164,280)	(96)	(817)	(226,227)
Reclassification	-	-	225,031	-	-	25,984	-	(145,541)	105,474
Disposal of subsidiaries	-	-	(770,811)	-	-	-	-	-	(770,811)
Net exchange differences	1,083	7,635	(58,484)	9	(594)	(16,113)	(1,403)	(6,902)	(74,769)
Balance on December 31, 2020	$ 65,853	$ 464,132	$ 4,032,447	$ 10,252	$ 33,266	$ 462,370	$ 52,262	$ 581,236	$ 5,701,818
Accumulated depreciation and impairment									
Balance on January 1, 2020	$ 12,901	$ 165,155	$ 3,288,206	$ 9,767	$ 37,987	$ 385,354	$ 41,686	$ -	$ 3,941,056
Depreciation expenses	3,207	22,973	240,558	650	881	35,005	4,743	-	308,017
Disposal	-	-	(52,386)	(568)	(8,064)	(164,280)	(96)	-	(225,394)
Reclassification	-	-	-	-	-	-	-	-	-
Disposal of subsidiaries	-	-	(73,363)	-	-	-	-	-	(73,363)
Net exchange differences	287	3,274	(52,774)	26	(345)	(5,881)	(1,026)	-	(56,439)
Balance on December 31, 2020	$ 16,395	$ 191,402	$ 3,350,241	$ 9,875	$ 30,459	$ 250,198	$ 45,307	$ -	$ 3,893,877
Net amount on December 31, 2020	$ 49,458	$ 272,730	$ 682,206	$ 377	$ 2,807	$ 212,172	$ 6,955	$ 581,236	$ 1,807,941
Cost									
Balance on January 1, 2019	$ 67,282	$ 478,740	$ 6,161,967	$ 11,038	$ 49,280	$ 835,947	$ 55,352	$ 21,222	$ 7,680,828
Addition	-	-	31,370	-	68	8,139	3,073	122,854	165,504
Disposal	-	(5,342)	(1,808,574)	-	(10,069)	(306,670)	(5,324)	-	(2,135,979)
Reclassification	-	864	278,488	-	-	60,826	1,727	(4,393)	337,512
Net exchange differences	(2,512)	(17,765)	(58,503)	(227)	(468)	(3,635)	(1,736)	(8,818)	(93,664)
Balance on December 31, 2019	$ 64,770	$ 456,497	$ 4,604,748	$ 10,811	$ 38,811	$ 594,607	$ 53,092	$ 130,865	$ 5,954,201
Accumulated depreciation and impairment									
Balance on January 1, 2019	$ 10,051	$ 147,509	$ 4,625,017	$ 9,229	$ 47,354	$ 664,620	$ 38,526	$ -	$ 5,542,306
Depreciation expenses	3,344	24,157	367,224	729	1,125	29,923	8,261	-	434,763
Recognized impairment loss	-	-	160,247	-	-	-	1,042	-	161,289
Disposal	-	(145)	(1,797,806)	-	(10,051)	(306,670)	(1,233)	-	(2,115,905)
Reclassification	-	-	3,447	-	-	-	(3,447)	-	-
Net exchange differences	(494)	(6,366)	(69,923)	(191)	(441)	(2,519)	(1,463)	-	(81,397)
Balance on December 31, 2019	$ 12,901	$ 165,155	$ 3,288,206	$ 9,767	$ 37,987	$ 385,354	$ 41,686	$ -	$ 3,941,056
Net amount on December 31, 2019	$ 51,869	$ 291,342	$ 1,316,542	$ 1,044	$ 824	$ 209,253	$ 11,406	$ 130,865	$ 2,013,145

A loss of NTD 161,289,000 recognized by the consolidated company in 2019 is described as follows:

The consolidated company's machines and equipment in Mainland China expected to be used for production of the product were left unused due to the poor sale performance of solar cells in the market, as a result, the recoverable amount of the machines and equipment was lower than the book value. Therefore, an impairment loss of NTD 161,289,000 was recognized in 2019. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income.

The depreciation expense was calculated on the straight-line basis over the following useful lives:

Land improvement	20 years
House and building	20 years
Machine and equipment	
Solar power generation equipment	20 years
system and equipment construction	3 to 18 years

Solar power equipment	2 to 10 years
Instrument	2 to 8 years
Transport equipment	5 to 8 years
Office equipment	2 to 8 years
Leasehold improvement	1 to 10 years
Other equipment	1 to 10 years

For the amount of the property, plant, and equipment for internal use pledged as collateral for loans, please refer to Note 35.

XVI.Lease agreement

(I) Right-of-use assets

	December 31, 2020	December 31, 2019
Book value of right-of-use assets		
Land	$ 134,049	$ 135,284
Building	148,977	82,174
	$ 283,026	$ 217,458

	2020	2019
Addition of right-of-use assets	$ 114,152	$ 38,012
Depreciation expense of right-of-use assets		
Land	$ 3,421	$ 3,611
Building	18,437	29,183
	$ 21,858	$ 32,794

Due to the adjustments made by the consolidated company to the scope of lease, the right-of-use assets decreased by NTD 8,651,000 and NTD 97,002,000 during January 1 and December 31, 2020 and 2019, respectively.

(II) Lease liabilities

	December 31, 2020	December 31, 2019
Book value of lease liabilities		
Current	$ 30,771	$ 14,358
Non-current	$ 121,319	$ 68,122

Range of discount rate for lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Land	-	-
Building	2.4% - 10%	2.10% - 10%

Since the payments related to the right of use of the land acquired in Mainland China were made upon the acquisition, the right-of-use was not required to be discounted.

(III) Material lease activities and terms

The consolidated company also rents several land lots and buildings for plants and offices with a lease term of 5–18 years. After the termination of the lease period, the consolidated company is not entitled to a bargain purchase option for the land and buildings rented.

As of December 31, 2020 and 2019, the right of use of the land acquired in Mainland China by the consolidated company was NTD 134,049,000 and NTD 135,284,000, respectively.

(IV) Other lease information

	2020	2019
Lease expense of low-value assets	$ 628	$ 661
Total cash (outflow) amount for lease	($ 22,023)	($ 30,564)

The consolidated company opts to apply the exemption of recognition to the leases of some office equipment which are qualified for the lease of low-value assets, and does not recognize right-of-use assets and lease liabilities with respect to such lease.

For the amount of right-of-use assets pledged as collateral for loans, please refer to Note 35.

The consolidated company had no rental commitments with a lease term commencing after the balance sheet date on both December 31, 2020 and 2019.

XVII. Other intangible assets

	Patent right	Computer software	Total
Cost			
Balance on January 1, 2020	$ 19,048	$ 1,423	$ 20,471
Acquired separately	-	578	578
Disposal	-	(1,103)	(1,103)
Net exchange differences	-	(2)	(2)
Balance on December 31, 2020	$ 19,048	$ 896	$ 19,944
Accumulated amortization			
Balance on January 1, 2020	$ -	$ 1,028	$ 1,028
Amortization expenses	1,905	714	2,619
Disposal	-	(1,103)	(1,103)
Net exchange differences	-	(3)	(3)
Balance on December 31, 2020	$ 1,905	$ 636	$ 2,541
Net amount on December 31, 2020	$ 17,143	$ 260	$ 17,403
Cost			
Balance on January 1, 2019	$ -	$ 797	$ 797
Acquired separately	19,048	636	19,684
Net exchange differences	-	(10)	(10)
Balance on December 31, 2019	$ 19,048	$ 1,423	$ 20,471

Accumulated amortization			
Balance on January 1, 2019	$ -	$ 314	$ 314
Amortization expenses	-	721	721
Net exchange differences	-	(7)	(7)
Balance on December 31, 2019	$ -	$ 1,028	$ 1,028

XVIII.Other assets

	December 31, 2020	December 31, 2019
Current		
Prepayments for purchase and expenses (Note 36)	$ 53,517	$ 33,655
Purchase tax	6,986	2,030
Overpaid tax retained for offsetting the future tax payable	13,356	16,375
	73,859	52,060
Other financial assets – restricted bank deposits (Note 35)	16,548	43,832
Payments for others	-	-
	$ 90,407	$ 95,892
Non-current		
Prepayment for equipment	$ 10,324	$ 102,900
Guarantee deposits paid (Notes 35 and 36)	29,247	31,553
Other non-current assets		
Overdue receivables (Note 11)	-	75,786
Allowance for bad debt – overdue receivables	-	(75,786)
	-	-
	$ 39,571	$ 134,453

(I) Prepayment for purchase

The consolidated company's prepayments for purchase were mainly the prepayments made according to the requirements of the material purchase contracts signed with Sino-American Silicon Products Inc..

As of December 31, 2020 and 2019, an accumulated impairment loss of NTD 180,257,000 and NTD 192,916,000 has been appropriated for the prepayment for purchase, respectively. Please refer to the description of Note 36. A profit of NTD 12,659,000 and a loss of NTD 140,987,000 were recognized as the gain from price recovery of long-term prepayment for purchase and the operating cost in 2020 and 2019, respectively. Please refer to the description of Note 12.

(II) Prepayment for equipment

The consolidated company's prepayments for equipment are the prepayments made for purchasing property, plant, and equipment needed for production of the commodities or services to be supplied according to the purchase contracts.

(III) Guarantee deposits paid

The consolidated company's guarantee deposits paid were mainly the contract performance deposit for inventory sale-leaseback loans of NTD 21,000,000 with respect to Chailease Finance Co., Ltd. and the deposits deductible from payments for purchased materials and non-returnable deposits paid according to the requirements of the material purchase contract signed with SunEdison Products Singapore Pte, Ltd.

(originally named MEMC Singapore Pte, Ltd.) As of December 31, 2020 and 2019, the balance of the deposits deductible from payments for purchased materials was NTD 0,000.

As of December 31, 2020 and 2019, an accumulated impairment loss of NTD 1,048,772,000 has been appropriated for the guarantee deposits paid. Please refer to the description of Note 36.

(IV) Overdue receivables

The consolidated company's overdue receivables were the receivables overdue by more than 1 year, and 100% of the allowance for bad debts with respect to such overdue receivables were recognized. We assessed and derecognized the overdue receivables and allowance for bad debts in 2020.

(V) Other financial assets – restricted bank deposits

The consolidated company's other financial assets – restricted bank deposits were mainly the bank deposits for application to the bank for issuance of acceptances and for mortgage loan reserves. Please refer to the description of Note 35.

XIX.Loan

(I) Short-term loans

	December 31, 2020	December 31, 2019
Unsecured loans		
Credit loans	$ 110,000	$ 110,000
Secured loan (Notes 35 and 36)		
Bank loans	322,866	236,021
	$ 432,866	$ 346,021

The interest rate of working loans on December 31, 2020 and 2019 was 1.75%–4.5% and 1.755%–5.0025%, respectively.

(II) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2020	December 31, 2019
Unsecured loan (Note 36)					
Taiwan Business Bank	August 26, 2021	A loan totals NTD 20,000,000. The principal and interest were amortized on a monthly basis from the date of borrowing.	2%	$ 8,000	$ 20,000
Secured loan (Notes 35 and 36)					
Chailease Finance Co., Ltd.	May 20, 2021	A loan totals NTD 220,326,000. The principal and interest were amortized in 12 phases on a 3-monthly basis from the date of borrowing.	2.85%	33,420	109,585
CHAILEASE SPECIALTY FINANCE CO., LTD.	April 30, 2022	A loan totals NTD 80,000,000. The interest was amortized from the 1st phase to the 5th phase on a monthly basis from the date of borrowing, and the amortization of the principal and interest started in the 6th phase.	2.6%	66,290	-
VIB Bank	April 28, 2020	A loan totals VND 21,828,016,000. The interest and principal were amortized on a monthly and a 3-monthly basis respectively from the date of first drawdown.	5%~5.32%	-	4,743
Taiwan Business Bank	July 26, 2020	A loan totals NTD 19,000,000. The principal and interest were amortized on a monthly basis from the date of borrowing.	2%	-	7,000
Bank SinoPac	November 22, 2022	A loan totals NTD 161,028,000. The principal and interest were amortized on a monthly basis from the date of first drawdown.	2.365%	-	129,628
Bank SinoPac	May 24, 2024	A loan totals NTD 149,780,000. The principal and interest were amortized on a monthly basis from the date of first drawdown.	2.365%	-	144,467
Bank SinoPac	September 25, 2024	A loan totals NTD 74,900,000. The principal and interest were amortized on a monthly basis from the date of first drawdown.	2.365%	-	73,400
Yuanta Bank	August 7, 2025	A loan totals NTD 195,031,000. The principal and interest were amortized in 6 months on a monthly basis after the date of first drawdown.	2.4%	-	183,391
Bank SinoPac	April 28, 2025	A loan totals NTD 48,550,000. The principal and interest were amortized in 138 phases on a daily basis from the date of	2.115%	45,735	-

	Maturity date	Material terms	Effective interest rate	December 31, 2020	December 31, 2019
		borrowing.			
Bank SinoPac	July 28, 2027	A loan totals NTD 3,308,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	$ 3,163	$ -
Bank SinoPac	July 28, 2027	A loan totals NTD 5,995,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	5,768	-
Bank SinoPac	July 28, 2027	A loan totals NTD 6,496,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	6,211	-
Bank SinoPac	July 28, 2027	A loan totals NTD 16,550,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	15,824	-
Bank SinoPac	August 28, 2027	A loan totals NTD 4,943,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	4,778	-
Bank SinoPac	August 28, 2027	A loan totals NTD 6,677,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	6,443	-
Bank SinoPac	August 28, 2027	A loan totals NTD 9,465,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	9,150	-
Less: Long-term loans maturing within one year				(101,384)	(142,377)
				$ 103,398	$ 529,837

For the consolidated company's provision of guarantees for mortgage (pledge) and issuance of guaranteed notes for long-term loans, please refer to Notes 35 and 36.

XX.Notes and accounts payable

	December 31, 2020	December 31, 2019
Notes payable		
From operation	$ 161,913	$ 72,535
Accounts payable		
From operation	$ 223,577	$ 143,806

Accounts payable

The average credit period for purchasing raw materials, materials and commodities is 30–120 days. Interest is not included in the accounts payable recognized with respect to such purchase. The consolidated company regularly reviews any unpaid payments to ensure that all payables can be paid back within the pre-agreed term of credit.

XXI.Other liabilities

	December 31, 2020	December 31, 2019
Current		
Other payables		
Non-related party		
Equipment payment payable	$ 335,397	$ 91,777
Salary and bonus payable	44,921	36,749
Others	90,323	109,633
	470,641	238,159
Related party		
Equipment payment payable	9,985	9,493
Loans payable – fixed interest rate (I)	60,000	380,000
Others	3,483	6,227
	73,468	395,720
	$ 544,109	$ 633,879
Other current liabilities		
Refund liabilities	$ 5,900	$ 29,835
Others	1,555	20,743
	$ 7,455	$ 50,578
Non-current		
Deferred income		
Government grants (III)	$ 110,393	$ 137,839
Guarantee deposits received (II)	$ 264,615	$ 90,405

(I) The interest rate risk exposure and contractual maturity date of the Company's loans payable with fixed interest rates are described as follows:

	December 31, 2020	December 31, 2019
Loans payable with fixed interest rates		
No more than 1 year	$ 60,000	$380,000

The details of the loans payable are listed below:

	Maturity date	Collateral	Effective interest rate	December 31, 2020	December 31, 2019
A loan payable of NTD 300,000,000 with a fixed interest rate	May 14, 2020	None	2%	$ -	$ 300,000
A loan payable of NTD	August 26, 2020	None	2%	-	80,000

80,000,000 with a fixed interest rate					
A loan payable of NTD 60,000,000 with a fixed interest rate	November 9, 2021	None	3%	60,000	-
				$ 60,000	$ 380,000

(II) The guarantee deposits received were mainly the performance deposit of the development project for the land in Kunshan and the relevant expenses collected/paid for others. Please refer to Note 36.

(III) For the deferred income generated from the government grants acquired by the consolidated company, please refer to Note 29.

XXII.Liability reserve

	December 31, 2020	December 31, 2019
Non-current		
Warranty	$ 2,575	$ 7,459

The warranty liability reserve is the present value of the best estimate estimated for any future outflow of economic benefits due to warranty obligation by the Company's management according to the agreements in contracts for sale of commodities. The estimate is based on the Company's historical warranty experience and adjusted in consideration of new raw materials, procedural changes or other factors that influence the production of products.

XXIII.Retirement benefit plan

(I) Defined contribution plan

The pension system specified in the "Labor Pension Act" applicable to the Company and TAISIC MATERIALS CO. of the consolidated company is the defined pension appropriation plan managed by the government. A pension equal to 6% of employees' monthly wage shall be appropriated to the individual labor pension account at the Bureau of Labor Insurance.

The employees of the consolidated company's subsidiaries in China and Vietnam are the participants of the retirement benefit plan operated by the government. The subsidiaries must distribute a certain proportion of their salary costs for the retirement benefit plan in order to provide funds for the plan. For the retirement benefit plan operated by the government, the consolidated company is only obligated to distribute a certain amount of funds.

(II) Defined benefit plan

The pension system adopted by the Company of the consolidated company according to the "Labor Standards Act" is the defined retirement benefit plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. We appropriate 2% of the total monthly wage of an employee as the pension and remit the amount to the labor pension reserve funds account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, we will make up the difference in one appropriation before the end of March the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor and we do not have the right to influence the investment management strategies.

The amounts of the defined benefit plan included in the consolidated balance sheet are listed as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 8,112	$ 7,331
Fair value of plan assets	(1,099)	(964)
Net defined benefit liabilities	$ 7,013	$ 6,367

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2019	$ 6,743	($ 830)	$ 5,913
Interest expense (income)	93	(12)	81
Recognition in profit or loss	93	(12)	81
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(24)	(24)
Actuarial loss – changes in financial assumption	432	-	432
Actuarial profit – experience adjustment	63	-	63
Recognition in other comprehensive income	495	(24)	471
Contribution by employer	-	(98)	(98)
December 31, 2019	$ 7,331	($ 964)	$ 6,367
January 1, 2020	$ 7,331	($ 964)	$ 6,367
Interest expense (income)	73	(10)	63
Recognition in profit or loss	73	(10)	63
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(27)	(27)
Actuarial loss – changes in demographic assumption	70	-	70
Actuarial loss – changes in financial assumption	605	-	605
Actuarial profit – experience adjustment	33	-	33
Recognition in other comprehensive income	708	(27)	681
Contribution by employer	-	(98)	(98)

December 31, 2020	$ 8,112	($ 1,099)	$ 7,013

The amounts of the defined benefit plan recognized in profit or loss are summarized by function as follows:

	2020	2019
Summarized by function		
Administrative expenses	$ 63	$ 81

The Company is exposed to the following risks due to the pension system under the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company's plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds and corporate bonds leads to increase the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation will be increased due to an increase in the plan participants' salary.

The Company's present value of the defined benefit obligation is calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.500%	1.000%
Long-term average salary adjustment rate	3.000%	3.000%

	December 31, 2020		December 31, 2019	
	Age	Resignation rate	Age	Resignation rate
Resignation rate	20 years old	13.0%	20 years old	14.0%
	25 years old	5%	25 years old	5.5%
	30 years old	5%	30 years old	5.5%
	35 years old	4%	35 years old	4.5%
	40 years old	3.5%	40 years old	4.0%

45 years old	1.5%	45 years old	2.0%
50 years old	0.0%	50 years old	0.0%
55 years old	0.0%	55 years old	0.0%
60 years old	0.0%	60 years old	0.0%

	December 31, 2020		December 31, 2019	
	Age	Voluntary retirement rate	Age	Voluntary retirement rate
Voluntary retirement rate	Z	15.0%	Z	15.0%
(Z represents the earliest age for an employee to retire.)	Z+1 - 64	3.0%	Z+1 - 64	3.0%
	65	100%	65	100%

If there were any reasonably possible changes to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	($ 310)	($ 292)
Decrease by 0.25%	$ 326	$ 307
Long-term average salary adjustment rate		
Increase by 0.25%	$ 312	$ 296
Decrease by 0.25%	($ 299)	($ 283)

Since the actuarial assumptions might be correlated to each other, and it was unlikely that the changes were only in a single assumption, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2020	December 31, 2019
Expected contribution within one year	$ 101	$ 100
Average maturity of defined benefit obligations	15.5 years	16.3 years

Since Tainergy Tech Holding (Samoa) Co., Ltd. of the consolidated company has not established any employee retirement regulations, and the local government does not formulate mandatory employee retirement regulations, the aforesaid information does not apply.

XXIV.Equity

(I) Share capital

Common stock

	December 31, 2020	December 31, 2019

Number of authorized shares (thousand shares)	400,000	400,000
Authorized capital	$ 4,000,000	$ 4,000,000
Number of issued shares with adequate capital received (thousand shares)	200,000	200,000
Issued capital	$ 2,000,000	$ 2,000,000

A share of issued common stock had a par value of NTD 10 and was entitled to one voting right and dividends.

The number of shares of the authorized capital reserved for issuance of the convertible corporate bonds and employee stock option warrants was 2,000,000 shares.

To improve the financial structure, the Board of Directors of the Company approved the capital reduction on March 15, 2019 to make up the loss of NTD 1,565,450,000. 156,545,000 issued shares were reduced with a capital reduction rate of 43.91%. The paid-in capital after the capital reduction was NTD 200,000,000. The capital reduction was effective upon approval at the shareholders' meeting on June 21, 2019. The application for capital reduction of the Company was approved by the Financial Supervisory Commission and effective on November 14, 2019. The record date of the capital reduction was set on November 20, 2019 as approved by the Board of Directors. The Department of Commerce, MOEA, approved the change of registration on December 9, 2019.

(II) Capital reserves

	December 31, 2020	December 31, 2019
Available for makeup of loss, distribution of cash dividends or transfer into capital (1)		
Stock issuance in excess of par value	$ 763,959	$ 763,959
Available for makeup of loss (2)		
Changes in net worth of equity of affiliates recognized under equity method	31,014	31,202
	$ 794,973	$ 795,161

(1) These capital reserves may be used to make up losses or to distribute cash dividends or be transferred into the capital if the Company does not incur a loss. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

(2) These capital reserves are the equity transaction effects recognized by the Company as a result of the changes of the equity in subsidiaries when the Company does not actually acquire or dispose the equity of the

subsidiaries, or the adjustments for the Company to recognize subsidiaries' capital reserves under the equity method.

(III) Retained earnings and dividend policy

According to the distribution policy of earnings in the Articles of Incorporation, the Company's profits, if any, in its annual final account shall be first used to pay taxes and make compensation for its accumulated losses, and then 10% of the said profits shall be set aside as legal reserves, unless the amount of such legal reserves has reached the paid-up capital of the Company. The remaining amount of the said profits shall be set aside or reversed as special reserves as required by law or the competent authority. Any balance thereof still available shall, together with the undistributed profits accumulated at year's beginning and the "adjusted amount of the annual undistributed profits," be submitted by the Board of Directors in the form of a proposal for distribution to the shareholders' meeting for ratification. For the distribution policy of employee and director/supervisor remuneration regulated in the Company's revised Articles of Incorporation, please refer to (VII) Remuneration to employees, directors, and supervisors in Note 26.

The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for decision after taking into account the actual funding situation of the Company.

According to the Articles of Incorporation of the Company, profits may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

Legal reserves shall be prepared to the amount at which the balance of the legal reserves reaches to the total paid-in capital. Legal reserves may be used to make up loss. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by 25% may be appropriated as capital or distributed by cash.

The Company provides and reverses special reserves according to the letters under Jin-Guan-Zheng-Fa-Zi No. 1010012865, Jin-Guan-Zheng-Fa-Zi No. 1010047490, Jin-Guan-Zheng-Fa-Zi No. 1030006415, and "Q&A for Provision of Special Reserve Upon First-Time Adoption of IFRSs." If there is any reversal of the decrease in shareholders' equity, the earnings may be distributed based on the reversal proportion.

The Company held annual shareholders' meetings on June 24, 2020 and June 21, 2019 and resolved that after-tax net loss in 2019 and 2018 were accumulated loss and no distribution was conducted. The shareholders' meeting of the Company on June 21, 2019 resolved to make up the loss of NTD 1,844,680,000 in 2018 with the capital reserve (NTD 268,265,000) and special reserve (NTD 10,965,000) and by reducing capital of NTD 1,565,450,000. 156,545 issued shares were reduced and the paid-up capital after the reduction was NTD 2,000,000,000 divided into 200,000,000 shares with a par value of NTD 10. 43.91% of the capital was reduced based on the shareholder percentage of the shareholders.

As approved by the Board of Directors on March 10, 2021, the after-tax net profit in 2020 will be used for makeup of loss and no distribution will be performed.

The proposal for distribution of earnings in 2020 was to be resolved at the annual shareholders' meeting to be held on May 28, 2021.

(IV) Special reserves

	2020	2019
Balance – beginning of the year	$ -	$ 10,965
Special reserves for offsetting losses	-	(10,965)
Balance – ending of the year	$ -	$ -

(V) Other equities

1. Exchange differences from the translation of foreign operations' financial statements

	2020	2019
Balance – beginning of the year	($ 469,246)	($ 413,483)
Amounts incurred in the year		
Exchange differences from translation of foreign operations' financial statements	(24,940)	(55,763)
Balance – ending of the period	($ 494,186)	($ 469,246)

2. Unrealized valuation profit/loss from the financial assets measured at fair value through other comprehensive income

	2020	2019
Balance – beginning of the year	($ 42,769)	($ 43,355)
Amounts incurred in the year		
Unrealized profit/loss		
Equity instruments	-	586
Balance – ending of the year	($ 42,769)	($ 42,769)

(VI) Non-controlling equity

	2020	2019
Balance – beginning of the year	$ -	$ -
Current net loss	(8,285)	-
Changes and adjustments of capital reserves regarding associates under the equity method	78	-
Additional non-controlling interest in subsidiaries	10,680	-
Balance – ending of the year	$ 2,473	$ -

XXV.Revenue

	2020	2019
Revenue from contracts with customers		
Revenue from sale of products	$ 2,099,861	$ 2,229,189
Revenue from sale of electricity	49,030	11,784
Construction income	44,706	87,840
	$ 2,193,597	$ 2,328,813

(I) Description of contracts with customers

1. Revenue from sale of commodities

   Solar cells and modules were sold to downstream manufacturers in the solar energy sector. The consolidated company sold the products at the price agreed in the contract, quotation or order.

2. Construction income

   The construction contract of the construction department specified a fine for delay of the works. The consolidated company estimated the transaction price based on the expected value with reference to previous contracts specifying similar conditions and project scope.

3. Revenue from sale of electricity

   The revenue from sale of electricity was calculated based on the actually sold electricity by degree and the rate.

(II) Balance of contract amount

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	$ -	$ 46,720	$ 124,918
Accounts receivable	85,351	171,101	419,755
	$ 85,351	$ 217,821	$ 544,673
Contract assets			
Solar equipment construction	$ 14,102	$ 34,795	$ 36,021
Contract assets – current	$ 14,102	$ 34,795	$ 36,021
Contract liabilities			
Sale of commodities	$ 44,324	$ 103,692	$ 20,256
Solar equipment construction	7,857	23,426	11,003
Lease liabilities – current	$ 52,181	$ 127,118	$ 31,259

Changes to the contract assets and liabilities were primarily as a result of the difference between the time of contract fulfillment and the time of customer payment. There were no other major differences.

(III) Customer contract income breakdown

Please refer to Note 41 for the breakdown.

XXVI.Net profit of continuing operations

(I) Interest income

	2020	2019
Interest income		
Bank deposit	$ 6,274	$ 5,829
Accounts receivable from related parties (Note 34)	14,059	21,402
	$ 20,333	$ 27,231

(II) Other revenue

	2020	2019
Lease revenue – operating lease	$ 1,895	$ 2,164
Government subsidy income (Notes 30)	37,142	23,181
Income from claims	675	107
Consultation service Income	12,766	-
	$ 52,478	$ 25,452

(III) Other profits and losses

	2020	2019
Profit on disposal of property, plant, and equipment	$ 5,661	$ 10,797
Profit (loss) of foreign currency exchange – net	(3,747)	7,163
Loss on financial assets measured at fair value through profit or loss	(32)	(788)
Impairment loss	-	(203,365)
Loss on disposal of subsidiaries (Notes 30)	(50,196)	-
Others	8,326	17,684
	($ 39,988)	($ 168,509)

(IV) Financial costs

	2020	2019
Bank loan interest	$ 19,412	$ 40,732

Interest on loans from related parties	3,938	4,354
Interest on lease liabilities	5,442	2,537
	$ 28,792	$ 47,623

Information on Capitalization of interest:

	2020	2019
Capitalization of interest – amount	$ 4,642	$ 3,955
Capitalization of interest – interest rate	2.85%~3.092%	2.9698%~5.1887%

(V) Impairment (loss) reversal

	2020	2019
Inventory (incorporated in operating cost) (Note 12)	$ 5,085	($ 8,139)
Long-term prepayment for purchase (incorporated in operating cost) (Note 12 and 18)	12,659	(140,987)
Property, plant, and equipment (incorporated in other profit and loss) (Note 15)	-	(161,289)
Associates under equity method (incorporated in other profit and loss) (Note 14)	-	(42,076)
	$ 17,744	($ 352,491)

(VI) Depreciation and amortization

	2020	2019
Summary of depreciation expenses by function		
Operating costs	$ 292,638	$ 430,350
Operating expenses	37,237	37,207
	$ 329,875	$ 467,557
Summary of amortization expenses by function		
Operating costs	$ 96	$ 253
Operating expenses	2,523	468
	$ 2,619	$ 721

(VII) Employee benefit expense

	2020	2019
Short-term employee benefits	$ 246,790	$ 208,795

	2020	2019
Retirement benefits (Note 23)		
Defined contribution plan	4,213	4,059
Defined benefit plan	63	81
Total of employee benefit expenses	$ 251,066	$ 212,935
Summarized by function		
Operating costs	$ 112,504	$ 94,986
Operating expenses	138,562	117,949
	$ 251,066	$ 212,935

(VIII)Remuneration to employees, directors and supervisors

According to the Articles of Incorporation, after deducting the profit before tax of the current year prior to distribution of the remuneration to employees, directors and supervisors, the amount to the percentage of 5%–15% is distributed as remuneration to employees and 1%–3% is distributed as the remuneration to directors and supervisors.

Due to the loss before tax in 2020 and 2019, the Board of Directors decided on March 10, 2021 and March 20, 2020 not to distribute remuneration to employees, directors and supervisors.

If there were any changes in the amount after the approval and release date of annual consolidated financial statements, the change was treated as a change in accounting estimate and accounted in the following year.

There was no discrepancy between the actual distribution of remuneration to employees, directors and supervisors in 2019 and 2018 and the amount recognized in the consolidated financial statements in 2019 and 2018.

The information about remuneration to the employees and directors/supervisors in 2020 and 2019 resolved by the Board of Directors may be viewed at the "MOPS" of TWSE.

(IX) Foreign exchange (loss) gain

	2020	2019
Total profit from translation of foreign currencies	$ 39,882	$ 51,952
Total loss from translation of foreign currencies	(43,629)	(44,789)
Net profit (loss)	($ 3,747)	$ 7,163

XXVII.Income tax of continuing operations

(I) Major components of the income tax profit recognized in profit or loss

	2020	2019
Current income tax		
Tax incurred in the year	($ 1,129)	$ -
Deferred income tax		
Tax incurred in the year	(10,567)	(25,703)
Income tax profit recognized in profit or loss	($ 11,696)	($ 25,703)

Adjustments to accounting income and income tax profit are as follow:

	2020	2019
Net loss before tax of continuing operations	($ 17,036)	($509,706)
Income tax profit on net loss before tax calculated at the statutory tax rate	($ 6,045)	($122,700)
Expense and loss not deductible from tax	5	64
Non-taxable income	10,039	-
Unrecognized loss carryforwards	16,341	67,566
Unrecognized deductible temporary difference	(32,036)	29,367
Income tax expenses recognized in profit or loss	($ 11,696)	($ 25,703)

(II) Income tax recognized in other comprehensive income

	2020	2019
Deferred income tax		
Tax incurred in the year		
- Translation of foreign operations' financial statements	$ -	$ -
- Remeasurement of defined benefits plans	-	-
	$ -	$ -

(III) Current income tax assets and liabilities

	December 31, 2020	December 31, 2019
Deferred income tax assets		
Income tax refund receivable	$ 1,556	$ 2,707

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2020

Deferred income tax assets	Balance – beginning of the year	Recognition in profit or loss	Exchange differences	Balance – ending of the year
Temporary difference				
Property, plant, and equipment	$ 30,068	$ 12,259	$ -	$ 42,327
Allowance for	1,021	(1,021)	-	-

bad debt				
Others	337	(337)	-	-
	$ 31,426	$ 10,901	$ -	$ 42,327
Deferred income tax liabilities				
Temporary difference				
Property, plant, and equipment	($ 280)	$ 147	$ -	($ 133)
Others	(563)	(481)	-	(1,044)
	($ 843)	($ 334)	$ -	($ 1,177)

2019

	Balance – beginning of the year	Recognition in profit or loss	Exchange differences	Balance – ending of the year
Deferred income tax assets				
Temporary difference				
Property, plant, and equipment	$ 4,973	$ 25,848	($ 753)	$ 30,068
Allowance for bad debt	1,119	(98)	-	1,021
Others	425	(88)	-	337
	$ 6,517	$ 25,662	($ 753)	$ 31,426
Deferred income tax liabilities				
Temporary difference				
Property, plant, and equipment	($ 802)	$ 522	$ -	($ 280)
Others	-	(563)	-	(563)
	($ 802)	($ 41)	$ -	($ 843)

(V) Amounts of deductible temporary difference of the deferred income tax assets unrecognized in consolidated balance sheet, unused loss carryforwards, and unused investment tax credits

	December 31, 2020	December 31, 2019
Loss carryforwards		
Tainergy Tech. Co., Ltd.		
Mature in 2022	$ 146,356	$ 146,356
Mature in 2023	705,424	705,424
Mature in 2026	51,175	51,175
Mature in 2027	500,796	500,796
Mature in 2028	$ 739,696	$ 763,168
Mature in 2029	88,319	110,313
Mature in 2030	8,352	-
	$ 2,240,118	$ 2,277,232
Tainergy Technology (Kunshan) Co., Ltd.		
Mature in 2020	$ -	$ 39,524

	December 31, 2020	December 31, 2019
Mature in 2021	117,624	115,690
Mature in 2022	1,350	1,328
Mature in 2028	424,691	417,705
Mature in 2029	198,599	195,332
Mature in 2030	41,583	-
	$ 783,847	$ 769,579
VIETNERGY CO.,LTD.		
Mature in 2023	$ 34,041	$ 42,402
Deductible temporary difference		
Tainergy Tech. Co., Ltd.		
Allowance for bad debt	$ 74,674	$ 71,720
Inventory devaluation loss	17,005	18,589
Guarantee deposits paid impairment	328,341	328,341
Property, plant, and equipment impairment	130,462	137,348
Unrealized investment under the equity method	1,733,009	1,767,707
Prepayment for purchase impairment	180,257	192,916
Unrealized profit/loss from translation of foreign currencies	9,478	19,607
Others	9,435	14,093
	$ 2,482,661	$ 2,550,321
Tainergy Technology (Kunshan) Co., Ltd.		
Allowance for bad debt	$ 3,193	$ 4,636
Impairment under the unrealized equity method	41,903	41,213
Property, plant, and equipment impairment	294,704	284,985
Others	1,668	2,492
	$ 341,468	$ 333,326

(Next page)

(Continued from previous page)

	December 31, 2020	December 31, 2019
VIETNERGY COMPANY LIMITED		
Inventory devaluation loss	$ 739	$ 4,328
Property, plant, and equipment impairment	211,634	192,552
Unrealized assets impairment	182,677	-
	$ 395,050	$ 196,880
Cheng Yang Energy Co., Ltd.		
Allowance for bad debt	$ -	$ 2,656

(VI) Information on unused investment tax credits and tax exemption

The 2014 investment plan of Tainergy Tech. Co., Ltd. for expanding the production scale of solar cells and their modules by increase of capital was approved by the Industrial Development Bureau, Ministry of Economic Affairs, by Letter Gong-Zhong-Zi No. 10305100630 on December 25, 2014, and the profit-seeking business income tax was exempted for five consecutive years from January 1, 2018.

As at December 31, 2020, the following income from expansion of the production scale by increase of capital is tax-free for five years:

Expansion by Increase of Capital	Tax Exemption Period
Production of solar cells and their modules	2018 to 2022

(VII) Authorization of income tax

The Company’s profit-seeking business income tax filings up until 2018 had been approved by the tax authority.

XXVIII.Earnings (losses) per share

Unit: NTD per share

	2020	2019
Basic earnings (loss) per share		
Continuing operations	$ 0.01	($ 2.42)
Diluted earnings (loss) per share		
Continuing operations	$ 0.01	($ 2.42)

The earning and the weighted average number of common stocks used for calculating EPS are as follows:

Current net profit (loss)

	2020	2019
Net profit (loss) used for calculation of basic earnings	$ 2,945	($ 484,003)

(loss) per share		
Net profit (loss) used for calculation of diluted earnings (loss) per share	$ 2,945	($ 484,003)

Number of shares — Unit: thousand shares

	2020	2019
Weighted average number of common stocks used for calculating basic loss per share	200,000	200,000
Effect of potential diluted common stocks:		
Remuneration to employees	-	-
Weighted average number of common stocks used for calculating diluted loss per share	200,000	200,000

When the consolidated company can select stocks or cash as the remuneration to employees, it is assumed that the employee's remuneration is paid with stocks when the diluted EPS is calculated. The weighted average outstanding common stocks are added when the potential common stocks have diluting capability to calculate the diluted EPS. The diluting capability of the potential common stocks is referenced in the next year when the Board of Directors resolved to calculate the diluted EPS prior to payment of the employee's remuneration with stocks.

XXIX.Government grants

(I) Tainergy Technology (Kunshan) Co., Ltd. of the consolidated company established factories in Kunshan Economic and Technological Development Zone (KETD) for production of solar cells in 2008. To provide preferential investment conditions, the KETD Administration Committee agreed on a one-off subsidy of NTD 155,756,000 for construction of infrastructure in consideration of the investment of the Tainergy Technology (Kunshan) Co., Ltd. and the geology of the land for which the right-of-use had been acquired. The subsidy was subject to amortization in 50 years based on the effective period of the right-of-use of the land. As at December 31, 2020 and 2019, the balance of the amortization was NTD 108,725,000 (RMB 24,840,000) and NTD 109,726,000 (RMB 25,488,000), respectively, and stated as long-term deferred income. NTD 2,744,000 and NTD 2,876,000 were recognized in profit in 2020 and 2019, respectively.

(II) Tainergy Technology (Kunshan) Co., Ltd. of the consolidated company acquired a one-off subsidy of NTD 3,889,000 (RMB 859,000) from the government in 2015, 2016 and 2017, respectively. The respective subsidy was subject to amortization in 5 to 10 years based on the useful life of the equipment. As at December 31, 2020 and 2019, the balance of the amortization was NTD 1,668,000 (RMB 381,000) and NTD 2,492,000 (RMB 579,000), respectively, and stated as long-term deferred income. NTD 847,000 and NTD 878,000 were recognized in profit in 2020 and 2019, respectively.

(III) The acceptance inspection of the solar power system construction project in the Company's Chungli plant, Taoyuan City, was completed in October 2011 and a subsidy of NTD 76,616,000 was acquired from the Bureau of Energy, Ministry of Economic Affairs. This amount was stated as deferred income and subject to amortization in 16 years based on the economic benefit period of the project. Due to changes to the leasing period of the premises where the solar power system was constructed, the relevant useful life was adjusted and the consolidated company amortized the transferred profit/loss in the rest leasing period of 18 months from the date on which the contract was revised. As at December 31, 2020 and 2019, the NTD 0 and NTD 24,705,000 were stated as long-term deferred income, respectively, and NTD 24,705,000 and NTD 17,722,000 were recognized in profit in 2020 and 2019, respectively.

(IV) Cheng Yang Energy Co., Ltd. of the consolidated company acquired a subsidy of NTD 1,000,000 from the government in July 2019 for construction of the PV generation system. This amount was stated as deferred income and transferred in profit/loss within the useful life of the assets. It was then disposed and transferred by Cheng Yang Energy Co., Ltd. in April 2020. NTD 66,000 and NTD 33,000 were recognized in profit in 2020 and 2019, respectively.

XXX.Disposal of subsidiaries

The consolidated company entered into an agreement for disposal of Cheng Yang Energy Co., Ltd. (hereinafter referred to as "Cheng Yang") on April 27, 2020. The consolidated company finished the disposal on April 28, 2020 and lost the control over the subsidiary.

(I) Consolidation received

	Cheng Yang
Investment disposal proceeds	
Cash and cash equivalents	$ 283,496
Total consolidation received	$ 283,496

(II) Analysis of assets and liabilities over which the control is lost

	Cheng Yang
Current assets	
Cash and cash equivalents	$ 35,024
Accounts receivable	28,436
Contract assets – current	3,062
Other receivables	1,914
Current income tax assets	796
Prepayments	9,146
Other current assets	4,200
Non-current assets	
Financial assets measured at amortized cost – non-current	49,622
Property, plant, and equipment	697,448
Right-of-use assets	17,971
Current liabilities	
Other payables	(66,812)
Current income tax liabilities	(868)
Lease liabilities – current	(849)
Other current liabilities	(33,245)
Non-current liabilities	
Long-term loans	(393,874)
Lease liabilities – non-current	(17,379)
Long-term deferred income	(900)
Net assets disposed	$ 333,692

(III) Gain on disposal of subsidiaries

	Cheng Yang
Consolidation received	$ 283,496
Net assets disposed	(333,692)
Loss on disposal of subsidiaries	(50,196)
Realized profit	137,531

Net gain	$ 87,335

Since the consolidated company disposed Cheng Yang on April 28, 2020, the originally stated unrealized profit of NTD 137,531,000 was transferred in realized profit.

(IV) Net cash inflow from disposal of subsidiaries

	Cheng Yang
Consideration received in cash and cash equivalents	$ 283,496
Less: Balance of cash and cash equivalents disposed	(35,024)
	$ 248,472

XXXI.Information on cash flow

(I) Non-cash transactions

The consolidated company was engaged in the following non-cash investment and financing activities in 2020 and 2019:

1. The consolidated company reclassified the prepayment for equipment into the category of property, plant and equipment to the amount of NTD 105,474,000 and NTD 49,834,000, respectively, in 2020 and 2019.
2. The payment to be made for purchase of the property, plant and equipment and other payables in 2020 – NTD 243,620,000 and NTD 492,000 were added with respect to related parties; the payment to be made for purchase of the property, plant and equipment and other payables in 2019 – NTD 907,000 and NTD 5,252,000 were added with respect to related parties.
3. Other receivables from disposal of property, plant, and equipment conducted by the consolidated company in 2019 was reduced by NTD 2,005,000.
4. The consolidated company reclassified the prepayment for equipment into the category of property, plant and equipment to the amount of NTD 287,678,000, in 2019.

(II) Changes in liabilities from financing activities

2020

			Non-cash Change				
	January 1, 2020	Cash flow	New/renewed contract	Unrealized net profit/loss from translation of foreign currencies	Interest expenses	Sale of subsidiary (Note 31)	2020 December 31
Short-term loans	$ 346,021	$ 86,845	$ -	$ -	$ -	$ -	$ 432,866
Long-term loans	672,214	(73,558)	-	-	-	(393,874)	204,782
Other payables – related parties (Note)	380,000	(320,000)	-	-	-	-	60,000
Lease liabilities	82,480	(21,395)	105,369	(1,578)	5,442	(18,228)	152,090
Guarantee deposits received	90,405	174,210	-	-	-	-	264,615
	$ 1,571,120	($ 153,898)	$ 105,369	($ 1,578)	$ 5,442	($ 412,102)	$ 1,114,353

2019

	January 1, 2019	Cash flow	Non-cash Change New/renewed contract	Non-cash Change Unrealized profit from the translation of foreign currencies	Non-cash Change Interest expenses	December 31, 2019
Short-term loans	$ 1,090,053	($ 744,032)	$ -	$ -	$ -	$ 346,021
Long-term loans	713,463	(38,945)	-	(2,304)	-	672,214
Other payables – related parties (Note)	-	380,000	-	-	-	380,000
Lease liabilities	170,988	(30,734)	(59,786)	(525)	2,537	82,480
Guarantee deposits received	71,597	18,808	-	-	-	90,405
	$ 2,046,101	($ 414,903)	($ 59,786)	($ 2,829)	$ 2,537	$ 1,571,120

Note: This part only contains the transaction of loans payable by the consolidated company to related parties.

XXXII.Capital risk management

The consolidated company conducts capital management to ensure the companies of the Group can keep operating while maximizing shareholders' return by optimizing the liability and equity balances. The overall strategies of the consolidated company are currently not changed.

The capital structure of the consolidated company is comprised of their net liabilities (i.e. loans minus cash and cash equivalents) and shareholders' equity (i.e. capital stock, capital reserves, retained earnings, and other equities).

The key management of the consolidated company conducts monthly review of the Group's capital structure, including the cost of capital, management of funds, and relevant risks. Observing the suggestions of the key management, the consolidate companies balance the overall capital structure by paying dividends, issuing new stocks, repurchasing stocks, and issuing new corporate bonds, or repaying existing liabilities.

XXXIII.Financial instruments

(I) Fair value information – financial instruments not measured at fair value

1. Financial assets and liabilities having major difference between book and fair values

Financial liabilities	December 31, 2020 Book value	December 31, 2020 Fair value	December 31, 2019 Book value	December 31, 2019 Fair value
Financial assets measured at amortized cost:				
Long-term loans and long-term loans maturing within one year	$ 204,782	$ 202,306	$ 672,214	$ 690,503

2. Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial assets measured at amortized cost:				
Bank loans	$ -	$ 202,306	$ -	$ 202,306

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial assets measured at amortized cost:				
Bank loans	$ -	$ 690,503	$ -	$ 690,503

The Level 2 and Level 3 fair value measurement was determined under cash flow discounting analysis using the income approach. The significant unobservable input used in the Level 3 fair value measurement was the discount rate reflecting the credit risk of the counterparty.

(II) Fair value information – financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Investment in equity instruments				
Domestic non-listed (non-OTC) stocks	$ -	$ -	$ 20,658	$ 20,658

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Structured deposit	$ -	$ 3,003	$ -	$ 3,003
Financial assets measured at fair value through other comprehensive income				
Investment in equity instruments	-	-	20,658	20,658
Domestic non-listed (non-	$ -	$ 3,003	$ 20,658	$ 23,661

OTC) stocks

There was no transfer of fair value measurements between Level 1 and Level 2 in 2020 and 2019.

2. Adjustments to the financial instruments measured at Level 3 fair value

2020

	Financial assets measured at fair value through other comprehensive income
	Equity instruments
Balance – beginning of the year	$ 20,658
Recognition in other comprehensive income	-
Balance – ending of the year	$ 20,658
Other unrealized profits and losses of the period	$ -

2019

	Financial assets measured at fair value through other comprehensive income
	Equity instruments
Balance – beginning of the year	$ 20,072
Recognition in other comprehensive income	586
Balance – ending of the year	$ 20,658
Other unrealized profits and losses of the period	$ 586

3. Evaluation technology and inputs of Level 2 fair value measurement

Class of financial instruments	Evaluation technology and inputs
Derivatives – forward foreign exchange contract	Cash flow discounting method: With this method, the cash flow in the future is estimated based on the observable forward exchange rate at the end of the period and the exchange rate specified in the contract,

	and the discount is determined with reference to the discount rate reflecting the credit risk of the counterparty.
Structured deposit mandatorily measured at fair value through profit or loss	As for the fair value, the discount rate curve inferred from the open market quote is used as the parameter for calculation of the cash flow discount value in the future, and this value is used as the basis for the estimation.

4. Evaluation technology and inputs of Level 3 fair value measurement

The fair value of non-listed (non-OTC) equity instruments is estimated based on the analysis of the financial status and operating outcome of the investee, the latest transaction price, the quotation of similar instruments on active markets, comparable company valuation multiples, and other assumptions that cannot be supported by the observable market price or interest rate. The significant unobservable inputs are as follows. The fair value of the investment increases when the liquidity discount decreases.

(III) Type of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Measurement at fair value through profit or loss		
Mandatory measurement at fair value through profit or loss	$ -	$ 3,003
Measurement at amortized cost (Note 1)	1,189,528	1,369,773
Financial assets measured at fair value through other comprehensive income	20,658	20,658
Financial liabilities		
Measurement at amortized cost (Note 2)	1,786,941	1,921,280

Note 1: The balance included cash and cash equivalents, investment in liability instruments, notes and accounts receivable, other receivables, guarantee deposits paid and other financial assets – current and non-current financial assets measures at amortized cost.

Note 2: The balance included short-term loans, notes and accounts payable, other payables (exclude payable remuneration and bonus) and guarantee deposits received, long-term loans, and other financial liabilities measured at amortized cost.

(IV) Financial risk management purpose and policy

The consolidated company's main financial instruments include investments in equity and liability instruments, accounts receivable, accounts payable, and loans. The consolidated company's financial risk management aims to manage the market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk related to management and operating activities.

The consolidated company uses derivative financial instruments to avoid risk exposure and mitigate the impact of such risks. Derivative financial instruments are subject to the policies adopted at the meeting of the Board of Directors of the consolidated company. These policies include the exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the written current funds investment principle. Internal reviewers review the compliance of the policies and the exposure limits on an ongoing basis. The consolidated company does not conduct transactions of financial instruments (including derivative financial instruments) for speculation purposes.

1. Market risk

The major financial risks that the operating activities imposed on the consolidated company is the foreign exchange rate risk (as described in (1) below) and interest rate risk (as described in (2) below). The consolidated company is engaged in various derivative financial instruments to manage the imposed foreign exchange rate risk, including forward foreign exchange contracts or exchange rate options for avoidance of the exchange rate risk due to difference of currencies in collection, payment, and purchase of (raw) materials.

The consolidated company does not change the risk exposure on the financial instrument market or the methods for management and measurement of such exposure.

(1) Exchange rate risk

The consolidated company is engaged in sales and purchases transactions in foreign currency. These transactions expose the consolidated company to the exchange rate fluctuation risk. More than 95% of the sales amount of the consolidated company is not valuated with the functional currency of the Group's individual entities engaging in the transaction. About 95% of the cost amount is not valuated with the functional currency of the Group's individual entities engaging in the transaction. The consolidated company uses forward foreign exchange contracts or exchange rate options to manage the exchange rate risk within the policies.

Refer to Note 38 for the book value of the monetary assets and liabilities of the consolidated company valued with non-functional currency on the balance sheet date (including the monetary items valued with non-functional currency and written off on the consolidated financial statements) and the book value of the derivatives exposed to exchange rate risk.

Sensitivity analysis

The consolidated company is affected primarily by the fluctuation in the exchange rate of USD and RMB.

The sensitivity analysis of the consolidated company in the exchange rate of NTD (functional currency) to any related foreign currencies increasing or decreasing by 5% is described in the following table. This 5% is the sensitivity ratio used by the consolidated company when reporting the exchange rate risk to the key management. It also indicates the assessment of the management on the reasonable potential fluctuation of the exchange rate. The sensitivity analysis only includes the outstanding foreign currency items. The translation thereof at the end of the period is adjusted by an increase or decrease of 5% in the exchange rate. The sensitivity analysis includes the loans that are not valued with the functional currency of the creditor or borrower. The positive number in the following table means the reduced amount of the pre-tax net loss or the increased amount of the equity when NTD depreciates by 5% against related currency; when NTD appreciates by 5% against related currency, the effect on the pre-tax net profit or equity is represented with a negative number of the same amount.

	Effect of USD	
	2020	2019
Profit (loss)	$ 1,424	$ 33,044

	Effect of RMB	
	2020	2019
Profit (loss)	$ 6,339	$ 9,712

(i) The profit or loss was mainly generated from the consolidated company's accounts receivable, accounts payable and loan valued in USD and RMB which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

The sensitivity of the consolidated company to the USD and RMB exchange rate was reduced in the current year. This was primarily a result of the reduced bank deposits and accounts receivable valued in USD and the reduced accounts receivable valued in RMB. The management found that the sensitivity analysis could not represent the inherent risk of exchange rate, because the foreign currency risk exposure on the balance sheet date could not reflect the exposure in the midyear.

(2) Interest rate risk

The interest rate risk exposure occurs because the consolidated company's entities borrowed funds at the floating rates at the same time. The consolidated company maintains an adequate portfolio of fixed interest rate to manage the interest rate risk. The consolidated company assesses hedging activities on a regular basis to keep consistent in their opinions on interest rate and their given risk preference to ensure adoption of most cost-efficient hedging strategies.

The book value of the financial assets and liabilities of the consolidated company exposed to the interest rate risk on the balance sheet date are as follows:

	December 31, 2020	December 31, 2019
With fair value interest rate risk		
—Financial assets	$ 718,340	$ 857,561
—Financial liabilities	159,710	489,585
With cash flow interest rate risk		
—Financial assets	340,185	239,266
—Financial liabilities	537,938	908,650

The consolidated company is exposed to cash flow interest rate risk because of holding bank loans at variable interest rate. This conforms to the policy of the consolidated company to reduce the interest rate fair value risk by maintaining the loans at floating interest rate. The cash flow interest rate risk of the consolidated company is primarily because of the fluctuated benchmark interest rate of the loans valued in NTD.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the derivative and non-derivative instruments on the balance sheet date. As for the liabilities at floating interest rate, the analysis is made with the assumption that the outstanding liability amount on the balance sheet date is completely in circulation during the reporting period. The variable interest rate used by the Group when reporting the interest rate to the key management is the interest rate plus or minus 1%. It also indicates the assessment of the management on the reasonable potential fluctuation of the interest rate.

If the interest rate increased/decreased by 1%, with all other variables held constant, the net loss before tax of the Company in 2020 and 2019 was increased/decreased by NTD 1,977,000 and NTD 6,694,000, respectively, primarily because the consolidated company's loans and bank deposits at variable rate were exposed to the cash flow interest rate risk.

(3) Other price risks

The consolidated company sustains exposure to securities price risk due to investment in beneficiary certificates. The consolidated company's management manages risk by holding different risk investment portfolios. The consolidated company designates responsible teams to monitor the price risk and assess when the hedging position shall be increased for the risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 3%, the comprehensive income in 2020 and 2019 were increased/decreased by NTD 620,000 and NTD 620,000, respectively, due to increase/decrease of the variations measured at fair value through other comprehensive income.

The sensitivity of the consolidated company to the price risk of financial assets in 2020 and 2019 was not changed, primarily as a result of the unchanged financial assets measured at fair value through other comprehensive income held by the consolidated company in the current year.

2. Credit risk

The credit risk refers to the risk in the financial loss of the Group because the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the consolidated company's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the consolidated company provided was mainly derived from the book value of the financial assets recognized in the consolidated balance sheet.

According to the policy, the consolidated company only trades with the counterparties that are rated equivalent to the investment level or higher in brand awareness. Full guarantees are required if necessary to reduce the risk of financial losses due to default. In addition, the consolidated company rates customers with reference to open financial information as well as mutual trading records. The consolidated company monitors the credit risk exposure and the credit rating of the counterparties on an ongoing basis. The account of the customers is checked before the shipment to make sure there is no overdue payment and how the collection status is in the recent period, and the internal personnel of the consolidated company supervises the release in order to minimize the potential credit risk. In addition, the consolidated company reviews the recoverable amount of accounts receivable separately on the balance sheet date to make sure that the appropriate impairment loss of the accounts receivable that cannot be recovered is recognized. As a result, the management of the Company finds that the credit risk of the consolidated company is reduced significantly.

Receivables are to be collected from a lot of customers. They belong to different industries, are located in different geographic areas, and there is no mutual relation between them. Hence, the concentration of credit risk is not high. The consolidated company continuously assesses the financial status of the customers from which receivables shall be recovered.

3. Liquidity risk

The consolidated company manages and maintains sufficient cash and cash equivalents on a regular basis to support business operation and reduces the effect of the fluctuating cash flow. The management of the consolidated company monitors the use of banking facility and ensures compliance with the terms of the loan contract.

For the consolidated company, bank loans are one of the important sources of liquidity. For the banking facility that the consolidated company did not use as at December 31, 2020 and 2019, refer to the description of banking facility in (3) below.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of the non-derivative financial liabilities is compiled based on the earliest repayment date required to the Company and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the consolidated company may be requested to repay immediately is listed in the earliest period on the table without consideration of the possibility of the bank to exercise this right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

For the cash flow of the interest paid at floating rate, the non-discounted interest amount is derived from the yield on the balance sheet date.

December 31, 2020

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liability				
Floating and fixed interest rate instruments				
Short-term loans	$ 438,817	$ -	$ -	$ -
Long-term loans	105,928	39,514	21,854	51,329
Other payables – loans payable	61,544	-	-	-
Lease liabilities	36,053	72,106	55,687	4,212
Non-interest-bearing liabilities				
Notes payable	161,913	-	-	-
Accounts payable	223,577	-	-	-

Other payables	484,109	-	-	-
Guarantee deposits received	264,615	-	-	-
	$1,776,556	$ 111,620	$ 77,541	$ 55,541

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liabilities	$ 36,053	$ 127,793	$ 1,538	$ 1,784	$ 890	$ -

December 31, 2019

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liability				
Floating and fixed interest rate instruments				
Short-term loans	$ 351,661	$ -	$ -	$ -
Long-term loans	155,417	198,891	314,613	60,387
Other payables – loans payable	383,317	-	-	-
Lease liabilities	20,291	47,103	16,289	19,077
Non-interest-bearing liabilities				
Notes payable	72,535	-	-	-
Accounts payable	143,806	-	-	-
Other payables	253,879	-	-	-
Guarantee deposits received	90,405	-	-	-
	$1,471,311	$ 245,994	$ 330,902	$ 79,464

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liabilities	$ 20,291	$ 63,392	$ 8,190	$ 8,190	$ 2,697	$ -

(2) Banking facility

	December 31, 2020	December 31, 2019
Secured bank loan limit		
- Employed capital	$ 419,938	$ 766,908
- Unemployed capital	235,170	360,023
	$ 655,108	$ 1,126,931
Unsecured bank loan limit		
- Employed capital	$ 118,000	$ 141,742
- Unemployed capital	569,600	613,153
	$ 687,600	$ 754,895
Secured other loan limit		
- Employed capital	$ 99,710	$ 109,585

- Unemployed capital	-	-
	$ 99,710	$ 109,585

XXXIV.Related party transaction

The parent and ultimate parent companies of the Company is KENMEC MECHANICAL ENGINEERING CO., LTD. The common shares that the Company held in Tainergy Tech Co., Ltd. in 2020 and 2019 were 28.77% and 27.09%, respectively.

Since all the transactions, account balances, profits and expenses/losses between the Company and the subsidiaries (namely, the Company's related parties) were removed after the merger, they were not disclosed in the Note. Transactions between the consolidated company and other related parties are described as follows.

There is no significant difference from other customers in the trading conditions and credit period applicable to the purchase and sale of goods between the consolidated company and related parties.

(I) Names of related parties and their relationship with the consolidated company

Name of Related Party	Relationship with Consolidated Company
KENMEC MECHANICAL ENGINEERING CO., LTD.	The Company's parent company
Suzhou Kenmec Property Development Ltd.	Associate
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	The Company's fellow subsidiary
KENMEC AUTOMATION ENGINEERING (KUNSHAN)	The Company's fellow subsidiary
KENMEC VIETNAM COMPANY LIMITED	The Company's fellow subsidiary
KENTEC INC.	The Company's fellow subsidiary
CHING-FU HSIEH	The Company's Chairman

(II) Accounts receivable from related parties (excluding loans to related parties)

Account Title	Type/Name of Related Party	December 31, 2020	December 31, 2019
Other receivables	Fellow subsidiary		
	Others	$ 91	$ 280
	Associate		
	Suzhou Kenmec Property Development Ltd.	2,912	14,505
		$ 3,003	$ 14,785

No guarantee was requested for the outstanding accounts receivable from related parties. No bad debt expenses were set aside for the accounts receivable from related parties in 2020 and 2019.

(III) Accounts payable to related parties (excluding loans from related parties)

Account Title	Type/Name of Related Party	December 31, 2020	December 31, 2019
Other payables	Parent company		
	KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 11,900	$ 13,564
	Fellow subsidiary		
	KENMEC MECHATRONICS (SUZHOU) CO., LTD.	577	595
	KENMEC VIETNAM COMPANY LIMITED	840	1,561
	KENTEC INC.	151	-
		1,568	2,156
		$ 13,468	$ 15,720

The outstanding balance of the accounts payable to related parties was not guaranteed.

(IV) Prepayments

Type/Name of Related Party	December 31, 2020	December 31, 2019
Prepayment for equipment		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 4,629	$ 716
Prepayments		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 3,027	$ 211

(V) Acquisition of property, plant, and equipment

Type/Name of Related Party	Acquisition Price 2020	Acquisition Price 2019
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 12,880	$ 19,116

(VI) Disposal of property, plant, and equipment

Type/Name of Related Party	Disposal proceeds 2020	Disposal proceeds 2019	Profit on disposal 2020	Profit on disposal 2019
Parent company	$ -	$ 25	$ -	$ 25
Fellow subsidiary	1	101	1	84
	$ 1	$ 126	$ 1	$ 109

(VII) Lease agreement

1. Acquisition of right-of-use assets

Type/Name of Related Party	2020	2019
Acquisition of right-of-use assets		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$108,823	$ -
Fellow subsidiary		
KENMEC VIETNAM COMPANY LIMITED	$ -	$ 35,323

Account Title	Type/Name of Related Party	December 31, 2020	December 31, 2019
Lease liabilities			
Parent company	KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 105,406	$ 7,901
Fellow subsidiary	KENMEC VIETNAM COMPANY LIMITED	41,593	51,870
		$ 146,999	$ 59,771

Type/Name of Related Party	2020	2019
Interest expenses		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 531	$ 912
Fellow subsidiary		
KENMEC VIETNAM COMPANY LIMITED	4,644	1,068
	$ 5,175	$ 1,980

Lease expenses		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 18	$ 53

2. Revision of lease agreement

The consolidated company leased factory buildings and offices from the parent company, KENMEC MECHANICAL ENGINEERING CO., LTD., and fellow subsidiary, KENMEC VIETNAM COMPANY LIMITED, in 2020 and 2019, respectively. Since the scope of the lease was adjusted, the right-of-use assets increased by NTD 108,823,000 and NTD 35,323,000, respectively.

3. Other lease information

2020

Name of Related Party	Premises	Lease Period	Determination of Rent	Monthly Rental (w/o tax)
Parent company				
KENMEC MECHANICAL ENGINEERING CO., LTD.	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	May 1, 2016 to October 31, 2020	Negotiation	$ 400
KENMEC MECHANICAL ENGINEERING CO., LTD.	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	November 1, 2020 to October 31, 2025	Negotiation	1,900
Parent company				
KENMEC MECHANICAL ENGINEERING CO., LTD.	3F., No. 97, Sec. 2, Nangang Rd., Taipei City, Taiwan (R.O.C.)	June 1, 2018 to October 31, 2020	Negotiation	25
KENMEC MECHANICAL ENGINEERING CO., LTD.	6F., No. 97, Sec. 2, Nangang Rd., Taipei City	November 1, 2020 to October 31, 2025	Negotiation	25
Fellow subsidiary				
KENMEC VIETNAM COMPANY LIMITED	Quoc Oai Industrial Zone, Ha Tay Province, Socialist Republic of Vietnam	January 1, 2019 to December 31, 2023	Negotiation	VND 550 million

2019

Name of Related Party	Premises	Lease Period	Determination of Rent	Monthly Rental (w/o tax)
Parent company				
KENMEC MECHANICAL ENGINEERING CO., LTD.	No. 5, Ziqiang 1st Rd., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	May 1, 2016 to July 31, 2021	Negotiation	$ 400
Parent company				
KENMEC MECHANICAL ENGINEERING CO., LTD.	3F., No. 97, Sec. 2, Nangang Rd., Taipei City, Taiwan (R.O.C.)	June 1, 2018 to May 31, 2021	Negotiation	70
Fellow subsidiary				

KENMEC VIETNAM COMPANY LIMITED	Quoc Oai Industrial Zone, Ha Tay Province, Socialist Republic of Vietnam	January 1, 2019 to December 31, 2023	Negotiation	VND 550 million

(VIII)Loans to related parties

Type/Name of Related Party	2020	2019
Other receivables		
Associate		
Suzhou Kenmec Property Development Ltd.	$ 249,489	$ 375,653
Interest income		
Associate		
Suzhou Kenmec Property Development Ltd.	$ 14,059	$ 21,402

The consolidated company acquired the property of Suzhou Kenmec Property Development Ltd. as a guarantee.

(IX) Loans from related parties

Type/Name of Related Party	December 31, 2020	December 31, 2019
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 60,000	$380,000

Interest expenses

Type/Name of Related Party	2020	2019
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 3,938	$ 4,354

The interest rate of the loans that the consolidated company acquired from the related party was equivalent to the market rate of interest. The loans from the ultimate parent company were unsecured.

(X) Acquisition of endorsements/Guarantees

Acquisition of endorsements/Guarantees

Type/Name of Related Party	December 31, 2020	December 31, 2019
The Company's Chairman		
CHING-FU HSIEH		
Guarantee amount	$ 1,054,313	$ 1,088,890

(XI) Related party transactions

		2020	2019
Parent company			
KENMEC MECHANICAL ENGINEERING CO., LTD.	Manufacturing expense – repair expense	$ 3,205	$ -
	Inventory of supplies	$ 462	$ 457
	Miscellaneous expenses	$ -	$ 11,775
Fellow subsidiary			
Others	Inventory of supplies	$ 25	$ 18
	Manufacturing expense – sundry purchase	$ 3,471	$ 788
	Manufacturing expense – repair expense	$ 2,065	$ 7,988
	Other revenue	$ -	$ 25
	Operating expense – repair expense	$ 51	$ -
	Operating expense – other expenses	$ 46	$ -
	Lease revenue	$ 1,895	$ 2,164

(XII) Remuneration to key management

	2020	2019
Short-term employee benefits	$ 22,723	$ 25,488
Retirement benefits	2,614	505
	$ 25,337	$ 25,993

The remuneration to the directors and key management was decided by the Remuneration Committee subject to personal performance and market trend.

XXXV.Pledged and mortgaged assets

The following assets of the consolidated company was provided as collaterals for bank loans, import guarantees, or tender bonds for import of equipment, purchase of materials, or engineering projects. Details are described below:

	December 31, 2020	December 31, 2019
Notes receivable	$ -	$ 45,428
Guarantee deposits paid	29,247	31,553
Pledged C/D (stated as financial assets measured at amortized cost – current)	182,892	14,990
House and building – net	322,216	291,342
Land improvement	-	51,869
Machine and equipment – net	297,154	821,369

Pledged C/D (stated as financial assets measured at amortized cost – non-current)	1,788	53,588
Right-of-use assets	135,797	135,283
Other financial assets – restricted bank deposits – current	16,548	43,832
	$ 985,642	$ 1,489,254

XXXVI.Significant contingent liability and unrecognized contractual commitment

In addition to those described in other notes, the consolidated company's significant commitments and contingencies on the balance sheet date are as follows:

(I) Material purchase agreement between the consolidated company and SunEdison Products Singapore Pte, Ltd. (the former MEMC Singapore Pte, Ltd.; hereinafter referred to as SunEdison)

Material purchase agreement

The consolidated company entered into a material purchase agreement with SunEdision on July 9, 2008. According to the agreement, the consolidated company should purchase solar wafers for no less than USD 3.4 billion from SunEdison from September 1, 2008 to August 31, 2018, and should provide a performance bond amount to about USD 10,500,000 to 66,500,000 (about NTD 299,040,000 to 1,893,920,000) every year during the period of the agreement.

Due to the fluctuation of the solar cell material, the consolidated company did not purchase to the minimum quantity as agreed. A supplementary agreement was entered into with SunEdision on March 29, 2013 in which a common consensus was reached and the parties agreed to maintain their collaboration relation. According to the supplementary agreement, a compensation for failure to purchase to the minimum quantity was deducted from the performance bond that the consolidated company had paid. For this, the consolidated company recognized a loss on guarantee deposits paid amounting to NTD 760,763,000 in 2012 and set aside the unamortized balance of non-returnable deposits paid to the amount of NTD 59,551,000 as impairment loss under the title of other non-current liabilities – others. The total amount was consequently NTD 820,314,000.

SunEdison's application for reorganization

SunEdision announced its application for reorganization procedures on April 21, 2016 (American time). The consolidated company discussed with the counsels and comprehensively assessed the possibility of recovery based on SunEdison's debt restructuring plan and creditor meeting notice on June 2017. After deduction of an advance sales receipts of NTD 1,063,000 (net) from related other receivables of NTD 20,854,000 and guarantee deposits paid amounting to NTD 288,009,000, an impairment loss of NTD 307,800,000 was set aside in Q2 of 2017.

As of December 31, 2020 and 2019, the recognized balance of the guarantee deposits paid was NTD 0.

(II) The silicon wafer purchase agreement between the consolidated company and Sino-American Silicon Products Inc. (hereinafter referred to as Sino-American Silicon)

Commitment to material purchase agreement

The consolidated company entered into a material purchase agreement with Sino-American Silicon in September 2007. The parties agreed on an annual purchase of solar wafers to the quantity, at the price, and amounting to no less than USD 44,388,000 and EUR 85,518,000 as specified in the agreement from January 1, 2008 to December 31, 2010 and from January 1, 2009 to December 31, 2019, respectively. The prepayments were not returnable and the supplier guaranteed to supply the material to the agreed quantity. The consolidated company prepaid for purchase of the material by installments to the amount of EUR 7,470,000 during the period specified in the agreement.

Renewal of the agreement

The consolidated company and Sino-American Silicon agreed to perform the agreement continuously in accordance with the terms and conditions specified therein up to December 31, 2020 (included) If the fulfillment of the agreement is difficult to the parties due to changes of the market supply and demand, the parties agreed to discuss the performance of the agreement. Currently, the parties are willing to continue the fulfillment of the agreement.

As of December 31, 2020 and 2019, the consolidated company made an assessment and found that the cost for fulfillment of the agreement would be higher than the anticipated economic benefit from the agreement, and thus set aside an accumulated loss of NTD 180,257,000 and NTD 192,916,000, respectively. As of December 31, 2020 and 2019, the balance of the prepayments that the consolidated company had made and against which goods were not delivered yet was recognized to the amount of NTD 0 and NTD 10,884,000, respectively.

(III) The Tainergy Technology (Kunshan) Co., Ltd., a subsidiary of the consolidated company entered into an agreement with a local assets management company for construction of a new factory building based on the right-of-use of the land that the consolidated company had in Mainland China. The consolidated company did not have to pay any money or fee to the assets management company for the construction project. After the construction of the factory building was completed, the consolidated company agreed to establish a new subsidiary with cash and the fixed price of the surface building. The assets management company will purchase all the shares of the new subsidiary after it acquires the real estate ownership certificate. As of December 31, 2020, the consolidated company charged RMB 18,456,000 (stated as guarantee deposits received) as the fee for collection/payment, and charged RMB 42,000,000 as performance bond (stated as guarantee deposits received).

(IV) As of December 31, 2020 and 2019, the total price of the contract for completion and purchase of unfinished construction and equipment was NTD 315,623,000 and NTD 230,235,000, respectively, and the amount of the payment that had been made was NTD 170,870,000 and NTD 67,034,000.

(V) As of December 31, 2020 and 2019, the amount of the guarantee notes issued by the consolidated company issued for loans was NTD 510,000,000 for both periods. As for the amount of the endorsement/guarantee provided for loans, refer to Table 2 in Note 40.

XXXVII.Significant subsequent events:

(I) The Board of Directors of the consolidated company resolved on March 10, 2021 to raise funds on the capital market depending on the need for funds in the coming year. Within an issuance of no more than 50 million shares, the Board of Directors was authorized to issue new stocks for increase of cash capital in Taiwan in consideration of the market status and the need of the company for funds.

(II) The Board of Directors of the consolidated company resolved on March 10, 2021 to issue no more than 50 million common stocks under private placement to repay bank loans, replenish working capital, or provide funds for the development in the future. The Board of Directors was authorized to implement the resolution in consideration of the market status and the need of the company for funds.

(III) The consolidated company planned to invest RMB 181,546,000 for capital increase of Kunshan Jichang Energy Technology Co., Ltd., a subsidiary, through Tainergy Technology (Kunshan) Co. in 2021 to hold 100% of its equity.

(IV) The consolidated company planned to invest no less than NTD 300,000,000 for capital increase of TAISIC MATERIALS CO. in 2021.

XXXVIII.Information on foreign currency financial assets and liabilities with significant effect

The following is summarized and stated based on the foreign currencies other than the functional currency of the consolidated company's individual entities. The disclosed exchange rate represents the exchange rate of such foreign currency to the functional currency. Information on foreign currency financial assets and liabilities with significant effect is as follows:

December 31, 2020

	Foreign currency	Exchange rate	Book value
Financial assets			
Monetary items			
USD	$ 14,213	28.48 (USD : NTD)	$ 404,784
USD	788	6.5249 (USD : RMB)	22,429
USD	6,638	25,658 (USD : VND)	189,040
EUR	$ 159	35.02(EUR : NTD)	$ 5,564
RMB	35,208	4.377(RMB : NTD)	154,105
			$ 775,922
Non-monetary items			
Subsidiaries, associates and joint ventures under the equity method			
RMB	68,665	4.377(RMB : NTD)	$ 300,546
Financial liabilities			
Monetary items			
USD	9,294	28.48(USD : NTD)	$ 264,694
USD	2	6.5249(USD : RMB)	68
USD	11,343	25,658(USD : VND)	323,051
EUR	28	35.02(EUR : NTD)	995
JPY	163,803	0.2763(JPY : NTD)	45,259
RMB	6,244	4.377(RMB : NTD)	27,329
			$ 661,396

December 31, 2019

	Foreign currency	Exchange rate	Book value
Financial assets			
Monetary items			
USD	$ 23,085	29.98(USD : NTD)	$ 692,098
USD	17,399	6.9762(USD : RMB)	521,637
USD	4,404	25,623.93(USD : VND)	132,047
EUR	179	33.59(EUR : NTD)	6,020
RMB	54,163	4.305(RMB : NTD)	233,174
			$ 1,584,976
Non-monetary items			
Subsidiaries, associates and joint ventures under the equity method			
RMB	52,418	4.305(RMB : NTD)	$ 225,661
Financial liabilities			
Monetary items			
USD	$ 8,013	29.98(USD : NTD)	$ 240,242
USD	2	6.9762(USD : RMB)	72
USD	14,829	25,623.93(USD : VND)	444,588
EUR	28	33.59(EUR : NTD)	954
EUR	-	7.083(EUR : RMB)	-
RMB	9,042	4.305(RMB : NTD)	38,926
			$ 724,782

Profit or loss from foreign currency translation is as follows:

	2020		2019	
Functional currency	Functional currency to presentation currency	Net translation profit (loss)	Functional currency to presentation currency	Net translation profit (loss)
NTD	1 (NTD : NTD)	($ 4,222)	1 (NTD : NTD)	$ 1,978
RMB	4.38 (RMB : NTD)	(1,582)	4.305 (RMB : NTD)	3,621
VND	0.0011 (VND : NTD)	2,057	0.0012 (VND : NTD)	1,564
		($ 3,747)		$ 7,163

As for the foreign currency translation profit/loss of the consolidated company in 2020 and 2019, the realized amount (net) was NTD 10,979,000 of loss and NTD 23,687,000 of gain, respectively, and the unrealized amount (net) was NTD 7,232,000 of gain and NTD 16,524,000 of loss, respectively. However, it is infeasible to disclose the exchange loss and gain of each significant foreign currencies because of numerous foreign currency transactions and functional currencies of the Group.

XXXIX.Other matters: None

XL.Disclosures of notes

(I) Information about major transactions

(II) and investees:

1. Loans to others. (Table 1)
2. Endorsements/guarantees for others. (Table 2)
3. Securities – ending (excluding those controlled by invested subsidiaries, associates and joint ventures). (Table 3)
4. Aggregate purchases or sales of the same securities reaching NTD 300 million or more than 20% of the paid-in capital. (None)
5. Acquisition of real estate reaching NTD 300 million or more than 20% of the paid-in capital. (None)
6. Disposal of Property Reaching NTD 300 Million or More Than 20% of the Paid-in Capital. (None)
7. Purchases or Sales of Goods from and to Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital. (Table 4)
8. Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital. (Table 5)
9. Trading in derivative instruments. (Note 7 and 33)
10. Others: The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries. (Table 7)
11. Information on investees. (Table 6)

(III) Information on investments in Mainland China:

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment profit/loss, investment book value at the end of the period, profit or loss received from investments, and limit on the amount of investment in Mainland China (Table 8)
2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment conditions, and unrealized profit/loss: (Table 9)
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

(3) The amount of property transactions and the amount of resulting profits or losses.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

(5) The highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds.

(6) Other transactions that have a material effect on the profit or loss of the period or on the financial position, such as the rendering or receiving of services.

(IV) Information on major shareholders: The name, shareholding, and shareholding ratio of the shareholders with an equity ratio of 5% or more. (Table 10)

XLI.Segment information

(I) Information by segment

The business of the consolidated company focuses on solar power generation and manufacture and sale of power transmission and distribution equipment. The key decision makers of business operation do not differentiate departments in resource allocation and performance evaluation.

(II) Revenue from main products and services

2020				
Solar cell	Solar module	Revenue from sale of electricity	Others	Total
$ 2,079,714	$ 48,917	$ 49,030	$ 15,936	$ 2,193,597

2019				
Solar cell	Solar module	Revenue from sale of electricity	Others	Total
$ 2,223,213	$ 2,386	$ 87,840	$ 15,374	$ 2,328,813

(III) Information by territory

The consolidated company has three main operation bases – Taiwan, Vietnam and China

The consolidated company's revenue of continuing operations from external clients and the non-current assets were classified respectively by operation base and location. Relevant information is listed as follows:

	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 112,234	$ 682,486	$ 254,794	$ 1,043,697
China (including Hong Kong)	1,502,833	552,137	327,209	508,458
South Korea	2,045	-	86,074	-
Vietnam	77,356	913,318	388,589	832,344
India	44,744	-	945,434	-
Germany	-	-	10,492	-
USA/Canada	326,703	-	-	-
Other countries	127,682	-	316,221	-
	$ 2,193,597	$ 2,147,941	$ 2,328,813	$ 2,384,499

The non-current assets did not include the investment classified as financial instruments under the equity methods and deferred income tax assets.

(IV) Information about major clients

2020			2019		
Customer ID	Amount	Percentage in revenue %	Customer ID	Amount	Percentage in revenue %
BM company	$ 1,364,847	62	BD company	$ 388,284	17
BN company	272,813	12	Vietnam Hai Tai Company	361,074	16

Tainergy Tech Co., Ltd. and subsidiaries

Loans to Others

January 1 to December 31, 2020

Table 1

Unit: NTD and foreign currency (thousand)

No. (Note 1)	Lending company	Borrowing company	Current account	Related party	Maximum balance in current period	Balance – ending of the period	Drawdown	Range of interest rates	Nature of loaning of funds	Transaction amount	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral Name	Collateral Value	Limit of loans to a particular borrower (Note 2, 3 and 4)	Limit of total loaning of funds (Note 2, 3, and 4)	Remarks
0	Tainergy Tech. Co., Ltd.	Cheng Yang Energy Co., Ltd.	Other receivables	Y	$ 320,000	$ -	$ -	3%–5% (Note 2)	Needs for short-term financing	$ -	Working funds	$ -	None	$ -	$ 355,162	$ 710,323	Note 4
0	Tainergy Tech. Co., Ltd.	Tainergy Technology (Kunshan) Co., Ltd.	Other receivables	Y	224,848	65,655	43,770	3.5%–5% (Note 2)	Needs for short-term financing	-	Working funds	-	None	-	355,162	710,323	Note 4
0	Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	Other receivables	Y	206,570	199,360	56,960	3.5%–5% (Note 2)	Needs for short-term financing	-	Working funds	-	None	-	355,162	710,323	Note 4
0	Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Other receivables	Y	55,000	-	-	3%–5%	Needs for short-term financing	-	Working funds	-	None	-	355,162	710,323	Note 4
2	Tainergy Technology (Kunshan) Co., Ltd.	Suzhou Kenmec Property Development Ltd.	Other receivables	Y	377,311	249,489	248,489	4.85% (Note 3)	Needs for short-term financing	-	Working funds	-	None	-	298,402	298,402	

Note 1: Number column description:

(1) 0 is reserved for issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: Tainergy Tech. Co., Ltd.'s limit of loans to others is calculated as follows:

Limit of loans to particular borrower: 20% of the Company's net value: 1,775,808×20%＝355,162.

The limit of total loaning of funds: 40% of the Company's net value: 1,775,808×40%＝710,323.

Total interest from loans to others in the current period was NTD 8,535,000.

Note 3: Tainergy Technology (Kunshan) Co., Ltd.'s limit of loans to others is calculated as follows:

Limit of loans to particular borrower: 40% of the Company's net value: RMB 170,438×40%＝RMB 68,175＝NTD 298,402.

The limit of total loaning of funds: 40% of the Company's net value: RMB 170,438×40%＝RMB 68,175＝NTD 298,402.

Total interest from loans to others in the current period was RMB3,285,000.

Note 4: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech Co., Ltd. and subsidiaries

Endorsements/Guarantees for Others

January 1 to December 31, 2020

Table 2

Unit: NTD thousand unless otherwise specified.

No. (Note 1)	Endorser/guarantor	Endorsee/guarantee		Limits on individual endorsements/guarantees (Note 3)	Current maximum endorsement/guarantee balance	Current endorsement/guarantee balance – ending	Drawdown	Endorsement/guarantee amount secured with property	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements (%)	Maximum endorsement/guarantee limit (Note 3)	Endorsements/guarantees made by the parent company for subsidiaries	Endorsements/guarantees made by the subsidiaries for parent company	Endorsements/guarantees made for the operations in Mainland China	Remarks
		Company Name	Relationship (Note 2)											
0	Tainergy Tech. Co., Ltd.	Cheng Yang Energy Co., Ltd.	(2)	$ 1,420,646	$ 548,858	$ -	$ -	$ -	-	$ 1,420,646	Y	N	N	
		VIETNERGY COMPANY LIMITED	(2)	1,420,646	135,388	99,680	95,468	2,848	5.61%	1,420,646	Y	N	N	

Note 1: Number column description:

(1) 0 is reserved for issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into seven categories as follows. It is only necessary to mark the type:

(1) A business associated company.

(2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.

(3) The company holds the majority shareholdings of voting rights of the Company directly and indirectly,

(4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.

(5) The company needing mutual guarantee pursuant to an agreement in the same industry or between joint proprietors for undertaking engineering projects.

(6) The company received endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.

(7) Escrow and joint and several guarantee of the contracts in the same industry that involve transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: Limits on individual endorsements/guarantees: No more than 80% of the Company's net value on December 31, 2020: 1,775,808×80%＝1,420,646.

Maximum endorsement/guarantee limit: No more than 80% of the Company's net value on December 31, 2020: 1,775,808×80%＝1,420,646.

Tainergy Tech Co., Ltd. and subsidiaries

Securities Held at the End of the Period

December 31, 2020

Table 3

Unit: NTD thousand
unless otherwise specified.

Holding company	Type and name of securities	Relationship with the issuer of securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding ratio	Fair value	
Tainergy Tech. Co., Ltd.	Domestic non-listed (non-OTC) stocks							
	KENTEC INC.	Fellow subsidiary	Financial assets measured at fair value through other comprehensive income – non-current	2,293,885	$ 20,658	4.328%	$ 20,658	
	Interest rate-linked structured deposit							
	President Securities Corporation: DSU 100% principal-protected structured product No. 1475 deposits in USD	-	Financial assets measured at amortized cost – current	-	$ 85,440	-	$ 85,440	

Note 1: The securities referred to in the table means the stocks, bonds, beneficiary certificates within the “financial instruments” of IFRS 9 and other securities deriving from these items.

Note 2: This column is not required if the issuer of the securities is not a related party.

Note 3: Where fair value measurement is used, please fill in the “book value” column with the book value after the valuation adjustment of the fair value and deduction of the loss allowance; otherwise, please complete the column with the book value of the amortized cost (with loss allowance deducted).

Note 4: For any securities in the table that are provided as a guarantee, pledged for loans, or restricted pursuant to any agreement, the number of stocks provided for guarantee or pledged for loans, the amount of the guarantee or pledge, or the restrictions shall be indicated in the Remarks.

Note 5: For more information on the investment in subsidiaries, affiliates and joint ventures, please refer to Table 6 and Table 7.

Tainergy Tech Co., Ltd. and subsidiaries

Purchases or Sales of Goods from and to Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital

December 31, 2020

Table 4

Unit: NTD thousand
unless otherwise specified.

Purchaser/seller	Counterparty	Relationship	Transaction				Trading conditions different from those of regular transactions and reasons thereof (Note 1)		Notes/accounts receivable (payable)		Remarks (Note 2)
			Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	
Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	Subsidiary	Processing fee (Note 4)	$ 824,427	62.35%	T/T 30 days upon invoice date	-	-	($ 75,901)	28.19%	Some processing cost amounting to NTD 14,030,000 is recognized in other payables, occupying 8.92% of other total payables.
	Tainergy Technology (Kunshan) Co., Ltd.	Subsidiary	Purchase	189,616	14.34%	T/T 15days upon invoice date	-	-	(9,558)	3.55%	
			Sale	58,210	2.68%	T/T 180 days After acceptance	-	-	5,852	6.47%	

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the “price” and “loan period” columns.

Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the different from regular transactions shall be indicated in the “Remark” column.

Note 3: Related transactions and period-end balances were removed from the consolidated financial statements.

Note 4: The total amount is listed; recognized as write-off of the material processing cost.

Tainergy Tech Co., Ltd. and subsidiaries

Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital

December 31, 2020

Table 5

Unit: NTD and foreign currency (thousand)

Company Booking Accounts Receivable	Counterparty	Relationship	Balance of Accounts Receivable from Related Parties	Turnover Rate	Overdue Accounts Receivable from Related Parties		Subsequent Recovered Amount of Accounts Receivable from Related Parties	Appropriated Allowance for Bad Debt	Remarks
					Amount	Treatment			
Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Subsidiary	Other receivables (Note 1) $ 223,568	-	$ -	—	$ -	$ -	
	VIETNERGY COMPANY LIMITED	Subsidiary	Other receivables (Note 2) 120,583 USD 4,234	-	-	—	-	-	
Tainergy Technology (Kunshan) Co., Ltd.	Suzhou Kenmec Property Development Ltd.	Associate	Other receivables (Note 3) 252,402 RMB 57,665	-	-	—	-	-	

Note 1: This is the amount from disposal of property, plant, and equipment (NTD 206,485,000) and collection/payment services (NTD 17,083,000) recognized in other receivables and not incorporated in the calculation of turnover ratio.

Note 2: This is the amount from financing (NTD 56,960,000), interest from loans to others (NTD 1,628,000), disposal of property, plant, and equipment (NTD 60,341,000) and collection/payment services (NTD 1,654,000) recognized in other receivables and not incorporated in the calculation of turnover ratio.

Note 3: This is the amount from financing (NTD 249,489,000) and interest from loans to others (NTD 2,912,000) recognized in other receivables and not incorporated in the calculation of turnover ratio.

Tainergy Tech Co., Ltd. and subsidiaries

Name and Territory of Investees and Other Relevant Information

January 1 to December 31, 2020

Table 6

Unit: NTD and foreign currency (thousand)

Name of investor	Name of investee	Territory	Main business operation	Original investment amount		Held at the end of the period			Current profit (loss) of investee	Profit (loss) from investments recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio (%)	Book value			
Tainergy Tech. Co., Ltd.	Tainergy Tech Holding (Samoa) Co., Ltd.	TrustNet Chambers Lotemau Centre, P.O. BoX 1225, Apia, Samoa.	Investment business	$ 2,211,921 RMB 456,201	$ 2,211,921 RMB 456,201	-	100%	$ 745,970	($ 57,255)	($ 57,317)	Subsidiary (Note 2)
	Cheng Yang Energy Co., Ltd.	No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	Solar power generation and sale of solar power systems	-	60,000	-	-	-	9,415	8,906	Subsidiary (Note 2)
	VIETNERGY COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Quoc Oai District, Ha Noi City, Vietnam	Production of high-tech solar cells and the components of the cells	1,339,468 USD 42,000	1,339,468 USD 42,000	-	100%	672,521	(43,738)	(44,869)	Subsidiary (Note 2)
	Star Solar New Energy Co., Ltd.	No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	Solar power generation and sale of solar power systems	5,000	5,000	500,000	100%	4,299	(300)	(300)	Subsidiary (Note 2)
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	Manufacture and sale of electronic parts and components	19,320	-	1,932,000	64.4%	1,074	(23,053)	(14,768)	
Tainergy Tech Holding (Samoa) Co., Ltd.	Tainergy Technology (Kunshan) Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	R&D, design, production of high-tech green cells (solar cells) and their components	2,206,989 USD 70,000	2,206,989 USD 70,000	-	100%	746,009 RMB 170,438	(57,213) (RMB 13,375)	(57,213) (RMB 13,375)	Subsidiary (Note 2)
Tainergy Technology (Kunshan) Co., Ltd.	Kunshan SENSIC Electronic Materials Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	Manufacture and sale of electronic materials and parts	19,267 RMB 4,500	-	-	100%	18,102 RMB 4,136	(1,570) (RMB 363)	(1,570) (RMB 363)	Subsidiary (Note 2)
	Suzhou Kenmec Property Development Ltd.	No. 8, Hsi Hsia Road, Wang Shan Industrial Park, Wuzhong Economic Development Zone, Suzhou City	Real estate business	365,200 RMB 80,000	278,820 RMB 60,000	-	31.75%	300,546 RMB 68,665	(29,665) (RMB 7,014)	(15,934) (RMB 3,718)	Associate
	Kunshan Jichang Energy Technology Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	Sale of solar power-related products	-	-	-	100%	-	-	-	Subsidiary (Note 2)

Nite 1: For more information on the investees in Mainland China, please refer to Table 8 and Table 9.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech Co., Ltd. and subsidiaries

The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries.

January 1 to December 31, 2020

Table 7

Unit: NTD thousand unless otherwise specified.

No. (Note 1)	Name of Trader	Counterparty	Relationship with Traders (Note 2)	Transaction			
				Title	Amount (Note 3)	Trading conditions	Percentage of consolidated total operating revenue or total assets
0	Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	1	Other receivables	$ 120,583	Financing, equipment payment and collections	3
			1	Accounts payable	75,901	No major difference from regular customers	2
			1	Other payables	14,663	No major difference from regular customers	-
			1	Cost of sales	825,593	No major difference from regular customers	38
				Interest income	1,819	Interest from loans to others	-
		Tainergy Technology (Kunshan) Co., Ltd.	1	Accounts receivable	5,852	No major difference from regular customers	-
			1	Other receivables	43,929	Financing, equipment payment and collections/payments	1
			1	Sales revenue	55,709	No major difference from regular customers	3
			1	Cost of sales	189,616	No major difference from regular customers	9
			1	Interest income	3,794	Interest from loans to others	-
			1	Accounts payable	9,558	No major difference from regular customers	-
		TAISIC MATERIALS CO.	1	Other receivables	223,568	Financing, equipment payment and collections/payments	6
			1	Contract liabilities	4,786	No major difference from regular customers	-

Note 1: The business transactions between the parent company and its subsidiaries shall be indicated in the “No.” column. This column shall be completed as follows:

(1) 0 is reserved for the parent company.

(2) Each subsidiary is numbered in sequential order starting from 1.

Note 2: The relationship with the related parties is classified into seven categories as follows. It is only necessary to mark the type. (Repeated disclosure is not necessary for the same transaction between the parent company and its subsidiaries or between the subsidiaries. In case of the transaction in the form of parent company to a subsidiary, for example, if the parent company has disclosed the transaction, the subsidiary is not necessary to disclose the same repeatedly; In case of the transaction in the form of subsidiary to subsidiary, if a subsidiary has disclosure the transaction, the other subsidiary is not necessary to disclose the same.)

(1) Parent company to subsidiary

(2) Subsidiary to parent company

(3) Subsidiary to subsidiary

Note 3: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech Co., Ltd. and subsidiaries

Information on Investments in Mainland China

January 1 to December 31, 2020

Table 8

Unit: NTD and foreign currency (thousand)

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss from investments, investment book value at the end of the period, and profit or loss received from investments:

Name of Chinese investees	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of the current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of investee	The Company's shareholding of direct or indirect investment	Profit (loss) from investments recognized in the current period (Note 2)	Investment book value	Profit received from investments as of the end of current Period	Remarks
					Remittance	Return							
Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech green cells (solar cells) and their components	$ 2,206,989	(2)-1	$ 2,,206,989	$ -	$ -	$ 2,206,989	($ 57,213) (RMB 13,375)	100%	($ 57,213) (RMB 13,375) (2)B	$ 746,009 RMB 170,438	$ -	
Kunshan SENSIC Electronic Materials Co., Ltd.	Manufacture and sale of electronic materials and parts	19,267	(2)-2	-	-	-	-	(1,570) (RMB 363)	100%	(1,570) (RMB 363) (2)B	18,102 RMB 4,136	-	
Kunshan Jichang Energy Technology Co., Ltd.	Sale of solar power-related products	-	(2)-2	-	-	-	-	-	100%	-	-	-	
Suzhou Kenmec Property Development Ltd.	Real estate business	1,157,582	(2)-2	-	-	-	-	(29,665) (RMB 7,104)	31.75%	(15,934) (RMB 3,718) (2)B	300,546 RMB 68,665	-	

Note 1: Investment is classified into following three categories. It is only necessary to mark the type:

(1) Engaged in direct investment in Mainland China.

(2)-1 Invested in Mainland China through a company in a third area: Tainergy Tech Holding (Samoa) Co., Ltd.

(2)-2 Invested in Mainland China through a company in Mainland China: Tainergy Technology (Kunshan) Co., Ltd.

(3) Others

Note 2: In the "Profit (loss) from investments recognized in the current period" column:

(1) An indication is needed if the investment is under preparation and there is no profit or loss.

(2) There are following three profit/loss recognition bases. The appropriate one must be indicated.

A. The financial statements audited and approved by an international accounting firm that has a collaboration relationship with an accounting firm in the Republic of China.

B. The financial statements audited by a CPA of the parent company in Taiwan.

C. Others (the unaudited financial statements of the aforesaid investees for the same period).

2. Limit on the amount of investments in Mainland China:

Accumulated amount of investments from Taiwan to Mainland China at the end of the current period	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA
$ 2,206,989 (USD 70,000,000)	$ 2,206,989 (USD 70,000,000)	$ 1,066,969

Tainergy Tech Co., Ltd. and subsidiaries

Any of the Following Significant Transactions with Investees in Mainland China, Either Directly or Indirectly, through a Third Area, and Their Prices, Payment Conditions, and Unrealized Profit/Loss

January 1 to December 31, 2020

Table 9

Unit: NTD and foreign currency (thousand)

Name of Chinese investees	Trading type	Purchase (sale)		Issue price	Trading conditions		Notes/accounts receivable (payable)		Unrealized profit/loss	Remarks
		Amount	Percentage		Payment terms	Compared to regular transactions	Amount	Percentage		
Tainergy Technology (Kunshan) Co., Ltd.	Sale	$ 58,210	2.68%	No major difference from regular customers	No major difference from regular customers	No major difference	Accounts receivable $ 5,852	6.47%	$ -	
	Purchase	189,616	14.34%	No major difference from regular customers	No major difference from regular customers	No major difference	Accounts payable 9,558	3.55%	-	

Note 1: Refer to Table 1 for related information on the highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds to any investees in Mainland China, either directly or indirectly, through a third area.

Note 2: Refer to Table 2 for related information on the endorsement, guarantee or collateral provided to any investees in Mainland China, either directly or indirectly, through a business in a third area for financing in favor of such subsidiaries.

Note 3: The amount of property transactions with any investees in Mainland China, either directly or indirectly, through a business in a third area and the amount of the resulting profits or losses: None

Tainergy Tech. Co., Ltd.

Information on Major Shareholders

December 31, 2020

Table 10

Names of major shareholders	Shares	
	Number of shares held	Shareholding ratio
KENMEC MECHANICAL ENGINEERING CO., LTD.	57,666,119	28.833%

Note 1: The information on major shareholders is acquired from the data of Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and special stocks of the Company that have been registered and delivered in dematerialized form (including treasury stocks) on the last business day at the end of the current quarter. The capital stock stated in the consolidated financial statements of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

Note 2: In case any shareholder who transferred their stocks to a trustee, the information on such shareholder was disclosed based on the account of the principal subject to the trust account opened by the trustee. As for a shareholder who declares insider shares of more than 10% shareholdings pursuant to the securities and exchange regulations, the number of shares held includes the shares of the shareholder and the shares that he/she transferred to a trustee and for which he/she has the right to determine the application of the trust property. For more information on the declaration of insider shares, refer to the MOPS.

Tainergy Tech. Co., Ltd.

Separate Financial Statements with Independent Auditors' Report

2020 and 2019

Address: No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)

Tel.: (02)27883798

Independent Auditors' Report

To: Tainergy Tech. Co., Ltd.

Audit opinion

We audited the separate balance sheet of Tainergy Tech. Co. Ltd., as of December 31, 2020 and 2019, the separate statement of comprehensive income, separate statement of changes in equity, and separate statement of cash flow for the period from January 1 to December 31, 2020 and 2019, and the notes to the separate financial statements (including the summary of significant accounting policies).

In our opinion, the said separate financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the separate financial position of Tainergy Tech. Co. Ltd., as of December 31, 2020 and 2019, and the separate business performance and separate cash flow for the period from January 1 to December 31, 2020 and 2019.

Basis of audit 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 Generally Accepted Auditing Standards; in 2019, we conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, the Letter Jin-Guan-Zheng-Shen-Zi No.1090360805 issued by the Financial Supervisory Commission on February 25, 2020, and the generally accepted auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the separate financial statements" section in this report. We were independent of Tainergy Tech Co., Ltd., in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key audit matters

Key audit matters refer to, based on our professional judgment, the most important matters for auditing Tainergy Tech Co., Ltd.'s separate financial statements in 2020. Such matters were addressed during the overall audit of the separate financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters for Tainergy Tech Co., Ltd.'s separate financial statements in 2020 are described as follows:

The verification of the revenue from shipment to certain customers

Tainergy Tech. Co., Ltd. mainly engages in the research, design, manufacturing and sales of solar cells, panels and related systems. In 2020, the operating revenue recognized was NTD 2,171,529,000. Since we presumed that revenue recognition was a significant risk based on the materiality principle and the Statements on Auditing Standards, we considered that the occurrence of the sales revenue from certain customers recognized by the Tainergy Tech. Co., Ltd. was significant to the financial statements. Therefore, the verification of the shipment with respect to the revenue from certain customers was listed as the key audit matter of the year. Please refer to Note 4 (13) for the description of revenue recognition policies.

We performed the following main audit procedures:

1. We knew and tested the design and implementation of the internal control related to the recognition of revenue from certain customers.
2. We carried out population sampling for the revenue statements of the said certain customers, reviewed relevant supporting documents, and examined the collection of payments to confirm the occurrence of sales transactions.
3. We reviewed any material sales returns and discounts occurred after the balance sheet date to make sure whether there was any material misstatement of the sales revenue from the certain customers.

Responsibility of the management and governance unit for the separate financial statements

The management was responsible for preparation of the separate financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintaining the necessary internal control related to the preparation of the separate financial statements to ensure that the separate financial statements were free of material misstatements due to fraud or error.

During preparation of the separate financial statements, the management was also responsible for evaluating Tainergy Tech Co., Ltd.'s ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless the management intended to make Tainergy Tech Co., Ltd. enter into liquidation or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

Tainergy Tech Co., Ltd.'s governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

CPA's responsibility for the audit of the separate financial statements

We audited the separate financial statements for the purpose of obtaining reasonable assurance about whether the separate financial statements were free of material misstatements due to fraud or error and issuing a separate audit report. Reasonable assurance refers to a high level of assurance. However, we could not guarantee the detection of all material misstatements in the separate financial statements with the audit conducted based on the generally accepted auditing standards. The misstatements might be due to fraud or error. If an individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of users of the separate financial statements, the misstatement was deemed as material.

We used our professional judgment to be skeptical during the audit conducted based on the generally accepted auditing standards. We also performed the following works:

1. We identified and evaluated the risk of any material misstatement in the separate financial statements due to fraud or error, designed and implemented applicable response measures for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, and we did not find that the risk of material misstatement due to fraud was higher than the same due to errors.
2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstances. However, the purpose of such work was not to express opinions regarding the effectiveness of Tainergy Tech Co., Ltd.'s internal control.
3. We evaluated the appropriateness of the accounting policies adopted by the management and the rationality of the accounting estimates and relevant disclosure made by the management.
4. We drew a conclusion about the appropriateness of the application of the going concern basis of accounting by the management and whether the event or circumstances which might cause major doubts about Tainergy Tech Co., Ltd.'s ability as a going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstances, we must provide a reminder in the separate financial statements for the users

to pay attention to the relevant disclosure therein, or amend our audit opinions when such disclosure was inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Tainergy Tech Co., Ltd., would no longer have its ability as a going concern.

5. We evaluated the overall presentation, structure, and contents of the separate financial statements (including relevant notes), and whether the separate financial statements presented the relevant transactions and events fairly.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of the internal control identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in Tainergy Tech Co., Ltd.'s separate financial statements in 2020 based on the matters communicated with the governance unit. We specified such matters in the separate audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the separate audit report as we could reasonably expect that the negative impact of the coverage would be greater than the public interest brought thereby.

Deloitte & Touche Taiwan
CPA HUI-MING CHEN

CPA JUI-CHUAN CHIH

Approval No. from the Securities and Futures Commission
Tai-Cai-Zheng-Liu-Zi No. 0920123784

Approval No. from the Financial Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1060023872

March 26, 2021

Tainergy Tech. Co., Ltd.

Separate Balance Sheet

December 31, 2020 and 2019

Unit: NTD thousand

Code	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 31)	$ 282,028	10	$ 379,365	12
1136	Financial assets measured at amortized cost – current (Notes 4, 9, 10, 32, and 34)	95,440	4	14,990	-
1172	Net accounts receivables – non-related parties (Notes 4, 11, 24, and 32)	84,590	3	144,305	4
1180	Accounts receivables – related parties (Notes 4, 11, 24, 32, and 33)	5,852	-	86,680	3
1140	Contract assets (Notes 4 and 24)	18,051	1	21,649	1
1200	Other receivables (Notes 4, 11, and 32)	10,356	-	8,419	-
1210	Other receivables – related parties (Notes 4, 11, 32, and 33)	388,170	14	734,749	23
1220	Current income tax assets (Notes 4 and 26)	1,556	-	1,911	-
130X	Inventory (Notes 4 and 12)	158,687	6	63,111	2
1421	Prepayments (Notes 17, 33, and 35)	27,092	1	16,827	1
1470	Other current assets (Notes 17, 32, and 34)	10,724	1	6,000	-
11XX	Total current assets	1,082,546	40	1,478,006	46
	Non-current assets				
1510	Financial assets measured at fair value through profit or loss – non-current (Notes 4, 7,and 32)	-	-	3,003	-
1517	Financial assets measured at fair value through other comprehensive income – non-current (Notes 4, 8, 32, and 34)	20,658	1	20,658	1
1535	Financial assets measured at amortized cost – non-current (Notes 4, 9, 10, 32, and 34)	100	-	100	-
1550	Investment under the equity method (Notes 4, 13, 33, and 36)	1,423,864	52	1,548,632	48
1600	Property, plant, and equipment (Notes 4, 5, 14, 33, and 34)	131,134	5	105,278	3
1755	Right-of-use assets (Notes 3, 4, 15, 15, and 33)	37,560	1	7,845	-
1780	Other intangible assets (Notes 4 and 16)	17,378	-	19,381	1
1915	Prepayment for equipment (Notes 17 and 29)	5,779	-	2,638	-
1920	Guarantee deposits paid (Notes 17, 32, 34, and 35)	18,500	1	21,000	1
15XX	Total non-current assets	1,654,973	60	1,728,535	54
1XXX	Total assets	$ 2,737,519	100	$ 3,206,541	100
代碼	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Notes 4, 18, 32, and 34)	$ 220,000	8	$ 170,000	5
2130	Contract liabilities – current (Notes 4, 20, 24, and 33)	56,808	2	127,371	4
2150	Notes payable (Notes 19, and 32)	-	-	455	-
2170	Accounts payable – non-related parties (Notes 19, and 32)	183,752	7	118,915	4
2180	Accounts payable – related parties (Notes 19, 32, and 33)	85,459	3	58,392	2
2200	Other payables (Notes 20, and 32)	134,372	5	132,515	4
2220	Other payables – related parties (Notes 20, 32, and 33)	22,865	1	465,850	15
2280	Lease liabilities – current (Notes 3, 4, 15, 31, and 32)	6,694	-	4,991	-
2320	Long-term loans maturing within one year (Notes 18, 32, and 34)	101,384	4	95,247	3
2399	Other current liabilities (Note 20)	6,414	-	29,906	1
21XX	Total current liabilities	817,748	30	1,203,642	38
	Non-current liabilities				
2540	Long-term loans (Notes 18, 32, and 34)	103,398	4	41,338	1
2550	Liability reserve – non-current (Notes 4 and 21)	2,575	-	5,776	-
2570	Deferred income tax liabilities (Notes 4 and 26)	-	-	1	-
2580	Lease liabilities – non-current (Notes 3, 4, 15, 31, and 32)	30,977	1	2,910	-
2630	Deferred income – non-current (Notes 4, 20, and 29)	-	-	24,705	1
2640	Net defined benefit liabilities – non-current (Notes 4, 22, and 25)	7,013	-	6,367	-
2670	Other non-current liabilities (Notes 4, 13, and 20)	-	-	123,130	4
25XX	Total non-current liabilities	143,963	5	204,227	6
2XXX	Total liabilities	961,711	35	1,407,869	44
	Equity (Notes 22 and 23)				
3100	Common stock capital	2,000,000	73	2,000,000	62
3200	Capital reserves	794,973	29	795,161	25
	Retained earnings				
3350	Undistributed earnings	(482,210)	(18)	(484,474)	(15)
	Other equity				
3410	Exchange differences from the translation of foreign operations' financial statements	(494,186)	(18)	(469,246)	(15)
3420	Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income	(42,769)	(1)	(42,769)	(1)
3400	Total of other equity	(536,955)	(19)	(512,015)	(16)
3XXX	Total equity	1,775,808	65	1,798,672	56
	Total liabilities and equity	$ 2,737,519	100	$ 3,206,541	100

The attached notes are part of the separate financial statements.

Chairman: CHING-FU HSIEH President: VINCENT HSIEH Accounting Manager: HSIU-CHEN YU

Tainergy Tech. Co., Ltd.

Separate Statement of Comprehensive Income

January 1 to December 31, 2020 and 2019

Unit: NTD thousand; earnings (loss) per share: NT dollar

Code		2020 Amount	2020 %	2019 Amount	2019 %
	Operating revenue (Notes 4, 24, and 33)				
4100	Net sales revenue	$ 2,171,530	100	$ 2,469,632	100
	Operating costs				
5110	Cost of sales (Notes 12, 17, 22, 25, and 33)	(2,054,690)	(95)	(2,392,816)	(97)
5900	Operating gross profit	116,840	5	76,816	3
5910	Unrealized profits from subsidiaries, associates and joint ventures	(645)	-	(78,238)	(3)
5920	Realized profits from subsidiaries, associates and joint ventures	139,382	7	8,473	-
5950	Realized operating gross profit	255,577	12	7,051	-
	Operating expenses (Notes 11, 22, 25, and 32)				
6100	Marketing expenses	(20,158)	(1)	(21,383)	(1)
6200	Administrative expenses	(109,135)	(5)	(88,937)	(4)
6300	R&D expenses	(18,513)	(1)	(14,695)	-
6000	Total operating expenses	(147,806)	(7)	(125,015)	(5)
6900	Operating profit (loss) – net	107,771	5	(117,964)	(5)
	Non-operating revenue and expenses (Notes 4, 25, 29, and 33)				
7100	Interest income	11,129	1	18,980	1

(Next page)

(Continued from previous page)

Code		2020 Amount	2020 %	2019 Amount	2019 %
7010	Other revenue	$ 46,437	2	$ 20,195	1
7020	Other profits and losses	(40,844)	(2)	28,674	1
7070	Share of profit/loss of subsidiaries, associates and joint ventures under the equity method	(108,348)	(5)	(409,926)	(17)
7050	Financial costs	(13,201)	(1)	(23,961)	(1)
7000	Total non-operating revenue and expenses	(104,827)	(5)	(366,038)	(15)
7900	Current net profit (loss) before tax of continuing operations	2,944	-	(484,002)	(20)
7950	Income tax interest (expenses) (Notes 4 and 26)	1	-	(1)	-
8200	Current net profit (loss) of continuing operations	2,945	-	(484,003)	(20)
	Other comprehensive income (Notes 4, 22, 23, 26 and 32)				
8310	Titles not reclassified as profit or loss:				
8311	Remeasurement of the defined benefits plan (Notes 4, 22, and 26)	(681)	-	(471)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures under the equity method	-	-	586	-
8360	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences from the translation of foreign operations' financial statements	(24,940)	(1)	(55,763)	(2)
8300	Total other (net) comprehensive income	(25,621)	(1)	(55,648)	(2)
8500	Total comprehensive income for the period	($ 22,676)	(1)	($ 539,651)	(22)

(Next page)

(Continued from previous page)

Code		2020 Amount	%	2019 Amount	%
	Earnings (losses) per share (Note 27)				
	Continuing operations				
9710	Basic EPS (LPS)	$ 0.01		($ 2.42)	
9810	Diluted EPS (LPS)	$ 0.01		($ 2.42)	

The attached notes are part of the separate financial statements.

Chairman: CHING-FU HSIEH President: VINCENT HSIEH Accounting Manager: HSIU-CHEN YU

Tainergy Tech. Co., Ltd.

Separate Statement of Changes in Equity

January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Code		Share capital: Number of shares (thousand shares)	Share capital: Amount	Capital reserves	Retained earnings: Special reserves	Retained earnings: Undistributed earnings	Other equities: Exchange differences from the translation of foreign operations' financial statements	Other equities: Unrealized profit (loss) from the financial assets measured at fair value through other comprehensive income	Total equity
A1	Balance on January 1, 2019	356,545	$ 3,565,450	$ 1,051,900	$ 10,965	($ 1,844,680)	($ 413,483)	($ 43,355)	$ 2,326,797
	Allocation and distribution of earnings in 2018								
B15	Special reserves for offsetting losses	-	-	-	(10,965)	10,965	-	-	-
	Other changes in capital reserves:								
C7	Changes regarding associates and joint ventures under equity method	-	-	11,526	-	-	-	-	11,526
C11	Capital reserves for offsetting losses	-	-	(268,265)	-	268,265	-	-	-
D1	Net loss in 2019	-	-	-	-	(484,003)	-	-	(484,003)
D3	Other comprehensive income after tax in 2019	-	-	-	-	(471)	(55,763)	586	(55,648)
D5	Total comprehensive income in 2019	-	-	-	-	(484,474)	(55,763)	586	(539,651)
F1	Capital reduction for offsetting losses	(156,545)	(1,565,450)	-	-	1,565,450	-	-	-
Z1	Balance on December 31, 2019	200,000	2,000,000	795,161	-	(484,474)	(469,246)	(42,769)	1,798,672
	Allocation and distribution of earnings in 2019								
B15	Special reserves for offsetting losses	-	-	-	-	-	-	-	-
	Other changes in capital reserves:								
C7	Changes regarding associates and joint ventures under equity method	-	-	(188)	-	-	-	-	(188)
D1	Net profit in 2020	-	-	-	-	2,945	-	-	2,945
D3	Other comprehensive income after tax in 2020	-	-	-	-	(681)	(24,940)	-	(25,621)
D5	Total comprehensive income in 2020	-	-	-	-	2,264	(24,940)	-	(22,676)
Z1	Balance on December 31, 2020	200,000	$ 2,000,000	$ 794,973	$ -	($ 482,210)	($ 494,186)	($ 42,769)	$ 1,775,808

The attached notes are part of the separate financial statements.

Chairman: CHING-FU HSIEH President: VINCENT HSIEH Accounting Manager: HSIU-CHEN YU

Tainergy Tech. Co., Ltd.

Separate Statement of Cash Flow

January 1 to December 31, 2020 and 2019

Unit: NTD thousand

Code		2020	2019
	Cash flow from operating activities		
A10000	Net profit (loss) before tax of continuing operations	$ 2,944	($ 484,002)
A20010	Profit and expense/loss		
A20100	Depreciation expenses	17,167	24,213
A20200	Amortization expenses	2,555	600
A20300	Expected loss (profit) on credit impairment	737	(47)
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	32	788
A20900	Financial costs	13,201	23,961
A21200	Interest income	(11,129)	(18,980)
A22400	Share of loss of subsidiaries, associates and joint ventures under the equity method	108,348	409,926
A22500	Profit on disposal of property, plant, and equipment	(7,332)	(11,965)
A23700	Impairment loss from non-financial assets	-	140,987
A23700	Loss on inventory devaluation and obsolescence	-	4,814
A23800	Profit on reversal of impairment loss from non-financial assets	(12,659)	-
A23800	Profit on price recovery of inventory	(1,584)	-
A23900	Unrealized losses (profits) from subsidiaries, associates and joint ventures	(138,737)	69,765
A23100	Loss on disposal of investments	50,196	-
A29900	Profit on lease modification	(72)	(366)
A29900	Unrealized losses (profits) from purchase on behalf of subsidiaries	202	(42)
A29900	Reversal of deferred income	(24,705)	(17,722)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	2,971	(705)
A31125	Contract assets	3,598	13,056
A31130	Notes receivable	-	3,238
A31150	Accounts receivable	58,978	205,886
A31160	Accounts receivable – related parties	80,828	102,898
A31180	Other receivables	(2,096)	4,376
A31190	Other receivables – related parties	(5,596)	11,067

(Next page)

(Continued from previous page)

Code		2020	2019
A31200	Inventory	($ 93,992)	$ 60,601
A31230	Prepayments	2,394	18,976
A31240	Other current assets	-	381
A32125	Contract liabilities	(70,563)	108,642
A32130	Notes payable	(455)	455
A32150	Accounts payable	64,837	(50,040)
A32160	Accounts payable – related parties	27,067	(180,220)
A32180	Other payables	(46,182)	(1,604)
A32190	Other payables – related parties	(58,640)	23,757
A32230	Other current liabilities	(23,492)	10,876
A32200	Liability reserve	(3,201)	3,667
A32240	Accrued pension liabilities	(35)	(17)
A33000	Cash generated from operations	(64,415)	477,220
A33100	Interest received	16,418	24,451
A33300	Interest paid	(17,210)	(18,646)
A33500	Income tax returned	355	1,156
AAAA	Net cash inflow (outflow) from operating activities	(64,852)	484,181
	Cash flows from investing activities		
B00040	Acquisition of financial assets measured at amortized cost	(80,450)	-
B00050	Disposal of financial assets measured at amortized cost	-	75,970
B00100	Acquisition of financial assets measured at fair value through profit or loss	-	(4,164)
B01800	Acquisition of investment under the equity method	(19,320)	-
B02300	Disposal of subsidiaries	10,388	-
B07600	Dividends received	-	2,722
B07100	Increase in prepayments for equipment	(3,141)	(75,965)
B02700	Purchase of property, plant, and equipment	(274,719)	(56,496)
B02800	Disposal of property, plant, and equipment	201,985	66,261
B03800	Decrease in guarantee deposits paid	2,500	-
B04300	Other receivables – decrease in related parties	403,130	101,228
B04500	Purchase of intangible assets	(552)	(19,605)
B06500	Increase in other financial assets	(4,724)	-
B06600	Decrease in other financial assets	-	66,112
BBBB	Net cash inflow from investing activities	235,097	156,063
	Cash flows from financing activities		
C00100	Increase in short-term loans	50,000	-
C00200	Decrease in short-term loans	-	(674,585)

(Next page)

(Continued from previous page)

Code		2020	2019
C01600	Increase in long-term loans	$ 68,197	$ -
C01700	Repayment of long-term loans	-	(234,131)
C03700	Other payables – increase in related parties	-	380,000
C03800	Other payables – decrease in related parties	(380,000)	-
C04020	Repayment of the principal of lease liabilities	(5,779)	(19,477)
CCCC	Net cash outflow from financing activities	(267,582)	(548,193)
EEEE	Net increase (decrease) in current cash and cash equivalents	(97,337)	92,051
E00100	Balance of cash and cash equivalents – beginning of the year	379,365	287,314
E00200	Balance of cash and cash equivalents – ending of the year	$ 282,028	$ 379,365

The attached notes are part of the separate financial statements.

Chairman: CHING-FU HSIEH President: VINCENT HSIEH Accounting Manager: HSIU-CHEN YU

XLII.Company milestones

Tainergy Tech. Co., Ltd. (hereinafter referred to as "the Company") was approved for establishment on May 14, 2007. The Company's main business activities are the research, design, manufacturing and sales of solar cells, panels and related systems.

The Company's stock was listed for trading on the Taiwan Stock Exchange in August 2011.

The separate financial statements are stated in the Company's functional currency, NTD.

XLIII.Approval date and procedures of the financial statements

The separate financial statements were approved at the board meeting on March 10, 2021.

XLIV.Application of new and amended standards and interpretation

(I) The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC) and the statements of interpretation (SIC) (hereinafter collectively referred to as "IFRSs") approved and released by the Financial Supervisory Commission (hereinafter referred to as "FSC") are applied for the first time.

Apart from those described below, we expect no other material changes to the accounting policies of the Company after adopting the amended IFRSs approved and released by the FSC:

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

The Company has adopted the amendment since January 1, 2020 and used "reasonably expected to have an impact on users" as the threshold for definition of "material." We also adjust the disclosure of the separate financial statements and delete the information that is not material and may make material information indefinite.

(II) IFRSs approved by the Financial Supervisory Commission (hereinafter referred to as "FSC") and adopted in 2021

New/Amended/Revised Standards and Interpretation	Effective Date per IASB (Note 1)
Amendments to IFRS 4, "Extension of the Temporary Exemption from Applying IFRS 9"	Effective from the date of announcement
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, "Interest Rate Benchmark Reform – Phase II"	Annual reporting periods beginning on or after January 1, 2021
Amendments to IFRS 16, "Reduction of Rent Due to COVID-19"	Annual reporting periods beginning on or after June 1, 2020

(III) IFRSs issued by the IASB but not yet approved and released by the FSC

New/Amended/Revised Standards and Interpretation	Effective Date per IASB (Note 1)
"Annual Improvements to IFRS Standards 2018–2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3, "Updating a Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and their Associate or Joint Venture"	Undetermined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless otherwise specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

Note 2: The amendment to IFRS 9 will be applied to the exchange of financial liabilities or provision amendment occurred during annual reporting periods beginning on or after January 1, 2022. The amendment to IAS 41 "Agriculture" will be applied to fair value measurement during annual reporting periods beginning on or after January 1, 2022. The amendment to IFRS 1 "First-time Adoption of IFRSs" will be retrospectively applied to annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendment will be applied to business mergers with an acquisition date during annual reporting periods beginning on or after January 1, 2022.

Note 4: The amendment is applied to the plants, property and equipment in the location and condition necessary to achieve the operation as expected by the management after January 1, 2021.

Note 5: The amendment will be applied to the contracts in which all the obligations have not been performed on January 1, 2022.

Note 6: The amendment will be prospectively applied to annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendment will be applied to the changes in accounting estimates and accounting policies during annual reporting periods beginning on or after January 1, 2023.

1. Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and their Associate or Joint Venture"

According to the amendments, if the Company sells or invests assets that meet the definition of a "business" in IFRS 3 "Business Combinations" to any of the associates (or joint ventures), or the Company loses control over any of the subsidiaries that meets the aforesaid definition and maintains significant influence (or joint control) over the subsidiary, the Company recognizes all the profits or losses generated from such transactions.

However, if the Company sells or invests assets that do not meet the definition of a "business" in IFRS 3 "Business Combinations" to any of the associates (or joint ventures), or the Company loses control over any of the subsidiaries that do not meet the aforesaid definition in a transaction with any of the associates (or joint ventures) and maintains significant influence (or joint control) over the subsidiary, the profit or loss resulting from such transactions shall be recognized only to the extent of unrelated investors' interests in such associate (or joint venture), i.e. the Company's share of the profit or loss shall be eliminated.

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

The amendment specifies that when determining whether liabilities are classified as non-current liabilities, it shall be assessed whether the Company, at the end of a reporting period, has a right to extend the due date of the liabilities by at least 12 months after the reporting period. If the Company has such right at the end of the reporting period, the liabilities are classified as non-current liabilities no matter whether the Company is expected to exercise the right. The amendment clarifies that if the Company shall complete certain requirements to have the right to defer the settlement of liabilities, the Company must have followed the requirements before the end of a reporting period; the same shall apply even if the lender checks the Company's compliance with such requirements on a later date.

The amendment regulates that, for the purpose of liability classification, the aforementioned settlement of liabilities refers to a transfer of cash, other economic resources or the Company's equity instruments to the counterpart to eliminate the liabilities. However, if the terms and conditions of liabilities may, at the option of the counterparty, result in settlement of the liabilities by the transfer of the Company's equity instruments, and the option is recognized as equity separately in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms and conditions do not affect the classification of the liabilities.

3. Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use"

The amendment stipulates that it is inappropriate that the sale proceeds of the items developed in order to bring property, plant and equipment to the location and condition necessary to meet the operation as expected by the management are stated as a deduction from the cost of the assets. The items mentioned above shall be measured based on IAS 2 "Inventory," and the sale proceeds and costs of such items shall be recognized as profit or loss according to the applicable standards.

The amendment is applied to the plants, property and equipment in the location and condition necessary to achieve the operation as expected by the management after January 1, 2021. If the Company adopts the amendment for the first time, the information related to the comparative periods shall be restated.

4. Amendments to IAS 37, "Onerous Contracts – Cost of Fulfilling a Contract"

The amendment specifies that when assessing whether a contract is onerous, "costs of fulfilling the contract" shall include any additional costs (e.g.

direct labor and material costs) for performing the contract and the amortization expenses of other costs directly related to the performance of the contract (e.g. amortized depreciation expenses of the property, plant, and equipment used during the fulfillment of the contract).

When the Company adopts the amendment for the first time, the accumulated effect will be recognized as retained earnings on the date of first-time adoption.

Except for the above-mentioned effects, up to the approval and release date of the financial statements, the Company assessed the effects of the amendments to other standards and interpretation on the financial position and performance on a continuous basis. The relevant effects would be disclosed after the assessment.

XLV.Summary of significant accounting policies

(I) Statement of compliance

The separate financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(II) Basis for preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the planned assets, the separate financial statements were prepared on the basis of historical cost.

Fair value measurement is classified into Levels 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: refer to quoted prices in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
2. Level 2 inputs: refer to the inputs, other than the quoted prices included in Level 1, that are observable for assets or liabilities directly (namely, the price) or indirectly (namely, presumed from the price).
3. Level 3 inputs: refer to the inputs that are not observable for assets or liabilities.

During preparation of the separate financial statements, the Company adopted the equity method for investment in subsidiaries, associates, or joint ventures. To align the profit or loss, other comprehensive income and equity of the year in the separate financial statements with the profit or loss, other comprehensive income and equity of the year attributable to the owner of the Company in the consolidated financial statements, the differences between the accounting treatments under the separate and consolidated bases were treated through adjustment of related equity items, including "investment under the equity method," "share of profit/loss of subsidiaries, associates and joint ventures under the equity method," "share of other comprehensive income of subsidiaries, associates, and joint ventures."

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

Current assets include:

1. assets held mainly for the purpose of trading;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. liabilities held mainly for the purpose of trading;
2. liabilities to be settled within 12 months after the balance sheet date, (irrelevant whether any long-term re-financing or payment re-arrangement agreement has been completed after the balance sheet date and before the date of release of financial statements; such liabilities are still current liabilities); and
3. liabilities whose due date cannot be unconditionally extended by more than 12 months after the balance sheet date. However, the terms and conditions of the liabilities that may, at the option of the counterparty, result in settlement of the liabilities by issuance of equity instruments do not affect the classification of liabilities.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

(IV) Foreign currency

During preparation of the financial statements, the transactions using currencies other than the Company's functional currency (foreign currencies) were stated in the functional currency record based on the exchange rate on the date of transaction.

Monetary foreign currency items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized as profit or loss in the current period.

Non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date of determining the fair value, and the exchange differences resulting therefrom are recognized as profit or loss in the current period. However, when changes in the fair value are recognized as other comprehensive income, the exchange differences arising therefrom are stated as the same.

Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the separate financial statements, the assets and liabilities of foreign operations (including the subsidiaries, associates, joint ventures or branches with countries in which they operate or currencies they use different from those of the Company) were translated into NTD at the exchange rate on each balance sheet date. The income and expense items were translated at the average exchange rate of the period, and the exchange differences resulting therefrom are recognized as other comprehensive income.

If the Company disposes all the interests of foreign operations or disposes their partial interest in a subsidiary and loses the control thereover, or the retained equity interest after disposal of the joint agreements or associates of the foreign operations is stated as financial assets and treated with the same accounting policy as the one for financial instruments, all the accumulated exchange differences related to the foreign operations are reclassified as profit or loss.

When partial disposal of the subsidiary of the foreign operations does not lead to loss of control, any accumulated exchange differences are incorporated in proportion to the calculation of equity transactions but not recognized as profit or loss. For any other partial disposal of foreign operations, any accumulated exchange differences are reclassified as profit or loss based on the proportion of the disposal.

(V) Inventory

Inventory includes raw materials, materials, finished goods and work-in-progress goods. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items except for the inventories of the same type. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VI) Investment in subsidiaries

The Company deals with the investment in subsidiaries using the equity method.

A subsidiary refers to an entity (including a structured entity) controlled by the Company.

Under the equity method, the investment is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the Company’s shares of profits/losses and other comprehensive income in subsidiaries and the distributed profits. In addition, changes to the Company’s equity in the subsidiaries are recognized based on the shareholding ratio.

Changes to the Company’s equity ownership in the subsidiaries are deemed equity transactions when they do not result in loss of control. The difference between the book value of investment and the fair value of paid or received consideration is directly recognized in equity.

When the Company’s shares of losses in the subsidiaries are equal to or exceed our equity in the subsidiaries (including the subsidiary’s carrying amount under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Company in the subsidiary concerned), we continue recognition for losses based on our shareholding ratio.

When the acquisition cost exceeded the Company’s shares of the net fair value of the subsidiaries’ identifiable assets and liabilities on the date of acquisition, such excess is recognized in goodwill which is included in the book value of such investments and might not be amortized. When the Company’s shares of the net fair value of the subsidiaries’ identifiable assets and liabilities on the date of acquisition exceeded the acquisition cost, such excess is recognized in the profit of the period.

For impairment evaluation, the Company takes the entire cash generating units in the financial statements into account and makes a comparison between the recoverable amount and the book value thereof. If the recoverable amount of assets increases hereafter, the reversal of impairment losses is recognized in profit. However, the assets' book value after the reversal of the impairment losses shall not exceed the assets' book value, without recognition of the impairment losses, less amortization. Impairment losses attributable to goodwill shall not be reversed in the subsequent periods.

When the Company loses control of subsidiaries, the residual investment in the former subsidiaries is measured at the fair value on the loss of control date. The difference between the fair value of the residual investment and any disposal proceeds and the investment book value on the loss of control date is recognized in profit or loss of the period. In addition, the total amounts related to the subsidiaries and recognized in other comprehensive income are dealt with in the accounting system on the basis which our direct disposal of relevant assets or liabilities shall be subject to.

The unrealized profit or loss from the downstream transactions between the Company and subsidiaries is removed in the separate financial statements. The profit or loss generated from the upstream and side stream transactions between the Company and subsidiaries is recognized in the separate financial statements only when such profit or loss is irrelevant to the Company's equity in the subsidiaries.

(VII) Property, plant, and equipment

The property, plant, and equipment are recognized in accordance with the cost and subsequently measured based on the cost net of accumulated depreciation and impairment losses.

The property, plant, and equipment under construction are recognized based on the cost net of accumulated impairment losses. The cost includes professional service fees and the loan costs eligible for capitalization. Once the assets are completed and ready for their intended use, the assets are classified as appropriate items under property, plant and equipment, and the depreciation of the assets starts.

Each significant part of the property, plant, and equipment is separately depreciated on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year and prospectively recognizes the effect from changes in accounting estimates.

For derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss.

(VIII) Intangible assets

1. Acquired separately

   Intangible assets with limited useful life acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Intangible assets are amortized on the straight-line basis over its useful life. The Company reviews the estimated useful life, residual value and method of amortization at least on the end day of each year and prospectively recognizes the effect from changes in accounting estimates. Intangible assets with indefinite useful life are recognized based on the cost net of accumulated impairment losses.

2. Derecognition

For derecognition of the intangible assets, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss of the period.

(IX) Impairment of tangible and intangible assets (excluding goodwill), and contract cost-related assets

The Company assesses whether there are any signs indicating that any tangible and/or intangible assets (except for goodwill) may be impaired on each balance sheet date. If there is any of such signs, the recoverable amount of the assets is estimated. When the recoverable amount of individual assets cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are amortized on a reasonable and consistent basis to the smallest group of cash-generating units

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually or when there is any sign of impairment.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized as profit or loss.

The impairment for the inventory, property, plant, and equipment as well as intangible assets recognized due to customer contrasts is first recognized in accordance with the inventory impairment regulations and the aforesaid requirements. The excess of the book value of contract cost-related assets over the consideration that can be received for providing relevant commodities or services net of relevant direct costs is recognized as impairment losses thereafter. The book value of the contract cost-related assets is then included in the cash-generating unit to which the assets belong in order to perform impairment assessment for the cash-generating unit.

When the impairment loss is reversed subsequently, the book value of the asset, cash-generating unit or contract cost-related assets is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance where the impairment loss of the assets, cash-generating unit or contract cost-related assets is not recognized in the previous year. The reversal of the impairment loss is recognized as profit or loss.

(X) Non-current assets held for sale

If the book value of non-current assets (or disposal groups) is to be recovered mainly through sale transactions rather than through continuing use, they are classified as held for sale. Non-current assets (or disposal groups) qualified for the classification must be available for immediate sale in the current condition and must be very likely to be sold. When the management at an appropriate level guarantees to sell the assets, and the sale transaction is to be completed within one year from the date of classification, they are very likely to be sold.

If the sale will result in loss of the control over a subsidiary, all the investments in the subsidiary are classified as held for sale no matter whether there are any residual investments retained in the former subsidiary after the sale. However, the equity method shall be used continuously.

When the guaranteed sale plan will dispose of all or parts of the investments in the associates or joint ventures, only the equity meeting the conditions of held for sale is transferred to held for sale, and the Company stops using the equity method for such equity. The equity method is used continuously for any other equity that is not classified as held for sale. If the disposal will lead to loss of material influence and joint control over the investments, any equity that is not classified as held for sale is treated according to the accounting policies for financial instruments when disposing of the held-for-sale equity.

Non-current assets (or disposal groups) classified as held-for-sale are measured at the lower of the book value and the fair value net of sale costs. In which case, the depreciation of such assets stops.

For the subsidiaries, joint operations, joint ventures, associates, partial interest in the joint ventures or associates that are no longer qualified to be classified as held for sale, they are measured at the book value of such interest as not being classified as held for sale. The financial statements that were classified as held for sale are then retrospectively adjusted.

If non-current assets (or disposal groups) held for sale are reclassified as the non-current assets (or disposal groups) held for distribution to owners, they are measured at the lower of the book value and the fair value net of distribution costs, and the reversal of accounting treatment under the original category is not necessary.

(XI) Financial instruments

Financial assets and financial liabilities are recognized in the separate balance sheet when the Company became a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Any transaction cost measured at fair value through profit or loss directly attributable to the acquisition or issuance of the financial assets or financial liabilities is immediately recognized as profit or loss.

1. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Type of measurements

The financial assets held by the Company are those measured at fair value through profit or loss and at amortized cost as well as investment in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets mandatorily measured at fair value through profit or loss include financial assets and designated to be measured at fair value through profit and loss. The financial assets mandatorily and designated to be measured at fair value through profit and loss include the investment in equity instruments that the Company does not designate to be measured at fair value through other comprehensive income, and the investment in liability instruments that are not qualified to be classified as those measured at amortized cost or measured at fair value through other comprehensive income.

If measurement or recognition inconsistency can be eliminated or reduced significantly after financial assets are designated to be measured at fair value through profit or loss, the Company makes such designation at the initial recognition.

The financial assets measured at fair value through profit or loss are measured at fair value, and any profit or loss (including any dividends or interests generated from the financial assets) from remeasurement of the financial assets is recognized as profit or loss. For determination of the fair value, please refer to Note 34.

B. Financial assets measured at amortized cost

When the Company's invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

a. The financial assets held under a business model with the purpose of holding these assets to collect contractual cash flows; and

b. The contractual terms generate cash flows on a specific date that are solely payments of principal and interest.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation is recognized as profit or loss.

Except for the following two circumstances, the interest income is calculated as the effective interest rate times the total book value of financial assets:

a. a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.

b. For financial assets originally not purchased or originated credit-impaired but subsequently becoming credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets in the next reporting period after the credit impairment.

Cash equivalents include highly liquid time deposits that can be converted into defined amounts of cash at any time within 3 months after the date of acquisition and are subject to an insignificant risk of changes in value, and are used to meet short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to measure the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the Company's right to receive dividends is determined, the dividends of investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss except where such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial and contractual assets

The Company assesses impairment losses on the financial assets (including accounts receivable) measured according to amortized cost based on the expected credit losses on each balance sheet date.

Loss allowances for accounts receivable and contract assets are recognized based on the lifetime-expected credit losses. The Company first assesses whether the credit risk on other financial assets significantly increases after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on the 12-month expected credit losses; when the increase is significant, it is recognized based on the lifetime-expected credit losses.

The expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime-expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

The impairment loss on all financial assets is deducted from the book value of the financial assets through allowance accounts. However, the loss allowance of the investment in liability instruments measured at fair value through other comprehensive income is recognized as other comprehensive income, and the book value thereof is not reduced.

(3) Derecognition of financial assets

The Company removes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

For derecognition of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration are recognized in profit or loss. Upon derecognition of the entire investment in liability instruments measured at fair value through other comprehensive income, the difference between its book value, and the total amount of the consideration received plus any cumulative gain or loss recognized as other comprehensive profit or loss is recognized as profit or loss. Upon derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

The equity instruments issued by the Company are recognized at the payment net of the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction from equity. Purchase, sale, issuance or cancellation of the equity instruments owned by the Company are not recognized as profit or loss.

3. Financial liabilities

<u>Subsequent measurement</u>

Except for the following circumstances, all financial liabilities are measured at amortized cost under the effective interest method.

<u>Financial liabilities measured at fair value through profit or loss</u>

Financial liabilities measured at fair value through profit or loss include the financial liabilities held for transaction.

The financial liabilities held for transaction are measured at fair value, and any profit or loss (including any dividends or interests paid for the financial liabilities) from remeasurement of the financial liabilities is recognized in profit or loss.

For determination of the fair value, please refer to Note 34.

4. Derivatives

The derivatives in the contract of the Company include forward exchange rate and interest rate swaps in order to manage the interest rate and exchange rate risk of the Company.

The derivatives are recognized initially at the fair value when the contract of derivatives is signed and subsequently remeasured at the fair value on the balance sheet date. Any profit or loss from the remeasurement is recognized as profit or loss directly. However, for derivatives that are designated as effective hedging instruments, the timing at which they are recognized as profit or loss depends on the underlying hedge arrangement. When the fair value of the derivatives is positive, they are classified as financial assets; when the fair value is negative, they are classified as financial liabilities.

If derivatives are embedded in a main contract of assets within the scope of IFRS 9, the classification of financial assets is determined depending on the contract as a whole. If derivatives conforming to the definition of derivatives are embedded in a main contract of assets not within the scope of IFRS 9 (e.g. a main contract of financial liabilities), and their risk and feature are not in close relation with the risk and feature of the main contract, and the hybrid contract is not measured at fair value through profit or loss, the embedded derivatives are deemed stand-alone derivatives.

(XII) Liability reserve

The amount recognized as liability reserves (including the contractual obligation to maintain or restore infrastructures before they are returned to the grantor and the various payments required by the government in accordance with laws, which are specified in service concession arrangements) is the best estimate of the expenses needed to settle the obligation on the balance sheet date in consideration of the risks and uncertainty of the obligation. The liability reserves are measured based on the estimated discounted cash flow for settlement of the obligation.

Warranty

The warranty obligation to guarantee that products conform to the agreed specification is recognized based on the best estimate made by the management for the expenses needed to settle the Company's obligation when the revenue of the relevant commodities is recognized.

(XIII)Recognition of revenue

After our recognition of performance obligations under a contract with clients, we allocate the transaction price to each performance obligation and recognize the allocated amount in revenue after each performance obligation is met.

For the contract in which transfer of commodities or services and collection of considerations are conducted at an interval within 1 year, the transaction price is not adjusted for significant financing components.

1. Revenue from sale of commodities

Revenue from sale of commodities is generated from the sales of solar cells and panels. Once solar cells and panels are delivered to the customer-designated location or shipping point, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes the risk that the products might become outdated. Therefore, the revenue and accounts receivable are recognized at that point of time. The receipts in advance from the sale are recognized as contract liabilities before the delivery of the products.

When export of raw materials for processing, the control over the ownership of processed products is not transferred, and thus the revenue for the export of raw materials is not recognized.

2. Service income

Service income is earned from the entrusted purchase of equipment, the software installment and extended warranty.

3. Construction income

The Company progressively recognizes contract assets during the construction and transfers them to accounts receivable when billing. If the construction proceeds received exceed the revenue recognized, the difference is recognized as contract liabilities. Construction retainage retained by customers according to contractual terms and conditions is to ensure that the Company fulfills all the contractual obligation thereof and is recognized as contract assets before the fulfillment of the contract.

(XIV)Lease

We assess whether an agreement is (or contains) a lease on the date of entering into the agreement.

For the contract containing lease and non-lease components, the Company shares the consideration specified in the contract based on the relative individual price and deals with these components separately.

1. The Company is the lessor

A lease is classified as finance leases when almost all the risks and returns attached to the ownership of assets are transferred to the lessee according to the terms and conditions, and all the other leases are classified as operating leases.

The lease payment under operating leases less lease incentives is recognized as profit on the straight-line basis over the lease term. The original direct cost generated from the acquisition of the operating leases plus the book value of underlying assets is recognized as expenses on the straight-line basis over the lease term.

2. The Company is the lessee

The lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized as expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to restore the underlying asset) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses, and then the remeasurement of the lease liabilities is adjusted.

The right-of-use assets are depreciated on the straight-line basis over the period from the lease commencement date to the expiration of the useful life or the lease period, whichever is sooner. If the ownership of underlying assets will be acquired after the expiration of the lease term, or the cost of the right-of-use assets reflects the exercise price for purchase options, the underlying assets are depreciated over the period from the lease commencement date to the expiration of the useful life of the underlying assets.

The lease liabilities are initially measured based on the present value of lease payments (including fixed payments, substantial payments, variable lease payments depending on certain indexes or rates, the amount to be paid by the lessee under residual value guarantee, the exercise price for purchase options if the Company can be reasonably assured that the right will be exercised, and the fine for termination of the lease reflected during the lease period less received incentives). If the interest rate implicit in a lease can be readily determined, the lease payments are discounted at the interest rate. When such interest rate cannot be readily determined, the lessee’s incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term, the amount to be paid under residual value guarantee, the assessment relating the purchase options of underlying assets, or the changes in the index or rate determining the lease payments cause the changes in the future lease payments, we remeasure the lease liabilities and adjust the right-of-use assets accordingly. However, the residual remeasurement is recognized in profit or loss when the book value of right-of-use assets is reduced to zero. The lease liabilities are separately presented in the consolidated balance sheet.

(XV) Cost of borrowing

The cost of borrowing that can be directly attributable to the assets for which acquisition, building or production meet the requirements is part of the cost of such assets until almost all the required activities for them to reach the intended status of use or sale are completed.

The income earned from temporary investment by using certain loans before the occurrence of capital expenses meeting the requirements is deducted from the cost of borrowing that meets the requirements of capitalization.

Otherwise, all the costs of borrowing are recognized as profit or loss in the year in which the borrowing occurred.

(XVI)Government grants

The government subsidies shall only be recognized when it is reasonable to ensure that the Company will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively.

The government grants are recognized as profit or loss on a systematic basis within the period when the costs to be subsidized by the government are recognized as expenses by the Company. Government grants for which the acquisition of non-current assets in a purchase or building manner or in other manners by the Company is necessary are recognized as deferred income and transferred to profit or loss on a reasonable and systematic basis over the useful life of the relevant assets. Government grants for which the acquisition of non-current assets in a purchase or building manner or in other manners by the Company is necessary are recognized as deduction of said non-current assets' book value and transferred to profit or loss over the useful life of said non-current assets by reducing the depreciation or amortization expense of said assets.

If the government subsidies are used to make up the expenses or losses that have occurred, or immediately support the finance of the Company and there is no future cost, such subsidies are recognized in profit or loss during the period when they can be received.

(XVII)Employee benefits

1. Short-term employee benefits

   Liabilities related to employee benefits are measured at non-discounted amount expected to be paid against the services to be provided by the employees.

2. Retirement benefits

   Every pension fund contributed under the defined pension appropriation plan is recognized as expenses during the period when employees provide services.

   Defined retirement benefit costs (including servicing costs, net interest, and remeasurement) under the defined retirement benefit plan are calculated actuarially using the projected unit credit method. The net interest on service costs (including current service costs and net defined benefit liabilities (assets) is recognized as employee benefit expenses when the interest accrues. Remeasurement (including actuarial profits or losses, changes in the effect of asset limits, and return on plan assets net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It is not reclassified as profit or loss in the subsequent periods.

Net defined benefit liabilities (assets) represent the contribution deficit (surplus) in the defined retirement benefit plan. Net defined benefit assets shall not exceed the present value of contribution refunded from the defined retirement benefit plan or future deductible contribution.

(XVIII)Share-based payment arrangement

Employee equity-settled share-based payment arrangement

The equity-settled share-based payment arrangement is recognized as expenses based on the fair value of equity instruments on the grant date and the best estimate of the vested amount on the straight-line basis over the vesting period, while the capital reserve – stock option is adjusted. If the amount is immediately vested on the grant date, it is recognized as expenses on that date.

(XIX)Income tax

The income tax expenses are the total of current and deferred income taxes.

1. Current income tax

   The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

   The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

   The deferred income taxes are calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

   Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when we are likely to have taxable income available to offset the income tax arising from deductible temporary differences, loss carryforwards, purchase of machine/equipment, R&D and talent training.

   Taxable temporary differences generated from investment in subsidiaries, associates and joint arrangements are recognized in deferred income tax liabilities except where the Company can control the timing of reversal of the taxable temporary differences, and where such differences are not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investment are recognized, to the extent that they are expected to be reversed in the foreseeable future, as deferred income tax assets only when we are likely to have taxable income adequate to realize the temporary differences.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized as deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income adequate to return all or part of the assets in the future, the book value thereof is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax laws legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax on the balance sheet date arising from the method that we expect to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

The current and deferred income taxes are recognized as profit or loss other than those related to the titles stated as other comprehensive income or as equity directly, which are recognized in other comprehensive income separately or in equity directly.

XLVI.Major sources of uncertainty of significant accounting judgments, estimates, and assumptions

For adoption of the accounting policies, our management must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from those estimates.

The management will continue to review the estimates and basic assumptions. When the amendments to the estimates only affect the current period, they are recognized in the period in which they are made; when the amendments to the estimates affect the current and future periods at the same time, they are recognized in the period in which they are made and the future period.

As assessed by the management, there is no material uncertainty in the accounting policies, estimates and basic assumptions that the company adopts.

XLVII.Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 280	$ 272
Bank check and demand deposit	210,685	102,221
Cash equivalents		
Bank time deposit with an initial maturity date within 3 months	71,063	276,872
	$ 282,028	$ 379,365

Interest rate range of bank deposits on the balance sheet date

	December 31, 2020	December 31, 2019
Bank deposit	0.001% - 2.4%	0.000% - 2.1%

XLVIII.Financial instruments measured at fair value through profit or loss

	December 31, 2020	December 31, 2019
Financial assets – non-current		
Mandatory measurement at fair value through profit or loss		
Structured deposit	$ -	$ 3,003

The Company and the bank signed a structured time deposit contract with a 5-year term in 2019. The structured time deposit includes an embedded derivative not in a close relation to the main contract. After the change of the applicability from IAS 39 specifying measurement at fair value through profit or loss to IFRS 9, since the main contract included in the hybrid contract belongs to the assets within the scope of IFRS 9, the main contract is mandatorily classified as financial assets measured at fair value through profit or loss according to the overall assessment for the hybrid contract.

XLIX.Financial assets measured at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Non-current		
Investment in equity instruments measured at fair value through other comprehensive income	$ 20,658	$ 20,658

Investment in equity instruments measured at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Non-current		
Domestic investment		
Non-listed (Non-OTC) stock		
Common stock of KENTEC INC.	$ 20,658	$ 20,658

The Company invested in KENTEC INC. according to our medium and long-term strategies and expected to gain profits through long-term investment. Since the Company's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

L. Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
Current		
Domestic investment		
Time deposit with an initial maturity date over 3 months	$ 10,000	$ 14,990
Interest rate-linked structured deposit	85,440	-
	$ 95,440	$ 14,990
Non-current		
Domestic investment		
Time deposit with an initial maturity date over 3 months	$ 100	$ 100

As of December 31, 2020 and 2019, the interest rate range of the time deposit with an initial maturity date over 3 months was 0.07%–0.755% and 1.035%–2%, respectively.

For more information on the credit risk management and impairment assessment of the financial assets measured at amortized cost, please refer to Note 10.

For more information on the pledge of the financial assets measured at amortized cost, please refer to Note 34.

LI. Credit risk management of the investment in liability instruments

The Company's investment in liability instruments was recognized as financial assets measured at amortized cost:

December 31, 2020

	Measurement at amortized cost
Total book value	$ 95,540
Allowance for loss	-
Amortized cost	$ 95,540

December 31, 2019

	Measurement at amortized cost
Total book value	$ 15,090
Allowance for loss	-
Amortized cost	$ 15,090

The credit risk of bank deposits and other financial instruments is measured and monitored by the finance department of the Company. The Company's trade counterpart and performing party are all reputable banks and the financial institutions and corporates rated as the investment level or higher with no significant performance concerns; therefore, there is no significant credit risk. The Company's current credit risk evaluation mechanism and the total book value of liability instruments for each credit rating are shown as follows:

Credit rating	Definition	Basis for recognition of expected credit losses	Percentage of expected credit losses	Total book value on December 31, 2020	Total book value on December 31, 2019
Normal	A debtor has a low credit risk and is fully capable of settling contractual cash flows.	Expected credit losses for 12 months	0%	$ 95,540	$ 15,090

LII.Notes/accounts receivable and other receivables

	December 31, 2020	December 31, 2019
Accounts receivable		
Total book value measured at amortized cost	$ 85,432	$ 144,410
Financial assets measured at amortized cost – related party	5,852	86,680
Less: Loss allowance	(842)	(105)
	$ 90,442	$ 230,985
Other receivables		
Non-related party		
Business tax refund receivable	$ 5	$ 405
Purchase discounts and allowances receivable	7,033	7,403
Others	3,318	611
	10,356	8,419
Related party		
Loans receivable – fixed interest rate	100,730	503,860
Loans receivable – interest	1,787	6,917
Payments receivable from disposal of property, plant, and equipment	266,826	210,741
Payments receivable from procurement	$ 14,352	$ 13,149
Others	4,475	82
	388,170	734,749
	$ 398,526	$ 743,168

(I) Accounts receivable

Accounts receivable measured at amortized cost

The Company provides a 30-to-90-day loan period on average for sale of commodities, and interest does not accrue on accounts receivable. According to the policy of the Company, we only trade with the counterparts that are rated equivalent to the investment level or higher. Full guarantees are required if necessary to reduce the risk of financial losses due to default. The information on credit rating is provided by independent rating institutions; if such information is not available, the Company rates the main customers with reference to other open financial information and historic trading records of these customers. We continuously monitor the credit risk exposure and the credit rating of the trading counterpart and distribute the total trading amount to different customers qualified in credit rating. In addition, the Company manages the credit risk exposure through the credits of the trading counterpart reviewed and approved by the Risk Management Committee every year.

The Company recognizes the loss allowance for accounts receivable based on the lifetime expected credit losses according to the simplified approach of IFRS 9. The lifetime expected credit losses are calculated using a provision matrix with consideration of customers' historical default records and current financial position, industrial and economic environments, GDP forecasts and industrial prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different clients, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of accounts receivable.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Company cannot estimate a reasonable recoverable amount (for example, the trading counterpart is undergoing liquidation), the Company directly writes off related accounts receivable, continues to claim for payment, and recognizes the recovered amount therefrom as profit or loss.

Our loss allowances for accounts receivable measured using the provision matrix are as follows:

December 31, 2020

	Not overdue	1–30 days overdue	31–60 days overdue	61–90 days overdue	91–120 days overdue	121–180 days overdue	181–364 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	1%~9.42%	1%~11.98%	1%~11.98%	1%~11.98%	1%~11.98%	1%~11.98%	1%~11.98%	100%	
Total book value	$ 1,973	$ 89,311	$ -	$ -	$ -	$ -	$ -	$ -	$ 91,284
Loss allowance (lifetime expected credit losses)	(7)	(835)	-	-	-	-	-	-	(842)
Amortized cost	$ 1,966	$ 88,476	$ -	$ -	$ -	$ -	$ -	$ -	$ 90,442

December 31, 2019

	Not overdue	1–30 days overdue	31–60 days overdue	61–90 days overdue	91–120 days overdue	121–180 days overdue	181–364 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	1%~18.42%	1%~18.42%	1%~18.42%	1%~18.42%	1%~18.42%	1%~18.42%	1%~18.42%	100%	
Total book value	$ 220,632	$ 10,458	$ -	$ -	$ -	$ -	$ -	$ -	$ 231,090
Loss allowance (lifetime expected credit losses)	-	(105)	-	-	-	-	-	-	(105)
Amortized cost	$ 220,632	$ 10,353	$ -	$ -	$ -	$ -	$ -	$ -	$ 230,985

Changes in loss allowance for accounts receivable are as follows:

	2020	2019
Balance – beginning of the year	$ 105	$ 132
Plus: Impairment loss appropriated in the current period	737	-
Less: Impairment loss reversed in the current period	-	(27)
Balance – ending of the year	$ 842	$ 105

An expected credit loss of NTD 737,000 and NTD 27,000 was recognized in the accounts receivable in 2020 and 2019, respectively. An expected credit recovery profit of NTD 20,000 was recognized in other accounts receivable in 2019. In total, an expected credit loss of NTD 737,000 and an expected credit recovery profit of NTD 47,000 were recognized respectively.

For the aforesaid calculation, an account age analysis was made based on the days overdue and the balance prior deduction of the allowance for bad debt.

(II) Other receivables – loans receivable – related party

The interest rate risk exposure and contractual maturity date of the Company's loans receivable with fixed interest rates are described as follows:

	December 31, 2020	December 31, 2019
Loans receivable with fixed interest rates		
No more than 1 year	$ 100,730	$ 503,860

Individual loans receivable are important. The terms and conditions for each loan receivable are presented separately.

The details of the loans receivable are listed below:

	Maturity date	Collateral	Effective interest rate	2020 December 31	2019 December 31
A loan receivable of RMB 11,000,000 with a fixed/floating interest rate	April 2, 2020	None	3.5%	$ -	$ 47,355
A loan receivable of RMB 15,000,000 with a fixed interest rate	May 15, 2020	None	3.5%	-	64,575
A loan receivable of RMB 15,000,000 with a fixed interest rate	May 20, 2020	None	3.5%	-	64,575
A loan receivable of RMB 11,000,000 with a fixed interest rate	November 10, 2020	None	3.5%	-	47,355
A loan receivable of NTD 50,000,000 with a fixed interest rate	April 25, 2020	None	3%	-	50,000
A loan receivable of NTD 80,000,000 with a fixed interest rate	August 27, 2020	None	3%	-	80,000
A loan receivable of NTD 30,000,000 with a fixed interest rate	August 28, 2020	None	3%	-	30,000
A loan receivable of NTD 80,000,000 with a fixed interest rate	November 12, 2020	None	3%	-	80,000
A loan receivable of NTD 40,000,000 with a fixed interest rate	November 12, 2020	None	3%	-	40,000
A loan receivable of RMB 10,000,000	November 23, 2021	None	3.5%	43,770	-

with a fixed interest rate					
A loan receivable of USD 2,000,000 with a fixed interest rate	March 8, 2021	None	3.5%	56,960	-
				$ 100,730	$ 503,860

The principals of the aforesaid loans were (will be) received on a lump-sum basis.

(III) Other receivables – others

Interest does not accrue on other receivables. According to the policy of the Company, we only trade with the counterparts that are rated equivalent to the investment level or higher. Full guarantees are required if necessary to reduce the risk of financial losses due to default. The information on credit rating is provided by independent rating institutions; if such information is not available, the Company rates the main customers with reference to other open financial information and historic trading records of these customers. We continuously monitor the credit risk exposure and the credit rating of the trading counterpart and distribute the total trading amount to different customers qualified in credit rating. In addition, the Company manages the credit risk exposure through the credits of the trading counterpart reviewed and approved by the Risk Management Committee every year.

Changes in loss allowance for other receivables are as follows:

	2020	2019
Balance – beginning of the year	$ -	$ 20
Less: Impairment loss reversed in the current period	-	(20)
Balance – ending of the year	$ -	$ -

LIII.Inventory

	December 31, 2020	December 31, 2019
Finished goods	$ 83,738	$ 26,690
Work in process	46,889	30,552
Raw material	-	5,869
In-transit inventory	28,060	-
	$ 158,687	$ 63,111

The nature of costs of sales is shown below:

	2020	2019
Cost of inventory sold	$ 2,055,802	$ 2,199,724
Loss from inventory devaluation (gain from price recovery) (I)	(1,584)	4,814
Impairment loss from prepayments for purchase (gain from price recovery) (II)	(12,659)	140,987
Abnormal manufacturing cost of inventory	13,131	47,291
	$ 2,054,690	$ 2,392,816

(I) The recovery of net realizable value of inventory resulted from a rise in the sale prices in certain markets.

(II) For impairment losses of prepayments for purchase, please refer to the description of Notes 17 and 35.

LIV.Investment under the equity method

Investment in subsidiaries

	December 31, 2020	December 31, 2019
Non-publicly quoted entity		
Tainergy Tech Holding (Samoa) Co., Ltd.	$ 745,970	$ 791,347
Cheng Yang Energy Co., Ltd.	-	(123,130)
VIETNERGY COMPANY LIMITED	672,521	752,575
Star Solar New Energy Co., Ltd.	4,299	4,710
TAISIC MATERIALS CO.	1,074	-
	1,423,864	1,425,502
Plus: Credit balance of long-term investment transferred to other liabilities (Note 20)	-	123,130
	$ 1,423,864	$ 1,548,632

	Proportion of Ownership and Voting Right	
	December 31, 2020	December 31, 2019
Tainergy Tech Holding (Samoa) Co., Ltd.	100%	100%
Cheng Yang Energy Co., Ltd. (Note 1)	-	100%
VIETNERGY COMPANY LIMITED	100%	100%
Star Solar New Energy Co., Ltd.	100%	100%
TAISIC MATERIALS CO. (Note 2)	64.4%	-

Note 1: The Company sold 100% of the shares of Cheng Yang Energy Co., Ltd. for a total of NTD 283,496,000 (including disposal of the equity amounting to NTD 10,388,000 and settlement of the payables to the Company against loaning of funds amounting to NTD 273,108,000) on April 28, 2020. Please refer to Note 31 to the 2020 consolidated financial statements.

Note 2: The Company invested NTD 6,400,000 to establish TAISIC MATERIALS CO. in June 2020 and acquired 64% of equity. The new company focuses on the manufacturing and sale of electronic components. The Company held 64.4% of its shares up to December 31, 2020.

For detailed information on the Company's indirect holding of subsidiaries, please refer to Table 6 in Note 38.

The Company's shares of profits/losses and other comprehensive income in subsidiaries under the equity method adopted in 2020 and 2019 were recognized based on the financial statements of each subsidiary audited by CPAs in the same period.

LV.Property, plant, and equipment

	December 31, 2020	December 31, 2019
Internal use	$ 167,352	$ 105,278

	Machine and equipment	Transport equipment	Office equipment	Leasehold improvement	Other equipment	Uncompleted construction	Total
Cost							
Balance on January 1, 2020	$ 246,698	$ 4,613	$ 23,480	$ 285,197	$ 231	$ 96,385	$ 656,604
Addition	140,447	-	-	1,615	-	144,487	286,549
Disposal	(166,068)	(726)	(9,952)	(164,280)	(231)	(138,406)	(479,663)
Reclassification	96,362	-	-	1,537	-	(97,899)	-
Balance on December 31, 2020	$ 317,439	$ 3,887	$ 13,528	$ 124,069	$ -	$ 4,567	$ 463,490
Accumulated depreciation and impairment							
Balance on January 1, 2020	$ 239,068	$ 4,613	$ 23,328	$ 284,210	$ 107	$ -	$ 551,326
Depreciation expenses	11,033	-	58	478	37	-	11,606
Disposal	(55,568)	(726)	(9,858)	(164,280)	(144)	-	(230,576)
Reclassification	-	-	-	-	-	-	-
Balance on December 31, 2020	$ 194,533	$ 3,887	$ 13,528	$ 120,408	$ -	$ -	$ 332,356
Net amount on December 31, 2020	$ 122,906	$ -	$ -	$ 3,661	$ -	$ 4,567	$ 131,134
Cost							
Balance on January 1, 2019	$ 2,700,227	$ 4,613	$ 32,921	$ 594,460	$ 538	$ -	$ 3,332,759
Addition	10,635	-	210	1,010	135	31,258	43,248
Disposal	(2,472,364)	-	(9,651)	(310,273)	(442)	-	(2,792,730)
Reclassification	8,200	-	-	-	-	65,127	73,327
Balance on December 31, 2019	$ 246,698	$ 4,613	$ 23,480	$ 285,197	$ 231	$ 96,385	$ 656,604
Accumulated depreciation and impairment							
Balance on January 1, 2019	$ 2,595,370	$ 4,613	$ 32,921	$ 594,460	$ 538	$ -	$ 3,227,902
Depreciation expenses	5,134	-	58	23	11	-	5,226
Disposal	(2,361,436)	-	(9,651)	(310,273)	(442)	-	(2,681,802)
Reclassification	-	-	-	-	-	-	-
Net exchange differences	-	-	-	-	-	-	-
Balance on December 31, 2019	$ 239,068	$ 4,613	$ 23,328	$ 284,210	$ 107	$ -	$ 551,326
Net amount on December 31, 2019	$ 7,630	$ -	$ 152	$ 987	$ 124	$ 96,385	$ 105,278

Since there was no sign of impairment in 2020 and 2019, the Company did not conduct impairment assessment.

The depreciation expense was calculated on the straight-line basis over the following useful lives:

Machine and equipment	
system and equipment construction	18 years
Solar power equipment	3 to 10 years
Instrument	5 to 8 years
Transport equipment	6 years

Office equipment	3 to 8 years
Leasehold improvement	6 to 8 years
Other equipment	3 to 6 years

For the amount of the property, plant, and equipment for internal use pledged as collateral for loans, please refer to Note 34.

LVI.Lease agreement

(I) Right-of-use assets

	December 31, 2020	December 31, 2019
Book value of right-of-use assets		
Building	$ 37,560	$ 7,845

	2020	2019
Addition of right-of-use assets	$ 38,966	$ -
Depreciation expense of right-of-use assets		
Building	$ 5,561	$ 18,987

Due to the adjustments made by the Company to the scope of lease, the right-of-use assets decreased by NTD 3,690,000 and NTD 95,441,000 in 2020 and 2019, respectively.

(II) Lease liabilities

	December 31, 2020	December 31, 2019
Book value of lease liabilities		
Current	$ 6,694	$ 4,991
Non-current	$ 30,977	$ 2,910

Range of discount rate for lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Building	2.4%~2.45%	2.10%

(III) Material lease activities and terms

The Company also rents several buildings as plants and offices with a lease term of 5 years. After the termination of the lease period, the Company is not entitled to a bargain purchase option for the buildings rented.

(IV) Other lease information

	2020	2019
The expense on variable lease payments not calculated in the measurement of lease liabilities	$ 1,429	$ -
Lease expense of low-value	$ 1	$ 1

	2020	2019
assets		
Total cash (outflow) amount for lease	($ 7,209)	($ 19,478)

The Company opts to apply the exemption of recognition to the leases of several office equipment which are qualified for the lease of low-value assets, and does not recognize right-of-use assets and lease liabilities with respect to such leases.

The Company had no rental commitments entered into as at December 31, 2020 and 2019 with a lease term commencing after the balance sheet date.

LVII.Other intangible assets

	Patent right	Computer software	Total
Cost			
Balance on January 1, 2020	$ 19,048	$ 1,187	$ 20,235
Acquired separately	-	552	552
Disposal	-	(907)	(907)
Balance on December 31, 2020	$ 19,048	$ 832	$ 19,880
Accumulated amortization			
Balance on January 1, 2020	$ -	$ 854	$ 854
Amortization expenses	1,905	650	2,555
Disposal	-	(907)	(907)
Balance on December 31, 2020	$ 1,905	$ 597	$ 2,502
Net amount on December 31, 2020	$ 17,143	$ 235	$ 17,378
Cost			
Balance on January 1, 2019	$ -	$ 630	$ 630
Acquired separately	19,048	557	19,605
Balance on December 31, 2019	$ 19,048	$ 1,187	$ 20,235
Accumulated amortization			
Balance on January 1, 2019	$ -	$ 254	$ 254
Amortization expenses	-	600	600
Balance on December 31, 2019	$ -	$ 854	$ 854
Net amount on December 31, 2019	$ 19,048	$ 333	$ 19,381

LVIII.Other assets

	December 31, 2020	December 31, 2019
Current		
Prepayments for purchase and expenses (Note 35)	$ 26,249	$ 16,283
Purchase tax and overpaid tax retained for offsetting the future tax payable	843	544
	27,092	16,827
Other financial assets – restricted current deposits (Note 34)	10,724	6,000
	$ 37,816	$ 22,827
Non-current		
Prepayment for equipment	$ 5,779	$ 2,638
Guarantee deposits paid (Notes 34 and 35)	18,500	21,000
Other non-current assets		
Overdue receivables	-	74,779
Allowance for bad debt – overdue receivables	-	(74,779)
	$ 24,279	$ 23,638

(I) Prepayment for purchase

The Company’s prepayments for purchase were mainly the prepayments made according to the requirements of the material purchase contracts signed with Sino-American Silicon Products Inc..

As of December 31, 2020 and 2019, an accumulated impairment loss of NTD 180,257,000 and NTD 192,916,000 has been appropriated for the prepayment for purchase, respectively. Please refer to the description of Note 35. The recovery gain and impairment loss on repayments for purchase in 2020 and 2019 were NTD 12,659,000 and NTD 140,987,000, respectively. They were recognized in operating cost. Please refer to the description in Note 12.

(II) Prepayment for equipment

The Company’s prepayments for equipment are the prepayments made for purchasing property, plant, and equipment needed for production of the commodities or services to be supplied according to the purchase contracts.

(III) Guarantee deposits paid

The Company’s guarantee deposits paid were mainly the contract performance deposit for inventory sale-leaseback loans of NTD 21,000,000 with respect to Chailease Finance Co., Ltd. and the deposits deductible from payments for purchased materials and non-returnable deposits paid according to the requirements of the material purchase contract signed with SunEdison Products Singapore Pte, Ltd. (originally named MEMC Singapore Pte, Ltd.) As of December 31, 2020 and 2019, the balance of the deposits deductible from payments for purchased materials was NTD 0.

As of December 31, 2020 and 2019, an accumulated impairment loss of NTD 1,048,772,000 has been appropriated for the guarantee deposits paid. Please refer to the description of Note 35.

(IV) Overdue receivables

The Company's overdue receivables were the receivables overdue by more than 1 year, and 100% of the allowance for bad debts with respect to such overdue receivables were recognized.

(V) Other financial assets – restricted current deposits

The Company's other financial assets – restricted bank deposits were mainly the current deposits for application to the bank for mortgage loan reserves. Please refer to the description of Note 34.

LIX.Loan

(I) Short-term loans

	December 31, 2020	December 31, 2019
Secured loan (Notes 34 and 35)		
Bank loans	$ 110,000	$ 60,000
Unsecured loans		
Credit loans	110,000	110,000
	$ 220,000	$ 170,000

The interest rate of working loans on December 31, 2020 and 2019 was 1.75%–2.245% and 1.755%–2.415%, respectively.

(II) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2020	December 31, 2019
Unsecured loans					
Taiwan Business Bank	August 26, 2021	A loan totals NTD 20,000,000. The principal and interest were amortized on a monthly basis from the date of borrowing.	2%	$ 8,000	$ 20,000
Secured loan (Notes 34 and 35)					
Chailease Finance Co., Ltd.	May 20, 2021	A loan totals NTD 220,326,000. The principal and interest were amortized in 12 phases on a 3-monthly basis from the date of borrowing.	2.85%	33,420	109,585
Chailease Specialty Finance Co., Ltd.	April 30, 2022	A loan totals NTD 80,000,000. The interest was amortized from the 1st phase to the 5th phase on a monthly basis from the date of borrowing, and the amortization of the principal and interest started in the 6th phase.	2.6%	66,290	-
Taiwan Business Bank	July 26, 2020	A loan totals NTD 19,000,000. The principal and interest were amortized on a monthly basis from the date of borrowing.	2%	-	7,000
Taiwan Business Bank	August 26, 2021	A loan totals NTD 20,000,000. The principal and interest were amortized on a monthly basis from the date of borrowing.	2%	8,000	20,000
Bank SinoPac	April 28, 2025	A loan totals NTD 48,550,000. The principal and interest were amortized in 138 phases on a daily basis from the date of borrowing.	2.115%	45,735	-
Bank SinoPac	July 28, 2027	A loan totals NTD 3,308,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	3,163	-
Bank SinoPac	July 28, 2027	A loan totals NTD 5,995,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	5,768	-
Bank SinoPac	July 28, 2027	A loan totals NTD 6,496,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	6,211	-

(Next page)

(Continued from previous page)

	Maturity date	Material terms	Effective interest rate	December 31, 2020	December 31, 2019
Bank SinoPac	July 28, 2027	A loan totals NTD 16,550,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	$ 15,824	$ -
Bank SinoPac	August 28, 2027	A loan totals NTD 4,943,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	4,778	-
Bank SinoPac	August 28, 2027	A loan totals NTD 6,677,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	6,443	-
Bank SinoPac	August 28, 2027	A loan totals NTD 9,465,000. The principal and interest were amortized in 84 phases on a daily basis from the date of borrowing.	2.115%	9,150	-
Less: Long-term loans maturing within one year				(101,384)	(95,247)
				$ 103,398	$ 41,338

For the Company's provision of guarantees for mortgage (pledge) and issuance of guaranteed notes for long-term loans, please refer to Notes 34 and 35.

LX.Notes and accounts payable

	December 31, 2020	December 31, 2019
Notes payable		
Not from operation	$ -	$ 455
Accounts payable		
From operation – non-related party	$ 183,752	$ 118,915
From operation – related party	85,459	58,392
	$ 269,211	$ 177,307

The average credit period for purchasing raw materials, materials and commodities is 30–120 days. Interest is not included in the accounts payable recognized with respect to such purchase. The Company regularly reviews any unpaid payments to ensure that all payables can be paid back within the pre-agreed term of credit.

LXI.Other liabilities

	December 31, 2020	December 31, 2019
Current		
Other payables		
Non-related party		
Equipment payment payable	$ 51,291	$ 3,251
Payment payable on entrusted purchase of equipment	1,633	26,645
Salary and bonus payable	26,774	23,176
Processing fee payable	1,823	41,056
Royalties payable	15,238	18,095
Import/export expense	4,818	4,484
Compensation payable	11,465	-
Others	21,330	15,808
	134,372	132,515
Related party (Note 33)		
Equipment payment payable	4,831	4,822
Payment payable on entrusted purchase of equipment	3,075	3,075
Processing fee payable	14,029	73,301
Import/export expense	580	40
Loans payable – fixed interest rate (I)	-	380,000
Interest payable	-	4,354
Others	350	258
	22,865	465,850
	$ 157,237	$ 598,365
Contract liabilities	$ 56,808	$ 127,371
Other current liabilities		
Refund liabilities	$ 5,900	$ 29,835
Others	514	71
	$ 6,414	$ 29,906
Non-current		
Deferred income		
Government grants (II)	$ -	$ 24,705
Other liabilities		
Long-term investment/loan balance (Note 13)	$ -	$ 123,130

(I) The interest rate risk exposure and contractual maturity date of the Company's loans payable with fixed interest rates are described as follows:

	December 31, 2020	December 31, 2019
Loans payable with fixed interest rates		
No more than 1 year	$ -	$ 380,000

The details of the loans payable are listed below:

	Maturity date	Collateral	Effective Interest rate	December 31, 2020	December 31, 2019
A loan payable of NTD 300,000,000 with a fixed interest rate	May 14, 2020	None	2%	$ -	$ 300,000
A loan payable of NTD 80,000,000 with a fixed interest rate	August 26, 2020	None	2%	-	80,000
				$ -	$ 380,000

(II) For the deferred income generated from the government grants acquired by the Company, please refer to Note 29.

LXII.Liability reserve

	December 31, 2020	December 31, 2019
Non-current		
Warranty	$ 2,575	$ 5,776

The warranty liability reserve is the present value of the best estimate estimated for any future outflow of economic benefits due to warranty obligation by the Company's management according to the agreements in contracts for sale of commodities. The estimate is based on the Company's historical warranty experience and adjusted in consideration of new raw materials, procedural changes or other factors that influence the production of products.

LXIII.Retirement benefit plan

(I) Defined contribution plan

The pension system specified in the "Labor Pension Act" adopted by the Company is the defined pension appropriation plan managed by the government. A pension equal to 6% of an employee's monthly wage shall be appropriated to the individual labor pension account at the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system adopted by the Company according to the "Labor Standards Act" is the defined retirement benefit plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. We appropriate 2% of the total monthly wage of an employee as the pension and remit the amount to the labor pension reserve funds account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, we will make up the difference in one appropriation before the end of March the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor and we do not have the right to influence the investment management strategies.

Amounts related to the defined benefit plan and included in the separate balance sheet are listed as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 8,112	$ 7,331
Fair value of plan assets	(1,099)	(964)
Net defined benefit liabilities	$ 7,013	$ 6,367

Changes in net defined benefit liabilities (assets) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1, 2019	$ 6,743	($ 830)	$ 5,913
Service cost			
Current service cost	-	-	-
Previous service cost and pay-off loss (gain)	-	-	-
Interest expense (income)	93	(12)	81
Recognition in profit or loss	93	(12)	81
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(24)	(24)
Actuarial loss – changes in demographic assumption	-	-	-
Actuarial loss – changes in financial assumption	432	-	432
Actuarial profit – experience adjustment	63	-	63
Recognition in other comprehensive income	495	(24)	471
Contribution by employer	-	(98)	(98)
December 31, 2019	$ 7,331	($ 964)	$ 6,367
January 1, 2020	$ 7,331	($ 964)	$ 6,367
service cost			
Current service cost	-	-	-
Previous service cost and pay-off loss (gain)	-	-	-
Interest expense (income)	73	(10)	63
Recognition in profit or loss	73	(10)	63
Remeasurement			
Return on plan assets	$ -	($ 27)	($ 27)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
(except for any amount included in net interest)			
Actuarial loss – changes in demographic assumption	70	-	70
Actuarial loss – changes in financial assumption	605	-	605
Actuarial profit – experience adjustment	33	-	33
Recognition in other comprehensive income	708	(27)	681
Contribution by employer	-	(98)	(98)
December 31, 2020	$ 8,112	($ 1,099)	$ 7,013

The amounts of the defined benefit plan recognized in profit or loss are summarized by function as follows:

	2020	2019
Summarized by function		
Operating costs	$ -	$ -
Marketing expenses	-	-
Administrative expenses	63	81
	$ 63	$ 81

The Company is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Company’s plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds and corporate bonds leads to increase the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the

present value of the defined benefit obligation will be increased due to an increase in the plan participants' salary.

The Company's present value of the defined benefit obligation is calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.500%	1.000%
Long-term average salary adjustment rate	3.000%	3.000%

	December 31, 2020		December 31, 2019	
	Age	Resignation rate	Age	Resignation rate
Resignation rate	20 years old	13%	20 years old	14.0%
	25 years old	5%	25 years old	5.5%
	30 years old	5%	30 years old	5.5%
	35 years old	4%	35 years old	4.5%
	40 years old	3.5%	40 years old	4.0%
	45 years old	1.5%	45 years old	2.0%
	50 years old	0.0%	50 years old	0.0%
	55 years old	0.0%	55 years old	0.0%
	60 years old	0.0%	60 years old	0.0%

	December 31, 2020		December 31, 2019	
	Age	Voluntary retirement rate	Age	Voluntary retirement rate
Voluntary retirement rate	Z	15.0%	Z	15.0%
(Z represents the earliest age for an employee to retire.)	Z+1 - 64	3.0%	Z+1 - 64	3.0%
	65	100%	65	100%

If there were any reasonably possible changes to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	($ 310)	($ 292)
Decrease by 0.25%	$ 326	$ 307
Long-term average salary adjustment rate		
Increase by 0.25%	$ 312	$ 296

Decrease by 0.25%	($ 299)	($ 283)

Since the actuarial assumptions might be correlated to each other, and it was unlikely that the changes were only in a single assumption, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2020	December 31, 2019
Expected contribution within one year	$ 101	$ 100
Average maturity of defined benefit obligations	15.5 years	16.3 years

LXIV.Equity

(I) Share capital

Common stock

	December 31, 2020	December 31, 2019
Number of authorized shares (thousand shares)	400,000	400,000
Authorized capital	$ 4,000,000	$ 4,000,000
Number of issued shares with adequate capital received (thousand shares)	200,000	200,000
Issued capital	$ 2,000,000	$ 2,000,000

A share of issued common stock had a par value of NTD 10 and was entitled to one voting right and dividends.

The number of shares of the authorized capital reserved for issuance of the convertible corporate bonds and employee stock option warrants was 2,000,000 shares.

To improve the financial structure, the Board of Directors of the Company approved the capital reduction on March 15, 2019 to make up the loss of NTD 1,565,450,000. 156,545,000 issued shares were reduced with a capital reduction rate of 43.91%. The paid-in capital after the capital reduction was NTD 200,000,000. The capital reduction was effective upon approval at the shareholders' meeting on June 21, 2019. The application for capital reduction of the Company was approved by the Financial Supervisory Commission and effective on November 14, 2019. The record date of the capital reduction was set on November 20, 2019 as approved by the Board of Directors. The Department of Commerce, MOEA, approved the change of registration on December 9, 2019.

(II) Capital reserves

	December 31, 2020	December 31, 2019
Available for makeup of loss, distribution of cash dividends or transfer into capital (1)		
Stock issuance in excess of par	$ 763,959	$ 763,959

value		
Available for makeup of loss (2)		
Changes in net worth of equity of affiliates recognized under equity method	31,014	31,202
	$ 794,973	$ 795,161

(1) These capital reserves may be used to make up losses or to distribute cash dividends or be transferred into the capital if the Company does not incur a loss. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.

(2) These capital reserves are the equity transaction effects recognized by the Company as a result of the changes of the equity in subsidiaries when the Company does not actually acquire or dispose the equity of the subsidiaries, or the adjustments for the Company to recognize subsidiaries' capital reserves under the equity method.

(III) Retained earnings and dividend policy

According to the distribution policy of earnings in the Articles of Incorporation, the Company's profits, if any, in its annual final account shall be first used to pay taxes and make compensation for its accumulated losses, and then 10% of the said profits shall be set aside as legal reserves, unless the amount of such legal reserves has reached the paid-up capital of the Company. The remaining amount of the said profits shall be set aside or reversed as special reserves as required by law or the competent authority. Any balance thereof still available shall, together with the undistributed profits accumulated at year's beginning and the "adjusted amount of the annual undistributed profits," be submitted by the Board of Directors in the form of a proposal for distribution to the shareholders' meeting for ratification. For the distribution policy of employee and director/supervisor remuneration regulated in the Company's revised Articles of Incorporation, please refer to (VIII) Remuneration to employees, directors, and supervisors in Note 25.

The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for decision after taking into account the actual funding situation of the Company.

According to the Articles of Incorporation of the Company, profits may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

Legal reserves shall be prepared to the amount at which the balance of the legal reserves reaches to the total paid-in capital. Legal reserves may be used to make up loss. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by 25% may be appropriated as capital or distributed by cash.

The Company provides and reverses special reserves according to the letters under Jin-Guan-Zheng-Fa-Zi No. 1010012865, Jin-Guan-Zheng-Fa-Zi No. 1010047490, Jin-Guan-Zheng-Fa-Zi No. 1030006415, and "Q&A for Provision of Special Reserve Upon First-Time Adoption of IFRSs." If there is any reversal of the decrease in shareholders' equity, the earnings may be distributed based on the reversal proportion.

The Company held annual shareholders' meetings on June 24, 2020 and June 21, 2019 and resolved that after-tax net loss in 2019 and 2018 were accumulated loss and no distribution was conducted. The shareholders' meeting of the Company on June 21, 2019 resolved to make up the loss of NTD 1,844,680,000 in 2018 with the capital reserve (NTD 268,265,000) and special reserve (NTD 10,965,000) and by reducing capital of NTD 1,565,450,000. 156,545 issued shares were reduced and the paid-up capital after the reduction was NTD 2,000,000,000 divided into 200,000,000 shares with a par value of NTD 10. 43.91% of the capital was reduced based on the shareholder percentage of the shareholders.

As approved by the Board of Directors on March 10, 2021, no distribution will be performed as an accumulated loss occurred in 2020.

The proposal for distribution of earnings in 2020 was to be resolved at the annual shareholders' meeting to be held on June 24, 2021.

(IV) Special reserves

	2020	2019
Balance – beginning of the year	$ -	$ 10,965
Special reserves for offsetting losses	-	(10,965)
Balance – ending of the year	$ -	$ -

(V) Other equities

1. Exchange differences from the translation of foreign operations' financial statements

	2020	2019
Balance – beginning of the year	($ 469,246)	($ 413,483)
Amounts incurred in the year		
Share of associates/joint ventures under the equity method	(24,940)	(55,763)
Income tax	-	-
Balance – ending of the year	($ 494,186)	($ 469,246)

2, Unrealized valuation profit/loss from the financial assets measured at fair value through other comprehensive income

	2020	2019
Balance – beginning of the year	($ 42,769)	($ 43,355)
Amounts incurred in the year		
Unrealized profit/loss		
Equity instruments	-	-
Share of subsidiary under equity method	-	586
Balance – ending of the year	($ 42,769)	($ 42,769)

LXV.Revenue

	2020	2019
Revenue from contracts with customers		
Revenue from sale of products	$ 2,088,613	$ 2,101,399
Construction income	58,595	358,149
Revenue from sale of electricity	19,329	240
Revenue from repair	4,993	9,844
	$ 2,171,530	$ 2,469,632

(I) Description of contracts with customers

1. Revenue from sale of commodities

   Solar cells and modules were sold to downstream manufacturers in the solar energy sector. The Company sold the products at the price agreed in the contract, quotation or order.

2. Construction income

   The construction contract of the construction department specified a fine for delay of the works. The Company estimated the transaction price based on the expected value with reference to previous contracts specifying similar conditions and project scope.

3. Revenue from sale of electricity

   The revenue from sale of electricity was calculated based on the actually sold electricity by degree and the rate.

(II) Balance of contract amount

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	$ -	$ -	$ 3,238
Accounts receivable – non-related parties	84,590	144,305	350,164
Accounts receivable – related parties	5,852	86,680	189,578
	$ 90,442	$ 230,985	$ 542,980
Contract assets			
Solar equipment construction	$ 18,051	$ 21,649	$ 34,705
Contract assets – current	$ 18,051	$ 21,649	$ 34,705
Contract liabilities			
Sale of commodities	$ 48,951	$ 99,914	$ 18,729
Solar equipment construction	7,857	27,457	-
Lease liabilities – current	$ 56,808	$ 127,371	$ 18,729

Changes to the contract assets and liabilities were primarily as a result of the difference between the time of contract fulfillment and the time of customer payment. There were no other major differences.

The amounts derived from the contract liabilities at the beginning of the year and the fulfilled previous obligations and recognized in revenue are as follows:

	2020	2019
From contract liabilities at the beginning of the year		
Sale of commodities	$ 75,543	$ 2,348
Solar equipment construction	27,457	-
	$103,000	$ 2,348

(III) Customer contract income breakdown

	2020	2019
Type of commodities or services		
Solar cell	$ 2,075,067	$ 2,098,939
Solar power construction	58,595	358,149
Solar module	4,211	2,428
Revenue from sale of solar electricity	19,329	240
Revenue from repair and others	14,328	9,876
	$ 2,171,530	$ 2,469,632

(IV) Customer contracts not fully performed

Amortized price of not fully performed contracts and expected date of recognition in revenue are as follows:

	December 31, 2020	December 31, 2019
Sale of products		
- Performed in 2020	$ -	$ 99,914
- Performed in 2021	48,951	
	48,951	99,914
Solar equipment construction		
- Performed in 2020	-	27,457
- Performed in 2021	7,857	-
	7,857	27,457
	$ 56,808	$127,371

LXVI.Net profit of continuing operations

(I) Interest income

	2020	2019
Bank deposit	$ 2,594	$ 3,373
Accounts receivable from related parties (Note 33)	8,535	15,607
	$ 11,129	$ 18,980

(II) Other revenue

	2020	2019
Lease income		
Other operating leases		
Other rents	$ 110	$ 1,013
Government subsidy income (Notes 29)	33,562	19,182
Consultation service Income	12,765	-
	$ 46,437	$ 20,195

(III) Other profits and losses

	2020	2019
Profit on disposal of property, plant, and equipment	$ 7,332	$ 11,965
Profit (loss) of foreign currency exchange – net	(4,362)	1,982
Loss on financial assets measured at fair value through profit or loss	(32)	(788)
Profit on lease modification	72	366
Loss on disposal of subsidiaries (Notes 28)	(50,196)	-
Others	6,342	15,149

	2020	2019
	($ 40,844)	$ 28,674

As for the lawsuit between the Company and TECH-TOP ENGINEERING CO., LTD., both parties agreed on reconciliation before Taiwan High Court on September 18, 2019. A total of NTD 14,500,000 must be paid. After deduction of NTD 23,982,000 that had been recognized in other payables, the Company recognized NTD 9,482,000 in other profit/loss in 2019.

(IV) Financial costs

	2020	2019
Bank loan interest	$ 9,089	$ 18,695
Interest on loans from related parties	3,767	4,354
Interest on lease liabilities	345	912
	$ 13,201	$ 21,649

Information on Capitalization of interest:

	2020	2019
Capitalization of interest – amount	$ 2,072	$ 1,545
Capitalization of interest – interest rate	3.0918%	2.9698%

(V) Impairment loss (reversal)

	2020	2019
Inventory (incorporated in operating cost)	($ 1,584)	$ 4,814
Long-term prepayment for purchase (incorporated in operating cost)	(12,659)	140,987
	($ 14,243)	$ 145,801

(VI) Depreciation and amortization

	2020	2019
Summary of depreciation expenses by function		
Operating costs	$ 9,871	$ 20,068
Operating expenses	7,296	4,145
	$ 17,167	$ 24,213
Summary of amortization expenses for intangible assets by function		
Operating costs	$ 96	$ 253
Marketing expenses	26	28
Administrative Expenses	503	280
R&D expense	1,930	39

	2020	2019
	$ 2,555	$ 600

(VII) Employee benefit expense

	2020	2019
Short-term employee benefits	$ 116,487	$ 103,136
Retirement benefits (Note 22)		
Defined contribution plan	3,915	3,841
Defined benefit plan	63	81
Total of employee benefit expenses	$ 120,465	$ 107,058
Summarized by function		
Operating costs	$ 12,005	$ 19,279
Operating expenses	108,460	87,779
	$ 120,465	$ 107,058

(VIII)Remuneration to employees, directors and supervisors

According to the Articles of Incorporation, after deducting the profit before tax of the current year prior to distribution of the remuneration to employees, directors and supervisors, the amount to the percentage of 5%–15% is distributed as remuneration to employees and 1%–3% is distributed as the remuneration to directors and supervisors.

Due to the loss before tax in 2020 and 2019, the Board of Directors decided on March 10, 2021 and March 20, 2020 not to distribute remuneration to employees, directors and supervisors.

If there were any changes in the amount after the approval and release date of annual separate financial statements, the change was treated as a change in accounting estimates and accounted for in the following year.

There was no discrepancy between the actual distribution of remuneration to employees and directors/supervisors in 2019 and 2018 and the amount recognized in the separate financial statements in 2019 and 2018.

The information about remuneration to the employees and directors/supervisors in 2020 and 2019 resolved by the Board of Directors may be viewed at the “MOPS” of TWSE.

(IX) Foreign exchange (loss) gain

	2020	2019
Total profit from translation of foreign currencies	$ 35,964	$ 41,462
Total loss from translation of foreign currencies	(40,326)	(39,480)
Net profit (loss)	($ 4,362)	$ 1,982

LXVII.Income tax of continuing operations

(I) Income tax recognized in profit or loss

Major components of income tax (profit) expense are as follows:

	2020	2019
Current income tax		
Tax incurred in the year	$ -	$ -
Deferred income tax		
Tax incurred in the year	(1)	1
Income tax (profit) expense recognized in profit or loss	($ 1)	$ 1

Adjustments to accounting income and income tax (profit) expense are as follow:

	2020	2019
Net profit (loss) before tax of continuing operations	$ 2,944	($ 484,003)
Income tax expense on net profit before tax calculated at the statutory tax rate	$ 589	($ 96,800)
Non-taxable income	11,271	401
Unrecognized deductible temporary difference	(13,531)	76,337
Unrecognized loss carryforwards	1,670	20,063
Income tax expenses recognized in profit or loss	($ 1)	$ 1

(II) Income tax recognized in other comprehensive income

	2020	2019
Deferred income tax		
Incurred in the year		
- Defined benefit actuarial gains and losses	$ -	$ -
- Translation from foreign operations	-	-
	$ -	$ -

(III) Current income tax assets and liabilities

	December 31, 2020	December 31, 2019
Deferred income tax assets		
Income tax refund receivable	$ 1,556	$ 1,911

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2020

	Balance – beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance – ending of the year

Deferred income tax liabilities				
Temporary difference				
Others	$ 1	($ 1)	$ -	$ -

2019

Deferred income tax liabilities	Balance – beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance – ending of the year
Temporary difference				
Others	$ -	$ 1	$ -	$ 1

(V) Amounts of deductible temporary difference of the deferred income tax assets unrecognized in consolidated balance sheet, unused loss carryforwards, and unused investment tax credits

	December 31, 2020	December 31, 2019
Loss carryforwards		
Mature in 2022	$ 146,356	$ 146,356
Mature in 2023	705,424	705,424
Mature in 2026	51,175	51,175
Mature in 2027	500,796	500,796
Mature in 2028	739,696	763,168
Mature in 2029	88,319	100,313
Mature in 2030	8,353	-
	$ 2,240,119	$ 2,267,232
Deductible temporary difference		
Allowance for bad debt	$ 74,674	$ 71,720
Inventory devaluation loss	17,005	18,589
Guarantee deposits paid impairment	328,341	328,341
Property, plant, and equipment impairment	130,462	137,348
Unrealized investment loss under the equity method Losses	1,733,009	1,767,707
Prepayment for purchase impairment	180,257	192,916
Unrealized profit/loss from translation of foreign currencies	9,478	19,607
Others	9,435	14,093
	$ 2,482,661	$ 2,550,321

(VI) Information on unused investment tax credits and tax exemption

The 2014 investment plan of Tainergy Tech. Co., Ltd. for expanding the production scale of solar cells and their modules by increase of capital was approved by the Industrial Development Bureau, Ministry of Economic Affairs, by Letter Gong-Zhong-Zi No. 10305100630 on December 25, 2014, and the profit-seeking business income tax was exempted for five consecutive years from January 1, 2018. As at December 31, 2020, the following income from expansion of the production scale by increase of capital is tax-free for five years:

Expansion by Increase of Capital	Tax Exemption Period
Production of solar cells and their modules	2018 to 2022

(VII) Authorization of income tax

The Company's profit-seeking business income tax filings up until 2018 had been approved by the tax authority.

LXVIII.Earnings (losses) per share

Unit: NTD per share

	2020	2019
Basic earnings (loss) per share		
Continuing operations	$ 0.01	($ 2.42)
Diluted earnings (loss) per share		
Continuing operations	$ 0.01	($ 2.42)

The earning and the weighted average number of common stocks used for calculating EPS are as follows:

Current net profit (loss)

	2020	2019
Net profit (loss) used for calculation of basic earnings (loss) per share	$ 2,945	($ 484,003)
Net profit (loss) used for calculation of diluted earnings (loss) per share	$ 2,945	($ 484,003)

Number of shares

Unit: thousand shares

	2020	2019
Weighted average number of common stocks used for calculating basic loss per share	200,000	200,000
Effect of potential diluted common stocks:		
Remuneration to employees	-	-
Weighted average number of common stocks used for calculating diluted loss per share	200,000	200,000

When the Company can select stocks or cash as the remuneration to employees, it is assumed that the employee's remuneration is paid with stocks when the diluted EPS is calculated. The weighted average outstanding common stocks are added when the potential common stocks have diluting capability to calculate the diluted EPS. The diluting capability of the potential common stocks is referenced in the next year when the Board of Directors resolved to calculate the diluted EPS prior to payment of the employee's remuneration with stocks.

LXIX.Disposal of invested subsidiaries – loss of control

The Company entered into an agreement for disposal of Cheng Yang Energy Co., Ltd. on March 24, 2020. The Company finished the disposal on April 28, 2020 and lost the control over the subsidiary. For the description about disposal of Cheng Yang Energy Co., Ltd., please refer to Note 30 "disposal of subsidiaries" to the 2020 consolidated financial statements of the Company.

LXX.Government grants

The acceptance inspection of the solar power system construction project in the Company's Chungli plant, Taoyuan City, was completed in October 2011 and a subsidy of NTD 76,616,000 was acquired from the Bureau of Energy, Ministry of Economic Affairs. This amount was stated as deferred income and subject to amortization in 16 years based on the economic benefit period of the project. Due to changes to the leasing period of the premises where the solar power system was constructed, the relevant useful life was adjusted and the Company amortized the transferred profit/loss in the rest leasing period of 18 months from the date on which the contract was revised. As at December 31, 2020 and 2019, the NTD 0 and NTD 24,705,000 were stated as long-term deferred income, respectively, and NTD 24,705,000 and NTD 17,722,000 were recognized in profit in 2020 and 2019, respectively.

LXXI.Information on cash flow

The Company was engaged in the following non-cash investment and financing activities in 2020 and 2019:

(I) Non-cash transactions

1. The Company reclassified the prepayment for equipment into the category of property, plant and equipment to the amount of NTD 0 and NTD 73,327,000, respectively, in 2020 and 2019.
2. The payment payable for purchase of the property, plant and equipment increased by NTD 48,040,000 and NTD 18,388,000, respectively in 2020 and 2019; the payment payable – related party increased by NTD 9,000 and NTD 5,140,000, respectively, in 2020 and 2019 due to purchase of the property, plant and equipment.
3. The other receivables in 2019 decreases by NTD 2,005,000 due to disposal of property, plant and equipment; the other receivables – related party increased by

NTD 56,085,000 and NTD 78,268,000, respectively, in 2020 and 2019 due to disposal of property, plant and equipment.

(II) Changes in liabilities from financing activities

2020

	January 1, 2020	Cash flow	Non-cash Change: New/renewed contract	Non-cash Change: Interest expenses	December 31, 2020
Short-term loans	$ 170,000	$ 50,000	$ -	$ -	$ 220,000
Long-term loans	136,585	68,197	-	-	204,782
Other payables – related parties (Note)	380,000	(380,000)	-	-	-
Lease liabilities	7,901	(5,779)	35,204	345	37,671
	$ 694,486	($ 267,582)	$ 35,204	$ 345	$ 462,453

2019

	January 1, 2019	Cash flow	Non-cash Change: New/renewed contract	Non-cash Change: Interest expenses	December 31, 2019
Short-term loans	$ 844,585	($ 674,585)	$ -	$ -	$ 170,000
Long-term loans	370,716	(234,131)	-	-	136,585
Other payables – related parties (Note)	-	380,000	-	-	380,000
Lease liabilities	122,273	(19,477)	(95,807)	912	7,901
	$ 1,337,574	($ 548,193)	($ 95,807)	$ 912	$ 694,486

LXXII.Capital risk management

The Company conducted capital management to ensure keeping operating while maximizing shareholders' return by optimizing the liability and equity balances. The overall strategies of the Company are currently not changed.

The capital structure of the Company is comprised of their net liabilities (i.e. loans minus cash and cash equivalents) and shareholders' equity (i.e. capital stock, capital reserves, retained earnings, and other equities).

The key management of the Company conducts monthly review of the Group's capital structure, including the cost of capital, management of funds, and relevant risks. Observing the suggestions of the management, the Company balanced the overall capital structure by paying dividends, issuing new stocks, repurchasing stocks, and issuing new corporate bonds, or repaying existing liabilities.

LXXIII.Financial instruments

(I) Fair value information – financial instruments not measured at fair value

1. Financial assets and liabilities having major difference between book and fair values

	December 31, 2020 Book value	December 31, 2020 Fair value	December 31, 2019 Book value	December 31, 2019 Fair value
Financial liabilities				
Financial assets measured at amortized cost:				
Long-term loans and long-term loans maturing within one year	$ 204,782	$ 202,306	$ 136,585	$ 140,608

2. Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial assets measured at amortized cost:				
Bank loans	$ -	$ 202,306	$ -	$ 202,306

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial assets measured at amortized cost:				
Bank loans	$ -	$ 140,608	$ -	$ 140,608

The Level 2 and Level 3 fair value measurement was determined under cash flow discounting analysis using the income approach. The significant unobservable input used in the Level 3 fair value measurement was the discount rate reflecting the credit risk of the counterparty.

(II) Fair value information – financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Investment in equity instruments of financial assets measured at fair value through other comprehensive income				
- Domestic non-listed (non-OTC) stocks	$ -	$ -	$ 20,658	$ 20,658

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Structured deposit	$ -	$ 3,003	$ -	$ 3,003
Investment in equity				

instruments of financial assets measured at fair value through other comprehensive income				
- Domestic non-listed (non-OTC) stocks	-	-	20,658	20,658
	$ -	$ 3,003	$ 20,658	$ 23,661

There was no transfer of fair value measurements between Level 1 and Level 2 in 2020 and 2019.

2. Adjustments to the financial assets and liabilities measured at Level 3 fair value

2020

Financial assets	Other financial assets measured at fair value through other comprehensive income Equity instruments
Balance – beginning of the period	$ 20,658
Purchase of the period	-
Recognized in other comprehensive income – unrealized valuation profit/loss from the financial assets measured at fair value through other comprehensive income	-
Balance – ending of the period	$ 20,658

2019

Financial assets	Financial assets measured at fair value through other comprehensive income Equity instruments
Balance – beginning of the period	$ 16,494
Purchase of the period	4,164
Recognized in other comprehensive income – unrealized valuation profit/loss from the financial assets measured at fair value through other comprehensive income	-
Balance – ending of the period	$ 20,658

3. Evaluation technology and inputs of Level 2 fair value measurement

Class of financial instruments	Evaluation technology and inputs
Derivatives – forward foreign exchange contract	Cash flow discounting method: With this method, the cash flow in the future is estimated based on the observable forward exchange rate at the end of the period and the exchange rate specified in the contract, and the discount is determined with reference to the discount rate reflecting the credit risk of the counterparty.
Structured deposit mandatorily measured at fair value through profit or loss	As for the fair value, the discount rate curve inferred from the open market quote is used as the parameter for calculation of the cash flow discount value in the future, and this value is used as the basis for the estimation.

4. Evaluation technology and inputs of Level 3 fair value measurement

The fair value of non-listed (non-OTC) equity instruments is estimated based on the analysis of the financial status and operating outcome of the investee, the latest transaction price, the quotation of similar instruments on active markets, comparable company valuation multiples, and other assumptions that cannot be supported by the observable market price or interest rate. The significant unobservable inputs are as follows. The fair value of the investment increases when the liquidity discount decreases.

(III) Type of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Measurement at fair value through profit or loss		
Mandatory measurement at fair value through profit or loss	$ -	$ 3,003
Measurement at amortized cost (Note 1)	895,760	1,395,608
Financial assets measured at fair value through other comprehensive income	20,658	20,658
Financial liabilities		
Measurement at amortized cost (Note 2)	824,456	1,059,536

Note 1: The balance included cash and cash equivalents, investment in liability instruments, accounts receivable, other receivables, guarantee deposits paid

and other financial assets – current and non-current financial assets measures at amortized cost.

Note 2: The balance included short-term loans, accounts payable, other payables (exclude payable remuneration and bonus) and guarantee deposits received, long-term loans, and other financial liabilities measured at amortized cost.

(IV) Financial risk management purpose and policy

The Company's main financial instruments include accounts receivable, accounts payable, and loans. The Company's financial risk management aims to manage the market risk (including exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk related to management and operating activities.

The Company uses derivative financial instruments to avoid risk exposure and mitigate the impact of such risks. Derivative financial instruments are subject to the policies adopted at the meeting of the Board of Directors of the Company. These policies include the exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the written current funds investment principle. Internal reviewers review the compliance of the policies and the exposure limits on an ongoing basis. The Company did not conduct transactions of financial instruments (including derivative financial instruments) for speculation purposes.

1. Market risk

The major financial risks that the operating activities imposed on the Company is the foreign exchange rate risk (as described in (1) below) and interest rate risk (as described in (2) below). The Company is engaged in various derivative financial instruments to manage the imposed foreign exchange rate risk, including forward foreign exchange contracts or exchange rate options for avoidance of the exchange rate risk due to difference of currencies in collection, payment, and purchase of (raw) materials.

The Company did not change the risk exposure on the financial instrument market or the methods for management and measurement of such exposure.

(1) Exchange rate risk

The Company was engaged in sales and purchase transactions in foreign currency. These transactions exposed the Company to the exchange rate fluctuation risk. About 90% of the sales amount of the Company is not valuated with the functional currency. About 90% of the cost amount is not valuated with the functional currency. The Company uses forward foreign exchange contracts or exchange rate options to manage the exchange rate risk within the policies.

Refer to Note 36 for the book value of the monetary assets and liabilities of the Company valued with non-functional currency on the balance sheet date and the book value of the derivatives exposed to exchange rate risk.

Sensitivity analysis

The Company is affected primarily by the fluctuation in the exchange rate of USD and RMB.

The sensitivity analysis of the Company in the exchange rate of NTD (functional currency) to any related foreign currencies increasing or decreasing by 5% is described in the following table. This 5% is the sensitivity ratio used by the Company when reporting the exchange rate risk to the key management. It also indicates the assessment of the management on the reasonable potential fluctuation of the exchange rate. The sensitivity analysis only includes the outstanding foreign currency items. The translation thereof at the end of the period is adjusted by an increase or decrease of 5% in the exchange rate. The sensitivity analysis includes the loans that are not valued with the functional currency of the creditor or borrower. The positive number in the following table means the reduced amount of the pre-tax net loss or the increased amount of the equity when NTD depreciates by 5% against related currency; when NTD appreciates by 5% against related currency, the effect on the pre-tax net profit or equity is represented with a negative number of the same amount.

	Effect of USD	
	2020	2019
Profit or loss	$ 7,005	$ 22,585

	Effect of RMB	
	2020	2019
Profit or loss	$ 6,339	$ 9,712

(i) The profit or loss is mainly generated from the Company's accounts receivable, accounts payable and loans valued in USD which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

(ii) The profit or loss was mainly generated from the Company's accounts receivable, accounts payable, and loans valued in RMB which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

The change of the Company's sensitivity to the exchange rate in the current period was primarily a result of the reduced bank deposits and accounts receivable valued in USA and the reduced accounts receivable valued in RMB. The management found that the sensitivity analysis could not represent the inherent risk of exchange rate, because the foreign currency risk exposure on the balance sheet date could not reflect the exposure in the mid of the period.

(2) Interest rate risk

The interest rate risk exposure occurs because the Company borrowed funds at floating rate. The Company maintains an adequate portfolio of fixed interest rate to manage the interest rate risk. The Company assesses hedging activities on a regular basis to keep consistent in their opinions on interest rate and their given risk preference to ensure adoption of most cost-efficient hedging strategies.

The book values of the financial assets and liabilities of the Company exposed to the interest rate risk on the balance sheet date are as follows:

	December 31, 2020	December 31, 2019
With fair value interest rate risk		
Financial assets	$ 267,333	$ 294,965
Financial liabilities	99,710	489,585
With cash flow interest rate risk		
Financial assets	221,409	108,221
Financial liabilities	325,072	197,000

The Company is exposed to cash flow interest rate risk because of holding bank loans at variable interest rate. This conforms to the policy of the Company to reduce the interest rate fair value risk by maintaining the loans at floating interest rate. The cash flow interest rate risk of the Company is primarily because of the fluctuated benchmark interest rate of the loans valued in NTD.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the derivative and non-derivative instruments on the balance sheet date. As for the liabilities at floating interest rate, the analysis is made with the assumption that the outstanding liability amount on the balance sheet date is completely in circulation during the reporting period. The variable interest rate used by the Company when reporting the interest rate to the key management is the interest rate plus or minus 1%. It also indicates the assessment of the management on the reasonable potential fluctuation of the interest rate.

If the interest rate increased/decreased by 1%, with all other variables held constant, the net loss before tax of the Company in 2020 and 2019 was increased/decreased by NTD 1,037,000 and NTD 888,000, respectively, primarily because the Company's loans and bank deposits at variable rate were exposed to the cash flow interest rate risk.

(3) Other price risks

The Company sustains exposure to securities price risk due to investment in beneficiary certificates. The Company's management managed risk by holding different risk investment portfolios. The Company designates responsible teams to monitor the price risk and assess when the hedging position shall be increased for the risk.

<u>Sensitivity analysis</u>

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 3%, the comprehensive income in 2020 and 2019 were increased/decreased by NTD 620,000 and NTD 620,000, respectively, due to increase/decrease of the variations measured at fair value through other comprehensive income.

The sensitivity of the Company to the price risk of financial assets in 2020 and 2019 was not changed, primarily as a result of the unchanged financial assets measured at fair value through other comprehensive income held by the Company in the current year.

2. Credit risk

The credit risk refers to the risk in the financial loss of the Company because the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the Company's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the Company provided was mainly derived from the book value of the financial assets recognized in the separate balance sheet.

According to the policy, the Company only trades with the counterparties that are rated equivalent to the investment level or higher in brand awareness. Full guarantees are required if necessary to reduce the risk of financial losses due to default. In addition, the Company rates customers with reference to open financial information as well as mutual trading records. The Company monitors the credit risk exposure and the credit rating of the counterparties on an ongoing basis. The account of the customers is checked before the shipment to make sure there is no overdue payment and how the collection status is in the recent period, and the internal personnel of the Company supervises the release in order to minimize the potential credit risk. In addition, the Company reviews the recoverable amount of accounts receivable separately on the balance sheet date to make sure that the appropriate impairment loss of the accounts receivable that cannot be recovered is recognized. As a result, the management of the Company finds that the credit risk of the Company is reduced significantly.

Receivables are to be collected from a lot of customers. They belong to different industries, are located in different geographic areas, and there is no mutual relation between them. Hence, the concentration of credit risk is not high. The Company continuously assesses the financial status of the customers from which receivables shall be recovered.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents on a regular basis to support business operation and reduces the effect of the fluctuating cash flow. The management of the Company monitors the use of banking facility and ensures compliance with the terms of the loan contract.

Bank loans are one of the important sources of liquidity. For the banking facility that the Company did not use as at December 31, 2020 and 2019, refer to the description of banking facility in (3) below.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of the non-derivative financial liabilities is compiled based on the earliest repayment date required to the Company and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the Company may be requested to repay immediately is listed in the earliest period on the table without consideration of the possibility of the bank to exercise this right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

For the cash flow of the interest paid at floating rate, the non-discounted interest amount is derived from the yield on the balance sheet date.

December 31, 2020

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liability				
Floating and fixed interest rate instruments				
Short-term loans	$ 221,332	$ -	$ -	$ -
Long-term loans	105,928	39,514	21,854	51,329
Lease liabilities	7,525	15,049	13,859	3,442
Non-interest-bearing liabilities				
Accounts payable	269,211	-	-	-
Other payables	157,237	-	-	-
	$ 761,233	$ 54,563	$ 35,713	$ 54,771

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liabilities	$ 7,525	$ 28,908	$ 1,538	$ 1,784	$ 120	$ -

December 31, 2019

	Less than 1 year	1 to 3 years	4 to 5 years	Over 5 years
Non-derivative financial liability				
Floating and fixed interest rate instruments				
Short-term loans	$ 171,258	$ -	$ -	$ -
Long-term loans	95,584	41,398	-	-
Other payables – loans payable	383,317	-	-	-
Lease liabilities	5,100	2,925	-	-
Non-interest-bearing liabilities				
Notes payable	455	-	-	-
Accounts payable	177,307	-	-	-
Other payables	218,365	-	-	-
	$ 1,051,386	$ 44,323	$ -	$ -

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1 to 5 years	5 to 10 years	10 to 15 years	15 to 20 years	Over 20 years
Lease liabilities	$ 5,100	$ 2,925	$ -	$ -	$ -	$ -

The amount of the floating interest rate instruments of the above-mentioned non-derivative financial assets and liabilities will change due to the difference between the floating interest rate and the estimated interest rate on the balance sheet date.

(2) Banking facility

	December 31, 2020	December 31, 2019
Secured bank loan limit		
- Employed capital	$ 207,072	$ 60,000
- Unemployed capital	58,161	178,440
	$ 265,233	$ 238,440
Unsecured bank loan limit		
- Employed capital	$ 118,000	$ 137,000
- Unemployed capital	569,600	599,600
	$ 687,600	$ 736,600
Secured other loan limit		
- Employed capital	$ 99,710	$ 109,585
- Unemployed capital	-	-
	$ 99,710	$ 109,585

LXXIV.Related party transaction

The parent and ultimate parent companies of the Company is KENMEC MECHANICAL ENGINEERING CO., LTD. The common shares that the Company held in Tainergy Tech Co., Ltd. in 2020 and 2019 were 28.833% and 28.77%, respectively.

In addition to those disclosed in other notes, transactions between the Company and other related parties are described as follows.

(I) Names of related parties and their relationship with the consolidated company

Name of Related Party	Relationship with the Company
KENMEC MECHANICAL ENGINEERING CO., LTD.	The Company's parent company
Tainergy Technology (Kunshan) Co., Ltd.	Subsidiary
VIETNERGY COMPANY LIMITED	Subsidiary
Cheng Yang Energy Co., Ltd.	Subsidiary (100% of equity was sold in April 2020.)
Star Solar New Energy Co., Ltd.	Subsidiary

KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Fellow subsidiary
KENTEC INC.	Fellow subsidiary
TAISIC MATERIALS CO.	Subsidiary
CHING-FU HSIEH	The Company's Chairman

(II) Operating revenue

Account Title	Type/Name of Related Party	2020	2019
Sales revenue	Subsidiary		
	Tainergy Technology (Kunshan) Co., Ltd.	$ 55,709	$ 18,985
	VIETNERGY COMPANY LIMITED	-	846
	Cheng Yang Energy Co., Ltd.	16,236	368,038
		$ 71,945	$ 387,869

(III) Purchase

Type/Name of Related Party	2020	2019
Subsidiary		
Tainergy Technology (Kunshan) Co., Ltd.	$ 189,616	$ 105,397
VIETNERGY COMPANY LIMITED	1,166	1,987
Star Solar New Energy Co., Ltd.	27	-
	$ 190,809	$ 107,384

There is no significant difference from other customers in the trading conditions and credit period applicable to the purchase and sale of goods between the Company and related parties.

(IV) Accounts receivable from related parties (excluding loans to related parties)

Account Title	Type/Name of Related Party	December 31, 2020	December 31, 2019
Accounts receivable	Subsidiary		
	Tainergy Technology (Kunshan) Co., Ltd.	$ 5,852	$ 4,303
	Cheng Yang Energy Co., Ltd.	-	82,377
		$ 5,852	$ 86,680

Other receivables	Subsidiary		
	Tainergy Technology (Kunshan) Co., Ltd.	$ 159	$ 4,291
	VIETNERGY COMPANY LIMITED	63,623	223,889
	TAISIC MATERIALS CO.	223,568	-
	Cheng Yang Energy Co., Ltd.	-	2,648
		287,350	230,828
	Fellow subsidiary		
	KENTEC INC.	90	61
		$ 287,440	$ 230,889

The outstanding balance of the accounts receivable from related parties was not guaranteed. No guarantee was requested for the accounts receivable from related parties. No bad debt expenses were set aside for the accounts receivable from related parties in 2020 and 2019.

(V) Accounts payable to related parties (excluding loans from related parties)

Account Title	Type/Name of Related Party	December 31, 2020	December 31, 2019
Accounts payable	Subsidiary		
	Tainergy Technology (Kunshan) Co., Ltd.	$ 9,558	$ -
	VIETNERGY COMPANY LIMITED	75,901	58,392
		$ 85,459	$ 58,392
Other payables	Parent company		
	KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 7,449	$ 11,745
	Subsidiary		
	Tainergy Technology (Kunshan) Co., Ltd.	25	49
	VIETNERGY COMPANY LIMITED	14,663	73,488
		14,688	73,537
	Fellow subsidiary		
	KENMEC MECHA-	577	568

TRONICS (SUZHOU) CO., LTD.		
KENTEC INC.	151	-
	728	568
	$ 22,865	$ 85,850

(VI) Contract assets

Type/Name of Related Party	December 31, 2020	December 31, 2019
Subsidiary		
Cheng Yang Energy Co., Ltd.	$ -	$ 6,886

(VII) Contract liabilities

Type/Name of Related Party	December 31, 2020	December 31, 2019
Subsidiary		
Cheng Yang Energy Co., Ltd.	$ -	$ 4,057
TAISIC MATERIALS CO.	4,786	-
	$ 4,786	$ 4,057

(VIII) Prepayments

Type/Name of Related Party	December 31, 2020	December 31, 2019
Prepayments		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 2,400	$ -
Prepayment for equipment		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 4,629	$ -

(IX) Acquisition of property, plant, and equipment

	Acquisition Price	
Type/Name of Related Party	2020	2019
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ -	$ 10,635
Subsidiary		
Cheng Yang Energy Co., Ltd.	167,710	-
	$167,710	$ 10,635

(X) Disposal of property, plant, and equipment

Type/Name of Related Party	Disposal Proceeds 2020	Disposal Proceeds 2019	Disposal Profit (Loss) 2020	Disposal Profit (Loss) 2019
Parent company	$	$ 25	$ -	$ 25
Subsidiary				
VIETNERGY COMPANY LIMITED	-	133,678	-	22,750
TAISIC MATERIALS CO.	252,240	-	3,333	-
Star Solar New Energy Co., Ltd.	240	-	30	-
Cheng Yang Energy Co., Ltd.	-	11	-	11
Fellow subsidiary	-	68	-	68
	$ 252,480	$ 133,782	$ 3,363	$ 22,854

The unrealized profit (recognized in investment under the equity method) from disposal of property, plant, and equipment to subsidiaries was subject to amortization in years based on the useful life of the equipment.

2020

Goods sold	Unrealized profit – beginning of the year	Sales price of the current period	Sales cost of the current period	Increase of unrealized profit	Amortization of the current period	Unrealized profit – ending of the year
Property, plant, and equipment	$ 23,354	$ 252,480	$ 249,117	$ 3,363	$ 1,712	$ 25,005

2019

Goods sold	Unrealized profit – beginning of the year	Sales price of the current period	Sales cost of the current period	Increase of unrealized profit	Amortization of the current period	Unrealized profit – ending of the year
Property, plant, and equipment	$ 3,723	$ 133,689	$ 110,928	$ 22,761	$ 3,130	$ 23,354

(XI) Lease agreement

Type/Name of Related Party	2020	2019
Acquisition of right-of-use assets		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 33,636	$ -

Account Title	Type/Name of Related Party	December 31, 2020	December 31, 2019
Lease liabilities/ Leases payable	Parent company KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 32,580	$ 7,901

Type/Name of Related Party	2020	2019
Interest expenses		
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 232	$ 912

Revision of lease agreement

The Company leased factory buildings and offices from the parent company, KENMEC MECHANICAL ENGINEERING CO., LTD. in 2020 and 2019, respectively. Since the scope of the lease was adjusted, the right-of-use assets decreased by NTD 3,690,000 and NTD 95,441,000, respectively.

(XII) Acquisition of financial assets

2019

Type/Name of Related Party	Account Title	Number of Shares Traded	Object of Transaction	Acquisition Price
Subsidiary				
Cheng Yang Energy Co., Ltd.	Investment in equity instruments measured at fair value through other comprehensive income – non-current	700,000 shares	KENTEC INC.	$ 4,164

(XIII)Loans to related parties

Type of Related Party	December 31, 2020	December 31, 2019
Other receivables		
Subsidiary		
Tainergy Technology (Kunshan) Co., Ltd.	$ 43,770	$ 223,860
VIETNERGY COMPANY LIMITED	56,960	-
Cheng Yang Energy Co., Ltd.	-	280,000
	$ 100,730	$ 503,860
Interest income		
Subsidiary		
Tainergy Technology (Kunshan) Co., Ltd.	$ 3,794	$ 10,144
VIETNERGY COMPANY LIMITED	1,819	-
Cheng Yang Energy Co., Ltd.	2,759	5,463
TAISIC MATERIALS CO.	163	-
	$ 8,535	$ 15,607

The Company provides long-terms loans for subsidiaries. The interest rate is very close to the market rate of interest. Please refer to Note 11 (II).

(XIV) Loans from related parties

Type/Name of Related Party	December 31, 2020	December 31, 2019
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ -	$ 380,000

Interest expenses

Type/Name of Related Party	December 31, 2020	December 31, 2019
Parent company		
KENMEC MECHANICAL ENGINEERING CO., LTD.	$ 3,767	$ 4,354

(XV) Endorsements/Guarantees

Endorsements/guarantees for Others

Type of Related Party	December 31, 2020	December 31, 2019
Subsidiary		
Guarantee amount	$ 99,680	$ 653,097
Drawdown	$ 95,468	$ 536,132

Acquisition of endorsements/Guarantees

Type of Related Party	December 31, 2020	December 31, 2019
The Company's Chairman	$ 1,054,313	$ 1,088,890

(XVI) Related party transactions

		2020	2019
Parent company			
KENMEC MECHANICAL ENGINEERING CO., LTD.	Manufacturing expense – repair expense	$ -	$ 11,775
Subsidiary			
VIETNERGY COMPANY LIMITED	Manufacturing expense – processing cost	$ 824,427	$ 677,813
	Other revenue	$ 1,779	$ 12,759
TAISIC MATERIALS CO.	Lease revenue	$ 50	$ -
	Other revenue	$ 3,280	$ -

Cheng Yang Energy Co., Ltd.	Lease revenue	$ -	$ 878
	Manufacturing expense – sundry purchase	$ 16	$ -
Star Solar New Energy Co., Ltd.	Lease revenue	$ 60	$ 135
	Other revenue	$ 91	$ -
Fellow subsidiary			
KENTEC INC.	Other revenue	$ -	$ 21

(XVII)Increase of capital to related parties

The Company made investments to a total amount of NTD 19,320,000 in June and December 2020 to establish TAISIC MATERIALS CO. and acquired 64.4% of its shares.

(XVIII)Remuneration to key management

	2020	2019
Short-term employee benefits	$ 21,874	$ 25,488
Retirement benefits	2,614	505
	$ 24,488	$ 25,993

The remuneration to the directors and key management was decided by the Remuneration Committee subject to personal performance and market trend.

LXXV.Pledged and mortgaged assets

The following assets were provided as collaterals for loans, import and export of (raw) materials, and purchase transaction of materials:

	December 31, 2020	December 31, 2019
Guarantee deposits paid	$ 18,500	$ 21,000
Pledged C/D (stated as financial assets measured at amortized cost – current)	10,000	14,990
Pledged C/D (stated as financial assets measured at amortized cost – non-current)	100	100
Machine and equipment – net	122,906	-
Other financial assets – restricted current deposits – current	10,724	6,000
	$ 162,230	$ 42,090

LXXVI.Significant contingent liability and unrecognized contractual commitment

In addition to those described in other notes, the Company's significant commitments and contingencies on the balance sheet date are as follows:

(I) Material purchase agreement between the consolidated company and SunEdison Products Singapore Pte, Ltd. (the former MEMC Singapore Pte, Ltd.; hereinafter referred to as SunEdison)

Material purchase agreement

The consolidated company entered into a material purchase agreement with SunEdision on July 9, 2008. According to the agreement, the consolidated company should purchase solar wafers for no less than USD 3.4 billion from SunEdison from September 1, 2008 to August 31, 2018, and should provide a performance bond amount to about USD 10,500,000 to 66,500,000 (about NTD 299,040,000 to 1,893,920,000) every year during the period of the agreement.

Due to the fluctuation of the solar cell material, the consolidated company did not purchase to the minimum quantity as agreed. A supplementary agreement was entered into with SunEdision on March 29, 2013 in which a common consensus was reached and the parties agreed to maintain their collaboration relation. According to the supplementary agreement, a compensation for failure to purchase to the minimum quantity was deducted from the performance bond that the consolidated company had paid. For this, the consolidated company recognized a loss on guarantee deposits paid amounting to NTD 760,763,000 in 2012 and set aside the unamortized balance of non-returnable deposits paid to the amount of NTD 59,551,000 as impairment loss under the title of other non-current liabilities – others. The total amount was consequently NTD 820,314,000.

SunEdison's application for reorganization

SunEdision announced its application for reorganization procedures on April 21, 2016 (American time). The consolidated company discussed with the counsels and comprehensively assessed the possibility of recovery based on SunEdison's debt restructuring plan and creditor meeting notice on June 2017. After deduction of an advance sales receipts of NTD 1,063,000 (net) from related other receivables of NTD 20,854,000 and guarantee deposits paid amounting to NTD 288,009,000, an impairment loss of NTD 307,800,000 was set aside in Q2 of 2017.

As of December 31, 2020 and 2019, the recognized balance of the guarantee deposits paid was NTD 0.

(II) The silicon wafer purchase agreement between the consolidated company and Sino-American Silicon Products Inc. (hereinafter referred to as Sino-American Silicon)

Commitment to material purchase agreement

The consolidated company entered into a material purchase agreement with Sino-American Silicon in September 2007. The parties agreed on an annual purchase of solar wafers to the quantity, at the price, and amounting to no less than USD 44,388,000 and EUR 85,518,000 as specified in the agreement from January 1, 2008 to December 31, 2010 and from January 1, 2009 to December 31, 2020, respectively.

The prepayments were not returnable and the supplier guaranteed to supply the material to the agreed quantity. The consolidated company prepaid for purchase of the material by installments to the amount of EUR 7,470,000 during the period specified in the agreement.

Renewal of the agreement

The consolidated company and Sino-American Silicon agreed to perform the agreement continuously in accordance with the terms and conditions specified therein up to December 31, 2020 (included) If the fulfillment of the agreement is difficult to the parties due to changes of the market supply and demand, the parties agreed to discuss the performance of the agreement. Currently, the parties are willing to continue the fulfillment of the agreement.

As of December 31, 2020 and 2019, the consolidated company made an assessment and found that the cost for fulfillment of the agreement would be higher than the anticipated economic benefit from the agreement, and thus set aside an accumulated loss of NTD 180,257,000 and NTD 192,916,000, respectively. As of December 31, 2020 and 2019, the balance of the prepayments that the consolidated company had made and against which goods were not delivered yet was recognized to the amount of NTD 0 and NTD 10,884,000, respectively.

(III) As of December 31, 2020, the total price of the contract for completion and purchase of unfinished construction and equipment was NTD 167,024,000, and the amount of the payment that had been made was NTD 66,054,000.

(IV) As of December 31, 2020 and 2019, the amount of the guarantee notes issued by the consolidated company issued for loans was NTD 510,000,000 and NTD 510,000,000, respectively. As for the amount of the endorsement/guarantee provided for loans, refer to Table 2 in Note 38.

LXXVII.Information on foreign currency financial assets and liabilities with significant effect

The following information is summarized and stated based on the foreign currencies other than the Company's functional currency. The disclosed exchange rate represents the rate of such foreign currencies to the functional currency. Information on foreign currency financial assets and liabilities with significant effect is as follows:

December 31, 2020

Unit: Foreign currency: thousand
NTD: thousand

	Foreign currency	Exchange rate	Book value
Financial assets			
Monetary items			
USD	$ 14,213	28.48 (USD : NTD)	$ 404,784
EUR	159	35.02 (EUR : NTD)	5,564
RMB	35,208	4.38 (RMB : NTD)	154,105
			$ 564,453
Long-term equity investments under the equity method			
RMB	170,444	4.38 (RMB : NTD)	$ 746,033
VND	619,153,157	0.0011 (VND : NTD)	687,260
			$ 1,433,293
Financial liabilities			
Monetary items			
USD	9,294	29.98 (USD : NTD)	$ 264,694
EUR	28	35.02 (EUR : NTD)	995
JPY	163,803	0.2763 (JPY: NTD)	45,259
RMB	6,244	4.38 (RMB : NTD)	27,330
			$ 338,278

December 31, 2019

	Foreign currency	Exchange rate	Book value
Financial assets			
Monetary items			
USD	$ 23,080	29.98 (USD : NTD)	$ 691,933
EUR	179	33.59 (EUR : NTD)	6,020
RMB	54,160	4.305 (RMB : NTD)	233,158
			$ 931,111
Long-term equity investments under the			

equity method			
RMB	183,904	4.305 (RMB : NTD)	$ 791,706
VND	637,550,667	0.0012 (VND : NTD)	752,310
			$ 1,544,016
Financial liabilities			
Monetary items			
USD	8,013	29.98 (USD : NTD)	$ 240,242
EUR	28	33.59 (EUR : NTD)	954
RMB	9,042	4.305 (RMB : NTD)	38,926
			$ 280,122

Profit or loss from foreign currency translation is as follows:

	2020		2019	
Foreign currency	Exchange rate	Net translation profit (loss)	Exchange rate	Net translation profit (loss)
USD	28.48 (USD : NTD)	($ 1,451)	29.98 (USD : NTD)	($ 4,161)
RMB	4.38 (RMB : NTD)	2,303	4.305 (RMB : NTD)	8,294
JPY	0.2763 (JPY: NTD)	1,549	0.276 (JPY: NTD)	-
EUR	35.02 (EUR : NTD)	(6,732)	33.59 (EUR : NTD)	(2,151)
Others		(31)		-
		($ 4,362)		$ 1,982

LXXVIII.Significant subsequent events

(I) The Board of Directors of the Company resolved on March 10, 2021 to raise funds on the capital market depending on the need for funds in the coming year. Within an issuance of no more than 50 million shares, the Board of Directors was authorized to issue new stocks for increase of cash capital in Taiwan in consideration of the market status and the need of the company for funds.

(II) The Board of Directors of the consolidated company resolved on March 10, 2021 to issue no more than 50 million common stocks under private placement to repay bank loans, replenish working capital, or provide funds for the development in the future. The Board of Directors was authorized to implement the resolution in consideration of the market status and the need of the company for funds.

(III) The consolidated company planned to invest RMB 181,546,000 for capital increase of Kunshan Jichang Energy Technology Co., Ltd., a subsidiary, through Tainergy Technology (Kunshan) Co. in 2021 to hold 100% of its equity.

(IV) The consolidated company planned to invest no less than NTD 300,000,000 for capital increase of TAISIC MATERIALS CO. in 2021.

LXXIX.Disclosures of notes

(I) Information about major transactions

(II) and investees:

1. Loans to others. (Table 1)
2. Endorsements/guarantees for others. (Table 2)
3. Securities held at the end of the period (Table 3)
4. Aggregate purchases or sales of the same securities reaching NTD 300 million or more than 20% of the paid-in capital. (None)
5. Acquisition of real estate reaching NTD 300 million or more than 20% of the paid-in capital. (None)
6. Disposal of property reaching NTD 300 million or more than 20% of the paid-in capital. (None)
7. Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 4)
8. Accounts receivable from related parties reaching NTD 100 million or more than 20% of the paid-in capital (Table 5)
9. Trading in derivative instruments. (Note 7 and 32)
10. Information on investees. (Table 6)

(III) Information on investments in Mainland China:

1. 1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, current profit/loss and recognized investment profit/loss, investment book value at the end of the period, profit or loss received from investments, and limit on the amount of investment in Mainland China. (Table 7)

2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment conditions, and unrealized profit/loss (Table 8):

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

(3) The amount of property transactions and the amount of resulting profits or losses.

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

(5) The highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds.

(6) Other transactions that have a material effect on the profit or loss of the period or on the financial position, such as the rendering or receiving of services.

(IV) Information on major shareholders: The name, shareholding, and shareholding ratio of the shareholders with an equity ratio of 5% or more. (Table 9)

Tainergy Tech. Co., Ltd.

Loans to Others

January 1 to December 31, 2020

Table 1

Unit: NTD and foreign currency (thousand)

No. (Note 1)	Lending company	Borrowing company	Current account	Related party	Maximum balance in current period	Balance – ending of the period	Drawdown	Range of interest rates	Nature of loaning of funds	Transaction amount	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral		Limit of loans to a particular borrower (Note 2, 3, and 4)	Limit of total loaning of funds (Note 2, 3, and 4)	Remarks
													Name	Value			
0	Tainergy Tech. Co., Ltd.	Cheng Yang Energy Co., Ltd.	Other receivables	Y	$ 320,00	$ -	$ -	3%~5% (Note 2)	Needs for short-term financing	$ -	Working funds	$ -	None	$ -	$ 355,162	$ 710,323	Note 4
0	Tainergy Tech. Co., Ltd.	Tainergy Technology (Kunshan) Co., Ltd.	Other receivables	Y	224,84	65,655	43,770	3.5%~5% (Note 2)	Needs for short-term financing	-	Working funds	-	None	-	355,162	710,323	Note 4
0	Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	Other receivables	Y	206,57	199,360	56,960	3.5%~5% (Note 2)	Needs for short-term financing	-	Working funds	-	None	-	355,162	710,323	Note 4
0	Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Other receivables	Y	55,00	-	-	3%~5%	Needs for short-term financing	-	Working funds	-	None	-	355,162	710,323	Note 4
2	Tainergy Technology (Kunshan) Co., Ltd.	Suzhou Kenmec Property Development Ltd.	Other receivables	Y	377,31	249,489	248,489	4.85% (Note 3)	Needs for short-term financing	-	Working funds	-	None	-	298,402	298,402	

Note 1: Number column description:

(1) 0 is reserved for issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: Tainergy Tech. Co., Ltd.'s limit of loans to others is calculated as follows:

Limit of loans to particular borrower: 20% of the Company's net value: 1,775,808×20%＝355,162.

The limit of total loaning of funds: 40% of the Company's net value: 1,775,808×40%＝710,323.

Total interest from loans to others in the current period was NTD 8,535,000.

Note 3: Tainergy Technology (Kunshan) Co., Ltd.'s limit of loans to others is calculated as follows:

Limit of loans to particular borrower: 40% of the Company's net value: RMB 170,438×40%＝RMB 68,175＝NTD 298,402.

The limit of total loaning of funds: 40% of the Company's net value: RMB 170,438×40%＝RMB 68,175＝NTD 298,402.

Total interest from loans to others in the current period was RMB3,285,000.

Note 4: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech. Co., Ltd.

Endorsements/Guarantees for Others

January 1 to December 31, 2020

Table 2

Unit: NTD thousand unless otherwise specified.

No. (Note 1)	Endorser/guarantor	Endorsee/guarantee		Limits on individual endorsements/guarantees (Note 3)	Current maximum endorsement/guarantee balance	Current endorsement/guarantee balance – ending	Drawdown	Endorsement/guarantee amount secured with property	Ratio of the cumulative endorsement/guarantee amount to the net worth in the most recent financial statements (%)	Maximum endorsement/guarantee limit (Note 3)	Endorsements/guarantees made by the parent company for subsidiaries	Endorsements/guarantees made by the subsidiaries for parent company	Endorsements/guarantees made for the operations in Mainland China	Remarks
		Company name	Relationship (Note 2)											
0	Tainergy Tech. Co., Ltd.	Cheng Yang Energy Co., Ltd.	(2)	$ 1,420,646	$ 548,858	$ -	$ -	$ -	-	$ 1,420,646	Y	N	N	
		VIETNERGY COMPANY LIMITED	(2)	1,420,646	135,388	99,680	95,468	2,848	5.61%	1,420,646	Y	N	N	

Note 1: Number column description:

(1) 0 is reserved for issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into seven categories as follows. It is only necessary to mark the type:

(1) A business associated company.

(2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.

(3) The company holds the majority shareholdings of voting rights of the Company directly and indirectly,

(4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.

(5) The company needing mutual guarantee pursuant to an agreement in the same industry or between joint proprietors for undertaking engineering projects.

(6) The company received endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.

(7) Escrow and joint and several guarantee of the contracts in the same industry that involve transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: Limits on individual endorsements/guarantees: No more than 80% of the Company’s net value on December 31, 2020: 1,775,808×80%＝1,420,646.

Maximum endorsement/guarantee limit: No more than 80% of the Company’s net value on December 31, 2020: 1,775,808×80%＝1,420,646.

Tainergy Tech. Co., Ltd.

Securities Held at the End of the Period

December 31, 2020

Table 3

Unit: NTD thousand
unless otherwise specified.

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding ratio	Fair value	
Tainergy Tech. Co., Ltd.	Domestic non-listed (non-OTC) stocks							
	KENTEC INC.	Fellow subsidiary	Financial assets measured at fair value through other comprehensive income – non-current	2,293,885	$ 20,658	4.328%	$ 20,658	
	Interest rate-linked structured deposit							
	President Securities Corporation: DSU 100% principal-protected structured product No. 1475 deposits in USD	-	Financial assets measured at amortized cost – current	-	$ 85,440	-	$ 85,440	

Note 1: The securities referred to in the table means the stocks, bonds, beneficiary certificates within the “financial instruments” of IFRS 9 and other securities deriving from these items.

Note 2: This column is not required if the issuer of the securities is not a related party.

Note 3: Where fair value measurement is used, please fill in the “book value” column with the book value after the valuation adjustment of the fair value and deduction of the loss allowance; otherwise, please complete the column with the book value of the amortized cost (with loss allowance deducted).

Note 4: For any securities in the table that are provided as a guarantee, pledged for loans, or restricted pursuant to any agreement, the number of stocks provided for guarantee or pledged for loans, the amount of the guarantee or pledge, or the restrictions shall be indicated in the Remarks.

Note 5: For more information on the investment in subsidiaries, affiliates and joint ventures, please refer to Table 6 and Table 7.

Tainergy Tech. Co., Ltd.

Purchases or Sales of Goods from and to Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital

December 31, 2020

Table 4

Unit: NTD thousand unless otherwise specified.

Purchaser/seller	Counterparty	Relationship	Transaction				Trading conditions different from those of regular transactions and reasons thereof (Note 1)		Notes/accounts receivable (payable)		Remarks (Note 2)
			Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/accounts receivable (payable)	
Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	Subsidiary	Processing fee (Note 4)	$ 824,427	62.35%	T/T 30 days upon invoice date	-	-	($ 75,901)	28.19%	Some processing cost amounting to NTD 14,030,000 is recognized in other payables, occupying 8.92% of other total payables.
	Tainergy Technology (Kunshan) Co., Ltd.	Subsidiary	Purchase	189,616	14.34%	T/T 15days upon invoice date	-	-	(9,558)	3.55%	
			Sale	58,210	2.68%	T/T 180 days After acceptance	-	-	5,852	6.47%	

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the “price” and “loan period” columns.

Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the different from regular transactions shall be indicated in the “Remark” column.

Note 3: Related transactions and period-end balances were removed from the consolidated financial statements.

Note 4: The total amount is listed; recognized as write-off of the material processing cost.

Tainergy Tech. Co., Ltd.

Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital

December 31, 2020

Table 5

Unit: NTD and foreign currency (thousand)

Company Booking Accounts Receivable	Counterparty	Relationship	Balance of accounts receivable from related parties	Turnover rate	Overdue accounts receivable from related parties		Subsequent Recovered Amount of Accounts Receivable from Related Parties	Appropriated Allowance for Bad Debt	Remarks
					Amount	Treatment			
Tainergy Tech. Co., Ltd.	TAISIC MATERIALS CO.	Subsidiary	Other receivables (Note 1) $ 223,568	-	$ -	—	$ -	$ -	
	VIETNERGY COMPANY LIMITED	Subsidiary	Other receivables (Note 2) 120,583 USD 4,234	-	-	—	-	-	
Tainergy Technology (Kunshan) Co., Ltd.	Suzhou Kenmec Property Development Ltd.	Associate	Other receivables (Note 3) 252,402 RMB 57,665	-	-	—	-	-	

Note 1: This is the amount from disposal of property, plant, and equipment (NTD 206,485,000) and collection/payment services (NTD 17,083,000) recognized in other receivables and not incorporated in the calculation of turnover ratio.

Note 2: This is the amount from financing (NTD 56,960,000), interest from loans to others (NTD 1,628,000), disposal of property, plant, and equipment (NTD 60,341,000) and collection/payment services (NTD 1,654,000) recognized in other receivables and not incorporated in the calculation of turnover ratio.

Note 3: This is the amount from financing (NTD 249,489,000) and interest from loans to others (NTD 2,912,000) recognized in other receivables and not incorporated in the calculation of turnover ratio.

Tainergy Tech. Co., Ltd.

Name and Territory of Investees and Other Relevant Information

January 1 to December 31, 2020

Table 6

Unit: NTD and foreign currency (thousand)

Name of investor	Name of investee	Territory	Main business operation	Original investment amount		Held at the end of the period			Current profit (loss) of investee	Profit (loss) from investments recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio (%)	Book value			
Tainergy Tech. Co., Ltd.	Tainergy Tech Holding (Samoa) Co., Ltd.	TrustNet Chambers Lotemau Centre, P.O. BoX 1225, Apia, Samoa.	Investment business	$ 2,211,921 RMB 456,201	$ 2,211,921 RMB 456,201	-	100%	$ 745,970	($ 57,255)	($ 57,317)	Subsidiary (Note 2)
	Cheng Yang Energy Co., Ltd.	No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	Solar power generation and sale of solar power systems	-	60,000	-	-	-	9,415	8,906	Subsidiary (Note 2)
	VIETNERGY COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Quoc Oai District, Ha Noi City, Vietnam	Production of high-tech solar cells and the components of the cells	1,339,468 USD 42,000	1,339,468 USD 42,000	-	100%	672,521	(43,738)	(44,869)	Subsidiary (Note 2)
	Star Solar New Energy Co., Ltd.	No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	Solar power generation and sale of solar power systems	5,000	5,000	500,000	100%	4,299	(300)	(300)	Subsidiary (Note 2)
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City, Taiwan (R.O.C.)	Manufacture and sale of electronic parts and components	19,320	-	1,932,000	64.4%	1,074	(23,053)	(14,768)	
Tainergy Tech Holding (Samoa) Co., Ltd.	Tainergy Technology (Kunshan) Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	R&D, design, production of high-tech green cells (solar cells) and their components	2,206,989 USD 70,000	2,206,989 USD 70,000	-	100%	746,009 RMB 170,438	(57,213) (RMB 13,375)	(57,213) (RMB 13,375)	Subsidiary (Note 2)
Tainergy Technology (Kunshan) Co., Ltd.	Kunshan SENSIC Electronic Materials Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	Manufacture and sSale of electronic materials and parts	19,267 RMB 4,500	-	-	100%	18,102 RMB 4,136	(1,570) (RMB 363)	(1,570) (RMB 363)	Subsidiary (Note 2)
	Suzhou Kenmec Property Development Ltd.	No. 8, Hsi Hsia Road, Wang Shan Industrial Park, Wuzhong Economic Development Zone, Suzhou City	Real estate business	365,200 RMB 80,000	278,820 RMB 60,000	-	31.75%	300,546 RMB 68,665	(29,665) (RMB 7,014)	(15,934) (RMB 3,718)	Associate
	Kunshan Jichang Energy Technology Co., Ltd.	No. 1288, Fuchunjiang Road, Penglang Township, Kunshan Development Zone, Kunshan City, Jiangsu Province	Sale of solar power-related products	-	-	-	100%	-	-	-	Subsidiary (Note 2)

Note 1: For more information on the investees in Mainland China, please refer to Table 7 and Table 8.

Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Tainergy Tech. Co., Ltd.

Information on Investments in Mainland China

January 1 to December 31, 2020

Table 7

Unit: NTD and foreign currency (thousand)

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, profit or loss from investments, investment book value at the end of the period, and profit or loss received from investments:

Name of Chinese investees	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of the current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of investee	The Company's shareholding of direct or indirect investment	Profit (loss) from investments recognized in the current period (Note 2)	Investment book value	Profit received from investments as of the end of current Period	Remarks
					Remittance	Return							
Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech green cells (solar cells) and their components	$ 2,206,989	(2)-1	$ 2,,206,989	$ -	$ -	$ 2,206,989	($ 57,213) (RMB 13,375)	100%	($ 57,213) (RMB 13,375) (2)B	$ 746,009 RMB 170,438	$ -	
Kunshan SENSIC Electronic Materials Co., Ltd.	Manufacture and sale of electronic materials and parts	19,267	(2)-2	-	-	-	-	(1,570) (RMB 363)	100%	(1,570) (RMB 363) (2)B	18,102 RMB 4,136	-	
Kunshan Jichang Energy Technology Co., Ltd.	Sale of solar power-related products	-	(2)-2	-	-	-	-	-	100%	-	-	-	
Suzhou Kenmec Property Development Ltd.	Real estate business	1,157,582	(2)-2	-	-	-	-	(29,665) (RMB 7,104)	31.75%	(15,934) (RMB 3,718) (2)B	300,546 RMB 68,665	-	

Note 1: Investment is classified into following three categories. It is only necessary to mark the type:

(1) Engaged in direct investment in Mainland China.

(2)-1 Invested in Mainland China through a company in a third area: Tainergy Tech Holding (Samoa) Co., Ltd.

(2)-2 Invested in Mainland China through a company in Mainland China: Tainergy Technology (Kunshan) Co., Ltd.

(3) Others

Note 2: In the "Profit (loss) from investments recognized in the current period" column:

(1) An indication is needed if the investment is under preparation and there is no profit or loss.

(2) There are following three profit/loss recognition bases. The appropriate one must be indicated.

A. The financial statements audited and approved by an international accounting firm that has a collaboration relationship with an accounting firm in the Republic of China.

B. The financial statements audited by a CPA of the parent company in Taiwan.

C. Others (the unaudited financial statements of the aforesaid investees for the same period).

2. Limit on the amount of investments in Mainland China:

Accumulated amount of investments from Taiwan to Mainland China at the end of current period	Investment Amount Approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA
$ 2,206,989 (USD 70,000,000)	$ 2,206,989 (USD 70,000,000)	$ 1,066,969

Tainergy Tech. Co., Ltd.

Any of the Following Significant Transactions with Investees in Mainland China, Either Directly or Indirectly, through a Third Area, and Their Prices, Payment Conditions, and Unrealized Profit/Loss

January 1 to December 31, 2020

Table 8

Unit: NTD and foreign currency (thousand)

Name of Chinese investees	Trading type	Purchase (sale)		Issue price	Trading conditions		Notes/accounts receivable (payable)		Unrealized profit/loss	Remarks
		Amount	Percentage		Payment terms	Compared to regular transactions	Amount	Percentage		
Tainergy Technology (Kunshan) Co., Ltd.	Sale	$ 58,210	2.68%	No major difference from regular customers	No major difference from regular customers	No major difference	Accounts receivable $ 5,852	6.47%	$ -	
	Purchase	189,616	14.34%	No major difference from regular customers	No major difference from regular customers	No major difference	Accounts payable 9,558	3.55%	-	

Note 1: Refer to Table 1 for related information on the highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds to any investees in Mainland China, either directly or indirectly, through a third area.

Note 2: Refer to Table 2 for related information on the endorsement, guarantee or collateral provided to any investees in Mainland China, either directly or indirectly, through a business in a third area for financing in favor of such subsidiaries.

Note 3: The amount of property transactions with any investees in Mainland China, either directly or indirectly, through a business in a third area and the amount of the resulting profits or losses: None

Tainergy Tech. Co., Ltd.

Information on Major Shareholders

December 31, 2020

Table 9

Names of major shareholders	Shares	
	Number of shares held	Shareholding ratio
KENMEC MECHANICAL ENGINEERING CO., LTD.	57,666,119	28.833%

Note 1: The information on major shareholders is acquired from the data of Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and special stocks of the Company that have been registered and delivered in dematerialized form (including treasury stocks) on the last business day at the end of the current quarter. The capital stock stated in the consolidated financial statements of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

Note 2: In case any shareholder who transferred their stocks to a trustee, the information on such shareholder was disclosed based on the account of the principal subject to the trust account opened by the trustee. As for a shareholder who declares insider shares of more than 10% shareholdings pursuant to the securities and exchange regulations, the number of shares held includes the shares of the shareholder and the shares that he/she transferred to a trustee and for which he/she has the right to determine the application of the trust property. For more information on the declaration of insider shares, refer to the MOPS.

§STATEMENTS OF MAJOR ACCOUNTING ITEMS§

ITEM	NO./INDEX
Statements of asset, liability and equity items	
Statement of Cash and Cash Equivalents	Statement 1
Statements of Financial Assets Measured at Amortized Cost – Non-current	Statement 2
Statement of Accounts Receivable	Statement 3
Statement of Other Receivables	Statement 4
Statement of Inventories	Statement 5
Statement of Prepayments	Statement 6
Statement of Other Current Assets	Statement 7
Statement of Changes in Financial Assets Measured at Fair Value through Profit or Loss – Non-current	Statement 8
Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income – Non-current	Statement 9
Statements of Changes in Financial Assets Measured at Amortized Cost – Non-current	Statement 10
Statement of Changes in Investment under Equity Method	Statement 11
Statement of Changes in Property, Plant and Equipment	Note 14
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 14
Statement of Changes in Right-of-use Assets	Statement 12
Statement of Changes in Accumulated Depreciation of Right-of-use Assets	Statement 13
Statement of Changes in Right-of-use Assets	Note 16
Statement of Deferred Income Tax Assets	Note 26
Statement of Other Non-current Assets	Statement 14
Statement of Short-term Loans	Statement 15
Statement of Accounts Receivable	Statement 16
Statement of Other Payables	Statement 17
Statement of Contract Liabilities	Statement 18
Statement of Other Current Liabilities	Statement 19
Statement of Long-term Loans	Statement 20
Statement of Lease Liabilities	Statement 21
Statements of Profit or Loss Items	
Statement of Operating Revenue	Statement 22
Statement of Operating Costs	Statement 23
Statement of Operating Expenses	Statement 24
Statement of other Profits, Expenses, and Losses – Net	Statement 25
Statement of Financial Cost	Statement 26
Statement of Current Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function	Statement 27

Tainergy Tech. Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2020

Statement 1

Unit: NTD thousand unless otherwise specified

Item	Summary	Amount
Cash on hand		$ 280
Bank deposit		
Check and demand deposit	Including RMB 23,830,000, @4.377; JPY 265, @0.2763; USD 3,615,000, @28.48; EUR 64,000, @35.02, and NTD 72,230,000	210,685
Cash equivalents		
Bank time deposit with an initial maturity date within 3 months	Including RMB 16,236,000	71,063
		$ 282,028

Note: Maturity date of cash equivalents and interest rate

Bank	Maturity date	Interest rate	Amount
Mega International Commercial Bank	January 5 2021	2.4%	$ 71,063

Tainergy Tech. Co., Ltd.

Statements of Financial Assets Measured at Amortized Cost – Non-current

December 31, 2020

Statement 2

Unit: NTD thousand

Name	Number of pieces	Par value	Total	Interest rate	Book value	Accumulated impairment	Remarks
Mega International Commercial Bank time deposit	-	-	$ 10,000	0.07%	$ 10,000	$ -	Refer to Note 34 for mortgage and pledge.
President Securities Corporation: DSU 100% principal-protected structured product No. 1475 deposits in USD	-	-	85,440	0.45% and an annualized payout ratio of 0%–0.05%	85,440	-	—
			$ 95,440		$ 95,440	$ -	

Tainergy Tech. Co., Ltd.

Statement of Accounts Receivable

December 31, 2020

Statement 3 | Unit: NTD thousand

Name of Customer	Summary	Amount
Non-related party		
BM company	Payment for purchase	$ 83,424
Others (Note)	〃	2,008
Less: Loss allowance		(842)
		84,590
Related party		
Tainergy Technology (Kunshan) Co., Ltd.	〃	5,852
		$ 90,442

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.

Statement of Other Receivables

December 31, 2020

Statement 4 Unit: NTD thousand

Item	Summary	Amount
Non-related party		
Business tax refund		$ 5
Purchase discounts		7,033
Interest receivable	Bank time deposit interest	53
Others (Note)		3,265
		10,356
Related party		
TAISIC MATERIALS CO.	Payment for others and equipment payment	223,568
VIETNERGY COMPANY LIMITED	Payment for others and equipment payment	120,583
Tainergy Technology (Kunshan) Co., Ltd.	Loaning of funds, interest receivable, equipment payment and payment for others	43,929
KENTEC INC.	Payments for others	90
		388,170
		$ 398,526

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.

Statement of Inventories

December 31, 2020

Statement 5

Unit: NTD thousand

Item	Summary	Amount	Market price
In-transit inventory	WAFER etc.	$ 28,060	$ 28,941
Work in process	Solar cell and module	46,889	46,154
Finished goods	Solar cell and module	83,738	85,813
		$ 158,687	$ 160,908

Tainergy Tech. Co., Ltd.

Statement of prepayments

December 31, 2020

Statement 6

Unit: NTD thousand

Name	Summary	Amount
Prepayment for purchase	Prepayment for purchase of material	$ 16,567
Others (Note)	Prepayment for development project expense, etc.	10,525
		$ 27,092

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.

Statement of other current assets

December 31, 2020

Statement 7 Unit: NTD thousand

Item	Summary	Amount
Other financial assets – restricted current deposits	Taiwan Business Bank current deposits pledge	$ 10,724

Tainergy Tech. Co., Ltd.

Statement of Changes in Financial Assets Measured at Fair Value through Profit or Loss – Non-current

2020

Statement 8

Unit: NTD thousand
unless otherwise specified

Name of financial instrument	At the beginning of the period		Increase in the current period		Decrease in the current period		Valuation amount	At the end of the period		Provided as guarantee or pledge	Remarks
	Number of Shares or Pieces	Fair value	Number of Shares or Pieces	Amount	Number of shares or pieces	Amount		Number of shares or pieces	Fair value		
5-year Structured instruments valued in USD	-	$ 3,003	-	$ -	-	($ 3,003)	$ -	-	$ -	None	

Tainergy Tech. Co., Ltd.

Statement of Changes in Financial Assets Measured at Fair Value through Other Comprehensive Income – Non-current

December 31, 2020

Statement 9

Unit: NTD thousand
unless otherwise specified

Name	At the beginning of the period		Increase in the current period		Decrease in the current period		At the end of the period		Accumulated impairment	Provided as guarantee or pledge	Remarks
	Number of shares or pieces	Fair value	Number of pieces	Amount	Number of shares or pieces	Amount	Number of shares or pieces	Fair value			
KENTEC INC.	3,926,440	$ 20,658	-	$ -	(1,632,555)	$ -	2,293,885	$ 20,658	Not applicable	None	Note

Note: KENTEC INC. conducted capital reduction to make up loss this year, so the number of shares was reduced.

Tainergy Tech. Co., Ltd.

Statements of Changes in Financial Assets Measured at Amortized Cost – Non-current

2020

Statement 10

Unit: NTD thousand

Name	At the beginning of the period		Increase in the current period		Decrease in the current period		At the end of the period		Provided as guarantee or pledge	Remarks
	Number of pieces	Book value	Number of pieces	Book value	Number of pieces	Book value	Number of pieces	Book value		
Bank of Taiwan time deposit – pledged by Customs	-	$ 100	-	$ -	-	$ -	-	$ 100	Refer to Note 34 for more information	Interest rate 0.65%

Tainergy Tech. Co., Ltd.

Statement of Changes in Investment under Equity Method

2020

Statement 11

Unit: NTD thousand

Name of investee	Balance – beginning of the period		Increase in the Current Period (Note 2)		Decrease in the current period									Balance – ending of the period			Market price or net equity			
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Capital reserves	Investment profit (loss)	Unrealized sales profit or loss	Unrealized profit from disposal property, plant and equipment	Unrealized profit/loss from financial assets	Cumulative translation adjustment	Cash dividend	Number of shares	Shareholding ratio (%)	Amount	Unit Price	Total price	Valuation basis	Provided as guarantee or pledge
Non-publicly quoted entity																				
Tainergy Tech Holding (Samoa) Co., Ltd.	70,203,516	$ 791,347	-	$ -	-	$ -	($ 110)	($ 57,317)	$ 147	$ -	$ -	$ 11,903	$ -	70,203,516	100	$ 745,970		$ 746,033	Equity method	None
Cheng Yang Energy Co., Ltd.	6,000,000	(123,130)	-	36,218	6,000,000	60,584	-	8,906	138,590	-	-	-	-	-	100	-		-	Equity method	None
VIETNERGY COMPANY LIMITED	-	752,575	-	-	-	-	-	(44,869)	12	1,646	-	(36,843)	-	-	100	672,521		687,260	Equity method	None
Star Solar New Energy Co., Ltd.	500,000	4,710	-	-	-	-	-	(300)	(83)	(28)	-	-	-	500,000	100	4,299		4,410	Equity method	None
TAISIC MATERIALS CO.	-	-	1,932,000	19,320	-	-	(78)	(14,768)	(131)	(3,269)	-	-	-	1,932,000	64.4	1,074		4,474		
		$ 1,425,502		$ 55,538		$ 60,584	($ 188)	($ 108,348)	$ 138,535	($ 1,651)	$ -	($ 24,940)	$ -			$ 1,423,864		$ 1,442,177		

Note 1: It was calculated based on the CPA audited financial statements of 2020.

Note 2: Cheng Yang Energy Co., Ltd. had an increase of NTD 36,218,000 in the current period because of the buyback of the machine and equipment from Cheng Yang Energy Co., Ltd. prior to 100% disposal of the equity on April 28, 2020, and the transfer of the unrealized sales profit in the previous year to the balance of property, plant, and equipment.

Tainergy Tech. Co., Ltd.

Statement of Changes in Right-of-use Assets

2020

Statement 12

Unit: NTD thousand

Item	Balance – beginning of the period	Increase in the current period	Decrease in the current period	Balance – ending of the period
Building	$ 26,832	$ 38,966	$ 26,832	$ 38,966

Tainergy Tech. Co., Ltd.

Statement of Changes in Accumulated Depreciation of Right-of-use Assets

2020

Statement 13 Unit: NTD thousand

Item	Balance – beginning of the period	Increase in the current period	Decrease in the current period	Balance – ending of the period
Building	$ 18,987	$ 5,561	$ 23,142	$ 1,406

Tainergy Tech. Co., Ltd.

Statement of Other Non-current Assets

December 31, 2020

Statement 14 Unit: NTD thousand

Item	Summary	Amount
Prepayment for equipment		$ 5,779
Guarantee deposits paid	Performance bond for loans	18,500
		$ 24,279

Tainergy Tech. Co., Ltd.

Statement of Short-term Loans

December 31, 2020

Statement 15

Unit: NTD thousand

Type of loan	Creditor	Balance – ending of the period	Contract period	Interest rate range (%)	Banking facility	Mortgage or guarantee
Unsecured loan – credit loan	Hua Nan Bank	$ 30,000	109/10/6-110/1/4	1.75%	$ 30,000	None
	Bank of Taiwan	80,000	109/10/27-110/4/23	2.245%	80,000	None
Secured loans	Taiwan Business Bank	60,000	109/12/24-110/6/24	1.75%	60,000	Yes
	Mega International Commercial Bank	50,000	109/7/23-110/1/19	2.09%	90,000	Yes
		$ 220,000			$ 260,000	

Note: Refer to Note 33 and 34 for mortgage and pledge.

Tainergy Tech. Co., Ltd.

Statement of Accounts Receivable

December 31, 2020

Statement 16 Unit: NTD thousand

Item	Summary	Amount
Accounts of non-related party		
J company	Payment for purchase	$ 113,049
BI company	〃	20,907
BJ company	〃	16,096
BH company	〃	14,198
Others (Note)	〃	19,502
		$ 183,752
Related party		
VIETNERGY COMPANY LIMITED	Payment for purchase	$ 75,901
Tainergy Technology (Kunshan) Co., Ltd.	〃	9,558
		$ 85,459

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.

Statement of Other Payables

December 31, 2020

Statement 17

Unit: NTD thousand

Item	Summary	Amount
Other payables – related parties	Processing expense and import/export related	$ 14,609
	Equipment payment	4,831
	Payment payable on entrusted purchase of equipment	3,075
	Others (Note)	350
		22,865
Other payables – non-related parties	Equipment payment	51,291
	Salary and bonus	26,774
	Royalties payable	15,238
	Compensation payable	11,465
	Others	29,604
		134,372
		$ 157,237

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.

Statement of Contract Liabilities

December 31, 2020

Statement 18 | Unit: NTD thousand

Name	Summary	Amount
Non-related party		
BP company	Payment for purchase	$ 16,199
BQ company	〃	13,436
Cheng Yang Energy Co., Ltd.	〃	7,857
AM company	〃	7,478
Others (Note)		7,052
Related party		
TAISIC MATERIALS CO.		4,786
		$ 56,808

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.

Statement of Other Current Liabilities

December 31, 2020

Statement 19 Unit: NTD thousand

Item	Summary	Amount
Refund liabilities		$ 5,900
Collections	Withhold of 2nd generation health insurance premium	514
		$ 6,414

Tainergy Tech. Co., Ltd.

Statement of Long-term Loans

December 31, 2020

Statement 20

Unit: NTD thousand

Creditor	Summary	Contract period	Interest rate %	Amount			Mortgage or guarantee
				Due within one year	Due more than one year	Total	
Chailease Finance Co., Ltd.	Secured loans	107.5.21-110.5.20	2.85%	$ 33,420	$ -	$ 33,420	Note
Taiwan Business Bank	Secured loans	107.11.26-110.8.26	2.00%	8,000	-	8,000	None
Chailease Specialty Finance Co., Ltd.	Secured loans	109.4.30-111.4.30	2.6%	50,280	16,010	66,290	Note
Bank SinoPac	Secured loans	109.4.28-116.8.28	2.115%	9,684	87,388	97,072	Note
				$ 101,384	$ 103,398	$ 204,782	

Note: Refer to Note 33 and 34 for mortgage and pledge.

Tainergy Tech. Co., Ltd.

Statement of Lease Liabilities

December 31, 2020

Statement 21

Unit: NTD thousand

Item	Lease term	Discount rate	Amount
Building	5–18 years	2.4%~2.45%	$ 37,671
Less: Stated as current liabilities			6,694
Lease liabilities – non-current			$ 30,977

Tainergy Tech. Co., Ltd.

Statement of Operating Revenue

2020

Statement 22 Unit: NTD thousand

Item	Quantity	Amount
Solar cell		$ 2,075,067
Solar power construction		58,595
Solar module		4,211
Revenue from sale of electricity		19,329
Revenue from repair and others		14,328
		$ 2,171,530

Tainergy Tech. Co., Ltd.

Statement of Operating Costs

2020

Statement 23

Unit: NTD thousand

Item	Amount
Manufacturing cost	
Raw material – beginning of the period	$ 6,150
Inventory of supplies – beginning of the period	192
Plus: Purchase of material in the current period	1,290,419
Less: Transfer to expense	(4,923)
Sale of raw material	(34,098)
Transfer to inventory of supplies	(3,536)
Received for construction in progress	(29,499)
Raw material – ending of the Period	(3,183)
Consumables in the current period	1,221,522
Direct personnel	25
Manufacturing expense	850,285
Less: Carry-over of electricity sales cost	(11,518)
Transfer of idle capacity cost	(13,131)
Manufacturing cost	2,047,183
Plus: Work in process at beginning of the period	30,562
Finished goods transfer in	164,500
Less: Work in process at the ending of the period	(50,651)
Cost of finished goods	2,191,594
Plus: Finished goods at the beginning of the period	44,988
Finished goods purchased	6,184
Less: Transfer to expense	(4,230)
Work in process transfer in	(164,500)
Sale of semi-finished goods	(2,050)
Transfer uncompleted construction and equipment to be tested	(10,660)
Finished goods at the ending of the period	(121,857)
Production/sales cost	1,939,469
Construction cost	
Construction in progress at the beginning of the period	11,191
Transfer in from raw material	29,499
Labor expense invested in the current period	8,283
Construction in progress at the ending of the period	(251)
Construction cost subtotal	48,722
Cost to sell raw materials	34,098

(Next page)

(Continued from previous page)

Item	Amount
Sale of semi-finished goods	$ 2,050
Capacity difference amortization	13,131
Inventory devaluation loss (including prepayment for purchase impairment loss and valuation loss of NTD thousand)	(14,243)
Repair cost	19,945
Electricity sales cost	11,518
Operating costs	$ 2,054,690

Tainergy Tech. Co., Ltd.

Statement of Operating Expenses

2020

Statement 24 Unit: NTD thousand

	Amount			
Name	Marketing expenses	Administrative Expenses	R&D Expenses	Total
Salary expense and bonus	$ 11,696	$ 83,704	$ 4,932	$ 100,332
Depreciation	858	3,284	3,154	7,296
Other expenses (Note)	7,604	22,147	10,427	40,178
	$ 20,158	$ 109,135	$ 18,513	$ 147,806

Note: The balance of all the accounts did not exceed 5% of the balance under this account.

Tainergy Tech. Co., Ltd.

Statement of Other Profits, Expenses, and Losses – Net

2020

Statement 25 Unit: NTD thousand

Item	Summary	Amount
Loss (profit) on disposal of property, plant, and equipment		$ 7,332
Foreign currency exchange loss – net		(4,362)
Profit on financial assets measured at fair value through profit or loss		(32)
Profit on lease modification		72
Loss on disposal of investments		(50,196)
Others	Assets obsolescence revenue, etc.	6,342
		($ 40,844)

Tainergy Tech. Co., Ltd.

Statement of Financial Cost

2020

Statement 26 Unit: NTD thousand

Item	Summary	Amount
Chailease Finance Co., Ltd.	Loan interest	$ 4,327
Taiwan Business Bank	〃	1,397
Bank of Taiwan	〃	958
Mega International Commercial Bank	〃	682
Hua Nan Bank	〃	527
Bank SinoPac	〃	1,422
Chailease Specialty Finance Co., Ltd.	〃	1,848
KENMEC MECHANICAL ENGINEERING CO., LTD.	〃	3,767
KENMEC MECHANICAL ENGINEERING CO., LTD.	Interest on lease liabilities	232
Others	〃	113
	Capitalization of interest	(2,072)
		$ 13,201

Tainergy Tech. Co., Ltd.

Statement of Current Employee Benefits, Depreciation, Depletion, and Amortization Expenses by Function

January 1 to December 31, 2020 and 2019

Statement 27

Unit: NTD thousand

	2020			2019		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense						
Salary expense	$ 10,524	$ 93,256	$ 103,780	$ 16,121	$ 74,090	$ 90,211
Insurance expense	729	6,701	7,430	1,552	5,769	7,321
Pension expense	382	3,596	3,978	874	3,048	3,922
Remuneration to directors	-	3,480	3,480	-	3,650	3,650
Other employee benefit expenses	371	1,426	1,797	732	1,222	1,954
	$ 12,006	$ 108,459	$ 120,465	$ 19,279	$ 87,779	$ 107,058
Depreciation expenses	$ 9,871	$ 7,296	$ 17,167	$ 20,068	$ 4,145	$ 24,213
Amortization expenses	$ 96	$ 2,459	$ 2,555	$ 253	$ 347	$ 600

Notes:

1. The number of employees in the year and in the previous year was 91 and 92, respectively, and the number of directors who were not employees was 6 and 6, respectively.
2. (1) The average employee benefit expenses in the year were NTD 1,376,000 ("Total employee benefit expenses in the year - total remuneration to directors" / "Number of employees in the year - number of directors who were not employees").

   The average employee benefit expenses in the previous year were NTD 1,202,000 ("Total employee benefit expenses in the previous year - total remuneration to directors" / "Number of employees in the previous year - number of directors who were not employees").

   The average employee salary expenses in the year were NTD 1,221,000 (Total salary expenses in the year / "Number of employees in the year - number of directors who were not employees").

   The average employee salary expenses in the previous year were NTD 1,049,000 (Total salary expenses in the previous year / "Number of employees in the previous year - number of directors who were not employees").

   The average employee salary expenses changed by 16.4% ("Average employee salary expense in the year - average employee salary expense in the previous year" / average employee salary expense in the previous year).

   (4) The remuneration of NTD 1,885,000 to independent directors in the year and the remuneration of NTD 1,880,000 to independent directors in the previous year.

   (5) To enhance the remuneration system applicable to the directors and managerial officers of Tainergy Tech. Co., Ltd. (hereinafter referred to as Tainergy), the Remuneration Committee of Tainergy assesses the remuneration policy and system with regard to the directors and managerial officers of

Tainergy from an objective and professional point of view. At least two meetings are held every year and extraordinary meetings can be held whenever necessary to assist the Board of Directors in assessing and monitoring the overall remuneration policy and raise proposals as a reference for the Board of Directors to make decisions. The Remuneration Committee of Tainergy shall refer to the remuneration level and payment status of other companies in the industry as well as the business operation of Tainergy, personal performance of the employee, and the operating risk in the future, and shall not induce directors and managerial officers to be engaged in the activities beyond the risk tolerance of the Company for the purpose of pursuing remuneration. With respect to the time to distribute bonus in proportion with the short-term performance of directors and managerial officers, or remuneration that is partially variable, the Remuneration Committee shall consider the characteristics of the industry and the business nature of the Company to decide the proper time to pay. The Remuneration Committee shall faithfully exercise the following duties with the due care of a good administrator and submit the suggestions to the Board of Directors for discussion:

a. Ensure the level of the remuneration meets the requirement of labor laws and regulations and is good enough to attract the best talents.
b. Establish and periodically review the policy, system, standard and structure with respect to the performance evaluation of directors and managerial officers and the level of remuneration.
c. Establish and periodically evaluate the performance of the directors and managerial officers and the remuneration to them.
d. The contents and amounts of the remuneration to the directors and managerial officers shall be determined in consideration of its reasonableness. The remuneration to the directors and managerial officers shall not substantially deviate from the financial performance.

VI. If the Company or any of its affiliated companies had, in the most recent year up to the publication date of this annual report, experienced financial distress, the impacts to the Company's financial status: None.

Seven. Financial status and financial performance and assessment of risks to be listed

I. Financial Status

Comparative Analysis of Financial Status

Unit: NTD thousand; %

Item \ Year	2019	2020	Difference	
			Amount	%
Current assets	1,451,381	1,429,767	(21,614)	(1.49)
Property, plant and equipment	2,013,145	1,807,941	(205,204)	(10.19)
Intangible assets	19,443	17,403	(2,040)	(10.49)
Other assets	686,247	687,916	1,669	0.24
Total assets	4,170,216	3,943,027	(227,189)	(5.45)
Current liabilities	1,530,672	1,554,256	23,584	1.54
Non-current liabilities	840,872	610,490	(230,382)	(27.40)
Total liabilities	2,371,544	2,164,746	(206,798)	(8.72)
Equity attributable to the owner of the parent company	1,798,672	1,775,808	(22,864)	(1.27)
Share capital	2,000,000	2,000,000	0	0.00
Capital reserves	795,161	794,973	(188)	(0.02)
Retained earnings	(484,474)	(482,210)	2,264	(0.47)
Other equity	(512,015)	(536,955)	(24,940)	4.870
Total equity	1,798,672	1,778,281	(20,391)	(1.13)

Description of major variations (increase or decrease ratio reaching 20% or more and its amount of change reaches NTD 10 million) of accounting items:

1. Decrease in current assets: Due to the decline in sales, the receivables decreased.
2. Decrease real estate, plant and equipment: Due to t selling the subsidiary (power plant).
3. Decrease in liabilities: Due to repayment of loans.

II. Financial performance

1. Main reasons for any major change in operating revenues, operating income, or income before tax during the past two fiscal years:

Unit: NTD thousand; %

Item \ Year	2019	2020	Increase/decrease amount	Change in percentage
Operating revenue	2, 328, 813	2, 193, 597	(135, 216)	(5. 81)
Gross profit	(119, 615)	225, 484	345, 099	(288. 51)
Operating profit and loss	(329, 564)	5, 148	334, 712	(101. 56)
Non-operating revenue and expenses	(180, 142)	(11, 888)	168, 254	(93. 40)
Profit before tax	(509, 706)	(17, 036)	492, 670	(96. 66)
Net profit of continuing operations for the period	(484, 003)	(5, 340)	478, 663	(98. 90)
Net profit (loss) for the period	(484, 003)	(5, 340)	478, 663	(98. 90)
Other comprehensive income (after tax) for the period	(55, 648)	(25, 621)	30, 027	(53. 96)
Total comprehensive income for the period	(539, 651)	(30, 961)	508, 690	(94. 26)

Description of major variations (increase or decrease ratio reaching 20% or more and its amount of change reaches NTD 10 million) of accounting items:

1. Gross profit and operating profit or loss: In 2020, the profit from selling the subsidiary (power plant) was recognized. In 2020, due to the re-distribution of market regions and the receipt of stable orders, the gross profit margin increased significantly from 2019.
2. Non-operating income and expenses: Mainly due to the impairment loss recorded in 2019.
3. Profit before tax, profit (loss) for the period, other comprehensive income for the period (net after tax), total comprehensive income for the period:
   In 2020, the profit from selling the subsidiary (power plant) was recognized. In 2020, due to the re-distribution of market regions and the receipt of stable orders, the gross profit margin increased significantly from 2019.

2. Expected sales volume in the coming year and its basis: As the solar industry is growing at a steady pace, prices for solar cells and modules will also improve alongside the recovery of the imbalance between supply and demand in the industry. Hence, the Company's sales volume in the coming year is expected to grow.
3. Possible impact on the Company's future financial operations and action plans: None.

III. Cash flow

1. Analysis of changes in cash flows of the most recent year

Unit: NTD thousand; %

Item	2019	2020	Increase (decrease) change	
			Amount	%
Operating activities	415, 681	484, 303	68, 622	16. 51
Investment activities	55, 394	(419, 039)	(474, 433)	(856. 47)
Fund-raising activities	(414, 903)	(143, 218)	271, 685	(65. 48)
Analysis of changes in the percentage of increase/decrease:	22, 951	(83, 220)	(106, 171)	(462. 60)

Net cash inflow (outflow) from operating activities:

1. Net cash inflows from operating activities: In 2020, the profit from selling the subsidiary (power plant) was recognized.
2. Net cash inflows from investing activities: Mainly due to the acquisition of real estate, plant

and equipment in 2020. 3. Net cash outflow from fund raising activities: Mainly due to the repayment of bank loans in 2020.

2. Improvement plan for insufficient liquidity: None.
3. Cash flow analysis for the coming year:
   (1) Operating activities: Mainly due to the increase in cash inflows from the expected increase in profit in 2021.
   (2) Investment activities: Cash outflows from investment activities are mainly due to the expected investment in equipment in 2021.
   (3) Fund-raising activities: Cash inflows from fund raising activities are mainly due to the expected loans from related parties in 2021.

IV. **Effect of material capital expenditure in the most recent year on the financial status:**

In light of the need for TAISIC MATERIALS CORP. to expand the production line, a large amount of production equipment was purchased in 2020, as the production capacity increase would be beneficial to the overall operational development of Tainergy Group.

V. The investment policies, the main reasons for the gains or losses of investments in the most recent year, the improvement plan and the investment plans for the next year:

1. The Company's investment policy

In a bid to grasp the operating results of the investees in a timely manner, at Tainergy, we have formulated management rules for subsidiaries as well as the internal control investment cycle. The "Acquisition or Disposal Operations" and the "Subsidiary Monitoring Operations" within the scope of the internal control investment cycle have also been established as the basis for investment operations and management.

2. Main reason for profit or loss
   (1) TAINERGY TECH HOLDING (SAMOA) CO., LTD.: The Company indirectly invested in Tainergy Technology (Kunshan) Co. Ltd. through TAINERGY TECH HOLDING (SAMOA) CO., LTD., making TAINERGY TECH HOLDING (SAMOA) CO., LTD. a holding company. In 2020, the Company suffered a loss of NTD 57,255 thousand, mainly due to the recognition of the loss in investment in Tainergy Technology (Kunshan) Co. Ltd.
   (2) Tainergy Technology (Kunshan) Co. Ltd.: The Company was established through the indirect investment of Tainergy Tech Holding (Samoa) Ltd. with the consideration of the large domestic market in China and the increasing production cost in Taiwan, so as to reduce production cost and to enhance competitiveness. A loss of NTD 57,255 thousand was mainly due to the negative gross profit as a result of the solar market downturn in 2020.
   (3) VIETNERGY Company Limited: It is a production base the Company established in Vietnam in 2014 in response to the anti-dumping duties imposed by the US. As the labor cost in Vietnam is lower, it helps attract orders from Southeast Asia outside of Europe and the US. In 2020, the market condition in the solar industry suffered a downturn, resulting a negative gross profit, with a loss of NTD 43,738 thousand.
3. Investment plan for the coming year

With the positive attitude towards the SIC's global market development alongside the patent technology assistance provided by the National Chung Shan Institute of Science and Technology, in 2021, up to NTD 500 million in capital expenditures is expected to be invested in SIC. A smooth mass production is anticipated in the 4th quarter, which will be a favorable factor to the overall operation development of the Group.

VI. Analysis and assessment of risks during the most recent year or during the current year up to the date of publication of the annual report:

(I) Risk factors

1. Effect of interest and exchange rate changes and inflation on the income of the Company, and future responsive measures:

(1) Effect of interest rate changes

The Company's finance cost for 2020 was NTD 28,792 thousand, accounting for 559.29% of the net operating loss for the period, showing that interest eroded part of the Group's profitability. However, the Company will make an effort to evaluate bank borrowing rates from time to time while maintaining a good relationship with the banks in order to obtain more favorable interest rates. The utilization of capital will also be adjusted accordingly as per the change of interest rate so as to reduce the impact of the change imposed on the Company's profit or loss. We will also raise capital in the capital market to improve the Company's financial structure, as well as to reduce the impact of raising interest rates on the Company.

(2) Effect of exchange rate changes

Our sales are mainly denominated in US dollars, and our imports of major raw materials are also priced in US dollars, hence the offsetting effect of imports and sales can be achieved. The Company basically adopts the characteristics of natural hedging and uses foreign currency cash from foreign sales to cover foreign currency payables arising from the purchase of raw materials. However, due to the fact that the Company's assets and liabilities in foreign currency are not identical and the payment terms are different, it is impossible to achieve a full natural hedge, resulting in assets in foreign currency fluctuating with the market exchange rates. In order to hedge the risk of exchange rate fluctuations, not only will the Company take into account of the trend of exchange rate provided by the banks that the Company has dealings with, but our board of directors has also resolved to operate derivatives. The derivatives operated by the Company will be used to hedge the risks arising from business operations as well as to limit the amount of the Company's overall internal net position (income and expenses in foreign currency), reducing the impact of exchange rate changes on the Company. In 2020, the Company's foreign exchange loss totaled NTD 3,747 thousand, accounting for only 0.17% of revenue, showing that the exchange rate hedging approaches taken by the Company were effective.

(3) Inflation impact

We have not been materially affected by inflation as we keep a close eye on the fluctuation of market prices and maintain an interactive relationship with all the suppliers and customers in an attempt to avoid adverse effects of inflation on the Company's profit or loss.

2. Policy on high-risk, highly-leveraged investments, loaning of funds to others, endorsements and guarantees as well as derivatives trading, main reasons for gains or losses, and future responsive measures:

(1) During the most recent year or during the current year up to the date of publication of the annual report, the Group has not engaged in any high-risk, highly leveraged investments.

(2) Not only do the Company and its subsidiaries comply with applicable operating procedures when loaning funds to others, providing endorsements/guarantees or engaging in derivatives trading, we also prepare reports publicly on a regular basis as required by the competent

authorities.

1. Loaning funds to others: As of the date of publication of the annual report, the Company and its subsidiaries have loaned funds only to the Company's affiliated companies.
2. Endorsement/guarantee: As of the date of publication of the annual report, the Company and its subsidiaries have provided endorsements/guarantees only to the Company or its subsidiaries in which the Company holds 50% or more of the shares.
3. The Company engages in derivatives mainly for the purpose of hedging the risk of exchange rate fluctuations. The relevant transactions are announced and reported as acquired and handled in accordance with the Company's "Operating Procedures of Acquisition or Disposal of Assets."

3. Future research and development projects, and funds expected in connection therewith:

(1) Future R&D project

Our company is specialized in the R&D and production of solar cells. In the future, we will focus on the following process technologies:

01.Single PERC solar cell efficiency improvement (mono-crystalline: 23.0%)

02.9BB/MBB/Stacked tile product development

In terms of new material applications:

01.Large size wafer evaluation

02.Development and testing of new material passivation technology

03.HJT product development

(2) Expected investment in R&D

The Company expects to focus on investing in R&D to optimize process technology and new material applications and introduce advanced processes to maintain competitive advantage. For 2021, another NTD 500 million is expected to be invested.

4. Financial impacts and responsive measures in the event of changes in local and foreign important policies and regulations:

Not only do we comply with applicable domestic and foreign laws and regulations in our daily operations, we also focus on the development of domestic and foreign policies and changes at all times in order to fully get hold of the changes in the market, while proposing action plans in a timely manner. Regarding the anti-dumping policy against solar energy imposed by the United States Department of Commerce in 2014, the final decision of an anti-dumping rate of 19.5% was a reasonable range with the Company's estimate. Given that the policy took approximately one year, the Company had enough time to readjust its customer structure, and increased the volume of shipments to its existing customers in Europe, Asia and Japan, while also accelerating the development of the Southeast Asian market to mitigate the potential impact arising from the final anti-dumping tax rate. As of publication date of the annual report, the Company's finance operations have not been impacted by changes in important local and foreign policies and regulations.

5. Financial impacts and responsive measures in the event of changes in technology and industry:

The industry that the Company is in an oversupply state; many solar manufacturers are suffering from losses, followed by solvency issues. As a means to ensure the collection of accounts, the Company adjusts the collection terms for customers and shortens the credit period while taking the collection approach of “T/T in advance” for customers with doubtful credit.

6. The impact of changes in the Company’s image upon its crisis management and responsive measures:

   We have a dedicated spokesperson and acting spokesperson, and an investor relations department in place to maintain the relationships between the public and investors and building up the Company’s corporate image. We also comply with applicable laws and regulations and do our utmost to strengthen the internal management and improve management quality and performance, while at the same maintaining harmonious labor relations in a bid to continue to maintain our positive corporate image. During the most recent year up to the date of publication of the annual report, nothing occurred that impacted the Company’s corporate image.

7. The expected benefits from merger, the potential risks and responsive measures:

   As of the date of publication of the annual report, the Company has had no M&A plans. When the Company creates an M&A plan in the future, it shall do so by carrying out prudent assessments and fully considering the effect of the merger to ensure the rights and interests of shareholders.

8. The expected benefits, potential risks, and responsive measures with regard to any plant expansion:

   Currently, the Company does not have plans regarding the expansion of our product capacity.

9. The risks and responsive measures with regard to any concentrated purchases or sales:

   (1) Risk assessment of concentrated purchases:

   In a bid to effectively control the source of supply, the Group has signed the supply contract with a number of suppliers. The source of our supply is somewhat stable. In 2021, we did not spend more than 30% of the purchase amount on a single supplier, and we continue to seek new suppliers. Therefore, there is no risk of over-concentration of purchases.

   (2) Risk assessment of concentrated sales:

   In 2020, the major sale market was the U.S. Market. The Company has mainly produced poly-crystalline cells and aligned with the U.S. sales strategies of BM so that the Company has a greater share. Since 2021, the product strategy has focused on mono-crystalline cells. In addition to cooperation with the existing customer BM, the Company will reach out other customers who have a demand for mono-crystalline cells in the U.S. market.

10. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, a supervisor, or a shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

11. Impacts on the Company, risks and responsive measures with regard to any change in management rights: None.

12. Litigation and non-litigation cases

    (1) As of the most recent year up to publication date of the annual report, major litigious, non-litigious or administrative disputes that could materially affect shareholders’ equity or the prices of the company’s securities: None.

    (2) As of the most recent year up to publication date of the annual report, major litigious, non-litigious or administrative disputes that involve the

company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company, may pose significant impact on shareholders' equity and the price of the securities: None.

(3) The company and/or any company director, supervisor, managerial officers, and major shareholder holding a stake of greater than 10 percent, as of the last two years and as of the date of publication of the annual report regarding the matters stipulated in Article 157 of the Securities and Exchange Act and the current situation of the Company: None.

(4) The company and/or any company director, supervisor, managerial officers, and major shareholder holding a stake of greater than 10 percent, have experienced financial difficulties or loss of credit as of the last two years and as of the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial status: None.

13.Other important risks and mitigation measures being or to be taken:

I. Information security risk:

(1) Information safety:

When it comes to the Company's information security, we uphold the principle of "everyone is responsible for information security, establishing the information security system, strengthening information security protection, ensuring the Company's confidential information, and the promotion of personal information." Relevant measures have been formulated accordingly for employees to adhere to. Over the years, we have been making an effort to improve our information security management mechanism. Not only do we implement information security through email notifications from time to time, we also promote its related measures on the website. At Tainergy, we continue to refine our information security management and enforce information security operations, protect customer data and company intellectual property, and strengthen our information security incident response capabilities. By implementing these measures, we strive to become the best indicator in terms of all aspects of information security.

(2) Information security and cyber risk control:

Due to the growing development in network technology, the techniques of cyber-attacks are constantly changing and becoming more frequent. It is impossible for the information system to completely prevent network from being paralyzed by cyber-attacks. The Company has adopted proactive information security enhancement operations, and aside from introducing new firewalls, spam and malicious mail filtering devices, basic protection for employees to use internet, real-time updates to the operating system, automatic real-time updates to the anti-virus engine and centralized antivirus management, and all-day information security monitoring services, we also assess risks in relation to the information system to control and reduce risks arising from information security.

(3) Employee information security training and notification:

In addition to the immediately basic information security-related training we provide to newcomers, we also inform our employees via email with respect to the latest information on cyber-attacks so as to remind them of the precautions. We also promote related information security knowledge on receiving and sending emails in order to reduce the risk of attacks by employees who click on malicious emails by mistake. Furthermore, extensive related information is also available on the Company's intranet site to increase the ability of our employees of all departments in managing information security themselves. Through real-time communication software and email announcements, not only do we increase our employees' information security awareness, we also make sure that the concept of it is integrated into the daily operations.

(4) In 2020, the Company did not experience any major cyber-attacks that impacted its operations.

II. Market risk:

(1) Subsidies for solar industry all over the world have reduced

At present, the key factor that affects the solar power demand is mainly due to the subsidy policies around the world. We hope that, by lowering the cost of using solar power, the market demand will be increased. Unfortunately, many countries have already reduced the subsidies in the solar industry, and to be able to address the trend of declining prices of solar cell products due to the reduction of subsidies, the Company continues to expand its production capacity in order to boost economies of scale, while at the same time improving our manufacturing processes and production equipment. By strengthening our product quality, we are able to enhance our competitive advantages and reduce unit costs, achieving the aim of increasing our market visibility and profitability.

(2) Risk of product price decline

As solar energy products have been in decline since June 2018, the product prices have fallen to a relatively low point. At present, the prices have stabilized, reducing the risk of price declines

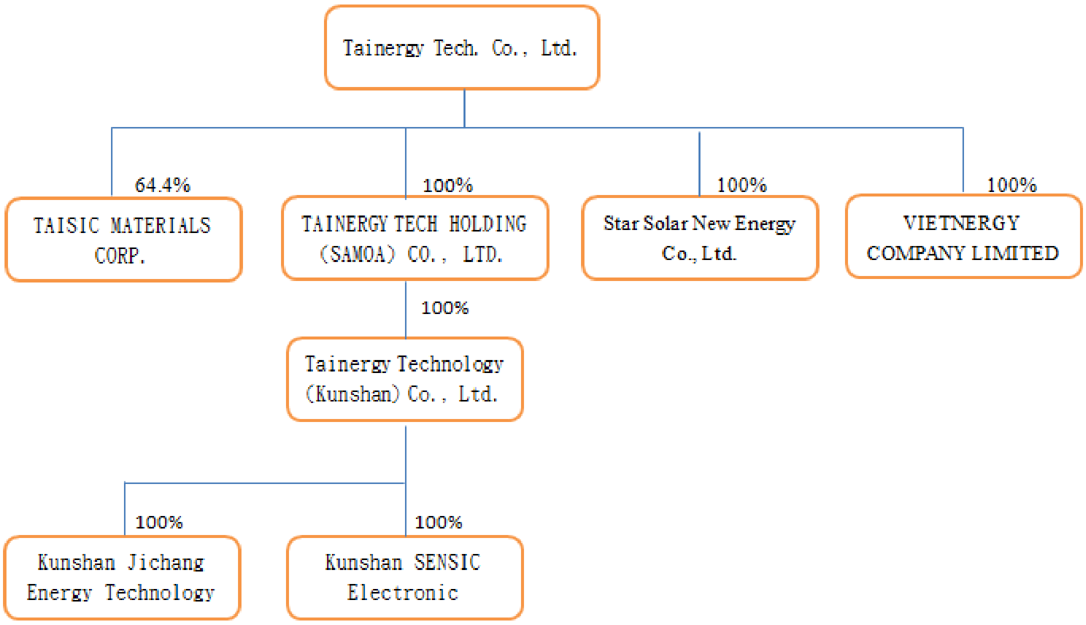
VII. Other important matters: None.

Eight.Special Items

I. Information on affiliates

(I) Consolidated Business Report of Affiliates

1. Chart of the Affiliates



Note 1: None of the above affiliates have investments in each other.
Note 2: The above information comes from the 2020 Auditors' Report.

2. Basic information on affiliates

Company name	Date of Incorporation	Address	Paid-in Capital on December 31, 2020 (Thousand)	Principal business or production lines
Tainergy Tech. Co., Ltd.	May 15, 2007	No. 5, Zihciang 1st Road, Jhongli District, Taoyuan City	NTD 2,000,000	R&D, design and production of high-tech green batteries (solar cells) and other related components
TAISIC MATERIALS CORP.	June 16, 2020	No. 5, Zihciang 1st Road, Jhongli District, Taoyuan City	NTD 30,000	Manufacturing and sales of electronic components
TAINERGY TECH HOLDING (SAMOA) CO., LTD.	January 17, 2003	Samoa	USD 70,000	Holding company
Tainergy Technology (Kunshan) Co., Ltd.	June 25, 2008	No. 1288, Fuchunjiang Road, Penglang Town, Kunshan Development Zone, Jiangsu Province	USD 70,000	R&D, design and production of high-tech green batteries (solar cells) and related batteries components
Kunshan SENSIC Electronic Materials Co., Ltd.	October 12, 2017	No. 1288, Fuchunjiang Road, Penglang Town, Kunshan Development Zone, Jiangsu Province	RMB 4,500	R&D, design, production and sales of electronic components
Kunshan Jichang Energy Technology Co., Ltd.	June 11, 2020	No. 1288, Fuchunjiang Road, Penglang Town, Kunshan Development Zone, Jiangsu Province	NTD —	Solar generation and sales
Star Solar New Energy Co., Ltd.	June 21, 2018	No. 5, Zihciang 1st Road, Jhongli District, Taoyuan City	NTD 5,000	Solar power generation and sales
VIETNERGY COMPANY LIMITED	September 17, 2014	Plant B, Thach That – Quoc Oai Industrial Zone, Hanoi City, Vietnam	USD 42,000	Manufacture of high-tech solar cells and related cell components

3. Shareholders presumed to have control and subordinate relationship with the same information: None
4. The overall relationship between business enterprises covered by the industry: Please refer to "Basic information on affiliates."

5. Information of directors, supervisors and general managers of each affiliated company

December 31, 2020 / Unit: Thousand Shares; %

Company name	Title	Name of individual or representative(s)	Shareholding	
			Number of shares/net worth	Shareholding ratio %
Tainergy Tech. Co., Ltd.	Person in charge	Legal representative of KENMEC MECHANICAL ENGINEERING CO., LTD.: CHING-FU HSIEH	57,666	28.83
TAISIC MATERIALS CORP.	Person in charge	MING-KAI HSIEH	300	10.00
TAINERGY TECH HOLDING (SAMOA) CO., LTD.	Person in charge	Legal representative of Tainergy Tech. Co., Ltd.: CHING-FU HSIEH	NTD745,970	100.00
Tainergy Technology (Kunshan) Co., Ltd.	Person in charge	Legal representative of Samoa: Legal representative of Tainergy Tech. Co., Ltd.: CHING-FU HSIEH	NTD746,009	100.00
Kunshan SENSIC Electronic Materials Co., Ltd.	Person in charge	Legal representative of Tainergy Technology (Kunshan) Co., Ltd.: CHING-FU HSIEH	NTD18,102	100.00
VIETNERGY COMPANY LIMITED	Person in charge	Legal representative of Tainergy Tech. Co., Ltd.: YI-KUANG CHEN	NTD672,521	100.00

6. Overview of the operations of each affiliate

December 31, 2020 / Unit: NTD thousand

Company name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Profit and loss for the period (after tax)	EPS (NTD) (after tax)	Currency
Tainergy Tech. Co., Ltd.	2,000,000	2,737,519	961,711	1,775,808	2,171,530	107,771	2,945	0.01	NTD
TAISIC MATERIALS CORP.	30,000	370,961	364,013	6,947	0	-2,877	-23,053	-17.93	NTD
TAINERGY TECH HOLDING (SAMOA) CO., LTD.	456,201	170,444	0	170,444	0	0	-13.375	None	CNY
Tainergy Technology (Kunshan) Co., Ltd.	451,947	336,350	165,912	170,438	15,088	821,469	-13,375	None	CNY
Kunshan SENSIC Electronic Materials Co., Ltd.	4,500	4,702	567	4,135	0	0	-363	None	CNY
Star Solar New Energy Co., Ltd.	5,000	4,474	64	4,410	0	-683	-300	0.60	NTD
VIETNERGY COMPANY LIMITED	926,140,000	1,180,008,186	560,855,029	619,153,157	647,010,108	-37,177,931	-37,121,301	None	VND

(II) Consolidated Financial Statements of Affiliates

Considering that the companies to be included into the consolidated financial statements of affiliated companies under the “Criteria Governing Preparation of Consolidated Business Report, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Report” were the same as those to be included into the consolidated financial statements of the parent and subsidiaries under SFAS 7 in 2020 (from January 1, 2020 to December 31, 2020), and the related information to be disclosed in the consolidated financial statements of affiliated companies was already disclosed in said consolidated financial statements of the parent and subsidiaries, no consolidated financial statements of affiliated companies were prepared separately.

(III) Affiliation report:

Tainergy Tech. Co., Ltd.

Affiliation report
2020

Address: No. 5, Ziqiang 1st Rd., Jhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City
Tel: (02) 27883798

Declaration

The affiliation report of 2020 (from January 1 to December 31, 2020) which have been prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” has no material discrepancy with the information disclosed in the notes to the financial statements for the period.

In witness thereof, the Declaration is hereby presented.

Company name: Tainergy Tech. Co., Ltd.

Person in charge: CHING-FU HSIEH

March 10, 2021

Qin-Shen No. 11002078 dated on March 26, 2021

Recipient: Tainergy Tech. Co., Ltd.
Subject: This is a statement to suggest that there is no material discrepancy in the 2020 affiliation report prepared by the Company.
Description:

I. By the statement of the Company, the Company's 2020 (January 1 to December 31, 2020) affiliation report prepared on March 10, 2021 is based on the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and there is no material discrepancy between the disclosed information and the financial reports provided. The Declaration is as attached.

II. We have compared the affiliation report prepared by the Company and the Company's remarks of the 2020 financial reports and we have found no material discrepancy based on the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises."

Deloitte & Touche Taiwan

CPA HUI-MING CHEN
CPA JUI-CHUAN CHIH

I. Overview of the relationship between subsidiaries and the controlling company

2020

Unit: NTD thousand

Name of the controlling company	Reason for control	Shareholding and pledge of the controlling company			Personnel assigned by the controlling company to serve as directors, supervisors, or managerial officers	
		Number of shares held	Shareholding ratio	Number of shares pledged	Title	Name
KENMEC MECHANICAL ENGINEERING CO., LTD.	Parent company	57,666 thousand shares	28.83%	-	Chairman Director	CHING-FU HSIEH WEI-TI CHEN

II. State of transactions that shall be recorded

(I) Purchases and sales:None

(II) Property transaction:None

(III) Financing: None

Unit: NTD thousand

Transaction type (loan or borrow)	Maximum balance	Ending balance	Interest rate range	Total interest for the current period	Financing period	Reasons for Facility	Obtain (provide) collateral		Transaction decision method (Note 1)	Provision of allowance for bad debts (Note 2)
							Item	Amount		
KENMEC MECHANICAL ENGINEERING CO., LTD. (Borrow)	$580,000	$ –	2%	$3,767	April 14, 2020 – April 13, 2021	The need for short-term financing	–	$ –	According to the nuclear authority, Approved by the chairman	–

(IV) Asset leasing

Unit: NTD thousand

Transaction type (Rental or lease)	Subject matter		Lease period	Nature of the leasing	Method by which the leasing price was determined	Collection (payment) method	Comparison with ordinary leasing price levels	Total leasing price for the current period	Collection/payment status	Other special stipulations
	Name	Location of the object leased								
Leased from KENMEC MECHANICAL ENGINEERING CO., LTD.	Plant and warehouse	No. 5, Zihciang 1st Road, Jhongli District, Taoyuan City	2016/05/01-2020/10/31	Operational leasing	Bargaining price	Monthly rent	No significant difference	$ 4,000	Paid in full	None
	Plant and warehouse	No. 5, Zihciang 1st Road, Jhongli District, Taoyuan City	2020/11/01-2025/10/31	〃	〃	〃	〃	3,800	Paid in full	None
	Office	3F, No. 97, Section 2, Nangang Road, Taipei City	2018/06/01-2020/10/31	〃	〃	〃	〃	250	Paid in full	None
	Office	6F, No. 97, Section 2, Nangang Road, Taipei City	2020/11/01-2025/10/31	〃	〃	〃	〃	50	Paid in full	None

(V) Other significant business transactions: The Company's prepayments to KENMEC were NTD 2,400 thousand and NTD 4,629 thousand for equipment.

III. The following particulars shall be stated with respect to endorsements and guarantees:None

II. Whether the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

<table>
<tr><th>Item</th><th>First private placement in 2013
Date of issue: December 10, 2013</th></tr>
<tr><td>Type of private placement</td><td>Common shares</td></tr>
<tr><td>Date and amount approved at the shareholders’ meeting</td><td>2013/06/28; no more than 50 million shares</td></tr>
<tr><td>The basis and reasonableness of price setting</td><td>1. The price of the common shares in the private placement shall be determined at no less than 80% of the higher of the following two bases prior to the date of the Company’s pricing.
(1) The simple average closing price of the common shares of the TWSE listed or TPEx listed company for either the one, three, or five business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
(2) The simple average closing price of the common shares of the TWSE listed or TPEx listed company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
2. The actual issue price shall be within the scope resolved in the shareholders’ meeting, and the board of directors is authorized to determine the issue price depending on the status of the specific persons and market conditions. The price for the private placement is reasonable as it was determined in accordance with the law promulgated by the competent authorities while also taking into account the three-year transfer restriction on private placement of securities, the Company’s operating performance, future outlook and the market price of common shares.
3. In the future, if the price of the stock is lower than the par value of the stock due to market factors, it shall be deemed reasonable as the price was determined based on the law and had reflected the market price. If the increase in accumulated losses has an impact on shareholders’ equity, losses shall be covered by capital reduction, earnings, capital surplus or other statutory means based on the Company’s operating and market conditions.</td></tr>
<tr><td>Method of selecting the specific persons</td><td>The objects for the private placement is limited to specific persons stipulated in Articles 43-6 of the Securities and Exchange Act and the related letter order.
The following is a list of related parties or insiders that may be subject to the private placement:
<table>
<tr><th>Subscribers</th><th>Selection method and purpose</th><th>Relationship with the Company</th></tr>
<tr><td>KENMEC MECHANICAL ENGINEERING CO., LTD.</td><td>A corporate director of the Company</td><td>Insider</td></tr>
<tr><td>KENTEC INC.</td><td>The chairman of the company is the same one as the Company</td><td>Related party</td></tr>
</table></td></tr>
<tr><td>Necessary reason for private placement</td><td>The Company intended to raise its capital through private placement and has taken into account the current capital market conditions and factors such as timeliness and feasibility of raising capital as a means to obtain the required capital in the shortest time possible.</td></tr>
<tr><td>Date of payments of the price</td><td>November 14, 2013</td></tr>
<tr><td>Information on subscriber</td><td>
<table>
<tr><th>Private placement target</th><th>Qualification</th><th>Number of subscriptions</th><th>Relationship with the Company</th><th>Participation in the company’s operations</th></tr>
<tr><td>KENMEC MECHANICAL ENGINEERING CO., LTD.</td><td>Article 43-6, Paragraph 1, Subparagraph 3 of the Securities</td><td>25,000 thousand shares</td><td>Parent company</td><td>Parent company of the Company
and Director</td></tr>
</table></td></tr>
</table>

		and Exchange Act			
Actual subscription price	NTD 19				
Difference between actual subscription price and reference price	The price of NTD 19 for the private placement of common shares accounts for 80.51% of the simple arithmetic average of closing price of the Company's common shares of NTD 23.6 for the five business days (excluding the pricing date) prior to the pricing date on November 8, 2013.				
Impact of private placement on shareholders' equity (e.g. may result in an increase in accumulated losses)	The price per share for the common shares of the private placement was NTD 19, higher than the net value per share of NTD 13.62 on September 30, 2013, showing that the private placement of common shares has helped improve the net value per share. Also, the use of all funds raised from the private placement have been used to enrich the Company's working capital and repay bank loans to help the Company to reduce interest expenses while improving its financial structure.				
Implementation of utilization and plan progress for the privately placed funds	As of December 31, 2013, funds from the private placement of common shares were all used to repay bank loans and to enrich the working capital.				
Benefits of private placement of common shares	The private placement of common shares has raised a total of NTD 475,000 thousand of capital. After bank loans were repaid and working capital enriched, the Company's debt ratio decreased from 46.12% at the end of September 2013 to 34.92% at the end of 2013. The current ratio and quick ratio also increased, effectively improving the Company's financial structure.				

III. Holding or disposal of the Company's shares by its subsidiaries in the most recent year up to the publication date of this annual report: None.

IV. Other necessary supplementary information: None.

V. Any significant events materially affecting shareholders' equity or the price of securities as defined in Subparagraph 2, Paragraph 3 of Article 36 of the Securities and Exchange Act in the most recent year up to the publication date of this annual report: None.