Stock Code:6244

Motech Industries Inc.

2021 Annual Report

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Motech Industries Inc.
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I. Letter to Shareholders

To all shareholders:

Thank you all for your long-term support and encouragement to Motech Industries Inc.

We delivered outstanding performance in 2021. Benefitting from robust demand and competitive product portfolio, we achieved profitability during the year. According to the research institution, InfoLink, Motech ranked among top four in Taiwan in terms of sales volume in 2021. We proactively collaborate with system vendors and continuously develop high-efficient modules, producing well-recognized products in the market.

1. 2021 Operating Results

(1) Outcome of operating plans

(In Thousands of New Taiwan Dollars)

Items	2021	2020
Consolidated operating revenue	5,872,989	3,678,395
Consolidated gross profit (loss)	550,745	408,133
Consolidated operating income (loss)	168,357	(9,965)
Consolidated income (loss) before tax	116,378	125,340
Consolidated net income (loss)	107,279	111,942
Earnings per share (NT$)	0.30	0.31

(2) Implementation status of budget

The Company did not release financial forecasts in 2021; thus, it was not required to disclose the implementation status of budget.

(3) Financial position and profitability analysis

The Company generated consolidated revenues of NT$5,873 million in 2021, up 59.7% from NT$3,678 million in 2020. Gross profit amounted to NT$551 million, an increase of 35.0% from NT$408 million in 2020, with a gross margin of 9.4%. Operating income was NT$168 million compared to net loss of 10 million in the previous year as the Company got out of the red. Profit margin equaled 2.9% and net income attributable to shareholders of the parent company was NT$107 million, with an earnings per share of NT$0.30.

(4) Research and development:

The Company launches the brand-new next-generation N-type high-efficient masterpiece - MoPower-400 cell, which can achieve a module efficiency over 21.96% once packaged, surpassing the industry average of 20.3%. The power generation efficiency of the product under dim light and scorching sun is superior to general products by more than 3%, allowing more efficient use of land on the densely populated island and making it a perfect solution for the high temperature and high rainfall climate in Taiwan. Also, the MoPower-400 does not experience light induced degradation. Its excellent efficiency would save the construction costs of power plants by 8% and boost power revenue, improving the return of investment in power stations and creating value for customers.

2. Overview of 2022 Business Plan

(1) Business policy

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

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

(2) Sales forecast and basis

According to the annual renewables market report issued by International Energy Agency (IEA), renewable power capacity is expected to rise by 290GW in 2021, setting a new record. Of the renewable energy sources, solar power is the best option. It accounts for the majority of additions with an increase rate of 17% and creates a new annual record with close to 160GW.

In terms of the domestic market, we face enormous challenges posed by price hikes in raw materials, Covid-19 and labor shortage. It would be difficult to achieve the 2021 target of 8.75GW in cumulative installed capacity announced by the Ministry of Economic Affairs (MOEA). For 2022, MOEA sets the target to a higher level of 11.25GW. To meet the challenge and make up for the gap before, we shall accelerate on the applications of fishery and electricity symbiosis, rooftop PV systems in the industrial zones and ground mount PV systems. The expected price drops of raw materials in 2022, favorable changes in feed-in tariffs and the movement to take part in RE100 are all driving the market in the right direction.

(3) Key production and sales policies

A. Production policies:

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

B. Sales policies:

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

3. Strategies for Future Developments

(1) Short-term Strategies

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

B. Lower procurement and production costs

C. Offer diverse product mixes to satisfy customer demand

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

E. Streamline management to enhance business management performance

F. Utilize idle assets

G. Decrease leverage

H. Smoothen vertical integration within the Group

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

(2) Medium and Long-term Strategies

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

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

C. Fulfill our corporate social responsibility and pursue sustainability

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

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

We continue to focus on downstream power system business by aggressively exploring fishery and electricity symbiosis projects and participating in tenders in 2021. At present, the fishery and electricity symbiosis projects are underway. We plan to have PV systems using the Company's highly efficient modules mounted over the aquaculture ponds to generate stable electricity income. Indoor aquaculture would adopt scientific management measures to improve production. Furthermore, as land and feeder lines become scarce, we would proactively tender for solar power station projects as a new source of projects for our future growth momentum.

After COP26 in 2021, the "net zero emissions by 2050" has become a global consensus. MOEA proposes a framework for the transition to net zero. The short-term priority is to promote mature technology, shifting energy consumption and industries towards a low-carbon state. In the long run, we shall invest in advanced technology to transit from low to zero carbon, which also brings business opportunities to the green energy industry. Motech is a pioneer in the green industry. Our high efficiency cells and modules are green energy products and the power system can further create and store energy. Through our advantages in core technology, we will persistently channel our efforts towards green energy.

Sincerely yours,

Chairman Yung-Hui Tseng

II. Company Profile

1. **Date of Incorporation**

   Motech Industries Inc.: June 3, 1981

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

2. **Company History**

1981	-	Officially established in June with an authorized capital of NT$2,000,000. Mainly engaged in the production and selling of digital multimeters (DMM).
1988	-	Increased production equipment and raised capital to NT$10,000,000 through cash capital increase.
1990	-	Acquired factories and equipment and moved from Xinyi Road in Taipei City to ShenKeng in New Taipei City.
1991	-	Raised capital to NT$30,000,000 through cash capital increase.
1994	-	Increased research and development (R&D) equipment and raised capital to NT$39,600,000 through cash capital increase.
1998	-	Approved by the Science Park Bureau of National Science Council to set up factories in the Southern Taiwan Science Park.
	-	Raised capital to NT$125,784,450 through cash capital increase for the establishment of Solar Cell Division in the Science Park Branch.
1999	-	Expanded factories and acquired additional R&D equipment. Raised capital to NT$171,534,510 through cash capital increase and capitalization of earnings and capital surplus.
	-	The Science Park Branch obtained company license issued by the MOEA and became the first solar cell manufacturer in Taiwan.
2002	-	Raised capital to NT$267,851,310 through cash capital increase, and capitalization of earnings, employee bonuses and capital surplus.
2003	-	Officially listed on TPEx.
2005	-	Ranked among the top ten solar cell manufacturers worldwide.
2006	-	The second factory of the Science Park Branch was completed and in operation in the second half of the year.
	-	Raised capital to NT$1,440,402,690 through cash capital increase, and capitalization of earnings, employee bonuses and capital surplus.
2007	-	The first solar cell manufacturer in Taiwan to obtained certifications of both ISO-14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System in Taiwan.
	-	Raised capital to NT$2,031,688,710 through cash capital increase.
2009	-	The full range of our solar cells passed the TUV Rheinland REACH-SVHC testing and obtained the certification.
2010	-	The world’s first solar cell to complete the carbon footprint verification.
	-	Xingda Power Plant of Taipower under construction contract won the Excellence Award of MOEA.

2011 - Xingda Power Plant of Taipower under construction contract won the Gold Quality Award of Executive Yuan.

- Joined the PV Cycle to fulfill the commitment of sustainability.
- Won the 14th Outstanding PV Product Award of Photonics Industry & Technology Development Association with the multicrystalline solar cells, IM156 B3.
- The first PV inverter manufacturer in Asia to obtain the certification for VDE-AR-N 4105 guideline with the PV inverters, PVMate 3300MS~4600MS models.

2014 - The first enterprise in the world to obtain the certification from British Standards Institution (BSI) for the corporate social responsibility report.

- Won the Golden Award for Large Technology and Electronics Manufacturing Enterprises of the Taiwan TOP 50 Corporate Sustainability Report Award.

2015 - Merged with Topcell Solar International Co., Ltd. and established the Motech Industries Inc., Taoyuan Branch. After the merger, the capital was raised NT$456,720,000 to NT$4,869,054,080.

- Established Motech (Xuzhou) Renewable Energy Co., Ltd. with a focus on solar cell business.
- Established Motech (Maanshan) Renewable Energy Co., Ltd. with a focus on solar cell and module business.

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

2017 - Established Motech Power One Co., Ltd., which specialized in the generation and selling of solar power.

- Raised capital to NT$5,401,439,080 through cash capital increase of NT$500,000,000.
- Won Bronze Award in the 26th Annual Enterprises Environmental Protection Award, the first solar cell manufacturer in Taiwan to receive the award.

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

2019 - Completed the "tunnel oxide passivated contact for high efficiency N-type silicon solar cells" project in cooperation with the Industrial Technology Research Institute (ITRI).

- Completed the green energy flagship industry-academia-research alliance project in collaboration with the Ministry of Science and Technology.
- Completed the certification of high-power 330W mono-crystalline modules, and the development of high-power 340W mono-crystalline modules and 335W double-glass modules.
- Completed the short-form merger with Taiwan Solar Module Manufacturing Corporation to enhance operational efficiency.
- Established Motech Power Zeta Co., Ltd. to engaged in the generation and selling of solar power of PV systems.
- Received the Taiwan Excellent PV Module Award of Bureau of Energy, MOEA.

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

- Completed the short-form merger with Motech Energy System Co., Ltd. to enhance operational efficiency.

- Carried out capital reduction for loss compensation. Reduced capital to NT$ 3,550,418,750.

- Completed the development of ultra-high efficiency N-type TOPCon cells with ITRI. The MoPower-360 PV module had an efficiency exceeding 21%.

- Completed the certification of high-power 360W mono-crystalline modules and passed the tests of Taiwan Excellent PV Award.

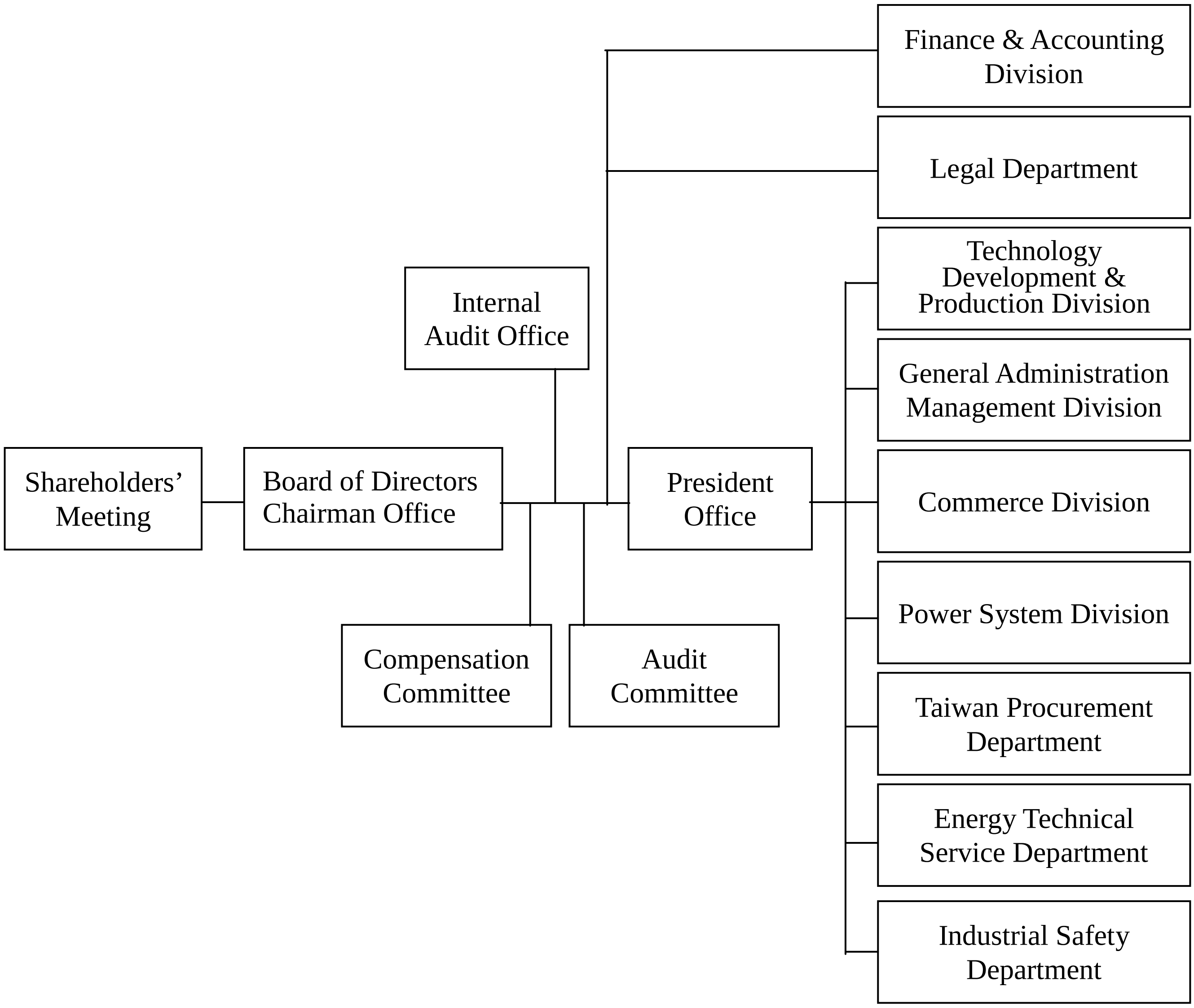
2021 - Completed the development of ultra-high efficiency N-type TOPCon cells with ITRI. The conversion efficiency of MoPower-400 PV module could reach a maximum of 22%.

III. Corporate Governance

1. Organization

(1) Organizational Structure

As of February 28, 2022



(2) Functions of each department

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

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

(1) Directors and Independent Directors

A. Directors and Independent Directors

As of April 23, 2022 (In Shares)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Motech and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	Yung-Hui Tseng	Male (66-75 years old)	2019.06.17	3 years	2001.06.26	16,109,212	2.98%	10,582,717	2.98%	1,394,893	0.39%	0	0.00%	Master of Electronics Engineering, China Institute of Technology	Chairman of Cheng Fu-Tien Culture & Education Foundation	-	-	-	-
Director	Taiwan	Chih-Kaou Lee (Note 1)	Male (66-75 years old)	2019.06.17	3 years	2001.06.26	6,123,454	1.13%	4,022,716	1.13%	1,577,265	0.44%	0	0.00%	Bachelor in Physics, Tamkang University	President of Consumer Product Resources International Corp. Director of Motech Industries Inc.'s subsidiaries Director of C-Tech. United Corp. Director of inergy Technology Inc.	-	-	-	-
Director	Taiwan	George Huang (Note 2)	Male (66-75 years old)	2019.06.17	3 years	2007.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor in Communication Engineering, National Chiao Tung University	Director of Apacer Technology Inc. Director of Les enphants Co., Ltd. Independent Director of Bionet Corp.	-	-	-	-
Director	Taiwan	Ming-Shiaw Lu (Note 3)	Male (66-75 years old)	2019.06.17	3 years	2007.06.13	3,927,062	0.73%	2,579,827	0.73%	2,160,813	0.61%	0	0.00%	Department of Mechanical Engineering, National Taipei Institute of Technology	Supervisor of Motech Industries Inc.'s subsidiaries Vice President of Yung Loong Engineering Corp. Director of Mildef Crete Inc. Director of inergy Technology Inc.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Motech and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	Cheng-Ching Wu	Male (66-75 years old)	2019.06.17	3 years	2002.06.10	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA, National Taiwan University	Director of C-Tech United Corp. Director of Jentech Precision Industrial Co., Ltd.	-	-	-	-
Independent Director	Taiwan	San-Boh Lee	Male (66-75 years old)	2019.06.17	3 years	2002.06.10	206,000	0.04%	135,328	0.04%	0	0.00%	0	0.00%	Ph.D. in Material Science and Engineering, University of Rochester, USA	Supervisor of the Alumni Association of the Dep. of Physics of Fu Jen Catholic University	-	-	-	-
Independent Director	Taiwan	Kin-Tsau Lee	Male (66-75 years old)	2019.06.17	3 years	2016.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Science in Management Studies, MIT Sloan School of Management	Independent Director of Ingentec Corp.	-	-	-	-

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

B. Professional Qualifications of Directors and Independence Status of Independent Directors

As of April 23, 2022

Conditions / Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Yung-Hui Tseng	With more than five years of work experience in areas necessary for the business of the Company, he is now the Chairman of the Company and is not a person of any conditions defined in Article 30 of the Company Act.	-	0
Chih-Kaou Lee	With more than five years of work experience in areas necessary for the business of the Company, he is now a director in several TPEx-listed companies and is not a person of any conditions defined in Article 30 of the Company Act.	-	0
George Huang	With more than five years of work experience in areas necessary for the business of the Company, he is now a director in several TWSE-listed companies and is not a person of any conditions defined in Article 30 of the Company Act.	-	1
Ming-Shiaw Lu	With more than five years of work experience in areas necessary for the business of the Company, he is now a director in several TPEx-listed companies and is not a person of any conditions defined in Article 30 of the Company Act.	-	0
Cheng-Ching Wu	With more than five years of work experience in areas necessary for the business of the Company, he is now a director in several TPEx-listed companies and is not a person of any conditions defined in Article 30 of the Company Act.	He is deemed independent as he satisfies requirements set out in Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and is not a person of any conditions defined in Article 26-3 of the Securities and Exchange Act.	0

Conditions / Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
San-Boh Lee	He has more than five years of work experience being an instructor or a higher position in an academic department related to the business needs of the Company in a public junior college, college or university. He is not a person of any conditions defined in Article 30 of the Company Act.	He is deemed independent as he satisfies requirements set out in Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and is not a person of any conditions defined in Article 26-3 of the Securities and Exchange Act.	0
Kin-Tsau Lee	He has more than five years of work experience in commerce and areas necessary for the business of the Company. While being the executive vice president of China Steel Corporation, a TWSE-listed company, he was also in charge of the finance unit. He is not a person of any conditions defined in Article 30 of the Company Act.	He is deemed independent as he satisfies requirements set out in Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and is not a person of any conditions defined in Article 26-3 of the Securities and Exchange Act.	1

Note 1: Professional qualifications and experiences: Describe the professional qualifications and experiences of individual Director and Supervisor. For Audit Committee members with accounting or finance expertise, relevant background and work experience shall be stated. Also, clarify if conditions defined in Article 30 of the Company Act exist.

Note 2: The independence of Independent Directors shall be described. Relevant criteria including but not limited to whether the Independent Director, his/her spouse, and relatives within the second degree of kinship are directors, supervisors or employees of the Company or any of its affiliates; the number of the Company’s shares held by the Independent Director, his/her spouse, and relatives within the second degree of kinship (or by nominee arrangement) and the percentages, whether they are directors, supervisors or employees of companies having specific relationship with the Company (please refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) and the amount of compensation for provision of commerce, law, finance, accounting or related services to the Company or its affiliates in the past two years.

C. Board diversity and independence

(a) Board diversity

The Company adopts the candidate nomination system for the nomination and election of Directors pursuant to the Articles of Incorporation. Besides assessing the academic and work experience of candidates, candidates shall be approved by the Board of Directors prior to being submitted to the shareholders' meeting for the election as stipulated in the Company's "Director Election Procedures" and "Corporate Governance Best-Practice Principles", to ensure the diversity and independence of Board members.

According to the Company's "Corporate Governance Best-Practice Principles", Board members shall generally possess knowledge, skills and competence required to perform their duties. To achieve the ideal goal of corporate governance, the Board as a whole is advised to possess the following capabilities:

i. Business judgement
ii. Accounting and financial analysis
iii. Operation management
iv. Crisis management
v. Industry knowledge
vi. Global market perspective
vii. Leadership
viii. Decision-making

Diversity policy is stipulated in Chapter III "Enhancement of Board Functions" of the Company's "Corporate Governance Best-Practice Principles". Diversity shall be considered with respect to Board composition and appropriate policy shall be established based on the Company's operation, business type and development needs. Such policy shall include but not limited to standards of the following two aspects:

i. Basic conditions and values: including gender, age, nationality and culture. Among which, it is advised to have female Directors constitute at least one-third of the Board.
ii. Professional knowledge and skills: including professional background (e.g., legal, accounting, industry, finance, marketing or technology), professional skills and industry experience.

Board members of the Company have diverse backgrounds in terms of industry, academia and knowledge. They can offer professional opinions from different angles to enhance the Company's management efficiency and operation performance. Moreover, all three Independent Directors have the knowledge, skills and competence required to perform their duties, which further enrich the diversity policy and implementation guideline concerning Board members to align with the spirit of corporate governance and business development needs. Management objectives and implementation of the diversity policy for Board members are disclosed in separate tables below:

(i) Management objectives

Management Objectives	Achievement Status
The number of Directors who are also managers of the Company shall not exceed one-third of the total number of Directors.	Achieved
The number of Independent Directors shall be at least three and shall not be less than one-third of the total number of Directors.	Achieved

(ii) Implementation of diversity policy

Basics							Diverse Industry Experience and Professional Competence										
							Industry Experience					Professional Competence					
Name	Title	Gender	Motech Employee	Age 66 ~ 75	Seniority of Independent Director 3~9 years	Seniority of Independent Director Over 9 years	Finance and Insurance	Steel Industry	Optoelectronic Technology	Computer Peripheral	Academic Research	Leadership and Decision-making	Operation Management	Finance and Accounting	Material Science	Legal Knowledge	Risk Management
Yung-Hui Tseng	Chairman	Male		√					√			√	√	√		√	√
Chih-Kaou Lee	Director	Male		√					√			√	√	√			
George Huang	Director	Male		√						√		√	√	√		√	√
Ming-Shiaw Lu	Director	Male		√						√			√				
Cheng-Ching Wu	Independent Director	Male		√		√	√					√	√	√		√	√
San-Boh Lee	Independent Director	Male		√		√					√				√		
Kin-Tsau Lee	Independent Director	Male		√	√			√				√	√	√		√	√

(b) Board independence

The Board of the Company has been composed of experts specializing in different fields. The current term of the Board has seven Directors and none of them is an employee of the Company. The Board has six outsider Directors (86%) and three Independent Directors (43%). The tenure of one of the Independent Directors is under nine years while the other two are over nine years. None of the Board members is a person of any conditions defined in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act, and there is no spousal relationship nor second-degree kinship between Directors. The Board is independent from the Company.

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

As of April 23, 2022 (In Shares)

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Taiwan	Fred Yeh	Male	2009.11.09	331,170	0.09%	2,071	0.00%	0	0. 00%	EMBA, China Europe International Business School	Director of Motech's subsidiaries	-	-	-	-
Vice President & CFO	Taiwan	Ting-Chao Wang	Male	2019.12.16	0	0.00%	0	0.00%	0	0.00%	MBA, University of Maryland	Director of Motech's subsidiaries Independent Director of Subtron Technology Co., Ltd.	-	-	-	-
Vice President	Taiwan	Huan-Shun Lin	Male	2020.11.05	0	0.00%	0	0.00%	0	0.00%	Master of Resources Engineering, National Cheng Kung University	-	-	-	-	-
Chief Governance Officer	Taiwan	Chien-Tung Chen	Male	2021.08.05	41,178	0.01%	0	0.00%	0	0.00%	MBA, National Taiwan University	-	-	-	-	-
Senior Manager of Accounting and Tax Department	Taiwan	Alan Wu	Male	2021.01.01	0	0.00%	0	0.00%	0	0.00%	MBA, National Chung Cheng University	Supervisor of Motech Industries Inc.'s subsidiaries Supervisor of TECO Sun Energy Co., Ltd.	-	-	-	-

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

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

(1) Remuneration paid to General Directors and Independent Directors

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

Title	Name	Remuneration to Directors								Total of A, B, C, and D and as a % of Net Income		Compensation Earned by Being an Employee of Motech or Motech's Consolidated Entities								Total of A, B, C, D, E, F, and G and as a % of Net Income		Compensation from Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Base Compensation, Bonus, and Allowances, etc. (E)		Severance Pay and Pensions (F)		Employee Compensation (G)						
		From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech		From All Consolidated Entities		From Motech	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Director	Yung-Hui Tseng Chih-Kaou Lee George Huang Ming-Shiaw Lu	11,230	11,230	-	-	778	778	414	414	12,422 11.64%	12,422 11.64%	-	-	-	-	-	-	-	-	12,422 11.64%	12,422 11.64%	361.8
Independent Director	Cheng-Ching Wu San-Boh Lee Kin-Tsau Lee	1,800	1,800	-	-	584	584	360	360	2,744 2.57%	2,744 2.57%	-	-	-	-	-	-	-	-	2,744 2.57%	2,744 2.57%	0

1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment:
   Remuneration to Independent Director is determined based on their involvement in and contributions to the Company's operation and takes into account future risks of the Company and the renumeration standard of the industry. It includes both the fixed compensation and allowance. In addition, remuneration to Directors would be made if the Company generates profits for the year, as stipulated in the Articles of Incorporation. The said remuneration to Independent Directors would be reviewed by the Compensation Committee and then submitted to the Board of Directors for resolution.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company (e.g., being a non-employee consultant to the parent company/all consolidated entities/investees) in the most recent year: None.

(2) Remuneration paid to Directors and Independent Directors

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

(3) Compensation paid to President and Vice Presidents

(In Thousands of New Taiwan Dollars)

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonus and Allowance (C)		Employee Compensation (D)				Total of A, B, C, and D and as a % of Net Income		Compensation from Non-Consolidated Affiliates or Parent Company
		From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech		From All Consolidated Entities		From Motech	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Fred Yeh	9,468	9,468	324	324	3,929	3,929	716	0	716	0	14,437 13.53%	14,437 13.53%	-
Vice President & CFO	Ting-Chao Wang													
Vice President	Huan-Shun Lin													

Note 1: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(4) Compensation paid to President and Vice President

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

Note 1: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(5) Employee compensation to Managers

(In Thousands of New Taiwan Dollars)

	Title	Name	Stock	Cash	Total	Total as a % of Net Income
Managers	President	Fred Yeh	0	818	818	0.77%
	Vice President & CFO	Ting-Chao Wang				
	Vice President	Huan-Shun Lin				
	Senior Manager (Note 1)	Alan Wu				
	Director (Note 2)	Chien-Tung Chen				

Note 1: Alan Wu was newly appointed as the Principal Accounting Officer on January 1, 2021.
Note 2: Chien-Tung Chen was newly appointed as the Chief Governance Officer on August 5, 2021.
Note 3: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(6) Analysis of remuneration and compensation paid to Directors, President and Vice Presidents by the Company and all consolidated entities in 2021 and 2020 as a percentage of net income in the parent company only financial statements and explanation on remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks are as follows:

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

Title/Item	Remuneration and Compensation as a Percentage of Net Income			
	2020		2021	
	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities
Directors	13.06%	13.06%	14.21%	14.21%
President and Vice Presidents	12.25%	12.25%	13.53%	13.53%

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

(a) Remuneration policy, standards and composition

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

(b) Procedures

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

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

(c) Correlation with operation performance and future risks

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

4. Corporate Governance Implementation

(1) Operations of the Board of Directors

There were seven (A) Board meetings convened in 2021. The attendance status of the Directors and Independent Directors is as follows:

Title	Name	Attendance in Person	Attendance by Proxy	Attendance Rate (%)	Remark
Chairman	Yung-Hui Tseng	7	0	100%	Re-elected on June 17, 2019
Director	Chih-Kaou Lee	7	0	100%	Re-elected on June 17, 2019
Director	George Huang	6	1	86%	Re-elected on June 17, 2019
Director	Ming-Shiaw Lu	7	0	100%	Newly-elected on June 17, 2019
Independent Director	Cheng-Ching Wu	7	0	100%	Re-elected on June 17, 2019
Independent Director	San-Boh Lee	7	0	100%	Re-elected on June 17, 2019
Independent Director	Kin-Tsau Lee	7	0	100%	Re-elected on June 17, 2019

Annotations:

1. The Board meeting's date, session, and contents of motions, opinions of all Independent Directors, and actions taken by the Company regarding the opinions shall be specified if one of the following circumstances occurs:
   (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has established the Audit Committee and is subject to Article 14-5 of the Securities and Exchange Act.
   (2) Except for items specified above, other resolutions on which an Independent Director expresses objection or reservation, either by recorded statement or in writing: None.
2. For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified:
   (1) Fourth Board meeting on May 6, 2021:
      A. Contents of motion: Proposal on annual compensation to the Chairman and President.
         i. Director recused: Chairman, Yung-Hui Tseng
         ii. Cause for the recusal: Personal interest.
         iii. Participation in voting: Not participated in voting.
3. TWSE-listed and TPEx-listed companies shall disclose the frequency, scope, method, and details of the self (or peer) performance evaluations of the Board and the implementation status:
   The Company established the Methods for Performance Evaluation of the Board of Directors in 2020 and completed the performance evaluation before the March 31, 2022 as required. Details are as follows:

Frequency	Period	Scope	Method	Details
Annually	January 1, 2021 to December 31, 2021	Board of Directors	Internal performance assessment on the Board	Performance assessment on the Board: 1. Level of participation in corporate operations. 2. Enhancement on the quality of Board decisions. 3. Composition and structure of the Board. 4. Election and continuing education of Directors. 5. Internal control.
		Individual Board members	Self-assessment among Board members	Performance assessment on individual Board members 1. Command over corporate goals and mission. 2. Understanding of Directors' duties. 3. Level of participation in corporate operations.

Frequency	Period	Scope	Method	Details
Annually	January 1, 2021 to December 31, 2021	Individual Board members	Self-assessment among Board members	4. Internal relationship management and communication. 5. Specialty and education of Directors. 6. Internal control.
		Functional committees	Internal performance assessment on functional committees	Performance assessment on functional committees 1. Level of participation in corporate operations. 2. Understanding of functional committees' duties. 3. Enhancement on the quality of functional committees' decisions. 4. Composition of the functional committees and election of members. 5. Internal control.

4. Objectives of strengthening the functionality of the Board of Directors (e.g., to establish an audit committee, to enhance information transparency, etc.) in the current year and the most recent year and evaluation of the execution thereof:

(1) The Company had drawn up the "Rules of Procedure for the Board of Directors' Meeting" in accordance with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and established Independent Director positions to strengthen the functionality of the Board and prompt enhancement on the quality of Board decisions. Directors' attendance of the Board meetings and major resolutions were disclosed at the Market Observation Post System (MOPS) website on a timely basis to improve information transparency.

(2) Compensation Committee and Audit Committee were established on January 19, 2009 and June 13, 2016, respectively. These Committees assist the Board with the implementation and evaluation of the Company's entire compensation and welfare systems and regularly review the appropriateness of compensation to the Directors and management team. Charters of these Committees are updated to reflect changes in laws and regulations, thereby facilitating members' execution of duties stipulated in the Securities and Exchange Act, the Company Act, and other applicable laws and regulations.

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

(4) The Board resolved to create the position of Chief Governance Officer on January 21, 2021. The officer would be responsible to handle matters associated with corporate governance and assist Directors with business execution to fulfill the supervisory function. The Company also amended the "Corporate Governance Best-Practice Principles" and "Methods for Performance Evaluation of the Board of Directors" for compliance.

(2) Operations of Audit Committee

The Audit Committee convened five (A) meetings in 2021, The attendance status of Independent Directors are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A) (Notes 1 and 2)	Remark
Independent Director	Kin-Tsau Lee	5	0	100%	
Independent Director	Cheng-Ching Wu	5	0	100%	
Independent Director	San-Boh Lee	5	0	100%	

Note 1: The resignation date shall be specified in the Remark column for Independent Directors who had resigned prior to the end of the year. The attendance rate (%) would be calculated based on the number of Audit Committee meetings convened and the number of actual attendances during the period of employment.

Note 2: If a re-election of Independent Directors had taken place prior to the end of the year, both the current and former Independent Directors shall be listed and identified in the Remark column along with the re-election date. The attendance rate (%) would be calculated based on the number of Audit Committee meetings convened and the number of actual attendances during the period of service at the position.

Annotations:

1. The Company's Audit Committee comprises three Independent Directors. Major tasks and items reviewed are listed as follows:
   (1) Fair presentation of financial statements
   (2) Appointment and discharge of CPAs and assessments on independence and performance
   (3) Effective implementation of internal control system
   (4) Regulatory compliance
   (5) Controls over existing or potential risks
   (6) Reviews on mergers and acquisitions
2. When one of the following situations occurs, the date and session of the meeting; contents of motions; objections, reservations or major recommendations of Independent Directors; resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified:
   (1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date of Meeting (Session)	Contents of Motions	Opinions or Major Recommendations of Independent Directors	Resolutions of Audit Committee	Actions Taken
2021.01.18 (1st meeting in 2021)	● Proposed to approve matters associated with the dissolution and liquidation of the affiliate, Noble Town Holdings Co., Ltd. (NT) ● Investment refunds from Power Islands Limited (PI) for the liquidation of NT ● Reported the 2021 audit fees for CPAs ● Proposed to the Audit Committee to approve the ratification of appointment of principal accounting officer ● Proposed to amend the Articles of Incorporation of the affiliate, Motech Power Zeta Co., Ltd. (Motech Power Zeta) ● Proposed to ratify the amendments to the Articles of Incorporation of the affiliate, Motech Power Beta Co., Ltd. (Motech Power Beta) ● Proposed to the Audit Committee to approve the amendments to some articles within the Articles of Incorporation of the Group entity, Motech (Suzhou) Renewable Energy Co., Ltd. (SNE)	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly

Date of Meeting (Session)	Contents of Motions	Opinions or Major Recommendations of Independent Directors	Resolutions of Audit Committee	Actions Taken
2021.03.15 (2nd meeting in 2021)	● Proposed to the Audit Committee to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2020 ● Proposed to the Audit Committee to approve the 2020 earnings distribution ● Proposed to the Audit Committee to approve the 2020 business report ● Proposed to approve the amendments to some articles within the Company's "Rules and Procedures for Finance and Business between Affiliates" ● Proposed to the Audit Committee to approve the Company's "2020 Statement of Internal Control System"	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2021.05.03 (3rd meeting in 2021)	● Proposed to the Audit Committee to approve the amendments to some articles within the Articles of Incorporation of the Group entity, SNE	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2021.08.02 (4th meeting in 2021)	● Amendments to some articles within the Company's "Rules Governing the Supervision of Subsidiaries" ● Proposed to approve the loans provided to affiliates ● Proposed to approve the appointment of the new internal audit officer	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2021.11.01 (5th meeting in 2021)	● Proposed for Motech Industries Inc. (Motech or the Company) to invest in Abundant Ocean Co., Ltd. (Abundant Ocean) ● Proposed to the Audit Committee to approve the Company's "2022 annual audit plan"	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2022.01.17 (1st meeting in 2022)	● Proposed to approve the cash capital injection to the subsidiary, Motech Power One Co., Ltd. (Motech Power One) ● Proposed to approve the cash capital injection to the subsidiary, Motech Power Zeta ● Reported the 2022 audit fees for CPAs	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2022.03.07 (2nd meeting in 2022)	● Proposed to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2021 ● Proposed to approve the 2021 earnings distribution ● Proposed to approve the 2021 business report ● Proposed to approve the amendments to some articles within the Company's "Articles of Incorporation" ● Proposed to approve the amendments to some articles within the Company's "Procedures for Acquisition or Disposal of Assets" ● Proposed to approve the amendments to some articles within the Articles of Incorporation of the Group entity, SNE ● Proposed to approve the Company's "2021 Statement of Internal Control System"	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly

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

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

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

(1) The internal audit officer regularly communicates audit findings with members of the Audit Committee and presents internal audit reports in the quarterly Audit Committee meetings. When special circumstance arises, the officer would report to the Audit Committee on a timely basis. In 2021, none of the said special circumstance had occurred. The communication channels between Audit Committee and internal audit officer have operated smoothly.

(2) CPAs report the audit or review outcome on the latest quarterly financial reports in the quarterly Audit Committee meetings as well as other items required to be communicated pursuant to appliable laws and regulations. When special circumstance arises, they would report to the Audit Committee on a timely basis. In 2021, none of the said special circumstance had occurred. The communication channels between Audit Committee and CPAs have operated smoothly.

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

Meetings Dates (Session)	Communications with Internal Audit Officer	Communications with CPAs
2021.01.18 (1st meeting in 2021)	● Review internal audit report	
2021.03.15 (2nd meeting in 2021)	● Review 2020 "Statement of Internal Control System" ● Review internal audit report	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the year ended December 31, 2020
2021.05.03 (3rd meeting in 2021)	● Review internal audit report	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the three months ended March 31, 2021 ● Updates on relevant laws and taxes ● Assessment on CPAs' competence and independence
2021.08.02 (4th meeting in 2021)	● Review internal audit report	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the six months ended June 30, 2021 ● Updates on relevant laws and taxes
2021.11.01 (5th meeting in 2021)	● Review internal audit report ● Review 2022 internal audit plan	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the nine months ended September 30, 2021
2022.01.17 (1st meeting in 2022)	● Review internal audit report	
2022.03.07 (2nd meeting in 2022)	● Review 2021 "Statement of Internal Control System" ● Review internal audit report	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the year ended December 31, 2021

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

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

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

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
(4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?	V		(4) The Company has established Procedures for Handling Material Inside information, demanding all insiders to avoid insider trading.	
3. Composition and duties of the Board of Directors (1) Has the Board established a diversity policy and specific management goals and have them been implemented accordingly? (2) Has the Company voluntarily established functional committees in addition to Compensation and Audit Committees which are required by laws?	V 	 V	(1) Diversity policy is stipulated in Chapter III “Enhancement of Board Functions” of the Company’s “Corporate Governance Best-Practice Principles”. Diversity shall be considered with respect to Board composition and appropriate policy shall be established based on the Company’s operation, business type and development needs. Such policy shall include but not limited to standards of the following two aspects: A. Basic conditions and values B. Professional knowledge and skills The current Board members have diverse backgrounds with work experience and expertise in operation management, industry know-how, theory and knowledge, finance and strategic management. They can offer professional opinions from different angles to enhance the Company’s management efficiency and operation performance. Moreover, all three Independent Directors have the knowledge, skills and competence required to perform their duties, which further enrich the diversity policy and implementation guideline concerning Board members to align with the spirit of corporate governance and business development needs. The current term of the Board has seven Directors. The three seats of Independent Directors and the specific management objectives of having the number of Directors who are also managers of the Company not exceeding one-third of the total number of Directors allow the Company to fulfill the business decision-making and supervisory functions. Please refer to page 13 to 14 for details on the diversity of Board members. (2) Audit Committee was established in 2016: All three members are Independent Directors. The Compensation Committee was established in 2011: All three members are Independent Directors.	None, except for item (2)

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(3) Has the Company formulated rules and methods for the performance assessment of the Board and carried out such assessments annually? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director?

(4) Has the Company periodically evaluated the independence of its CPAs?</td><td>V

V</td><td></td><td>(3) The Company’s Board of Directors had approved the “Methods for Performance Evaluation of the Board of Directors”. Performance evaluations on the Board and functional committees (including Compensation Committee and Audit Committee) are conducted at least annually with outcomes reported to the Board. The evaluations are carried out by the corporate governance unit after the end of each year using internal questionnaires through internal evaluations and self-evaluations of the Board members and functional committees. The scope of evaluation includes the performance evaluation on the entire Board, individual Board member, Compensation Committee and Audit Committee.
Evaluation criteria include level of participation in corporate operations, enhancement on the decision quality, composition and structure of the Board and functional committees, the election and continuing education of member of the Board and functional committee and internal controls. Outcomes of the evaluation are reported to the Board and used as reference for the remuneration and re-election nomination of individual Director. Participants achieved good scores in 2021, and the evaluation outcomes were reported to the Board on March 10, 2022 as well as disclosed at the corporate website.
(4) The accounting unit annually carries out self-evaluations on the independence of CPAs. The outcome was reported to the Audit Committee and the Board on May 3, 2021 and May 6, 2021, respectively. Upon evaluation, CPAs from KPMG, Ming-Hong Huang and Mei-Yan Chen, had met the Company’s independence evaluation standards (Note 1). Thus, they are qualified to be CPAs of the Company. Also, the CPA firm had issued a Declaration of Independence upon assessment.
Note 1: Standards for CPA independence evaluation:
<table>
<tr><th>Evaluation Item</th><th>Evaluation Result</th></tr>
<tr><td>The same CPA has continuously provided audit services to a TWSE-listed/TPEx-listed company for less than seven years</td><td>Yes</td></tr>
</table></td><td>None, except for item (2)</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Evaluation Item</th><th>Evaluation Result</th></tr>
<tr><td>Financing and guarantee</td><td>No</td></tr>
<tr><td>Close business relationships with the audit client</td><td>No</td></tr>
<tr><td>Family member or personal relationship</td><td>No</td></tr>
<tr><td>Employee of the audit client</td><td>No</td></tr>
<tr><td>Provision of services to directors, supervisor, managers or persons with equivalent positions of the audit client</td><td>No</td></tr>
<tr><td>Material gifts and preferential treatment</td><td>No</td></tr>
<tr><td>Non-audit services: Including bookkeeping, appraisal, tax, internal audits, dispatch of short-term workers and recruitment of senior management</td><td>No</td></tr>
</table></td><td>None, except for item 2</td></tr>
<tr><td>4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution by directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to board meetings and shareholders’ meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?</td><td>V</td><td></td><td>To implement corporate governance and strengthen the functionality of the Board, the Company approved the appointment of Director, Chien-Tung Chen, as the dedicated Chief Governance Officer in the Board meeting on August 5, 2021 pursuant to applicable rules. His qualifications satisfy requirements for Chief Governance Officer set out in Paragraph 1, Article 3-1 of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies.
The Chief Governance Officer, staff of the finance department and conference logistics team are in charge of corporate governance matters. The main duties of the Chief Governance Officer are to provide information required for business execution by Directors; assist Directors with regulatory compliance, onboarding and continuing education; handle matters pertaining to meetings of the Board, committees and shareholders and produce meeting minutes.
Duties performed in 2021 are as follows:
A. Assist with providing Directors with information required for business execution and continuing education.
B. Collect and notify Board members of amendments in laws and regulations pertaining to corporate governance.
C. Seven Board meetings and five Audit Committee meetings were held in 2021.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>D. One general shareholders’ meeting was held in 2021.
E. The Company purchased liability insurance for Directors which was reported to the Board after contract renewal.
F. Execute Board performance evaluation.
As the Company’s Chief Governance Officer was new to the position, he completed 18 hours of continuing education within one year after his appointment. Courses taken are listed below:
<table>
<tr><th>Host</th><th>Class</th><th>Duration</th><th>Date</th></tr>
<tr><td>Taipei Exchange</td><td>2021 Online Forum for Sustainability Upgrades of TPEx</td><td>2</td><td>August, 2021</td></tr>
<tr><td>Taipei Exchange</td><td>2021 Online Forum for Sustainability Upgrades of TPEx</td><td>2</td><td>September, 2021</td></tr>
<tr><td>Taipei Exchange</td><td>Seminar on Insider Equity of TPEx-listed or emerging-stock companies</td><td>3</td><td>October, 2021</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Board Operation and Effectiveness of Decision-making</td><td>3</td><td>November, 2021</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>The 17th (2021) Corporate Governance Summit - Practice ESG for Governance and Sustainable Developments</td><td>6</td><td>December, 2021</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Respond to Rapid Changes in Technologies under the Guidance of Directors</td><td>3</td><td>December, 2021</td></tr>
</table></td><td>None</td></tr>
<tr><td>5. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the Company’s website to address their concerns on major corporate social responsibility issues?</td><td>V</td><td></td><td>The Company has maintained contact information of units assigned for each of the stakeholders, including banks, other creditors, shareholders, employees, customers, consumers and suppliers. Also, the contact information of investor relations and relevant departments is available on the corporate website. A supplier platform is established for stakeholders to access at any time. Our diverse information channels also include investors conferences. Sufficient information is provided to our counterparties for stakeholders to have enough information when making decisions to safeguard their rights.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>6. Has the Company appointed a professional registrar to organize the shareholders’ meetings?</td><td>V</td><td></td><td>The Company has appointed the stock management service department of CTBC Bank Co., Ltd. as the share registrar to handle matters related to stock affairs and shareholders’ meetings.</td><td>None</td></tr>
<tr><td>7. Information disclosure
(1) Has the Company established a corporate website to disclose information regarding the Company’s financials, business and corporate governance status?
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, webcasting investor conference on the corporate website)?
(3) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?</td><td>V
V</td><td>V</td><td>(1) Group-related business status is disclosed at the corporate website (http://www.motech.com.tw). In addition, financials and business-related information is disclosed at MOPS as required.
(2) The Company has maintained an English-language website which contains corporate, financial and business information. There is one spokesperson and one deputy spokesperson and the investor relations and stock affairs departments are responsible for the collection and disclosure of relevant information. Investor conference materials are disclosed at the corporate website on a timely basis.
(3) Pursuant to Article 36 of the Securities and Exchange Act, the Company has:
A. publicly announced its annual financial report within three months after the end of financial year;
B. publicly announced its financial reports of the first three quarters within 45 days after the end of corresponding quarter; and
C. publicly announced and filed its operational status of the previous month prior to the 10th of each month</td><td>None, except for item (3)A</td></tr>
<tr><td>8. Does the Company have other important information to facilitate better understanding of the Company’s corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer policies, and liability insurance for directors and supervisors provided by the Company) ?</td><td>V</td><td></td><td>(1) Rights and welfare of employees: Besides rights stipulated in the Labor Standards Act and appliable laws, the Company has established an Employee Welfare Committee to offer various subsidies and activities. There are also complaint channels in place.
(2) The Company discloses corporate information pursuant to laws and regulations to protect the basic rights of investors and fulfill its responsibilities towards shareholders.
(3) The Company maintains effective communication channels with customers and suppliers.</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
(4) Directors attend courses of finance, business and business management from time to time and would continue to complete courses required pursuant to the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies”. Please refer to A. Continuing education of Directors under 8. Other important information to facilitate better understanding of the Company’s corporate governance practices for details. The information is also available at MOPS (http://mops.twse.com.tw).
(5) The Company purchased liability insurance of AIG Taiwan for Directors with an insured amount of US$10 million for 2022 and reported the details in the Board meeting on January 20, 2022 to safeguard shareholders’ rights.
(6) Corporate governance-related education and trainings attended by managers:
<table>
<tr><th>Title and Name</th><th>Host</th><th>Class</th><th>Duration</th><th>Date</th></tr>
<tr><td>Principal Accounting Officer Alan Wu</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>Continuing Education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges</td><td>12</td><td>December, 2021</td></tr>
<tr><td rowspan="2">Audit Officer Wan-Ping Li</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>Corporate Competence Required of Internal Auditors and Financial Risk Assessment Practices</td><td>6</td><td>September, 2021</td></tr>
<tr><td>Accounting Research and Development Foundation of the Republic of China</td><td>The Three Lines of Defense in Digital Transformation: Developments and Digital Trends of Internal Control, Internal Audit and Regulatory Compliance</td><td>6</td><td>September, 2021</td></tr>
<tr><td>Chief Governance Officer Chien-Tung, Chen</td><td colspan="4">Please refer to continuing education set out in Item (4) above.</td></tr>
</table>
</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>(7) Certifications required by competent authority and obtained by personnel associated with information transparency in the Company and its subsidiaries:
Certified Public Accountants of R.O.C. (CPA): 1
Certified Internal Auditor (CIA): 2
Certified Information Systems Auditor (CISA): 1
Certification in Control Self-Assessment (CCSA): 1
Certification in Risk Management Assurance (CRMA): 1</td><td>None</td></tr>
<tr><td colspan="5">9. The improvement status for the outcome of Corporate Governance Evaluation announced by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year and the priority of pending issues:
The Company ranked in the top 20% in the 8th Corporate Governance Evaluation of Securities and Futures Institute.
The Company has publicly announced and filed its financial reports of the first three quarters prior to the prescribed deadlines. In the future, we will adhere to the amendments in the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and draw up Board diversity policy. Specific management objectives and implementation status regarding the diversity policy will be disclosed at the corporate website and the annual reports.</td></tr>
</table>

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

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

B. The functions of the Committee are to assess the compensation policy and system of Directors and managers with professionalism and objectivity, and make recommendations to the Board as reference material for its decision-making.

C. Details of committee members are as follows:

As of April 23, 2022

<table>
<tr><th>Title</th><th>Condition / Name</th><th>Professional Qualifications and Experience</th><th>Independence Status</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving in the Compensation Committee</th></tr>
<tr><td>Convener & Independent Director</td><td>Cheng-Ching Wu</td><td rowspan="3">Please refer to B. Professional Qualifications of Directors and Independence Status of Independent Directors on page 11 to 12 for details.</td><td rowspan="3">1. Not an employee of the Company or any of its affiliates.
2. Not a Director or Supervisor of the Company or any of its affiliates.
3. Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or nominee arrangement, in an aggregate amount of 1% or more of the Company’s total number of issued shares or ranks among the Company’s top ten shareholders.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of managerial officers in 1 or of any of the persons in 2 and 3.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company’s total number of issued shares, ranks among the Company’s top five shareholders, or appoints representatives to be the Company’s directors or supervisors pursuant to Paragraph 1 or 2, Article 27 of the Company Act.
6. Not a director, supervisor, or employee of a company whose majority of directorships or voting rights are controlled by a shareholder who also controls the majority of directorships or voting rights of the Company.
7. Not a director, supervisor or employee of a company or institution whose chairman, president, or an officer of equivalent position is the same person as, or a spouse to, one of the persons holding the same positions in the Company.
8. Not a director, supervisor, managerial officer, or shareholder with shareholding of 5% or</td><td>0</td></tr>
<tr><td>Independent Director</td><td>San-Boh Lee</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Kin-Tsau Lee</td><td>1</td></tr>
</table>

Title	Condition / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving in the Compensation Committee
			more of a specific company or institution that has a financial or business relationship with the Company. 9. Not a professional individual who, nor an owner, partner, director, supervisor, or managerial officer of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or its affiliates, or provides commerce, law, finance, accounting or related services to the Company or its affiliates with compensation in the past two years, nor a spouse thereof. 10. Not a spouse or a relative within the second degree of kinship to any other director of the Company.	

D. Operations of Compensation Committee:

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

(b) Term of current Committee members: June 17, 2019 to June 16, 2022. The Compensation Committee held three (A) meetings in 2021. The attendance status of members is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Independent Director	Cheng-Ching Wu	3	0	100%	
Independent Director	San-Boh Lee	3	0	100%	
Independent Director	Kin-Tsau Lee	3	0	100%	

Annotation:

(1) If the Board declines to adopt or modify a recommendation of the Compensation Committee, the date and session of the Board meeting, contents of motions, resolution and actions taken by the Company regarding the Committee's opinions shall be specified (e.g., if the compensation package approved by the Board is better than the recommendation made by the Committee, please specify the discrepancy and its reason): None.

(2) As to the resolutions of the Compensation Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date and session of the committee meeting, contents of motions, all members' opinions and actions taken regarding the opinions shall be specified: None.

(3) Responsibilities of the Compensation Committee are to draw up recommendations for the following matters:

A. Formulate and regularly review the annual and long-term performance targets, and the compensation policies, systems, standards and structures of Directors, Supervisors and managers.

B. Regularly assess the achievement status of Directors and managers concerning the performance targets and determine the compensation packages and amount of individuals. The aforementioned recommendations shall be submitted to the Board for resolution.

The resolutions of the 2021 Compensation Committee meetings are as follows:

Date of Meeting	Contents of Motions	Opinions of Committee Members and Actions Taken
2021.03.15 (1st meeting in 2021)	(1) Recommendations on the compensation to senior manager, Alan Wu, for serving as the Principal Accounting Officer (2) Recommendations on the compensation to Vice President and CFO, Ting-Chao Wang, for serving as the Chief Governance Officer (3) Distribution of 2020 compensation to employees and remuneration to Directors	Approved by all attending members and the Board
2021.05.03 (2nd meeting in 2021)	(1) Recommendations on distribution of 2020 compensation to managers and employees and remuneration to Directors (2) Recommendations on annual compensation to Chairman and President	
2021.08.02 (3rd meeting in 2021)	(1) Recommendations on the compensation to director, Chien-Tung, Chen, for serving as the Chief Governance Officer (2) Recommendations on 2021 salary adjustments	

E. Composition, duties and operation of the Nomination Committee: The Company has yet to set up a nomination committee.

(5) Implementation of Sustainable Developments and Non-compliance with Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>1. Does the Company establish a governance structure for promoting sustainable developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management being authorized by the Board to handle relevant issues under the supervision of the Board?</td><td></td><td>V</td><td>At present, sustainable developments of the Company are executed by units under the Chairman and the President. The Company will examine the current operation pursuant to applicable laws and regulations as well as adjust and set up a sustainability organization as the operation center for corporate sustainable developments. In the future, meetings will be held where representatives from each functional unit would conduct analyses on stakeholders including employees, shareholders, customers, suppliers, government and society pursuant to relevant standards; promote the vision in our pursuit of sustainability from the top down; formulate execution plans pertaining to environmental protection, employee care and community engagement as well as prepare the sustainable reports. The implementation outcome is reported to the Board when the need arises.</td><td>The Company has scheduled to establish the governance structure for sustainable developments and set up a relevant unit in 2022.</td></tr>
<tr><td>2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?</td><td>V</td><td></td><td>The Company's Board of Directors is the highest-ranking unit in terms of risk management. Its objectives include regulatory compliance and the promotion and implementation of company-wide risk management. It clearly understands the risks of operations, ensures the effectiveness of risk management and takes on the ultimate responsibility for risk management. Internal Audit Office reports directly to the Board. It monitors and provides methods and procedures of internal controls and internal audits to ensure an effective risk management operation.
Management strategies and objectives formulated by the Company concerning environmental, social and governance issues associated with operations are as follows:
<table>
<tr><th>Major Issue</th><th>Assessment Item</th><th>Management Strategy and Objective</th></tr>
<tr><td>Environmental</td><td>Savings on electricity and water, waste management, sustainable products</td><td>Please refer to Item 3 Environmental issues for details.</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><th>Major Issue</th><th>Assessment Item</th><th>Management Strategy and Objective</th></tr>
<tr><td>Social</td><td>Customer safety, customer privacy, occupational safety and health</td><td>1 Ensure products comply with safety regulations.
2 Confidentiality agreement and personal data protection for customers’ privacy to protect stakeholders’ interests.
3 Strive to maintain the fatality rate, disabling injury severity rate and disabling injury frequency rate of non-employee workers at zero.</td></tr>
<tr><td>Corporate Governance</td><td>Compliance with corporate governance laws and regulations</td><td>1 Continue to improve on corporate governance policy
2 Examine internal policies based on amendments to laws and regulations for regulatory compliance to lower the risk of violation.</td></tr>
</table></td><td>None</td></tr>
<tr><td>3. Environmental issues
(1) Does the Company establish environmental management system designed to fit industry characteristics?</td><td>V</td><td></td><td>(1) A. The environment, safety and health (ESH) management system established by the Company includes ISO-14001, ISO-45001 and greenhouse gas (GHG) inventory to ensure managements over internal environment and occupational safety and health are in line with international trends.</td><td>None</td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			B. The Company's ESH management system operates under the existing organizational structure and has obtained the ISO-14001:2015 (2021.11.05 to 2024.10.14) certification. It approves annual strategic objectives of ESH issues where each department shall formulate specific objectives based on risk assessment outcomes for implementation and monitoring. The results and execution effect of the system are submitted for review and modification to achieve continuous improvement.	None
(2) Is the Company committed to improving the energy efficiency and utilizing renewable materials that have low environmental impact?	V		(2) The Company has carried out various energy conservation measures, including the optimization of equipment operation and lighting management. In 2020, Motech saved 1,031,137 kWh of electricity and cut down energy consumption by 3,712.09GJ. The water resource reduction, recycling and reuse program continuously recycles wastewater for reuse. It enhances the recovery rate of process water and reduces the consumption of tap water and volume of wastewater discharged. In 2020, a total of 360 thousand metric tons of water was saved. The implementation of waste reduction, recycling and reuse brought the waste recycling rate to 93.73% in 2020.	
(3) Does the Company assess the present and future potential risks as well as opportunities of climate change for the entity, and takes measures to respond to climate-related issues?	V		(3) The Company has adopted international management systems including ISO-14001 and ISO-14064-1 to assess the present and future potential risks as well as opportunities from climate change. Regulations promulgated by the competent environmental authorities and requests from stakeholders are also taken into account. We formulate energy and water saving measures and set targets every year. Actions taken, targets and outcomes are stated below: ● Implement various energy-saving schemes in line with the "determination and execution of energy conservation objectives by energy users" of the Ministry of Economic Affairs, e.g., optimization of equipment operation and adoption of energy-saving lighting.	

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>● Continue to move towards advanced process technology, thereby producing eco-friendly solar products with high conversion efficiency and contributing to a sustainable earth.
● In response to climate change mitigation and adaptation, the Company sets up a GHG inventory and reduction management team to collect GHG emission data every year.
● Through continuous improvement in technology and investments on equipment, the recovery rates of process water and wastewater of the entire factory were 80.5% and 76.25% in 2021, respectively.
● In response to the severe water shortages in 2020 and 2021 and to satisfy the water rationing ratios released by the Water Resources Agency, the Company has established a water resource dispatch platform where meetings are held to discuss possible water-saving schemes of each factory when the need arises. Through this mechanism, a communication and discussion platform between the facilities and equipment departments is built to review possible water-saving measures for facilities and machines.</td><td rowspan="2">None</td></tr>
<tr><td>(4) Does the Company calculate its GHG emissions, water consumption and total waste weight in the past two years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?</td><td>V</td><td></td><td>(4) The Company conducts GHG inventory at each factory in Taiwan pursuant to the organization-level standard procedures of ISO-14064-1 Greenhouse Gas Accounting and Verification. Details of water consumption and total weight of waste as well as policies of energy conservation, carbon reduction, GHG reduction, water reduction and other waste management and the effects thereof are as follows:
● GHG Emissions:
<table><tr><th>Year</th><th>Scope 1
(MT of CO2e)</th><th>Scope 2
(MT of CO2e)</th></tr><tr><td>2020</td><td>927</td><td>23,226</td></tr><tr><td>2021</td><td>2,093</td><td>22,893</td></tr></table></td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>The Company conducts GHG inventory at each factory in Taiwan pursuant to the organization-level standard procedures of ISO-14064-1 Greenhouse Gas Accounting and Verification as the first step in energy-saving and carbon reduction. GHG emissions in 2021 was 24,986 metric tons of CO2e.
With respect to optimization of equipment operation, the Company cut down on electricity purchased and saved a total of 357,776 kWh with a GHG reduction of 179 metric tons of CO2e.

<table>
<tr><th>Energy-saving Item</th><th>Measures</th><th>Amount (KWH)</th><th>GHG Reduction (MT of CO2e)</th></tr>
<tr><td rowspan="2">Optimization of equipment operation</td><td>Lower the air change rate of clean room</td><td>246,474</td><td>123</td></tr>
<tr><td>Optimize the operation of air conditioning system</td><td>111,302</td><td>56</td></tr>
</table>

● Water consumption:
<table>
<tr><th>Year</th><th>Tap Water (MT)</th></tr>
<tr><td>2020</td><td>252,822</td></tr>
<tr><td>2021</td><td>272,131</td></tr>
</table>

Each factory of the Company constantly improves the recovery rate of wastewater from process. The recovery rates of process water and wastewater of the entire factory were 80.5% and 76.25% in 2021, respectively. The total consumption of tab water was 272,131 metric tons in 2021. Since groundwater was not used, the issue of land subsidence caused by declining</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>groundwater levels did not exist.
● Total waste
<table><tr><th>Year</th><th>Hazardous Industrial Waste (MT)</th><th>General Industrial Waste (MT)</th><th>Reuse Volume (MT)</th></tr><tr><td>2020</td><td>714.48</td><td>199.89</td><td>857.03</td></tr><tr><td>2021</td><td>578.33</td><td>478.62</td><td>936.80</td></tr></table>With life cycles in mind, Motech reduces the consumption of limited resources on the planet and prioritizes reuse for waste treatment. The waste reuse rate was 88.63% in 2021. The Company also formulates management mechanisms for waste treatment and conducts audits on engaged suppliers to ensure processes are legal.</td><td>None</td></tr>
<tr><td>4. Social issues
(1) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>(1) The Company and its subsidiaries comply with labor regulations and acts promulgated by the government as well as support and respect international human rights standards. Through internal promotion, we safeguard labor rights and ensure every employee is treated fairly and with respect. Relevant rules are formulated as the basis for employee management and compliance. We also have “Rules for Prevention, Complaint and Punishment of Sexual Harassment” to protect the rights of employees. The Company was honored with the “High Distinction Award for Equal Right at Workplace” from the Southern Taiwan Science Park Bureau.
The Company’s basic wage, work hour, leaves, pension, labor and health insurance, and occupational accident compensation for recruitment are all in compliance with the Labor Standards Act. The Employee Welfare Committee (EWC) is established through employee election to carry out various welfare measures. Labor-management meetings are held regularly for mutual</td><td>None</td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(2) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation? (3) Does the Company provide a safe and healthy work environment and periodic safety and health training?	V V		understanding, thereby achieving a win-win situation for labor and management. (2) Reasonable employee welfare measures formulated and executed by the Company are as follows: A. To motivate employees in terms of achievements, long-term engagement, talent retention and growth with the Company, the overall compensation package is determined based on employees' professional competence and skills, job scope and performance as well as the Company's operating objectives. The pay is not differentiated by gender, religion, race, nationality and political parties. Moreover, the Company sets a reasonable and competitive salary level with reference to local laws and regulations, industry practice and performance of each subsidiary. B. Diverse and fair workplace: The Company respects gender equality as well as equal pay and promotion opportunities. In 2021, female employees accounted for 46% and women in a managerial position accounted for 35%. C. The Company actively promotes excellent employee welfares. Besides recreation center, malls and library, an EWC is set up to coordinate and organize employee welfare activities. Employees are entitled to gift certificates for birthdays and special festivals as well as cash gifts for weddings and celebration and subsidies for funerals and hospitalization. These measures demonstrate our care and support for our employees. (3) A. Measures on employee safety and health are as follows: a. Regular environmental inspection at factories with timely improvements. Ensure regulatory compliance and employee safety and health. b. Regular safety trainings, e.g., fire and emergency drills and timely disclosure and warnings on job sites to enhance employees' safety awareness.	None

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>c. Various health channels (e.g., health consultation services and clubs) and employee health ranking for case management in order to maintain the physical and mental health of employees.
d. Annual physical examination which is superior to regulatory requirements in terms of frequency.
e. Introduction of e-health management platform where employees can understand their health status and access personal health data without time constraints in order to carry out comprehensive self-health management. There are group-specific health management programs such as personal illness consultation and management, case management for employees with cardiovascular disease or chronic diseases, health ranking management for employees engaging in special operations, care and health management for pregnant employees, and case management for occupational injuries and illness. All data are retained property.
f. The Company and its subsidiaries work diligently toward the goal of healthy workplace. Each factory in the Southern Taiwan Science Park had won the Occupational Health Promotion Certificate and received “Health Benchmark Award” and “Health Management Award” from the Health Promotion Administration.
B. Detailed explanations
Education and promotion of occupational safety in the past two years:
<table><tr><th>Year</th><th>No. of Training Sessions</th><th>No. of Participants</th></tr><tr><td>2020</td><td>16</td><td>2,891</td></tr></table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>

(4) Has the Company established effective career development training plans for employees?</td><td>

V</td><td></td><td>
<table><tr><td>2021</td><td>17</td><td>3,648</td></tr></table>
C. Occupational incident
In 2021, there were two off-premises occupational injuries (traffic accidents) of employees, two on-premises occupational injuries of employees and zero occupational injuries of contractors. Of the on-premises occupational injuries, one took place in Factory II with a rate of 2.8 per one thousand employees and the other took place in Factory V with a rate of 4.6 per one thousand employees.
For on-premises occupational injuries, the Company established an investigation team and issued an environmental safety report pursuant to the Norm for Management of Environment, Safety and Health Incident, Noncompliance and Corrective Measures, describing the event and actions taken. An occupational injury meeting was held to detail improvement measures, action plans and implementation outcomes thereof through accident/incident/abnormality investigation report and risk identification to prevent a reoccurrence of similar events.
(4) Motech places great importance on human resource developments and strive for improvements in professional competence. We provide systematic learning systems and environment to forge a culture of active employee learning and management assistance while satisfying the needs for corporate management and individual developments. Career development training covers different learning levels including individual development, diverse learning courses, assistance for employee’s continuing education. Training programs are arranged based on individual’s career development, job requirements and performance evaluation outcome. These programs cover human rights education and trainings on topics</td><td>None</td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			such as employee rights, occupational safety, Occupational Safety and Health Act and Labor Standards Act.	
(5) Has the Company complied with related regulations and international standards for issues of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated relevant consumer or customer protection policies and complaint procedures?	V		(5) PV modules produced by the Company have all conformed to the reliability testing standards of the new IEC 61215 and IEC 61730 as well as various international safety regulations and performance certifications. They have also passed Taiwan's Voluntary Product Certification (VPC). At the same time, Motech is committed to the development of quality management system and has obtained relevant ISO certifications (ISO-9001 Quality Management System and ISO-14001 Environmental Management System), achieving the Company's quality policy of reliable products and attentive services. In terms of customers' privacy, the Company adheres to the confidentiality agreements and Personal Data Protection Act. To mitigate health and safety risks of employees, visitors and customers, the Company has obtained the certification of OHSAS 18001 Occupational Safety and Health Management System. We also provide standardized and effective complaint procedures for our products and services and stipulate accountability and relevant rules in contracts with customers. When relevant issues arise, customers can contact the sales personnel listed on the corporate website directly. The customer service unit and stakeholder section are available to protect the rights of consumers and provide complaint channels.	None
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?	V		(6) For suppliers' compliance, the Company has established the "Procedures Governing the Supplier Assessment" and used the outcomes of assessments as the basis for their improvement as well as our standards for future purchases. Suppliers are also required to comply with safety, environmental and health regulations as stipulated in the Procedures Governing the Environmental and Safety and Health Management of Suppliers. They would be fined for violations identified and	

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>their actions would be presented and reviewed in the annual consultative organization meetings.</td><td></td></tr>
<tr><td>5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of sustainability or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?</td><td></td><td>V</td><td>In response to the global trends and to stress the environmental, social and corporate governance (ESG) issues of the Company in order to achieve the goal of sustainable developments, the Company adopts international reporting rules or guidelines in assessing ESG issues associated with operations and prepares 2022 Sustainability Report to further enhance the disclosure of ESG information.</td><td>The Company has scheduled to prepare the “Sustainability Report” using international reporting rules or guidelines in 2023.</td></tr>
<tr><td colspan="5">6. If the Company has established its sustainable principles according to the “Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies”, please specify any discrepancy between the principles and their implementation:
Sustainable practices of the Company are in compliance with the spirit and principles of the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies”.</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the Company’s implementation of sustainable practices:
(1) Environmental protection:
A. In August 2010, the Company had the world’s first solar cell completing the carbon footprint verification. Product carbon footprint measures the total carbon dioxide emissions, either directly or indirectly, of a product from the extraction of raw material, manufacturing, utilization to disposal. Upon analysis, the PV system can pay back its carbon dioxide emissions during production between the first three to four years during its useful lives of 20 years (a conservative estimate). Thus, the remaining 16 to 17 years would be clean electricity. Through the calculation of carbon footprint, we can quantify the environmental load of manufacturing processes and review the effects of process improvement and new technologies on carbon reductions annually. The results are presented in the Motech Sustainability Report.
B. GHG inventory produces emission data of factories, allowing the Company to identify major sources of emissions and establish reduction plans. The government has established the national GHG registry and prompts relevant industries to upload their Taiwan Accreditation Foundation (TAF) grade GHG emission data as the reference of nationwide industry carbon reduction strategies. Although the uploading has yet to be mandatory, Motech has completed annual inventory to establish a GHG emission base and incorporates it into the annual targets of ISO-14001 to set standards for energy, water, and resource conservation as well as waste reductions with improvements monitored on a monthly basis.
C. The Company completed the water footprint inventory of solar wafers and cells in 2015 and our solar cell (IM156 series) was the first one to obtain the water footprint certification pursuant to the ISO-14064:2014 water footprint inventory principle. Through the inventory, Motech enhances the efficiency of water resource utilization and will continue to product products with regulatory-compliance and eco-friendly green processes in order to become the</td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	

CSR benchmark among peers in Taiwan.

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

(2) Social involvement:

The Company established the Motech Culture and Art Foundation in 2006 to promote popular science education, participate in community development, and support quality art and cultural activities in order to fulfill our responsibilities as a corporate citizen. The 2021 Nanke Parent-Child Challenge Camp of Solar Model Car organized by the Foundation as a popular science activity was postponed to avoid social gatherings during COVID-19.

(3) Corporate Governance

A. To implement corporate governance and enhance Board functions, the Company has created the position of Chief Governance Officer as required. The main duties of the Chief Governance Officer are to provide information required for business execution by Directors; assist Directors with regulatory compliance, onboarding and continuing education; handle matters pertaining to meetings of the Board, committees and shareholders and produce meeting minutes.

B. The Company has established the “Corporate Governance Best Practice Principles” and other procedures related to corporate governance. Corporate governance information is disclosed at the corporate website (https://www.motech.com.tw/) and MOPS as required.

C. The Company’s Board of Directors had approved the “Methods for Performance Evaluation of the Board of Directors”. Performance evaluations on the Board and functional committees (including Compensation Committee and Audit Committee) are conducted at least annually with outcomes reported to the Board. Participants achieved good scores in 2021 and the evaluation outcomes were reported to the Board on March 10, 2022.

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

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

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

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

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

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

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

A. Continuing education of Directors

Title	Name	Host	Course	Duration	Date
Director	George Huang	Taiwan Stock Exchange	2021 Cathay Sustainable Finance and Climate Change Summit	3	December, 2021
		Securities & Futures Institute	2021 Seminar on Regulatory Compliance of Insider Equity Transaction	3	October, 2021
		Taipei Exchange	2021 Online Forum for Sustainability Upgrades of TPEx	2	September, 2021
Independent Director	San-Boh Lee	Taipei Exchange	Seminar on Insider Equity of TPEx-listed or emerging-stock companies	3	October, 2021
		Taipei Exchange	2021 Online Forum for Sustainability Upgrades of TPEx	2	September, 2021
		Taipei Exchange	2021 Online Forum for Sustainability Upgrades of TPEx	2	August, 2021
Independent Director	Kin-Tsau Lee	Securities & Futures Institute	The Impact of Latest Changes in Tax Laws on Business Operations and Responses	3	September, 2021
		Taipei Exchange	2021 Online Forum for Sustainability Upgrades of TPEx	2	September, 2021

(9) Internal control system execution status:

A. Statement of internal control system

Motech Industries Inc.

Statement of Internal Control System

March 10, 2022

Based on the findings of a self-assessment, Motech Industries Inc. (Motech) states the following with regard to its internal control system during the year 2021:

1. Motech's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets); reliability, timeliness and transparency of our financial reporting; and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and Motech takes immediate remedial actions in response to any deficiencies identified.
3. Motech evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of internal control based on the process of management: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. Motech has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, Motech believes that, as of December 31, 2021, its internal control system (including its supervision of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness and transparency of financial reporting; and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.
6. This Statement will be an essential content of the Motech's Annual Report and Prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.
7. This Statement has been approved in the Board of Directors' meeting on March 10, 2022, with all seven attending Directors affirming the content of this Statement.

Motech Industries Inc.

Chairman: Yung-Hui Tseng (Signature)

President: Fred Yeh (Signature)

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

(10) Any penalties imposed upon the Company or the internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations in the most recent year and as of the date of this annual report which may have significant impacts on shareholders' rights or security prices, details of the punishment, major defects and corrective action thereof shall be specified:

The Company have stipulated the reward and discipline as well as complaint systems in the "Code of Ethics and Business Conduct", "Work Rules" and "Rules for Reward and Discipline", which are announced to all employees (including major subsidiaries.) There was no material penalty due to violation of laws and regulations in 2021. Employees' violations of internal rules are handled in accordance with rules of the Company and improvement mechanisms would be established to prevent a reoccurrence of the event.

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

A. Major resolutions of shareholders' meeting on July 26, 2021 and execution thereof

Major Resolutions
(1) Approved the Company's 2020 business report and financial statements Execution of resolutions: Approved. (2) Approved the Company's 2020 earnings distribution Execution of resolutions: Approved.

B. Major resolutions of Board meetings

Date	Major Resolutions
2021.01.21	(1) Proposed to the Board to approve the appointment of CFO, Ting-Chao Wang, as the Company's Chief Governance Officer (2) Proposed to approve the Company's 2021 business plans (3) Proposed to the Board to approve matters associated with the dissolution and liquidation of affiliate, NT (4) Investment refunds from PI for the liquidation of NT (5) Reported the 2021 audit fees for the Company's CPAs (6) Proposed to approve the ratification of appointment of principal accounting officer (7) Proposed to amend the Articles of Incorporation of the affiliate, Motech Power Zeta (8) Proposed to ratify the amendments to the Articles of Incorporation of the affiliate, Motech Power Beta (9) Proposed to the Board to approve the amendments to some articles within the Articles of Incorporation of the Group entity, SNE (10) Proposed to approve the extension of credit lines with the Company's correspondent financial institutions
2021.02.08	(1) Proposed to the Board to approve the Company's participation in the capital increase of SunnyRich Multifunction Solar Power Co., Ltd. (SunnyRich Multifunction)
2021.03.18	(1) Recommendations on the compensation to senior manager, Alan Wu, for serving as the Principal Accounting Officer (2) Recommendations on the compensation to Vice President and CFO, Ting-Chao Wang, for serving as the Chief Governance Officer (3) Distribution of 2020 compensation to employees and remuneration to Directors

Date	Major Resolutions
	(4) Proposed to the Board to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2020 (5) Proposed to the Board to approve the 2020 earnings distribution (6) Proposed to approve the 2020 business report (7) Proposed to approve the agenda, date and venue of 2021 annual shareholders' meeting (8) Proposed to approve the amendments to some articles within the Company's "Rules and Procedures for Finance and Business between Affiliates" (9) Proposed to approve the amendments to some articles within the Company's "Corporate Governance Best-Practice Principles" (10) Proposed to the Board to approve the increase of NT$54.85 million in 2021 capital expenditure budget (11) Proposed to the Board to approve the Company's "2020 Statement of Internal Control System"
2021.05.06	(1) Recommendations on distribution of 2020 compensation to managers and employees and remuneration to Directors (2) Reviewed recommendations on annual compensation to the Chairman and President (3) Reassigned the representative of corporate director and supervisors of subsidiary and appointed a new president for the subsidiary (4) Proposed to the Board to approve the amendments to some articles within the Articles of Incorporation of the Group entity, SNE
2021.07.08	(1) Proposed to approve the date and venue of the postponed 2021 annual shareholders' meeting
2021.08.05	(1) Proposed to approve the appointment of the new internal audit officer (2) Proposed to approve the appointment of the new Chief Governance Officer (3) Recommendations on the compensation to director, Chien-Tung, Chen, for serving as the Chief Governance Officer (4) Recommendations on 2021 salary adjustments (5) Amendments to some articles within the Company's "Rules Governing the Supervision of Subsidiaries" (6) Proposed to approve the loans provided to affiliates (7) Proposed to set up an aquaculture company through joint venture (8) Proposed to approve the extension of credit lines with the Company's correspondent financial institutions (9) Proposed to the Board to approve the participation in cash capital increase of SunnyRich Multifunction (10) Proposed to the Board to approve the increase of NT$411.84 million in 2021 capital expenditure budget (11) Proposed to amend the Company's Compensation Committee Charter
2021.11.04	(1) Proposed to approve the application of general credit lines with the Company's correspondent financial institutions (2) Proposed for the Company to invest in Abundant Ocean (3) Proposed to the Board to approve the increase of NT$1,424.82 million in 2021 capital expenditure budget (4) Proposed to the Board to approve the Company's "2022 annual audit plan"
2022.01.20	(1) Proposed to approved the Company's 2022 business plans (2) Proposed to approve the cash capital injection to the subsidiary, Motech Power One

Date	Major Resolutions
	(3) Proposed to approve the cash capital injection to the subsidiary, Motech Power Zeta (4) Reported the 2022 audit fees for CPAs (5) Proposed to approve the application of general credit lines with the Company's correspondent financial institutions (6) Proposed to approve the amendments to some articles within the Company's "Corporate Governance Best-Practice Principles"
2022.03.10	(1) Proposed to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2021 (2) Proposed to approve the 2021 earnings distribution (3) Proposed to approve the 2021 business report (4) Proposed to approve the agenda, date and venue of 2022 annual shareholders' meeting (5) Proposed to approve the amendments to some articles within the Company's "Articles of Incorporation" (6) Proposed to approve the amendments to some articles within the Company's "Procedures for Acquisition or Disposal of Assets" (7) Proposed to approve the application of credit lines for commercial paper issues with the Company's correspondent financial institutions (8) Proposed to approve the increase of NT$7.23 million in 2022 capital expenditure budget (9) Proposed to approve the amendments to some articles within the Articles of Incorporation of the Group entity, SNE (10) Proposed to approve the distribution of 2021 compensation to employees and remuneration to Directors (11) Proposed to approve the Company's "2021 Statement of Internal Control System"

(12) Different opinions expressed by Directors or Independent Directors regarding major resolutions, either by recorded statement or in writing, in 2021 and as of the date of this annual report: None.

(13) Resignation or discharge of Chairman, President, Principal Accounting Officer, Principal Finance Officer, Internal Audit Officer, Chief Governance Officer and Research and Development Officer in 2021 and as of the date of this annual report

February 28, 2022

Title	Name	On-board Date	Date of Resignation or Dismissal	Reasons of Resignation or Dismissal
Principal Accounting Officer	Hsi-Kung Chang	2017.08.07	2021.01.01	Transferred to be the Deputy Project Director
Internal Audit Officer	Chien-Tung Chen	2007.03.01	2021.08.05	Transferred to be the Chief Governance Officer
Chief Governance Officer	Ting-Chao Wang	2021.01.21	2021.08.05	Job transfer

5. Audit Fees for CPA

(1) Audit Fees for CPA

(In Thousands of New Taiwan Dollars)

<table>
<tr><th>Accounting Firm</th><th>Name of CPA</th><th>Audit Period</th><th>Audit Fee</th><th>Non-audit Fee</th><th>Total</th><th>Remark</th></tr>
<tr><td rowspan="2">KPMG</td><td>Ming-Hung Huang</td><td rowspan="2">2020</td><td rowspan="2">NT$3,905 thousand</td><td rowspan="2">NT$1,766 thousand</td><td rowspan="2">NT$5,671 thousand</td><td rowspan="2">Amount and nature of non-audit fees are as follows:
1. Fees for tax compliance audit and tax consultation concerning transfer pricing amounted to NT$1,365 thousand.
2. Fees for company registration amounted to NT$181 thousand.
3. Fees for on-site inventory at Science Park and waste inventory amounted to NT$110 thousand.
4. Fees for verifications of capital reduction and payroll information checklist amounted to NT$110 thousand.</td></tr>
<tr><td>Mei-Yan Chen</td></tr>
<tr><td rowspan="2">KPMG</td><td>Ming-Hung Huang</td><td rowspan="2">2021</td><td rowspan="2">NT$3,990 thousand</td><td rowspan="2">NT$1,471 thousand</td><td rowspan="2">NT$5,461 thousand</td><td rowspan="2">Amount and nature of non-audit fee are as follows:
1. Fees for tax compliance audit and tax consultation concerning transfer pricing amounted to NT$1,240 thousand.
2. Fees for company registration amounted to NT$221 thousand.
3. Fees for verifications of payroll information checklist amounted to NT$10 thousand.</td></tr>
<tr><td>Mei-Yan Chen</td></tr>
</table>

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

(3) Over 10% decrease in audit fee on a year-to-year basis: None.

6. Change of CPA: None.

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

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

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

(In Shares)

Title	Name	2021		By April 23, 2022	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Yung-Hui Tseng	0	0	0	0
Director	Chih-Kaou Lee	0	0	0	0
Director	George Huang	0	0	0	0
Director	Ming-Shiaw Lu	0	0	0	0
Independent Director	Cheng-Ching Wu	0	0	0	0
Independent Director	San-Boh Lee	0	0	0	0
Independent Director	Kin-Tsau Lee	0	0	0	0
President	Fred Yeh	0	0	0	0
Vice President	Huan-Shun Lin	0	0	0	0
Vice President & CFO	Ting-Chao Wang	0	0	0	0
Principal Accounting Officer	Alan Wu (Note 1)	0	0	0	0
Deputy Accounting Director	Hsi-Kung Chang (Note 2)	0	0	0	0
Chief Governance Officer	Chien-Tung Chen (Note 3)	0	0	0	0

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

Note 2: Hsi-Kung Chang was transferred to take on the position of Deputy Project Director on January 1, 2021.

Note 3: Chien-Tung Chen was transferred to take on the position of Chief Governance Officer on August 5, 2021.

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

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

9. Top 10 Shareholders Who are Related Parties, Spouses, or within Second-Degree of Kinship to Each Other

As of April 23, 2022

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders Who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	-
Invesco Solar ETF in custody of HSBC	18,307,000	5.16%	0	0.00%	0	0.00%	-	-	-
Yung-Hui Tseng	10,582,717	2.98%	1,394,893	0.39%	0	0.00%	Cheng Fu-Tien Culture & Education Foundation	Chairman of the Foundation	-
Cheng Fu-Tien Culture & Education Foundation	7,308,120	2.06%	0	0.00%	0	0.00%	Yung-Hui Tseng	Chairman	-
Chih-Kaou Lee	4,022,716	1.13%	1,577,265	0.44%	0	0.00%	-	-	-
Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody of JPMorgan Chase Bank, N.A. Taipei Branch	4,012,574	1.13%	0	0.00%	0	0.00%	-	-	-
Pi-Zhang Wang	3,976,944	1.12%	0	0.00%	0	0.00%	-	-	-
Buddhist Tzu Chi Charity Foundation of the Republic of China	3,953,711	1.11%	0	0.00%	0	0.00%	-	-	-
Morgan Stanley & Co International Limited in custody of HSBC Bank (Taiwan) Limited	3,888,608	1.10%	0	0.00%	0	0.00%	-	-	-
Vanguard Total International Stock Index Fund Managed under Vanguard Star Funds in custody of JPMorgan Chase Bank N.A. Taipei Branch	3,450,214	0.97%	0	0.00%	0	0.00%	-	-	-
UBS Europe SE Investment in custody of Citibank (Taiwan) Ltd.	3,360,635	0.95%	0	0.00%	0	0.00%	-	-	-

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

As of December 31, 2021 (In Shares)

Investee	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities		Total	
	Shares	%	Shares	%	Shares	%
Power Islands Limited	158,375,909	100.00%	0	0.00%	158,375,909	100.00%
Inergy Technology Inc.	8,558,750	21.06%	0	0.00%	8,558,750	21.06%
Teco-Motech Co., Ltd.	1,440,000	60.00%	0	0.00%	1,440,000	60.00%
Motech Power One Co., Ltd.	25,000,000	100.00%	0	0.00%	25,000,000	100.00%
TECO Sun Energy Co., Ltd.	2,800,000	40.00%	0	0.00%	2,800,000	40.00%
Motech Power Gamma Co., Ltd.	3,300,000	100.00%	0	0.00%	3,300,000	100.00%
Motech Power Beta Co., Ltd.	5,500,000	100.00%	0	0.00%	5,500,000	100.00%
Motech Power Zeta Co., Ltd.	10,600,000	100.00%	0	0.00%	10,600,000	100.00%
Cheer View Investment Limited	0	0.00%	77,500,000	100.00%	77,500,000	100.00%
AE Polysilicon Corporation	0	0.00%	11,573,647	37.11%	11,573,647	37.11%
Motech (Suzhou) Renewable Energy Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%
Motech (Maanshan) Renewable Energy Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%
Motech (Maanshan) Energy Technologies Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%

IV. Capital Overview

1. Capital and Shares

(1) Source of capital

A. Source of capital

The Company was established per approval of the Ministry of Economic Affairs on June 3, 1981. Information in recent years and as of the date of this annual report is as follows:

As of April 23, 2022 (In NT$; Shares)

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Others
2018.02	10	600,000,000	6,000,000,000	541,438,908	5,414,389,080	Issuance of restricted stock for employees: 16,480,000	-	Note 1
2018.04	10	600,000,000	6,000,000,000	541,300,408	5,413,004,080	Cancellation of restricted stock for employees: 1,385,000	-	-
2018.05	10	600,000,000	6,000,000,000	541,043,408	5,410,434,080	Cancellation of restricted stock for employees: 2,570,000	-	-
2018.08	10	600,000,000	6,000,000,000	540,760,408	5,407,604,080	Cancellation of restricted stock for employees: 2,830,000	-	-
2018.12	10	600,000,000	6,000,000,000	540,655,908	5,406,559,080	Cancellation of restricted stock for employees: 1,045,000	-	-
2019.04	10	600,000,000	6,000,000,000	540,495,408	5,404,954,080	Cancellation of restricted stock for employees: 1,605,000	-	-
2019.07	10	1,000,000,000	10,000,000,000	540,495,408	5,404,954,080	Increase in authorized capital: 4,000,000,000	-	Note 2
2019.11	10	1,000,000,000	10,000,000,000	540,470,408	5,404,704,080	Cancellation of restricted stock for employees: 250,000	-	-
2020.02	10	1,000,000,000	10,000,000,000	540,451,408	5,404,514,080	Cancellation of restricted stock for employees: 190,000	-	-
2020.08	10	1,000,000,000	10,000,000,000	355,041,875	3,550,418,750	Capital reduction for loss compensation: 1,854,095,330	-	Note 3

Note 1: Approved by Official Letter No. MOEA-Authorized-Commerce-10701018570 on February 14, 2018.
Note 2: Approved by Official Letter No. MOEA-Authorized-Commerce-10801081540 on July 17, 2019.
Note 3: Approved by Official Letter No. MOEA-Authorized-Commerce-10901150100 on August 13, 2020.

B. Authorized capital

As of April 23, 2022 (In Shares)

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

C. Shelf registration: None.

(2) Shareholder composition

As of April 23, 2022

Type / Quantities	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	5	191	66,528	109	66,833
Shares	0	81,251	24,049,109	282,455,963	48,455,552	355,041,875
%	0.00%	0.02%	6.77%	79.56%	13.65%	100.00%

(3) Shareholding distribution

As of April 23, 2022

Shareholding	Number of Shareholders	Number of Shares	%
1-999	28,047	5,492,082	1.55%
1,000-5,000	29,905	62,398,229	17.57%
5,001-10,000	4,809	37,400,983	10.53%
10,001-15,000	1,367	17,405,516	4.90%
15,001-20,000	878	16,208,051	4.57%
20,001-30,000	690	17,456,764	4.92%
30,001-40,000	309	11,046,830	3.11%
40,001-50,000	212	9,817,319	2.77%
50,001-100,000	354	25,048,866	7.06%
100,001-200,000	147	20,489,915	5.77%
200,001-400,000	58	16,050,496	4.52%
400,001-600,000	15	7,465,622	2.10%
600,001-800,000	9	6,778,302	1.91%
800,001-1,000,000	5	4,759,154	1.34%
1,000,001 and above	28	97,223,746	27.38%
Total	66,833	355,041,875	100.00%

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

As of April 23, 2022

Major Shareholders \ Shareholding	Shares	%
Invesco Solar ETF in custody of HSBC	18,307,000	5.16%
Yung-Hui Tseng	10,582,717	2.98%
Cheng Fu-Tien Culture & Education Foundation	7,308,120	2.06%
Chih-Kaou Lee	4,022,716	1.13%
Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody of JPMorgan Chase Bank, N.A. Taipei Branch	4,012,574	1.13%
Pi-Zhang Wang	3,976,944	1.12%
Buddhist Tzu Chi Charity Foundation of the Republic of China	3,953,711	1.11%
Morgan Stanley & Co International Limited in custody of HSBC Bank (Taiwan) Limited	3,888,608	1.10%
Vanguard Total International Stock Index Fund Managed under Vanguard Star Funds in custody of JPMorgan Chase Bank N.A. Taipei Branch	3,450,214	0.97%
UBS Europe SE Investment in custody of Citibank (Taiwan) Ltd.	3,360,635	0.95%

(5) Market Price, Net Worth, Earnings and Dividends Per Share for 2020 and 2021

In NT$/Thousands of Shares

Item \ Year			2020	2021
Market Price per Share	Highest		44.65	43.25
	Lowest		3.84	25.95
	Average		16.64	32.72
Net Worth per Share	Before Distribution		8.92	9.05
	After Distribution		8.72	(Note 4)
Earnings per Share	Weighted Average No. of Shares (in thousands of shares)		355,042	355,042
	Earnings per Share		0.31	0.30
Dividends per Share	Cash Dividends		0.20	(Note 4)
	Stock Dividends	Earnings	0	(Note 4)
		Capital Surplus	0	(Note 4)
	Accumulated Undistributed Dividend		0	0
Analysis on Investment Return	Price/Earnings Ratio (Note 1)		53.68	109.07
	Price/Dividend Ratio (Note 2)		83.20	(Note 4)
	Cash Dividend Yield (Note 3)		0.01	(Note 4)

Note 1: Price/Earnings Ratio = Average Closing Price for the Year / Earnings per Share
Note 2: Price/Dividend Ratio = Average Closing Price for the Year / Cash Dividends per Share
Note 3: Cash Dividend Yield = Cash Dividends per Share / Average Closing Price for the Year
Note 4: Earnings distribution for 2021 is pending for approvals from the shareholders' meeting

(6) Dividend policy and its execution status

A. The dividend policy is as follows:

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

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

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

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

B. Earnings distribution proposal

The 2021 earnings distribution plan was approved in the Board of Directors' meeting on March 10, 2022. With a net income of NT$106,743,478 in 2021, the Company plans to pay cash dividends in the amount of NT$71,008,375, i.e., NT$0.2 per share (The plan is pending for approval from the shareholders' meeting).

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

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

(8) Compensation to employees and Directors

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

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

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

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

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

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

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

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

C. Proposed compensation approved by the Board

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

Compensation to employees and remuneration to Directors approved in the Board meeting on March 10, 2022 is as follows:

Compensation to employees: NT$6,811,728 (in cash)

Remuneration to Directors: NT$1,362,346 (in cash)

The amount of compensation to employees and remuneration to Directors is the same as the amount recognized in the financial statement.

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

D. Actual payment of compensation to employees and remuneration to Directors in the previous fiscal year (including the number of stocks, amount and share price). Where the actual payment amount differs from the amount recognized in the financial statements, please disclose the difference, reason and actions taken:

(a) 2020 compensation to employees and remuneration to Directors approved in the Board meeting on March 18, 2021 were NT$7,195,788 and NT$1,427,403, respectively. They were to be distributed in the form of cash.

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

(9) Buyback of common shares: None.

2. Corporate Bonds:

(1) Corporate bonds: None.

(2) Conversion of corporate bonds: None.

(3) Exchange of corporate bonds: None.

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

(5) Corporate bonds with warrants: None.

3. Preferred Shares: None.

4. Global Depositary Shares: None.

5. Employee Stock Options: None.

6. Employee Restricted Stock: None.

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

8. Execution of Financing Plans: None.

V. Operational Highlights

1. Business

(1) Business Scope

A. Major products/services

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

(a) CE01010 instruments manufacturing

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

(c) CC01060 wired communication equipment and apparatus manufacturing

(d) CC01070 wireless communication equipment and apparatus manufacturing

(e) CC01080 electronic parts and components manufacturing

(f) CC01090 batteries manufacturing

(g) CC01110 computers and computing peripheral equipment manufacturing

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

(i) D401010 heat energy supplying

(j) F113030 wholesale of precision instruments

(k) F213040 retail sale of precision instruments

(l) F113110 wholesale of batteries

(m) F213110 retail sale of batteries

(n) F113050 wholesale of computing and business machinery equipment

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

(p) F119010 wholesale of electronic materials

(q) F219010 retail sale of electronic materials

(r) F113070 wholesale of telecom instruments

(s) F213060 retail sale of telecom instruments

(t) IG03010 energy technical services

(u) F401010 international trade

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

B. Major products as a percentage to revenue

Item \ Weighting	2021	
	Net Revenue (In Thousands of New Taiwan Dollars)	Ratio (%)
Solar cells	360,179	6.13%
PV modules	5,229,296	89.04%
Others	283,514	4.83%
Total	5,872,989	100.00%

C. Major products (services)

(a) Solar cells 158.75*158.75mm (GI)

(b) PV modules 325-355W (GI)

(c) High-power PV modules 385W (XS60)

(d) High-efficiency PV modules 455W (XS72)

(e) High-efficiency TOPCon N-type PV modules 360W

(f) Mobile solar power systems

(g) Engineering consultant of PV systems

(h) Sales and engineering integration of PV systems

(i) Technical developments on PV systems

(j) Professional education and training on PV systems

D. Development of new products (services)

(a) Development and mass production of large-sized (166mm x 166mm) N-type TOPCon

(b) Development of high-efficiency single-side PV modules 385W (XS60CD)

(c) Development of N-type high-efficiency bifacial PV modules 470W (XN72CD-B)

(d) Development of N-type high-efficiency bifacial PV modules 400W (XN60CD-B)

(2) Industry Overview

A. Industry Status and Development

The Paris Agreement adopted at COP 21 in 2015 required parties to the agreement to establish a "Nationally Determined Contributions" (NDC) for emission reduction. The treaty prompts the robust developments in renewable energy and PV industry.

COP 26 in 2021 was the first climate summit to review each country's five-year contributions in carbon reduction since the Paris Agreement, and for the first time in history, countries had pledged to limit the use of coal.

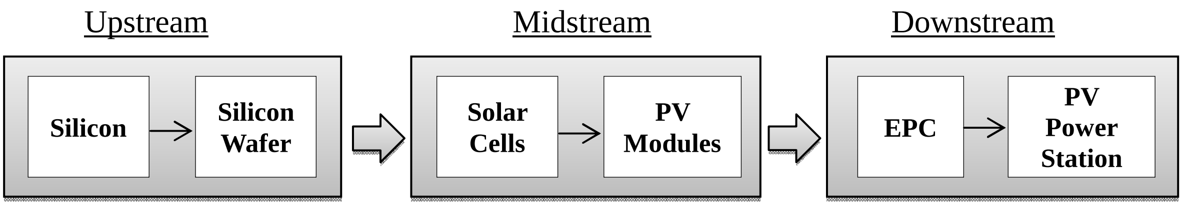
International Energy Agency (IEA) has released the 2021 renewables market report. The strong growth of renewable energy continued in 2021 despite unfavorable factor of the pandemic. IEA expects the average annual additions to global renewable electricity capacity will reach 305GW between 2021 and 2026, up more than 50% from the average of less than 200GW between 2015 and 2020. The renewable power capacity rose by 290GW in 2021, of which solar power set a new annual record with close to 160GW, an increase rate of 17%.

Taiwan government has been fully devoted to the developments of low-carbon energy from renewables. On October 27, 2016, it passed the program to achieve the goal of generating 20% of all electricity through renewables by 2025. As for solar energy promotion, there have been policies and measures such as the Two-year Solar PV Promotion Plan, 2020 Solar PV 6.5GW Target Plan, and Ground-mounted Solar System Project, where the government takes inventory of land for grid-connection capacity, expands the installation of rooftop PV systems and strengthens public-private partnership. The launch of ground-mounted PV systems has prioritized areas with social consensus and free of ecological controversy (e.g., fishery and electricity symbiosis applications, areas not appropriate for agricultural use, industrial parks, water areas, polluted land, ball game grounds, parking lots, etc.) to achieve the goal of 20GW solar capacity by 2025.

On January 1, 2021, the MOEA officially enacted the major electricity consumers clause. Users with contract capacity exceeding 5,000kW are required to have an installed renewable energy capacity which accounts for 10% of the contract capacity within five years. The objective is for domestic major electricity consumers to install renewable energy capacity as required. Large corporations around the world are joining the RE100 initiative and encouraging entities within their supply chains to commit to 100% green electricity. Countries around the world compete in their pursuits of net-zero emissions and the era of zero carbon transition has arrived. In response to the global 2050 net-zero target, the Ministry of Economic Affairs proposes a 2x2 net zero transition framework which includes "low carbon - zero emissions" and "energy - industries". The short-term priority is to promote matured green and carbon reduction technologies, shifting energy consumption and industries towards a low-carbon state. In the long run, we shall invest in advanced technologies such as hydrogen energy, circular economy and Carbon Capture, Utilization and Storage (CCUS). The comprehensive path for the transition from low to zero carbon and net-zero industry also brings about business opportunities to the green energy industry.

B. Supply chain

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



C. Product development trends and competitions

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

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

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

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

(3) Technology and Research and Development

A. Research and development expenses in 2020 and 2021

(In Thousands of New Taiwan Dollars)

Year/Item	2020	2021
R&D Expenses	89,302	51,321

B. Technology or product developed in 2021

(a) The average conversion efficiency of mono PERC cells was improved to 22.6% with a maximum efficiency of 22.9%.

(b) The average efficiency of N-type TOPCon solar cell mass produced was 23.3% with a maximum efficiency of 23.7%

(c) Single-glass bifacial PV modules for fishery and electricity symbiosis 350W (XS60CA-B)

(d) High-efficiency bifacial PV modules 385W (XS60CD-B)

(e) Development of modules with drainage and blowdown functions

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

A. Short-term business development plans

(a) Marketing strategy

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

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

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

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

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

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

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

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

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

(b) Production cost

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

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

(c) Production development

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

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

iii. Strengthen competence in PV system design and installation.

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

(d) Operation management

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

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

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

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

(e) Financial planning

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

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

B. Long-term business development plan

(a) Marketing strategy

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

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

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

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

(b) Production cost

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

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

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

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

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

(c) Production Development

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

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

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

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

v. Commit to develop high-efficiency solar inverters.

(d) Operation management

i. Build competence for diversification and expand business scale.

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

iii. Enhance risk management to lower business risks.

(e) Financial planning

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

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

2. Market and Sales Overview

(1) Market Analysis

A. Sales Distribution by Region

(In Thousands of New Taiwan Dollars)

Year / Region	2020		2021	
	Amount	%	Amount	%
Taiwan	2,066,288	56.17	3,363,953	57.28
Singapore	1,059,739	28.81	2,151,702	36.64
India	151,119	4.11	199,339	3.39
South Korea	260,957	7.09	86,276	1.47
Others	140,292	3.82	71,719	1.22
Total	3,678,395	100.00	5,872,989	100.00

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

(a) Market Share

According to the statistics of the market research institution, PV InfoLink, Motech ranked among the top five in terms of Taiwan PV module shipment in 2021. When taking the 2021 PV installed capacity of 1,883 MW released by the Bureau of Energy, MOEA, Motech had a market share of 29% with our module shipment of 555MW.

(b) Future Supply and Demand, and Market Growth

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

The research institution, EnergyTrend, projects PV demand worldwide to reach 200GW in 2022, a 20% year-over-year growth, where the top three nations will account for 62% with China at 76GW, U.S. at 30GW and India at 17GW. The adoption of coexistence policy by governments around the world concerning the pandemic, disappearance of one-time increase in solar power costs and promotion of energy policies by each country are expected to drive the growth of global PV installed capacity every year.

As for the Taiwan market, feed-in tariff adjustments in the second half of 2021 boosted the growth of solar installed capacity by 60% to reach 2GW in 2021. The government has announced the target of 11GW for 2022. As the silicon production in China is scheduled to ramp up in the first quarter of 2022, we expect to see a stable growth in domestic PV demand.

C. Competitive Advantage

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

(a) Professional management team

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

(b) Advanced technology and equipment

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

(c) Excellent market position

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

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

(a) Favorable factors

i. Excellent organizational operation system

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

ii. Outstanding execution and manufacturing systems

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

iii. Good customer portfolio and market reviews

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

iv. Policy impact

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

(b) Unfavorable factors

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

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

iii. European governments suspend or scale down subsidies policies.

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

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

(c) Countermeasures

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

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

iii. Continue to strengthen and prepare the management fundamentals of the Company for competition-cooperation of various industries.

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

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

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

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

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

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

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

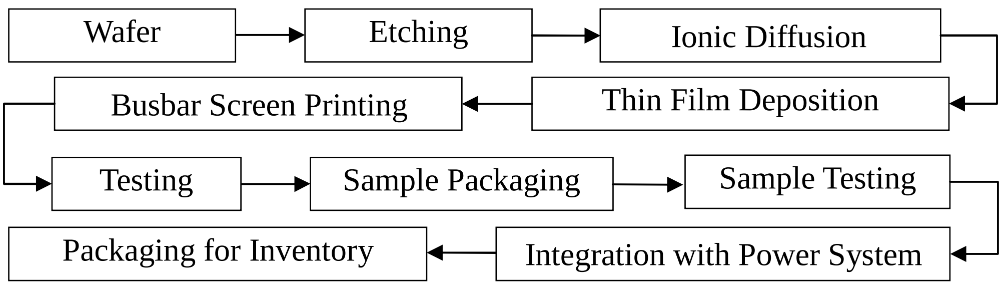
(2) Main applications and manufacturing process of key products

A. Main application of key products

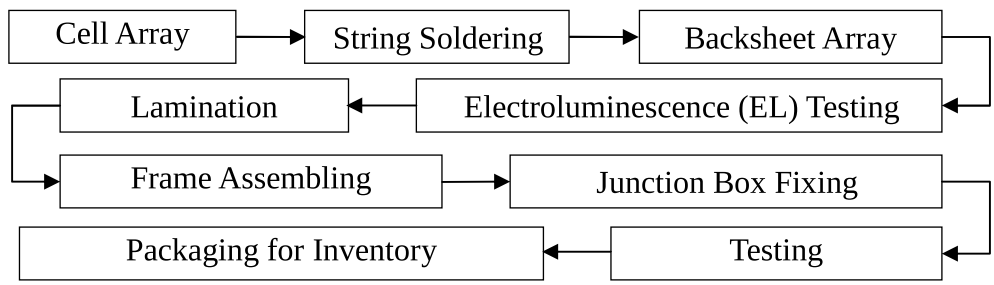
Key Products	Main Application
Solar cells and modules	Our products are semiconductor components which convert light into electricity. They are generally made as standard modules or building-integrated modules for module producers or system integrators. Also, they can be used for special applications,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

B. Manufacturing process

Solar cells process flow



PV modules process flow



C. Supply of key raw materials

Raw Material	Supplier	Supply
CELL	Company H	Good
Aluminum frame	Company I	Good

D. Key suppliers and customers

(a) Names of suppliers account for 10% or more of the Company's total purchases in 2020 and 2021 with purchase amount and percentages as well as reasons for changes

(In Thousands of New Taiwan Dollars)

	2020				2021			
No.	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Purchase (%)	Relationship with the Company
1	Supplier A	440,986	16.35	Non-related party	Supplier A	35,616	0.86	Non-related party
-	Others	2,255,635	83.65	-	Others	4,104,376	99.14	-
-	Net Purchase	2,696,621	100.00	-	Net Purchase	4,139,992	100.00	-

Explanations on changes: Purchases from Supplier A decreased significantly in 2021 mainly because the Company's long-term material procurement contract with Supplier A expired, and we switched to other suppliers. The Company and its subsidiaries have established sound relationships with suppliers. However, to ensure an uninterrupted supply of materials, we continue to contact different suppliers to secure materials and diversify risks.

(b) Names of customers account for 10% or more of the Company's total revenue in 2020 and 2021 with sales amount and percentages as well as reasons for changes

(In Thousands of New Taiwan Dollars)

	2020				2021			
No.	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Company	Name	Amount	Percentage to Annual Net Revenue (%)	Relationship with the Company
1	Company E	1,059,739	28.81	Non-related party	Company E	2,151,702	36.64	Non-related party
2	Company G	801,083	21.78	Non-related party	Company G	1,016,360	17.31	Non-related party
3	Company H	440,019	11.96	Non-related party	Company H	210,282	3.58	Non-related party
	Others	1,377,554	37.45		Others	2,494,645	42.47	
	Net revenue	3,678,395	100.00		Net revenue	5,872,989	100.00	

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

E. Production in 2020 and 2021

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

Year / Production Product	2020			2021		
	Capacity	Output	Amount	Capacity	Output	Amount
Solar cells (in thousands of pieces)	140,326	66,501	1,421,216	68,071	67,149	1,787,275
PV modules (in thousands of pieces)	1,633	1,633	3,796,834	2,531	2,531	6,599,185
Others (in thousands of pieces/sets/KW)	927	927	5,643	982	982	1,831
Total			5,223,693			8,388,291

F. Shipments and sales in 2020 and 2021

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

Year / Shipment & Sale Product	2020				2021			
	Domestic		Overseas		Domestic		Overseas	
	Shipment	Sales	Shipment	Sales	Shipment	Sales	Shipment	Sales
Solar cells	4,566	107,769	22,722	243,853	4,204	110,682	21,074	249,497
PV modules	537	1,739,688	576	1,346,183	858	2,970,330	950	2,258,966
Others	-	218,831	-	22,071	-	282,941	-	573
Total	-	2,066,288	-	1,612,107	-	3,363,953	-	2,509,036

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

Year		2020	2021	As of February 28, 2022
No. of Employees	Management	61	60	60
	Technical personnel	136	139	139
	Administrative personnel	76	65	63
	Operating personnel	531	511	501
	Total	804	775	763
Average Age		38.43	39.36	39.57
Average Year of Service		9.5	8.9	9.1
Education	Ph.D.	1.00%	0.8%	0.79%
	Master's Degree	11.20%	12.10%	12.32%
	Bachelor's Degree	57.00%	57.00%	57.01%
	Senior High School	22.30%	22.10%	21.89%
	Below Senior High School	8.50%	8.00%	7.99%

4. Expenditure Related to Environmental Protection

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

5. Employment Relations

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

A. Employee welfare

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

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

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

B. Education and training

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

C. Retirement system and implementation status

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

In Taiwan, the Company contributes monthly an amount equivalent to 2% of employees' salaries to the pension fund deposited at the Bank of Taiwan in the name of an independently administered pension fund committee pursuant to the Labor Standards Act for employees’ pensions under the old retirement system. As the pension account had sufficient funds for payments in 2021, the pension fund committee agreed to suspend the contributions for one year and the proposal was approved by the competent authority.

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

D. Labor agreements

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

E. Code of conduct and ethics

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

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

The Company and its subsidiaries have always stressed the importance of harmonious labor relations. Expenses incurred for handling prior industrial disputes amounted to NT$1,333 thousand in the most recent year and as of the date of this annual report. The dollar amount did not constitute a material loss and there were no other penalties imposed by the competent authority.

(3) Measures safeguarding workplace and employee personal safety:

A. Risk management

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

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

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

B. Education and training

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

C. Health care

We manage employee health thoroughly. The Company and its subsidiaries held general and special physical examinations every year. Employees having irregularities identified are ranked by health conditions to receive corresponding health management treatments. We place grave importance on the prevention of new occupational diseases and proactively promote ergonomics improvement projects, prevention of work overload, health protection of working mothers, suitability assessment on middle-aged and senior employees, and physiological assessments on personnel requiring respiratory protection devices. We implement a variety of improvement measures and are committed to provide a healthy working environment. The health center has comprehensive disease control response mechanisms in place for different types of emergencies. Measures are implemented when the need arises to mitigate the risk of cluster infection. Emergency medical education and trainings are arranged to enhance and strengthen the roles of medical personnel.

6. Cyber Security Management

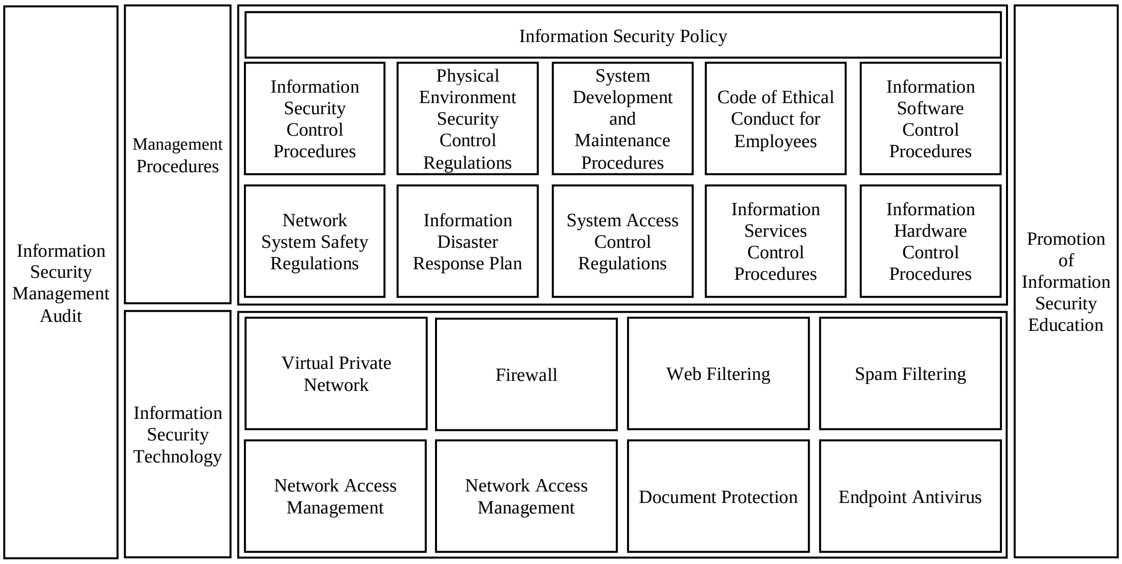
(1) Risk management structure, policy, management plans and resources allocated concerning cyber security

A. Cyber security policy

The policy is established to maintain the normal operation of the Company's information system, prevent hacking, virus and sabotage as well as avoid human errors and inappropriate or unlawful use, thereby maintaining the safety of physical environment. Cyber security policy is the Company's guidelines for cyber security management authority, computer system security management, and rules of network system security, system access control and security control of physical environment.

B. Cyber security risk management structure

The Company's cyber security risk management structure formulates relevant management procedures pursuant to the cyber security policy and regularly reviews the procedures to match the reality. The information department would deploy appropriate information security technologies based on the procedures to maintain normal operation of the Company's information services.



Based on the annual risk assessment outcome, controls on cyber security checks would be included in the periodic audits every year, and the audit results would be reported in the Board meeting.

C. Cyber security management plans and resources allocated

The Company regularly reviews the internal cyber security regulations; coordinates, manages and supervises all cyber security works of the Group; conducts cyber security checks such as audits on the effectiveness of protection system as well as social engineering drills; and continues to promote the concept of cyber security to employees. The implementation of cyber security policy and procedures is sufficient to ensure the normal operation of the Company's services. Thus, we did not purchase cyber insurance at present.

Cyber security management measures implemented by the Company are as follows:

(a) Physical security management

Server room environment monitoring and access control mechanisms, hardware control procedures and physical environment safety control rules.

(b) System security management

Software control procedures, system change control measures, software vulnerability detection and patch updates

(c) Cyber security management

Antivirus protection and malware prevention, data breach control measures, control measures on internal/external network access

(d) Access security management

Personnel account privilege management mechanism, confidential document control measures, system access control rules

(e) Disaster prevention

System/network monitoring and reporting mechanisms, data backup measures and system backup mechanism, disaster recovery drill

(2) Any losses suffered by the Company in the most recent year and as of the date of this annual report due to major cyber security incident, possible impact and associated action plans

Motech has established a comprehensive network and computer security system, e.g., firewall, antivirus system, data encryption system, intrusion prevention system and spam filtering system. We use these systems to control information security risk, prevent leaking of trade secrets and maintain the operations of key functions such as manufacturing. However, there is no guarantee that Motech’s networks and computer systems are absolutely free from network attacks such as third-party cyberattacks. These cyberattacks can invade the Company’s internal network and computer systems via unauthorized access to sabotage operation, damage reputation or steal important confidential information of the Company. In the event of a serious cyberattack, the computer system could lose important data and the production line could be put on hold for an indefinite period of time until the threat is eliminated.

Cyberattacks may attempt to steal the Company’s trade secrets, intellectual property and confidential information, such as proprietary information of customers and other stakeholders and personal information of employees. Malicious hackers may also try to put computer viruses, corrupted software or ransomware into the network systems to gain control and thereby steal confidential information to blackmail the Company or disrupt the operation. We examine and assess network security regulations and procedures every year to ensure their adequacy and effectiveness and further strengthen the prevention of various information risks. Nevertheless, these actions do not guarantee that the Company will not be affected by the new and emerging risks and attacks in the ever-changing cybersecurity threats. In 2021 and as of the date of this annual report, the Company did not identify any major cyberattacks nor existing or potential significant adverse impact on the business and operation of the Company.

7. Material Contracts

Long-term loan contracts and other material contracts which would affect shareholder's equity and are still effective as of the date of this annual report, or expired in the most recent year:

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

VI. Financial Highlights

1. Condensed Balance Sheet and Statement of Comprehensive Income from 2017 to 2021 with Names and Opinions of Independent Auditors

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

(In Thousands of New Taiwan Dollars)

Item / Year		Highlights from 2017 to 2021 (Note 1)					As of 2022.MM.DD (Note 2)
		2017	2018	2019	2020	2021	
Current Assets		20,977,129	10,686,506	6,246,757	4,310,993	5,309,581	-
Long-term investment		139,978	105,375	107,789	118,561	140,523	-
Property, Plant and Equipment		7,932,199	4,536,778	2,858,925	2,809,300	2,648,623	-
Intangible Assets		522,079	22,096	8,870	4,249	2,012	-
Other Assets		864,462	400,832	387,006	375,122	632,478	-
Total Assets		30,435,847	15,751,587	9,609,347	7,618,225	8,733,217	-
Current Liabilities	Before Distribution	18,806,886	6,985,476	3,783,919	1,732,218	2,808,110	-
	After Distribution	18,806,886	6,985,476	3,783,919	1,803,226	Not yet distributed	-
Non-Current Liabilities		209,363	4,233,371	2,718,631	2,643,942	2,638,810	-
Total Liabilities	Before Distribution	19,016,249	11,218,847	6,502,550	4,376,160	5,446,920	-
	After Distribution	19,016,249	11,218,847	6,502,550	4,447,168	Not yet distributed	-
Equity Attributable to Shareholders of the Parent		11,204,083	4,402,081	3,007,536	3,168,466	3,213,749	-
Capital		5,397,909	5,406,559	5,404,704	3,550,419	3,550,419	-
Capital Surplus		9,264,924	6,268,374	190,582	25,252	25,348	-
Retained Earnings	Before Distribution	(3,030,712)	(6,783,272)	(2,022,672)	110,812	146,634	-
	After Distribution	(3,030,712)	(6,783,272)	(2,022,672)	39,804	Not yet distributed	-
Other Components of Equity		(427,393)	(489,200)	(564,888)	(518,017)	(508,652)	-
Treasury Shares		(645)	(380)	(190)	-	-	-
Non-controlling Interests		215,515	130,659	99,261	73,599	72,548	-
Total Equity	Before Distribution	11,419,598	4,532,740	3,106,797	3,242,065	3,286,297	-
	After Distribution	11,419,598	4,532,740	3,106,797	3,171,057	Not yet distributed	-

Note: 1. Financial information of 2017 to 2021 was audited by CPAs.

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

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

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2017 to 2021 (Note 1) 2017	2018	2019	2020	2021	As of 2022.MM.DD (Note 2)
Current Assets		11,660,409	7,190,456	3,164,208	2,831,489	3,149,597	-
Long-term investment		4,528,478	2,850,434	2,223,170	1,540,581	1,573,709	-
Property, Plant and Equipment		5,008,140	1,617,354	1,462,680	1,404,596	1,293,653	-
Intangible Assets		503,335	3,283	1,450	4,249	2,012	-
Other Assets		479,182	243,387	267,716	239,282	268,363	-
Total Assets		22,179,544	11,904,914	7,119,224	6,020,197	6,287,334	-
Current Liabilities	Before Distribution	10,898,537	3,737,529	1,938,798	1,166,916	1,418,892	-
	After Distribution	10,898,537	3,737,529	1,938,798	1,237,924	Not yet distributed	-
Non-Current Liabilities		76,924	3,765,304	2,172,890	1,684,815	1,654,693	-
Total Liabilities	Before Distribution	10,975,461	7,502,833	4,111,688	2,851,731	3,073,585	-
	After Distribution	10,975,461	7,502,833	4,111,688	2,922,739	Not yet distributed	-
Capital		5,397,909	5,406,559	5,404,704	3,550,419	3,550,419	-
Capital Surplus		9,264,924	6,268,374	190,582	25,252	25,348	-
Retained Earnings	Before Distribution	(3,030,712)	(6,783,272)	(2,022,672)	110,812	146,634	-
	After Distribution	(3,030,712)	(6,783,272)	(2,022,672)	39,804	Not yet distributed	-
Other Components of Equity		(427,393)	(489,200)	(564,888)	(518,017)	(508,652)	-
Treasury Shares		(645)	(380)	(190)	-	-	-
Total Equity	Before Distribution	11,204,083	4,402,081	3,007,536	3,168,466	3,213,749	-
	After Distribution	11,204,083	4,402,081	3,007,536	3,097,458	Not yet distributed	-

Note: 1. Financial information of 2017 to 2021 was audited by CPAs.

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

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

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2017 to 2021 (Note 1)					As of 2022.MM.DD (Note 2)
		2017	2018	2019	2020	2021	
Net Revenue		23,188,614	14,187,115	5,297,076	3,678,395	5,872,989	-
Gross Profit		(608,224)	(2,399,806)	(133,921)	408,133	550,745	-
Operating Income (Loss)		(2,363,812)	(4,055,877)	(1,043,657)	(9,965)	168,357	-
Non-operating Income and Expenses		(496,931)	(2,557,923)	(296,974)	135,305	(51,979)	-
Income Before Income Tax		(2,860,743)	(6,613,800)	(1,340,631)	125,340	116,378	-
Net Income of Continuing Operations		(3,038,909)	(6,876,006)	(1,346,955)	111,942	107,279	-
Loss from Discontinued Operations		0	0	0	0	0	-
Net Income (Loss)		(3,038,909)	(6,876,006)	(1,346,955)	111,942	107,279	-
Other Comprehensive Income, Net of Tax		(108,412)	(47,937)	(83,584)	48,177	9,119	-
Total Comprehensive Income		(3,147,321)	(6,923,943)	(1,430,539)	160,119	116,398	-
Net Income Attributable to Owners of the Parent		(3,030,736)	(6,794,568)	(1,317,867)	109,997	106,743	-
Net Income Attributable to Non-controlling Interests		(8,173)	(81,438)	(29,088)	1,945	536	-
Total Comprehensive Income Attributable to Owners of the Parent		(3,134,362)	(6,839,839)	(1,397,241)	157,536	116,195	-
Total Comprehensive Income Attributable to Non-controlling Interests		(12,959)	(84,104)	(33,298)	2,583	203	-
Earnings per Share (NT$)	Before Retrospective Adjustment	(5.92)	(12.61)	(2.44)	0.31	0.30	-
	After Retrospective Adjustment	(9.01)	(19.20)	(3.72)	0.31	0.30	-

Note 1: Financial information of 2017 to 2021 was audited by CPAs.

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

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

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2017 to 2021 (Note 1)					As of 2022.MM.DD (Note 2)
		2017	2018	2019	2020	2021	
Net Revenue		15,116,778	10,289,209	3,137,812	3,154,659	5,568,741	-
Gross Profit		(1,402,016)	(2,069,963)	(196,837)	240,426	355,988	-
Operating Income (Loss)		(2,280,518)	(2,936,860)	(722,005)	(105,183)	61,648	-
Non-operating Income and Expenses		(573,964)	(3,729,923)	(602,305)	215,138	45,904	-
Income Before Income Tax		(2,854,482)	(6,666,783)	(1,324,310)	109,955	107,552	-
Net Income of Continuing Operations		(3,030,736)	(6,794,568)	(1,317,867)	109,997	106,743	-
Loss from Discontinued Operations		0	0	0	0	0	-
Net Income (Loss)		(3,030,736)	(6,794,568)	(1,317,867)	109,997	106,743	-
Other Comprehensive Income, Net of Tax		(103,626)	(45,271)	(79,374)	47,539	9,452	-
Total Comprehensive Income		(3,134,362)	(6,839,839)	(1,397,241)	157,536	116,195	-
Net Income Attributable to Owners of the Parent		-	-	-	-	-	-
Net Income Attributable to Non-controlling Interests		-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent		-	-	-	-	-	-
Total Comprehensive Income Attributable to Non-controlling Interests		-	-	-	-	-	-
Earnings per Share (NT$)	Before Retrospective Adjustment	(5.92)	(12.61)	(2.44)	0.31	0.30	-
	After Retrospective Adjustment	(9.01)	(19.20)	(3.72)	0.31	0.30	-

Note 1: Financial information of 2017 to 2021 was audited by CPAs.

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

(5) Names and opinions of independent auditors from 2017 to 2021

A. Names and opinions of independent auditors from 2017 to 2021

Year	CPA Firm	CPAs	Audit Opinion
2017	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion
2018	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion
2019	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion with emphasis of matter paragraph or other matters paragraph
2020	KPMG	Certified Public Accountants, Ming-Hung Huang and Mei-Yan Chen	An unqualified opinion
2021	KPMG	Certified Public Accountants, Ming-Hung Huang and Mei-Yan Chen	An unqualified opinion

B. Reasons for change of CPAs

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Financial Analysis from 2017 to 2021

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

Item (Note 3) \ Year (Note 1)			2017	2018	2019	2020	2021	As of 2022.MM.DD (Note 2)
Financial Structure %	Debt Ratio		62.48	71.22	67.67	57.44	62.37	-
	Long-term Fund to Property, Plant and Equipment Ratio		143.97	188.77	192.24	198.93	212.51	-
Liquidity Analysis %	Current Ratio		111.54	152.98	165.09	248.87	189.08	-
	Quick Ratio		96.72	141.56	152.86	202.07	160.19	-
	Times Interest Earned		(8.50)	(18.50)	(8.64)	2.49	2.93	-
Operating Performance	Average Collection Turnover (Times)		3.23	2.70	2.81	4.77	11.16	-
	Days Sales Outstanding		113.00	135.18	129.89	76.51	32.70	-
	Inventory Turnover (Times)		11.39	12.95	12.07	5.84	7.09	-
	Average Payment Turnover (Times)		4.37	3.38	2.02	2.69	4.49	-
	Average Inventory Turnover Days		32.04	28.18	30.24	62.50	51.48	-
	Property, Plant and Equipment Turnover (Times)		2.71	2.28	1.43	1.30	2.15	-
	Total Assets Turnover (Times)		0.76	0.61	0.42	0.43	0.72	-
Profitability	Return on Total Assets (%)		(9.11)	(28.60)	(9.75)	2.08	1.90	-
	Return on Equity (%)		(24.59)	(86.21)	(35.26)	3.53	3.29	-
	Net Income before Income Tax to Paid-in Capital Ratio (%)		(53.00)	(122.33)	(24.80)	3.53	3.28	-
	Net Margin (%)		(13.11)	(48.47)	(25.43)	3.04	1.83	-
	Earnings per Share (NT$)	Before Retrospective Adjustment	(5.92)	(12.61)	(2.44)	0.31	0.30	-
		After Retrospective Adjustment	(9.01)	(19.20)	(3.72)	0.31	0.30	-
Cash Flow	Cash Flow Ratio (%)		0.18	26.11	(18.54)	(40.88)	55.35	-
	Cash Flow Adequacy Ratio (%)		126.26	121.65	139.80	99.47	54.35	-
	Cash Flow Reinvestment Ratio (%)		0.13	8.17	(6.11)	(6.96)	14.14	-
Leverage	Operating Leverage		(1.01)	(0.24)	0.26	(46.02)	6.52	-
	Financial Leverage		0.89	0.92	0.88	0.11	1.56	-

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

1. The decreases in current and quick ratios: Mainly due to the PV market growth in 2021, which led to an increase in purchases and thereby payables. Thus, the increase in current liabilities was greater than the increases in current and quick assets.
2. The increase in average collection turnover, the decrease in days sales outstanding and the increases in property, plant and equipment turnover, total assets turnover, operating leverage and financial leverage: Mainly due to the PV market growth in 2021, which led to an increase in sales.
3. The increase in inventory turnover: Mainly due to the PV market growth in 2021, which led to an increase in cost of revenue and consequently the inventory turnover.
4. The increase in average payment turnover: Mainly due to the PV market growth in 2021, which led to an increase in cost of revenue.

5. The decrease in net margin: Mainly due to the disposal of plant in 2020, which resulted in a relative decrease in gain from disposal of plant in 2021.
6. The increase in cash flow ratio: Mainly due to the PV market growth in 2021, which led to an increase in net cash from operating activities.
7. The decrease in cash flow adequacy ratio: Mainly due to the decrease in depreciation within the five-year sum of cash from operations.
8. The increase in cash flow reinvestment ratio: Mainly due to the PV market growth in 2021, which led to an increase in net cash from operating activities.

Note 1: Financial information of 2017 to 2021 was audited by CPAs.

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

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

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

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

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

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

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

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

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

Item (Note 3)		Year (Note 1) 2017	2018	2019	2020	2021	As of 2022.MM.DD (Note 2)
Financial Structure %	Debt Ratio	49.48	63.02	57.75	47.37	48.89	-
	Long-term Fund to Property, Plant and Equipment Ratio	223.72	499.51	342.83	333.13	362.83	-
Liquidity Analysis %	Current Ratio	106.99	192.39	163.20	242.65	221.98	-
	Quick Ratio	94.18	182.32	143.24	187.51	168.37	-
	Times Interest Earned	(17.48)	(35.47)	(10.65)	2.64	3.71	-
Operating Performance	Average Collection Turnover (Times)	6.05	4.93	3.85	8.69	10.69	-
	Days Sales Outstanding	60.33	74.04	94.81	42.00	34.14	-
	Inventory Turnover (Times)	12.09	18.52	12.67	6.30	7.83	-
	Average Payment Turnover (Times)	7.13	5.60	3.12	9.26	11.93	-
	Average Inventory Turnover Days	30.19	19.71	28.81	57.94	46.62	-
	Property, Plant and Equipment Turnover (Times)	2.64	3.11	2.04	2.20	4.13	-
	Total Assets Turnover (Times)	0.65	0.60	0.33	0.48	0.90	-
Profitability	Return on Total Assets (%)	(12.40)	(39.01)	(12.86)	2.49	2.25	-
	Return on Equity (%)	(24.94)	(87.08)	(35.57)	3.56	3.35	-
	Net Income before Income Tax to Paid-in Capital Ratio (%)	(52.88)	(123.31)	(24.50)	3.10	3.03	-
	Net Margin (%)	(20.05)	(66.04)	(42.00)	3.49	1.92	-
	Earnings per Share (NT$) – Before Retrospective Adjustment	(5.92)	(12.61)	(2.44)	0.31	0.30	-
	Earnings per Share (NT$) – After Retrospective Adjustment	(9.01)	(19.20)	(3.72)	0.31	0.30	-
Cash Flow	Cash Flow Ratio (%)	(1.73)	(19.54)	(34.41)	3.29	20.19	-
	Cash Flow Adequacy Ratio (%)	176.85	154.61	174.31	118.65	(76.26)	-
	Cash Flow Reinvestment Ratio (%)	(0.81)	(4.07)	(7.10)	0.47	2.61	-
Leverage	Operating Leverage	(2.11)	(1.24)	(2.55)	(13.90)	47.92	-
	Financial Leverage	0.94	0.94	0.86	0.61	2.80	-

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

1. The increase in time interest earned: Mainly due to the decreases in borrowing rates and the arrangement fee of syndicated loan in 2021, which led to a decrease in interest expense.
2. The increases in average collection turnover, property, plant and equipment turnover, total assets turnover, operating leverage and financial leverage: Mainly due to the PV market growth in 2021, which led to an increase in sales.
3. The increases in inventory turnover and average payment turnover: Mainly due to the PV market growth in 2021, which led to an increase in cost of revenue and consequently the inventory turnover.
4. The increase in net income before income tax to paid-in capital ratio: Mainly due to the PV market growth in 2021, which led to an increase in cost of revenue and consequently the inventory turnover.
5. The decrease in net margin: Mainly due to the disposal of plant in 2020, which resulted in a relative decrease in gain from disposal of plant in 2021.

6. The increase in cash flow ratio: Mainly due to the PV market growth in 2021, which led to an increase in net cash from operating activities.
7. The decrease in cash flow adequacy ratio: Mainly due to the decrease in depreciation within the five-year sum of cash from operations.
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Note 3: Financial analysis is based on the following formulas:

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- (c) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)

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

3. Audit Committee's Review Report for 2021

Motech Industries Inc.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 operation report, financial statements and earnings distribution proposal. Certified Public Accountants of KPMG, Mr. Ming-Hung Huang and Ms. Mei-Yen Chen, were retained by the Board to audit the financial statements and they have issued an audit report. The above-mentioned operation report, financial statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by us. Thus, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

The 2022 Annual Shareholders' Meeting

Convener of the Audit Committee: Kin-Tsau Lee

March 10, 2022

Representation Letter

The entities that are required to be included in the combined financial statements of Motech Industries Inc. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Motech Industries Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Motech Industries Inc.
Chairman: Yung-Hui Tseng
Date: March 10, 2022

KPMG
安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

We have audited the consolidated financial statements of Motech Industries Inc. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of long-term non-financial assets

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

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

How the matter was addressed in our audit

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

2. Provision for impairment of notes and accounts receivable

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

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

How the matter was addressed in our audit

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

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2022

Notes to Readers

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

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

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 2,580,611	30	2,343,180	31
1136	Current financial assets at amortized cost-current (note 6(a))	8,152	-	-	-
1170	Notes and accounts receivable, net (notes 6(c) and 6(v))	540,436	6	512,202	7
1200	Other receivables (note 6(d))	53,559	1	8,572	-
1220	Current tax assets	592	-	887	-
130x	Inventories (note 6(e))	775,385	9	726,480	10
1410	Prepayments (note 6(k))	35,812	-	84,243	1
1476	Other current financial assets (note 8)	1,164,507	13	233,380	3
1479	Other current assets (note 6(k))	150,527	2	402,049	5
	Total current assets	5,309,581	61	4,310,993	57
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	45,175	-	-	-
1550	Investments accounted for using equity method (note 6(f))	140,523	2	118,561	1
1600	Property, plant and equipment (notes 6(h) and 8)	2,648,623	30	2,809,300	37
1755	Right-of-use assets (note 6(i))	148,611	2	162,168	2
1780	Intangible assets (note 6(j))	2,012	-	4,249	-
1840	Deferred tax assets (note 6(r))	62,702	1	60,482	1
1980	Other non-current financial assets (note 8)	27,094	-	29,472	-
1990	Other non-current assets (note 6(k))	348,896	4	123,000	2
	Total non-current assets	3,423,636	39	3,307,232	43
	Total assets	$ 8,733,217	100	7,618,225	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(m))	$ 130,000	1	300,000	4
2110	Short-term notes and bills payable (notes 6(l) and 6(ab))	159,954	2	-	-
2130	Current contract liabilities (note 6(v))	77,436	1	53,216	-
2170	Notes and accounts payable (note 8)	1,703,885	20	664,845	9
2200	Other payables (notes 6(w) and 6(ab))	268,723	3	284,632	4
2230	Current tax liabilities	4,548	-	8,024	-
2250	Current provisions (note 6(p))	34,019	-	33,342	-
2280	Current lease liabilities (notes 6(o) and 6(ab))	12,834	-	12,947	-
2320	Long-term borrowings, current portion (notes 6(n), 6(ab) and 8)	308,888	4	271,233	4
2399	Other current liabilities (note 8)	107,823	1	103,979	1
	Total current liabilities	2,808,110	32	1,732,218	22
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(n), 6(ab) and 8)	2,342,248	27	2,346,415	31
2550	Non-current provisions (note 6(p))	114,611	1	105,054	1
2570	Deferred tax liabilities (note 6(r))	63,011	1	60,769	1
2580	Non-current lease liabilities (notes 6(o) and 6(ab))	115,830	1	128,122	2
2600	Other non-current liabilities	3,110	-	3,582	-
	Total non-current liabilities	2,638,810	30	2,643,942	35
2xxx	**Total liabilities**	5,446,920	62	4,376,160	57
	Equity				
31xx	**Equity attributable to owners of parent (notes 6(f), 6(g), 6(r), 6(s) and 6(t)):**				
3100	Ordinary share	3,550,419	41	3,550,419	47
3200	Capital surplus	25,348	-	25,252	-
3310	Legal reserve	11,081	-	-	-
3350	Unappropriated retained earnings	135,553	2	110,812	2
3400	Other equity interest	(508,652)	(6)	(518,017)	(7)
31xx	**Total equity attributable to owners of parent**	3,213,749	37	3,168,466	42
36xx	Non-controlling interests (note 6(g))	72,548	1	73,599	1
3xxx	**Total equity**	3,286,297	38	3,242,065	43
	Total liabilities and equity	$ 8,733,217	100	7,618,225	100

See accompanying notes to consolidated financial statements.

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	**%**	**Amount**	**%**
	Operating Revenues (note 6(v)) :				
4110	Sales revenue	$ 5,872,165	100	3,673,794	100
4170	Less: sales returns	881	-	5,166	-
4190	sales discounts and allowances	(57)	-	(565)	-
	Net operating revenue	5,872,989	100	3,678,395	100
5000	**Total operating costs (notes 6(e), 6(h), 6(i), 6(j), 6(o), 6(p), 6(q), 6(t) and 6(w))**	(5,322,244)	(91)	(3,270,262)	(89)
5900	**Gross profit from operations**	550,745	9	408,133	11
6000	**Operating expenses (notes 6(c), 6(d), 6(h), 6(i), 6(j), 6(o), 6(q), 6(t), 6(w) and 7):**				
6100	Selling expenses	(102,129)	(1)	(67,405)	(2)
6200	Administrative expenses	(229,769)	(4)	(280,574)	(8)
6300	Research and development expenses	(51,321)	(1)	(89,302)	(2)
6450	Expected credit gain	831	-	19,183	1
	Total operating expenses	(382,388)	(6)	(418,098)	(11)
6900	**Net operating profit (loss)**	168,357	3	(9,965)	-
7000	**Non-operating income and expenses:**				
7100	Interest income (note 6(x))	28,687	-	26,015	1
7010	Other income (note 6(x))	4,195	-	11,949	-
7020	Other gains and losses (notes 6(g), 6(h), 6(x) and 6(y))	(50,693)	-	171,023	4
7050	Finance costs (notes 6(o) and 6(x))	(60,318)	(1)	(84,375)	(2)
7060	Share of profit of associates accounted for using equity method (note 6(f))	26,150	-	10,693	-
7671	**Total non-operating income and expenses**	(51,979)	(1)	135,305	3
7900	**Profit before tax**	116,378	2	125,340	3
7950	Less: tax expenses (note 6(r))	(9,099)	-	(13,398)	-
	Net profit	107,279	2	111,942	3
8300	**Other comprehensive income (notes 6(f), 6(q), 6(r) and 6(s)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	109	-	1,440	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	12,675	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(22)	-	(287)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	12,762	-	1,153	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(3,620)	-	46,950	1
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(23)	-	74	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(3,643)	-	47,024	1
8300	**Other comprehensive income**	9,119	-	48,177	1
	Total comprehensive income	**$ 116,398**	**2**	**160,119**	**4**
	Profit attributable to:				
8610	Owners of parent	$ 106,743	2	109,997	3
8620	Non-controlling interests	536	-	1,945	-
		$ 107,279	**2**	**111,942**	**3**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 116,195	2	157,536	4
8720	Non-controlling interests	203	-	2,583	-
		$ 116,398	**2**	**160,119**	**4**
	Earnings per share (expressed in New Taiwan Dollars) (note 6(u))				
9750	**Basic earnings per share**	**$ 0.30**		**0.31**	
9850	**Diluted earnings per share**	**$ 0.30**		**0.31**	

See accompanying notes to consolidated financial statements.

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
					Other equity interest							
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others- unearned portion of restricted stock awards	Total other equity interest	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2020	$ 5,404,704	190,582	-	(2,022,672)	(564,403)	-	(485)	(564,888)	(190)	3,007,536	99,261	3,106,797
Net profit for the year ended December 31, 2020	-	-	-	109,997	-	-	-	-	-	109,997	1,945	111,942
Other comprehensive income	-	-	-	1,153	46,386	-	-	46,386	-	47,539	638	48,177
Total comprehensive income	-	-	-	111,150	46,386	-	-	46,386	-	157,536	2,583	160,119
Capital surplus used to offset accumulated deficits	-	(168,576)	-	168,576	-	-	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4	-	-	-	-	-	-	-	4	-	4
Capital reduction to offset accumulated deficits	(1,854,095)	-	-	1,854,095	-	-	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	(337)	-	-	-	-	-	(337)	-	(337)
Changes in ownership interests in subsidiaries	-	1,703	-	-	-	-	-	-	-	1,703	-	1,703
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(28,245)	(28,245)
Share-based payments	-	1,539	-	-	-	-	485	485	-	2,024	-	2,024
Retirement of treasury shares	(190)	-	-	-	-	-	-	-	190	-	-	-
Balance at December 31, 2020	3,550,419	25,252	-	110,812	(518,017)	-	-	(518,017)	-	3,168,466	73,599	3,242,065
Net Profit for the year ended December 31, 2021	-	-	-	106,743	-	-	-	-	-	106,743	536	107,279
Other comprehensive income	-	-	-	87	(3,310)	12,675	-	9,365	-	9,452	(333)	9,119
Total comprehensive income	-	-	-	106,830	(3,310)	12,675	-	9,365	-	116,195	203	116,398
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	11,081	(11,081)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(71,008)	-	-	-	-	-	(71,008)	-	(71,008)
Changes in equity of associates accounted for using equity method	-	7	-	-	-	-	-	-	-	7	-	7
Other changes in capital surplus	-	89	-	-	-	-	-	-	-	89	-	89
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,254)	(1,254)
Balance at December 31, 2021	**$ 3,550,419**	**25,348**	**11,081**	**135,553**	**(521,327)**	**12,675**	**-**	**(508,652)**	**-**	**3,213,749**	**72,548**	**3,286,297**

See accompanying notes to consolidated financial statements.

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 116,378	125,340
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	299,296	300,884
Amortization expense	2,437	5,962
Expected credit gain	(831)	(19,183)
Interest expense	60,318	84,375
Interest income	(28,687)	(26,015)
Share-based payments	-	2,024
Share of profit of associates accounted for using equity method	(26,150)	(10,693)
Loss (gain) on disposal of property, plant and equipment	371	(98,436)
Prepayments for business facilities transferred to expenses	61	27
Loss (gain) on disposal of investments	(121)	14,904
Impairment loss (reversal of impairment loss) on non-financial assets	81,997	(5,793)
Gains on lease modifications	-	(1,356)
Total adjustments to reconcile profit (loss)	388,691	246,700
Changes in operating assets:		
Contract assets	-	766
Notes and accounts receivable	(27,814)	517,378
Other receivables	(44,094)	13,966
Inventories	(52,752)	(316,962)
Prepaid expenses	822	13,439
Prepayments to suppliers	47,423	(27,122)
Other current assets	46,427	(9,748)
Defined benefit assets	(318)	(1,065)
Total changes in operating assets	(30,306)	190,652
Changes in operating liabilities:		
Contract liabilities	24,220	965
Notes and accounts payable	1,039,734	(1,097,832)
Other payables	26,849	(95,055)
Provisions	9,943	(32,217)
Other current liabilities	(8,094)	(21,861)
Refund liabilities	(939)	(5,210)
Total changes in operating liabilities	1,091,713	(1,251,210)
Total changes in operating assets and liabilities	1,061,407	(1,060,558)
Cash inflow (outflow) generated from operations	1,566,476	(688,518)
Income taxes paid	(12,280)	(19,629)
Net cash flows from (used in) operating activities	1,554,196	(708,147)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(32,500)	-
Acquisition of financial assets at amortized cost	(8,152)	-
Proceeds from disposal of subsidiaries	-	10,282
Proceeds from disposal of non-current assets classified as held for sale	-	68,345
Acquisition of property, plant and equipment	(222,731)	(300,718)
Proceeds from disposal of property, plant and equipment	242	166,477
Increase in receipts in advance due to disposal of assets	13,090	-
Decrease (increase) in refundable deposits	(24,350)	3,659
Acquisition of intangible assets	(200)	(1,352)
Acquisition of right-of-use assets	(1,711)	-
Decrease (increase) in other financial assets	(928,677)	370,683
Increase in prepayments for business facilities	(19,365)	(18,447)
Interest received	27,788	26,585
Dividends received	4,172	-
Net cash flows from (used in) investing activities	(1,192,394)	325,514
Cash flows from (used in) financing activities:		
Proceeds from short-term loans	770,000	546,599
Repayments of short-term loans	(940,000)	(356,599)
Proceeds from short-term notes and bills payable	410,000	-
Repayments of short-term notes and bills payable	(250,000)	-
Proceeds from long-term borrowings	329,317	2,264,510
Repayments of long-term borrowings	(298,349)	(3,307,466)
Decrease in guarantee deposits received	(460)	(4,278)
Payment of lease liabilities	(13,386)	(13,128)
Cash dividends paid	(71,008)	-
Acquisition of ownership interests in subsidiaries	-	(2,678)
Interest paid	(57,838)	(84,441)
Change in non-controlling interests	(1,254)	(946)
Other financing activities	89	-
Net cash used in financing activities	(122,889)	(958,427)
Effect of exchange rate changes on cash and cash equivalents	(1,482)	(10,410)
Net increase (decrease) in cash and cash equivalents	237,431	(1,351,470)
Cash and cash equivalents at beginning of period	2,343,180	3,694,650
Cash and cash equivalents at end of period	$ **2,580,611**	**2,343,180**

See accompanying notes to consolidated financial statements.

(1) Company history

MOTECH Industries Inc. (the Company) was incorporated on June 3, 1981, as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of the Company' s registered office is 6F, No. 248, Sec. 3, Pei-Shen Rd., Shen-Keng Dist., New Taipei City 222, Taiwan. The Company and its subsidiaries (the Group) 's major operating activities are the manufacturing, marketing, and sale of solar cells, solar modules, and photovoltaic inverters, the marketing, design, and installation of solar electricity systems, and solar power generation.

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 10, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021 or April 1, 2022:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(b) The impact of IFRS issued by the Financial Supervisory Commission, R.O.C. but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the Financial Supervisory Commission, R.O.C.

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by theFinancial Supervisory Commission, R.O.C. (FSC):

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	The key amendments to IAS 1 include: ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

(Continued)

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

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

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial assets at fair value through other comprehensive income are measured at fair value;

2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 6(r).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD), which is the Company’s functional currency. Except for those specifically indicates, all financial information presented in TWD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2021	Shareholding December 31, 2020	Note
The Company	Power Islands Limited (Power Islands)	Holding company	100 %	100 %	
The Company	Think Global Enterprises Limited (Think Global)	Holding company	-	-	(Note 1)
The Company	Teco-Motech Co., Ltd. (Teco-Motech)	Solar power generation and selling	60 %	60 %	
The Company	Motech Energy System Co., Ltd. (MES)	Solar power generation and selling	-	-	(Note 2)
The Company (MES, before May 2020)	Motech Power One Co., Ltd. (MPO)	Solar power generation and selling	100 %	100 %	(Note 2)
The Company (MES before May 2020)	Motech Power Alpha Co., Ltd (MPA)	Solar power generation and selling	-	-	(Notes 2 and 3)
The Company (MES, before May 2020)	Motech Power Gamma Co., Ltd (MPG)	Solar power generation and selling	100 %	100 %	(Note 2)
The Company (MES, before May 2020)	Motech Power Beta Co., Ltd (MPB)	Solar power generation and selling	100 %	100 %	(Note 2)
The Company (MES, before May 2020)	Motech Power Zeta Co., Ltd (MPZ)	Solar power generation and selling	100 %	100 %	(Note 2)
Power Islands	Motech (Suzhou) Renewable Energy Co., Ltd. (SNE)	Manufacturing and processing, solar cell and solar modules	95.39 %	95.39 %	
Power Islands	Cheer View Investment Limited (Cheer View)	Holding company	100 %	100 %	
Power Islands	Noble Town Holdings Co., Ltd. (Noble Town)	Holding company	-	100 %	(Note 4)
Noble Town	Motech Americas, LLC (MA)	Solar module trading	-	-	(Note 5)
Noble Town	Motech Japan Inc. (MJ)	Solar module trading	-	-	(Note 6)

(Continued)

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2021	Shareholding December 31, 2020	Note
SNE	Motech (Xuzhou) Renewable Energy Co., Ltd. (XNE)	Manufacturing and processing solar cells	-	100 %	(Note 7)
SNE	Motech (Ma-Anshan) Renewable Energy Co., Ltd. (MAS)	Manufacturing and processing, solar cells and solar modules	100 %	100 %	
SNE	Motech (Maanshan) Energy Technologies Co. (MASE)	Manufacturing and processing, solar wafer and solar cells	100 %	100 %	

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

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

Note 3: On May 2020, the Board of Directors had decided to sell the shares of MPA. In September 2020, the equity transfer had been completed.

Note 4: On January 21, 2021, the Board of Directors decided to dissolve Noble Town. The remaining capital investment had been recovered by Power Island in January 2021, and the related liquidation procedures had been completed.

Note 5: On March 19, 2020 the Board of Directors decided to dissolve MA. The remaining capital investment had been recovered by Noble Town in December 2020, and the related liquidation procedures had been completed.

Note 6: On July 18, 2019 the Board of Directors decided to dissolve MJ. The remaining capital investment had been recovered by Noble Town in September 2020, and the related liquidation procedures had been completed.

Note 7: On January 20, 2020 the Board of Directors decided to dissolve XNE. The remaining capital investment had been recovered by SNE in April 2021, and the related liquidation procedures had been completed.

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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

Foreign currency differences arising from retranslation are recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which is recognized in other comprehensive income.

(Continued)

(i) Foreign operations

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

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

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

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

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

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

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

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

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

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

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

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

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

(Continued)

(f) Cash and cash equivalents

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

(g) Financial instruments

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

(Continued)

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

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

4) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

(Continued)

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(iii) Derivative financial instruments

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

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

(h) Inventories

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

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

(Continued)

(i) Investment in associates

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

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

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

(Continued)

Land is not depreciated.

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

1) Buildings and structures: 3 to 50 years

2) Machinery and equipment: 1 to 10 years

3) Office and other equipment: 1 to 20 years

4) Other equipment (power station): 20 years

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

(k) Leases

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

(i) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payments;

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

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

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

(Continued)

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

— there is a change in future lease payments arising from the change in an index or rate;

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;

— there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;

— there is a change in the assessment on lease term as to whether it will be extended or terminated; and

— the modifications of the lease underlying asset, scope or other terms.

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

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

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

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

— the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

— the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

— any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and

— there is no substantive change in other terms and conditions of the lease.

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

(Continued)

(ii) As a lessor

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

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible assets

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

(m) Impairment of non-financial assets

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

(Continued)

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

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

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

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

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

(n) Provision

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

(i) Warranties

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

(ii) Onerous contracts

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

(iii) Decommissioning

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

(Continued)

(o) Revenue recognition

(i) Revenue from contracts with customers

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

1) Goods sold

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

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

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

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

2) Engineering contracts

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

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

(Continued)

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

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

3) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfill a contract

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

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

(Continued)

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

(p) Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants shall not be recognized until there is reasonable assurance.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheets either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. The Group recognizes government grants as deducts the grant in arriving at the carrying amount of the asset on a systematic and rational basis over the useful life of the asset.

Government grants related to income are presented as a credit in the statement of comprehensive income, they are deducted in reporting the related expense. If there is no related expense, they are recorded under a general heading such as ‘Other gain’.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

(Continued)

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

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

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

(s) Income taxes

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

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

(Continued)

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

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

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

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

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

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

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

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

1) the same taxable entity; or

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

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

(t) Earnings per share (EPS)

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

(Continued)

(u) Operating segment

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

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

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

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

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

Judgment regarding control of subsidiaries

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

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

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

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

(Continued)

(b) Provision for impairment of notes and accounts receivable

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	$ 694	788
Demand and check deposits	1,690,737	1,102,379
Time deposits	799,180	1,090,013
Cash equivalents (investments in bonds sold under repurchase agreement)	90,000	150,000
	$ 2,580,611	2,343,180

On December 31, 2021, time deposits with a deposit period of more than three months but less than one year totaled $8,152, which were recognized as financial assets measured at amortized cost – current. There was no such transaction for the year ended December 31, 2020.

(b) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Unlisted companies	$ 45,175	-

(i) Equity investments at fair value through other comprehensive income

These equity instrument investments held by the Group are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive gains and losses.

The Group did not dispose of strategic investments from January 1 to December 31, 2021, and the accumulated profits and losses during this period were not transferred in equity. There was no such transaction for the year ended December 31, 2020.

(ii) The Group's Financial assets at fair value through other comprehensive income were not pledged as collateral. Please refer to note 6(y).

(c) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 13,095	3,169
Accounts receivable	560,841	549,990
Subtotal	573,936	553,159
Less: loss allowance	(33,500)	(40,957)
	$ 540,436	512,202

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

In Taiwan and other areas:

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 525,364	0%	-
Past due 1~90 days	2,059	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	201	0%	-
Past due 151~180 days	-	0%~35.97%	-
Past due more than 181 days	33,500	100%	33,500
	561,124		33,500

In China:

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 12,812	0%	-
Past due 1~90 days	-	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%	-
Past due 151~180 days	-	55.06%	-
Past due more than 181 days	-	100%	-
	12,812		-
Total	$ 573,936		33,500

(Continued)

In Taiwan and other areas:

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

In China:

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

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

	2021	2020
Beginning balance	$ 40,957	41,642
Impairment loss reversed	(4,303)	(665)
Amounts written off	(3,122)	(58)
Effect on changes in foreign exchange rates	(32)	38
Ending balance	**$ 33,500**	**40,957**

At the reporting date, there was no pledge for notes and accounts receivable. Please refer to note 6(y) for further credit risk information.

(Continued)

(d) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	$ 57,022	8,572
Other receivables－government grants	3,406	3,418
Subtotal	60,428	11,990
Less: loss allowance	(6,869)	(3,418)
	$ 53,559	**8,572**

The loss allowances for other receivables of the Group were determined as follows:

	December 31, 2021		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 53,559	0%	-
Past due 1~90 days	3,463	0%~100%	3,463
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%	-
Past due 151~180 days	-	0%	-
Past due more than 181 days	3,406	100%	3,406
	$ 60,428		**6,869**

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

(Continued)

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

	2021	2020
Beginning balance	$ 3,418	107,776
Impairment loss recongized (reversed)	3,472	(18,518)
Amounts written off	-	(87,166)
Effect on changes in foreign exchange rates	(21)	1,326
Ending balance	**$ 6,869**	**3,418**

At the reporting date, there was no pledge for other receivables. Please refer to note 6(y) for further credit risk information.

(e) Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 283,552	453,248
Work in progress	137,563	65,615
Raw materials and supplies	238,947	175,334
Merchandise	673	223
Raw materials in transit	114,650	32,060
	$ 775,385	**726,480**

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

	2021	2020
Reversal of loss on valuation of inventories and obsolescence	$ (29,765)	(11,030)
Unallocated production overheads	77,234	159,692
	$ 47,469	**148,662**

At the reporting date, the inventories were not pledged.

(f) Investments accounted for using equity method

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

	December 31, 2021	December 31, 2020
Total equity of the individually insignificant investments in associates	**$ 140,523**	**118,561**

(Continued)

		2021	2020
Attributable to the Group:			
Net profit from continuing operations	$	26,150	10,693
Other comprehensive income		(23)	74
Total comprehensive income	$	**26,127**	**10,767**

(ii) As of December 31, 2021 and 2020, the investments accounted for using the equity method were not pledged.

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

(i) Acquisitions of non-controlling interests

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

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

There was such transaction for the year ended December 31, 2021.

(ii) Loss control of subsidiaries

In January 2021, the Group decided to dissolve Noble Town, in the Group to recognize the remaining capital investment of $121 as gain on disposal of investments under other gains and losses in January 2021.

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

(iii) Disposal of subsidiaries

The Group had sold all of its shares in MPA to a third party in $16,017 in September 2020, and recognized a gain on disposal of investments in $12,271. As of December 31, 2020, the aforementioned amount had been received. There was no such transaction for the year ended December 31, 2021.

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

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

(Continued)

(h) Property, plant and equipment

(i) The movements were as follows:

		Land	Building and structure	Machinery and equipment	Other equipment (power station)	Office and other equipment	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:								
Beginning balance at January 1, 2021	$	17,905	1,026,831	3,106,562	1,287,941	1,540,119	113,084	7,092,442
Additions		-	-	16,217	14,271	14,743	137,960	183,191
Reclassification		-	-	22,080	2,305	3,307	(4,944)	22,748
Disposals		-	(809)	(62,765)	-	(14,495)	-	(78,069)
Effect on movements in exchange rate		-	-	(3,026)	-	(750)	(353)	(4,129)
Balance at December 31, 2021	$	**17,905**	**1,026,022**	**3,079,068**	**1,304,517**	**1,542,924**	**245,747**	**7,216,183**
Beginning balance at January 1, 2020	$	17,905	1,151,287	4,261,531	960,329	1,911,849	206,264	8,509,165
Additions		-	1,015	30,767	226,303	33,186	10,905	302,176
Reclassification		-	(12,775)	(63,274)	101,309	18,392	(105,084)	(61,432)
Disposals		-	(112,696)	(1,131,223)	-	(425,600)	-	(1,669,519)
Disposal of subsidiaries		-	-	-	-	-	(340)	(340)
Effect on movements in exchange rate		-	-	8,761	-	2,292	1,339	12,392
Balance at December 31, 2020	$	**17,905**	**1,026,831**	**3,106,562**	**1,287,941**	**1,540,119**	**113,084**	**7,092,442**
Depreciation and impairment loss:								
Beginning balance at January 1, 2021	$	-	264,721	2,408,197	140,954	1,411,096	58,174	4,283,142
Depreciation expense		-	20,506	138,797	74,879	48,865	-	283,047
Impairment loss		-	-	81,997	-	-	-	81,997
Disposals		-	(742)	(62,503)	-	(14,211)	-	(77,456)
Effect on changes in exchange rate		-	-	(2,313)	-	(655)	(202)	(3,170)
Balance at December 31, 2021	$	**-**	**284,485**	**2,564,175**	**215,833**	**1,445,095**	**57,972**	**4,567,560**
Beginning balance at January 1, 2020	$	-	317,320	3,457,694	61,732	1,749,898	63,596	5,650,240
Depreciation expense		-	22,319	139,424	68,780	54,161	-	284,684
Impairment loss revised		-	-	-	-	-	(5,793)	(5,793)
Reclassification		-	(10,442)	(68,116)	10,442	13,908	(262)	(54,470)
Disposals		-	(64,476)	(1,126,664)	-	(408,935)	-	(1,600,075)
Effect on changes in exchange rate		-	-	5,859	-	2,064	633	8,556
Balance at December 31, 2020	$	**-**	**264,721**	**2,408,197**	**140,954**	**1,411,096**	**58,174**	**4,283,142**
Carrying amounts:								
Balance at December 31, 2021	$	**17,905**	**741,537**	**514,893**	**1,088,684**	**97,829**	**187,775**	**2,648,623**
Balance at January 1, 2020	$	**17,905**	**833,967**	**803,837**	**898,597**	**161,951**	**142,668**	**2,858,925**
Balance at December 31, 2020	$	**17,905**	**762,110**	**698,365**	**1,146,987**	**129,023**	**54,910**	**2,809,300**

(ii) In response to the changes in the supply and demand of the market, the Group had decided to adjust its device configuration and suspend some of its machinery and equipment in 2021. After calculating the recoverable amount of the related assets, which was estimated to be close to its fair value, less costs of disposal, and lower than the carrying amount of the assets, the Group recognized the impairment loss of $81,997, which was recorded under other gains and losses －impairment loss on non－ financial assets. The suspended machinery and equipment were attributed to the Solar division. For the relevant segment information, please refer to note 14. There was no such transaction for the year ended December 31, 2020.

(Continued)

(iii) Besides the impairment loss recognized for those individual assets mentioned above, the Group had performed an impairment test as of December 31, 2019 because there were indications that the assets might be impaired. Due to the operating results in 2021 and 2020, which showed that the impairment loss recognized for those individual assets may have decreased, the Group performed an impairment test as of December 31, 2021 and 2020. After performing the impairment test, it was determined that the service potential of the impaired individual assets attributed to the Solar division had not increased, resulting in the Group to recognize the impairment losses that have not been reversed and the carry amount of CGU to which they belonged which was not lower than the recoverable amount (value in use) as of December 31, 2021 and 2020. As of December 31, 2021, the key assumptions used in the estimation of value in use were the discount rate of 6.76%, the average growth rate (sales volume) of (0.80)%, the average growth rate (average selling price) of (0.74)%, and the average growth rate (unit cost) of (0.40)%. As of December 31, 2020, the key assumptions used in the estimation of value in use in Taiwan were the discount rate of 8.26%, the average growth rate (sales volume) of 0.97%, the average growth rate (average selling price) of (2.49)%, and the average growth rate (unit cost) of (3.06)%; and the key assumptions used in the estimation of value in use in Mainland China were the discount rate of 10.29%, the average growth rate (sales volume) of 0.14%, the average growth rate (average selling price) of (2.63)%, and the average growth rate (unit cost) of (1.54) %.

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

(iv) In order to set the business scale and improve the reliability of assets, the Group disposed some of its plants and accessory equipment amounting to $(371) and $98,436, recognized as gains (losses) on disposal of property, plant and equipment under other gains and losses for the years ended December 31, 2021 and 2020, respectively. All proceeds of the sale had been received as of the reporting date.

(v) As of December 31, 2021 and 2020, the Group had received in advance the amounts of $69,640 and $56,746, respectively, recorded under other current liabilities, for the expected disposal on its property, plant and equipment. For the year ended December 31, 2020, the Group recognized the reversal of impairment loss amounting to $5,793, which was recorded under other gains and losses, resulting in the increase in the recoverable amount of some unfinished construction. There was no such transaction for the year ended December 31, 2021.

(vi) The reclassification was mainly for transfer of prepayments for business facilities and inventories, and equipment transfers between consolidated entities.

(vii) As of December 31, 2021 and 2020, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(Continued)

(i) Right-of-use assets

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

		Land	Buildings and structures	Machinery	Other equipment	Total
Cost:						
Beginning balance at January 1, 2021	$	100,877	564,933	-	728,022	1,393,832
Additions		1,711	-	981	-	2,692
Write-off		-	-	-	(3,001)	(3,001)
Effect on movements in exchange rates		-	(1,647)	-	(2,510)	(4,157)
Balance at December 31, 2021	**$**	**102,588**	**563,286**	**981**	**722,511**	**1,389,366**
Beginning balance at January 1, 2020	$	105,360	552,640	-	718,512	1,376,512
Additions		14,172	6,056	-	-	20,228
Lease modification		(18,655)	-	-	-	(18,655)
Effect on movements in exchange rates		-	6,237	-	9,510	15,747
Balance at December 31, 2020	**$**	**100,877**	**564,933**	**-**	**728,022**	**1,393,832**
Accumulated depreciation:						
Beginning balance at January 1, 2021	$	21,504	140,024	-	204,999	366,527
Depreciation expense		10,881	70,531	491	101,052	182,955
Write-off		-	-	-	(3,001)	(3,001)
Effect on movements in exchange rates		-	(397)	-	(604)	(1,001)
Balance at December 31, 2021	**$**	**32,385**	**210,158**	**491**	**302,446**	**545,480**
Beginning balance at January 1, 2020	$	11,465	68,035	-	101,507	181,007
Depreciation expense		10,369	69,900	-	100,318	180,587
Lease modification		(330)	-	-	-	(330)
Effect on movements in exchange rates		-	2,089	-	3,174	5,263
Balance at December 31, 2020	**$**	**21,504**	**140,024**	**-**	**204,999**	**366,527**
Deferred income of government grants:						
Beginning balance at January 1, 2021	$	-	475,007	-	725,022	1,200,029
Effect on movements in exchange rates		-	(1,645)	-	(2,511)	(4,156)
Balance at December 31, 2021	**$**	**-**	**473,362**	**-**	**722,511**	**1,195,873**
Beginning balance at January 1, 2020	$	-	468,776	-	715,511	1,184,287
Effect on movements in exchange rates		-	6,231	-	9,511	15,742
Balance at December 31, 2020	**$**	**-**	**475,007**	**-**	**725,022**	**1,200,029**

(Continued)

	Land	Buildings and structures	Machinery	Other equipment	Total
Accumulated amortization of deferred income of government grant:					
Beginning balance at January 1, 2021	$ -	132,560	-	202,332	334,892
Amortization (for subtraction of depreciation)	-	65,987	-	100,719	166,706
Effect on movements in exchange rates	-	(395)	-	(605)	(1,000)
Balance at December 31, 2021	**$ -**	**198,152**	**-**	**302,446**	**500,598**
Beginning balance at January 1, 2020	$ -	65,411	-	99,839	165,250
Amortization (for subtraction of depreciation)	-	65,069	-	99,318	164,387
Effect on movements in exchange rates	-	2,080	-	3,175	5,255
Balance at December 31, 2020	**$ -**	**132,560**	**-**	**202,332**	**334,892**
Carrying amount:					
Balance at December 31, 2021	**$ 70,203**	**77,918**	**490**	**-**	**148,611**
Balance at January 1, 2020	**$ 93,895**	**81,240**	**-**	**1,333**	**176,468**
Balance at December 31, 2020	**$ 79,373**	**82,462**	**-**	**333**	**162,168**

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

(j) Intangible assets

(i) The movements were as follows:

	Computer software
Costs:	
Beginning balance at January 1, 2021	$ 45,273
Additions	200
Disposals	(35,612)
Effect on movements in exchange rates	(152)
Balance as of December 31, 2021	**$ 9,709**
Beginning balance at January 1, 2020	$ 45,189
Additions	1,352
Disposals	(1,725)
Effect on movements in exchange rates	457
Balance at December 31, 2020	**$ 45,273**

(Continued)

		Computer software
Amortization and impairment loss:		
Beginning balance at January 1, 2021	$	41,024
Amortization expense		2,437
Disposals		(35,612)
Effect on movements in exchange rates		(152)
Balance at December 31, 2021	$	7,697
Beginning balance at January 1, 2020	$	36,319
Amortization expense		5,962
Disposals		(1,725)
Effect on movements in exchange rates		468
Balance at December 31, 2020	$	41,024
Carrying amounts:		
Balance at December 31, 2021	$	2,012
Balance at January 1, 2020	$	8,870
Balance at December 31, 2020	$	4,249

(ii) Amortization expense

The amortization expense of intangible assets was included in the statement of comprehensive income as follows:

		2021	2020
Operating costs	$	354	354
Operating expenses		2,083	5,608
	$	2,437	5,962

(iii) Collateral

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

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

(i) The components of prepayments were as follows:

		December 31, 2021	December 31, 2020
Prepaid expenses	$	7,857	8,729
Prepayments to suppliers－current		27,955	75,514
	$	35,812	84,243

(Continued)

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

		December 31, 2021	December 31, 2020
Excess business tax paid	$	144,865	387,735
Other		5,662	14,314
Other current assets	**$**	**150,527**	**402,049**
Prepayments for business facility	$	19,377	22,380
Refundable deposits		72,652	48,303
Net defined benefit assets		52,744	52,317
Excess business tax paid		204,123	-
Other non-current assets	**$**	**348,896**	**123,000**

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

(l) Short-term notes and bills payable

	December 31, 2021			
	Guarantee or acceptance institution	**Range of annual interest rates (%)**		**Amount**
Commercial paper payable	International Bills Finance Corporation /Mega Bills Finance Co., Ltd.	1.288%~1.488%	$	160,000
Less: discount on short-term notes and bills payable				(46)
Total			**$**	**159,954**

There was no such transaction for the year ended December 31, 2020.

(i) At the reporting date, there was no pledge for short-term notes and bills payable.

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

(m) Short-term borrowings

		December 31, 2021	December 31, 2020
Unsecured bank loans	**$**	**130,000**	**300,000**
Unused short-term credit lines	**$**	**1,336,540**	**1,226,745**
Range of annual interest rates		**1.5%**	**1.5%~1.8%**

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

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

(Continued)

(n) Long-term borrowings

(i) The components were as follows:

	December 31, 2021			
	Currency	**Range of annual interest rate**	**Maturity year**	**Amount**
Syndicated loan	TWD	1.9556%	2023	$ 1,675,170
Financial loans for solar power plant projects	TWD	1.35%~1.85%	2033~2036	975,049
Financial long-term borrowings	TWD	1.65%	2024	917
				2,651,136
Less: current portion				(308,888)
Total				**$ 2,342,248**
Unused long-term credit lines				**$ 80,372**

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

(ii) Pledge for loan

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

(iii) Syndicated loan

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

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

(Continued)

In accordance with the agreement, the Company shall submit annual consolidated financial statements and the second quarter consolidated financial statements reviewed by the accountant approved by the management bank during the term of the credit agreement, and maintain the agreed financial indicators, including current ratio, financial debt ratio, interest coverage ratio and tangible net worth.

If the Company initially fails to comply with the aforementioned covenants, it would not be regarded as breach of contract if it can provide the leading bank a financial improvement plan, and consequently, its preceding semi quater or annual consolidated financial statements is in conformity with the covenants; furthermore a compensation has to be paid. If the Company still fails to comply with the said covenant in its preceding consolidated financial statements, all its credit facilities stated in the contract will be considered invalid. Also, the leading bank can decide either to waive all or parts of the unused credit facilities without the approval of the participating banks, or it can demand the Company for an immediate payment on its obligations under this agreement. The Company was in compliance with the aforementioned covenants in its 2021 and 2020 annual consolidated financial statements.

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

(o) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2021	December 31, 2020
Current	$ 12,834	12,947
Non-current	$ 115,830	128,122

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

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest expense on lease liabilities (recorded under finance costs)	$ 2,832	2,933
Variable lease payments not included in the measurement of lease liabilities	$ 8,787	9,786
Expenses relating to short-term leases	$ 13,092	12,415
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 435	423
COVID-19-related rent concessions (recognized as deduction of depreciation expense)	$ -	(1,060)
COVID-19-related rent concessions (recognized as deduction of rent expense)	$ -	(220)

(Continued)

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

	2021	2020
Total cash outflow for leases	$ **40,243**	**37,405**

(i) Real estate and buildings leases

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

(ii) Other leases

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

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

(p) Provisions

	Warranty	Decommissioning	Total
Beginning balance at January 1, 2021	$ 124,919	13,477	138,396
Provisions made	12,187	550	12,737
Provisions used	(1,615)	(758)	(2,373)
Effect of movements in exchange rates	(130)	-	(130)
Balance at December 31, 2021	$ **135,361**	**13,269**	**148,630**
Beginning balance at January 1, 2020	$ 157,452	-	157,452
Provisions made	4,250	13,477	17,727
Provisions used	(35,966)	-	(35,966)
Effect of movements in exchange rates	(817)	-	(817)
Balance at December 31, 2020	$ **124,919**	**13,477**	**138,396**

The carrying amounts of provisions were as follow:

	December 31, 2021	December 31, 2020
Current provision	$ 34,019	33,342
Non-current provision	114,611	105,054
	$ **148,630**	**138,396**

(Continued)

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

(q) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 34,452	34,784
Fair value of plan assets	(87,196)	(87,101)
Net defined benefit assets (recorded under other non-current assets)	**$ (52,744)**	**(52,317)**

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

1) Composition of plan assets

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

The amount of the Company's Bank of Taiwan labor pension reserve account balance was already higher than the defined benefit obligation, so the Company had applied for a moratorium on the withdrawal of labor pension reserve account during to April 2020 to March 2022. The Company's Bank of Taiwan labor pension reserve account balance amounted to $87,196 as of December 31, 2021. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

2) Movements in present value of the defined benefit obligations

	2021	2020
Defined benefit obligations at January 1	$ 34,784	34,077
Current service costs and interest	332	489
Actuarial gains or losses	833	995
Benefits paid	(1,497)	(777)
Defined benefit obligations at December 31	**$ 34,452**	**34,784**

3) Movements of defined benefit plan assets

	2021	2020
Fair value of plan assets at January 1	$ 87,101	83,889
Expected return on plan assets	650	1,054
Contributions from plan participants	-	500
Actuarial gains or losses	942	2,435
Benefits paid	(1,497)	(777)
Fair value of plan assets at December 31	**$ 87,196**	**87,101**
Actual return on plan assets	**$ 1,592**	**3,489**

4) Expenses (reversal) recognized in profit or loss

	2021	2020
Current service costs	$ 74	68
Net interest on the net defined benefit assets	(392)	(633)
	$ (318)	**(565)**
Operating expense reversal	**$ (318)**	**(565)**

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

	2021	2020
Cumulative amount at January 1	$ (8,933)	(7,493)
Recognized during the period	(109)	(1,440)
Cumulative amount at December 31	**$ (9,042)**	**(8,933)**

(Continued)

6) Actuarial assumptions

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

	December 31, 2021	**December 31, 2020**
Discount rate	0.750 %	0.750 %
Rate of salary increase	2.000 %	2.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date of 2021 is $784.

The weighted-average lifetime of the defined benefits plans for 2021 is 19.09 years.

7) Sensitivity analysis

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

	Influences on defined benefit obligations	
	Increased by 0.25%	**Decreased by 0.25%**
December 31, 2021		
Discount rate	(1,127)	1,187
Rate of salary increase	1,157	(1,100)
December 31, 2020		
Discount rate	(1,215)	1,277
Rate of salary increase	1,278	(1,187)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

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

The Group allocates $26,806 and $24,370 as pension costs under the defined contribution plans in 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance and the local government of foreign subsidiaries.

(Continued)

(r) Income taxes

(i) The components were as follows:

		2021	2020
Current tax expenses			
Current period	$	(9,099)	(13,398)
Adjustment for prior periods		-	-
		(9,099)	(13,398)
Deferred tax expense		-	-
Tax expenses	**$**	**(9,099)**	**(13,398)**

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

		2021	2020
Items that may not be reclassified subsequently to profit or loss:			
Actuarial gain of defined benefit plans	**$**	**(22)**	**(287)**

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

Reconciliation of income tax expense and profit before tax were as follows.

		2021	2020
Profit before tax	**$**	**116,378**	**125,340**
Income tax using the Company's domestic tax rate	$	(23,275)	(25,068)
Effect on tax rates in foreign jurisdiction		2,725	(11,433)
Non-deductible expense		(786)	(1,222)
Tax-exempt income		5,600	-
Changes in unrecognized temporary differences		(2,301)	43,415
Additional tax on undistributed earnings		(809)	-
Others		9,747	(19,090)
	$	**(9,099)**	**(13,398)**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. Details were as follows:

(Continued)

	December 31, 2021	December 31, 2020
Unrecognized deferred tax assets:		
Loss carryforwards	$ 2,077,161	2,086,724
Aggregate amount of temporary differences related to investments in subsidiaries	777,378	773,637
Deductible temporary differences	230,303	282,825
	$ 3,084,842	**3,143,186**

As of December 31, 2021, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry year
2015	$ 141,846	2025
2016	333,628	2026
2017	2,538,046	2027
2018	3,255,134	2028
2019	1,568,955	2029
2020	378,485	2030
2021	215,219	2031
2016	70,019	2021
2017	317,850	2022
2018	1,015,887	2023, 2028
2019	542,561	2024, 2029
2020	3,264	2025
2021	31,092	2026
	$ 10,411,986	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

	Accumulated impairment
Deferred tax assets:	
Beginning balance at January 1, 2021	$ 60,482
Recognized in profit or loss	2,220
Balance at December 31, 2021	**$ 62,702**
Beginning balance at January 1, 2020	$ 58,151
Recognized in profit or loss	2,331
Balance at December 31, 2020	**$ 60,482**

(Continued)

		Defined benefit plans	Unrealized foreign exchange gains	Others	Total
Deferred tax liabilities:					
Beginning balance at January 1, 2021	$	10,463	50,259	47	60,769
Recognized in profit or loss		64	2,203	(47)	2,220
Recognized in other comprehensive income		22	-	-	22
Balance at December 31, 2021	**$**	**10,549**	**52,462**	**-**	**63,011**
Beginning balance at January 1, 2020	$	9,962	48,163	26	58,151
Recognized in profit or loss		214	2,096	21	2,331
Recognized in other comprehensive income		287	-	-	287
Balance at January 1, 2020	**$**	**10,463**	**50,259**	**47**	**60,769**

(iii) The Company's income tax returns for all years through 2019 were assessed by the tax authorities.

(s) Capital and other equity

As of December 31, 2021 and 2020, the Company’ s authorized ordinary share were both $10,000,000, with par value of $10 (dollars) per share, and its issued and outstanding shares were both 355,042 thousand shares.

The Company has reserved 20,000 thousand authorized shares for employee stock options, convertible preferred stock and convertible bonds.

Reconciliations of shares outstanding were as follows:

(In thousands of shares)

	2021	2020
Beginning shares at January 1	355,042	540,470
Capital reduction	-	(185,409)
Retirement of restricted shares of stock for employees	-	(19)
Ending shares at December 31	**355,042**	**355,042**

(i) Ordinary share

A resolution was passed during the general meeting of shareholders held on June 18, 2020 for the capital reduction of ordinary shares amounting to $1,854,095 to offset the Company's accumulated deficit, with the approval of the FSC, and the date of capital reduction was set on July 28, 2020 based on the resolution decided during the board meeting. The relevant statutory registration procedures have since been completed.

(Continued)

(ii) Capital surplus

The components were as follows:

		December 31, 2021	December 31, 2020
Premium on issued stock	$	6,403	6,403
Changes in equity of subsidiaries and associates accounted for using equity method		18,856	18,849
Others		89	-
	$	**25,348**	**25,252**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

Under the Company’ s articles of incorporation, the Company’ s current-period earnings are appropriated and distributed in the following order:

a) pay all taxes and duties;

b) cover prior years’ accumulated deficit, if any;

c) of the remaining balance, 10% is set aside as legal reserve; excluding when legal reserve exceeds contributed capital;

d) set aside a special reserve in accordance with the R.O.C. Securities and Exchange Act or as requested by the authorities in charge;

The balance, including the accumulated retained profits from the previous year, is the profit to be distributed. The Board of Directors shall propose the earnings distribution plan, in which the amount to be distributed cannot be less than 25% of the earnings available for distribution, in the shareholders’ meeting for approval.

The Company’s dividend policies are as follows:

a) Cash dividends and stock dividends are appropriated in consideration of the Company’s budget for capital expenditures, financial condition, and future operating cash flows.

b) No dividends are distributed if the Company has no unappropriated earnings. Earnings can be distributed as cash or share dividends, but stock dividends shall not exceed 50% of the total distribution.

(Continued)

c) If there are no unappropriated earnings, or if there are unappropriated earnings but they are very much less than the earnings distributed in the prior year, or in consideration of financial, business, and operating requirements, then all of the capital surplus or a portion of the legal reserve or capital surplus can be distributed according to the law or government regulations.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

2) Special reserve

A portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current period's total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The shareholders of the Company resolved to use its additional paid-in capital of $168,576 to cover its accumulated deficits on June 18, 2020. Relevant information can be inquired at market observation post system.

On July 26, 2021, the Company's shareholders resolved to appropriate the earnings for 2020. These earnings were appropriated as follows:

	2020	
	Amount per share (dollar)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 0.20	**71,008**

On March 10, 2022, the Company's Board of Directors resolved to appropriate the earnings for 2021 as follows:

	2021	
	Amount per share (dollar)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 0.20	**$ 71,008**

(Continued)

(iv) other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Beginning balance at January 1, 2021	$ (518,017)	-
Exchange differences on translation of foreign financial statements	(3,287)	-
Exchange differences on associates accounted for using equity method	(23)	-
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income	-	12,675
Balance at December 31, 2021	**$ (521,327)**	**12,675**

	Exchange differences on translation of foreign financial statements	Unearned portion of restricted stock awards
Balance at January 1, 2020	$ (564,403)	(485)
Exchange differences on translation of foreign financial statements	46,312	-
Exchange differences on associates accounted for using equity method	74	-
Unearned portion of restricted stock awards	-	485
Balance at December 31, 2020	**$ (518,017)**	**-**

(t) Share-based payment

As of December 31, 2021 and 2020, the Group has no existing share-based payment transactions. Details of the new restricted shares of stock issued to employees were as follows:

	2020
Outstanding shares at January 1	$ 250.0
Vested during the year	(250.0)
Outstanding shares at December 31	**$ -**

Compensation costs of the Company in 2020 arising from restricted shares of stock issued to employees were $2,024.

(Continued)

(u) Earnings per share ("EPS")

(i) Basic EPS

	2021	2020
Profit attributable to ordinary shareholders of the Company	$ **106,743**	**109,997**
Weighted average number of ordinary shares outstanding during the period (thousand shares)	**355,042**	**355,042**
Basic earnings per share (dollars)	$ **0.30**	**0.31**

(ii) Diluted EPS

	2021	2020
Profit attributable to ordinary shareholders of the Company	$ **106,743**	**109,997**
Weighted-average number of ordinary shares outstanding during the period (thousand shares)	355,042	355,042
Effect of potentially dilutive ordinary shares-employees' compensation (thousand shares)	229	208
Weighted-average number of ordinary shares outstanding during the period (diluted) (thousand shares)	**355,271**	**355,250**
Diluted earnings per share (dollars)	$ **0.30**	**0.31**

(v) Revenue from contracts with customers

(i) The Group's revenue is recognized from contracts with customers both in 2021 and 2020.

(ii) Details of revenue as follows:

	2021			2020		
	Solar	**Others**	**Total**	**Solar**	**Others**	**Total**
Taiwan	$ 3,102,086	261,867	3,363,953	1,834,674	231,614	2,066,288
Singapore	2,151,702	-	2,151,702	1,059,739	-	1,059,739
India	199,339	-	199,339	151,119	-	151,119
Korea	86,276	-	86,276	260,957	-	260,957
Others	71,594	125	71,719	139,561	731	140,292
	$ **5,610,997**	**261,992**	**5,872,989**	**3,446,050**	**232,345**	**3,678,395**

Since disaggregation of revenue was based on major products, the basis for division of operating segments, and their geographical regions, the revenue of major products and primary geographical markets were included in the above information.

(Continued)

(iii) Balance of contracts

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable	$ 573,936	553,159	1,072,782
Less: loss allowance	(33,500)	(40,957)	(41,642)
Total	**$ 540,436**	**512,202**	**1,031,140**
Contract assets	**$ -**	**-**	**766**
Contract liabilities－current	**$ 77,436**	**53,216**	**52,261**

For details on notes and accounts receivable and loss allowance for impairment, please refer to note 6(c).

The amount of revenue recognized as the contract liability balance at the beginning of the period was as follows:

	2021	2020
Revenue recognized	**$ 33,755**	**34,779**

(w) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employees' remuneration and no more than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration to employees entitled to receive the abovementioned employee remuneration is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees and directors were as follows:

	2021	2020
Employees’ remuneration	**$ 6,812**	**7,196**
Directors’ remuneration	**$ 1,362**	**1,799**

These amounts were calculated by using the Company's pretax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year. If, however, the shareholders determine that the employees’ remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board meeting. Related information would be accessed at the Market Observation Post System website.

In 2021, the actual amount of remuneration was same as the estimated amount. In 2020, the actual amount of remuneration, which was less than the estimated amount, resulted in a difference of $372, recognized as gain or loss in 2021.

(Continued)

(x) Non-operating income and expenses

(i) Interest income

	2021	2020
Interest income from bank deposits	$ 28,687	26,015

(ii) Other income

	2021	2020
Rent income	$ 4,195	11,949

(iii) Other gains and losses

	2021	2020
Gains (losses) on disposals of property, plant and equipment	$ (371)	98,436
Foreign exchange gain (losses), net	3,601	(884)
Gains (losses) on disposals of investments	121	(14,904)
Gains on lease modification	-	1,356
Government grants	11,433	44,450
Reversal of impairment loss on non-financial assets (impairment loss on non-financial assets)	(81,997)	5,793
Others	16,520	36,776
	$ (50,693)	171,023

(iv) Finance costs

	2021	2020
Interest expense	$ (56,894)	(80,138)
Other finance costs	(3,424)	(4,237)
	$ (60,318)	(84,375)

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

In order to reduce the credit risk on accounts receivable, the Group continuously evaluates the financial status of these customers. The Group evaluates the possible loss on accounts receivable periodically and accrues a loss allowance for impairment, if necessary. As of December 31, 2021 and 2020, the Group's account receivables were obviously concentrated on 5 and 7 customers, whose accounts represented 88% and 84% of the total accounts receivable, respectively.

3) Credit risk of receivables

The information for credit risk exposure of notes receivable and accounts receivable, please refer to note 6(c). The information on credit risk exposure of amortized cost financial assets including other receivables, please refer to note 6(d).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	3-5 years	Over 5 years
As of December 31, 2021							
Non-derivative financial liabilities							
Bank loans	$ 2,781,136	(2,912,524)	(292,942)	(161,598)	(1,564,998)	(264,417)	(628,569)
Short-term notes and bills payable	159,954	(160,000)	(160,000)	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,101,272	(2,125,941)	(1,980,322)	(8,110)	(16,250)	(40,643)	(80,616)
	$ 5,042,362	**(5,198,465)**	**(2,433,264)**	**(169,708)**	**(1,581,248)**	**(305,060)**	**(709,185)**
As of December 31, 2020							
Non-derivative financial liabilities							
Bank loans	$ 2,917,648	(3,121,640)	(460,457)	(158,306)	(314,208)	(1,546,283)	(642,386)
Notes and accounts payable, other payables and lease liabilities	1,090,546	(1,118,696)	(957,848)	(8,110)	(16,250)	(45,926)	(90,562)
	$ 4,008,194	**(4,240,336)**	**(1,418,305)**	**(166,416)**	**(330,458)**	**(1,592,209)**	**(732,948)**

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk

The Group’s significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency (in thousands)	**Exchange rate**	**TWD**	**Foreign currency (in thousands)**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
USD	$ 18,710	27.68	517,893	16,507	28.48	470,119
EUR	109	31.32	3,414	58	35.02	2,031
JPY	1,455	0.2405	350	43,041	0.2763	11,892
Non-monetary items						
USD	41,773	27.68	1,156,267	42,439	28.48	1,208,663
USD	743	29.581	21,979	1,453	29.587	42,990
CNY	267,378	4.3454	1,161,864	272,332	4.3605	1,187,504
Financial liabilities						
Monetary items						
USD	13,451	27.68	372,324	8,158	28.48	232,340
Non-monetary items						
USD	105	27.686	2,907	631	30.268	19,099

2) Sensitivity analysis

The Group’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A 1% of depreciation (appreciation) of the TWD against the other foreign currencies as of December 31, 2021 and 2020, would have increased (decreased) the net profit as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021 and 2020.

	Impact on profit (loss)	
	Increase by 1%	**Decrease by 1%**
December 31, 2021	$ 1,493	(1,493)
December 31, 2020	$ 2,517	(2,517)

(Continued)

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) (including realized and unrealized portions) on monetary items were disclosed using the following total amounts:

	2021	2020
Foreign exchange gains (losses)	$ 3,601	(884)

(iv) Interest rate risk

Please refer to the notes on liquidity risk and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The departments of the Group's entities reported the increases/decreases in the interest rates and the exposure to changes in interest rates to the Group's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

The interest rate risk is mainly due to the Group's borrowing at floating rates. If the interest rate increases (decreases) by 1% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), the impact on profit (loss) would be as follows:

	Impact on profit (loss)	
	Increase by 1%	Decreases by 1%
December 31, 2021	$ (29,411)	29,411
December 31, 2020	$ (29,176)	29,176

(v) Fair value

1) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have a quotation in active market and which fair value cannot be reasonably measured:

(Continued)

	December 31, 2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income:					
Unlisted company shares	$ **45,175**	**-**	**-**	**45,175**	**45,175**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,580,611	-	-	-	-
Financial assets at amortized cost-current	8,152	-	-	-	-
Notes and accounts receivable	540,436	-	-	-	-
Other receivables	53,559	-	-	-	-
Refundable deposits	72,652	-	-	-	-
Other financial assets (current and non-current)	1,191,601	-	-	-	-
Subtotal	$ **4,447,011**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Bank loans	$ 2,781,136	-	-	-	-
Short-term notes and bills payable	159,954	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,101,272	-	-	-	-
Subtotal	$ **5,042,362**	**-**	**-**	**-**	**-**

	December 31, 2020				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,343,180	-	-	-	-
Notes and accounts receivable	512,202	-	-	-	-
other receivables	8,572	-	-	-	-
Refundable deposits	48,303	-	-	-	-
Other financial assets (current and non-current)	262,852	-	-	-	-
Subtotal	$ **3,175,109**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Bank loans	2,917,648	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	1,090,546	-	-	-	-
Subtotal	$ **4,008,194**	**-**	**-**	**-**	**-**

(Continued)

2) Valuation techniques for financial instruments measured at fair value

If the quoted prices of financial assets in active markets are available, the market price is established as the fair value.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation techniques including a model using observable market data at the reporting date.

The fair value of unlisted shares held by the Group without an active market is estimated primarily using the market comparable company method, and its main assumption is measured by reference to the net share price of comparable listed companies. This estimate has been adjusted for the impact of a discount on the lack of market liquidity of the equity securities to estimate the fair value using the market comparable company method.

3) Transfer between Level 1 and Level 2: None.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income-unquoted equity instruments
Beginning balance at January 1, 2021	$ -
Purchased	32,500
Recognized in other comprehensive income	12,675
Ending balance at December 31, 2021	**$ 45,175**

There was no such transaction for the year ended December 31, 2020.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's fair value measurements classified as Level 3 consisted primarily of investments in equity instruments that were measured at fair value through other comprehensive income.

(Continued)

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Comparable listed company method	· Stock price-to-net ratio multiplier(2.45 for December 31, 2021) · Discount for lack of market liquidity (40% for December 31, 2021)	· The higher the multiplier, the higher the fair value · The higher the discount for lack of market liquidity, the lower the fair value

There was no such transaction for the year ended December 31, 2020.

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement of the fair value of financial instruments is reasonable. If different evaluation models or evaluation parameters are used, the evaluation results may be different. For financial instruments classified as level 3, if the evaluation parameters change, the impact on other comprehensive income is as follows:

	Input value	Fluctuation in inputs	Changes in fair value reflected in other comprehensive income: Favorable	Unfavorable
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Stock price-to-net ratio multiplier	1%	$ 455	(455)

There was no such transaction for the year ended December 31, 2020.

The Group's favorable and unfavorable changes refer to the fluctuation of fair value, and the fair value is calculated by evaluating technology according to different levels of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact of a single input value change and does not take into account the correlation and variability between input values.

(Continued)

(z) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Each responsible division is responsible for developing and monitoring the Group' s risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Supervisor is assisted in this oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Board of Directors.

The Company's Board of Directors oversees how the management complies with monitoring the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Group's notes and accounts receivable from the customers and investments in securities.

1) Accounts receivable

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or an end-user customer, geographic location, industry, aging profile, maturity, and existence of previous financial difficulties. Accounts receivable and other receivables relate mainly to the Group's end-user customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

As a result of environment fluctuation in 2021 and 2020, certain purchase limits have been redefined, particularly for customers operating in solar division. The Group will be monitoring and adjusting the limits continuously.

Goods are sold subject to a retention of title clause, so that in the event of non-payment the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

The allowance for impairment accounts is estimated to reflect the loss on accounts receivable for those customers graded as "high risk". The allowance account reflects the specific loss based on customers' financial position, historical payment behavior, and asset pledge.

2) Investments

The credit risk exposure in the bank deposits and equity instruments is measured and monitored by the Group's finance department. Since the Group's transactions are with external parties with good credit standing, highly rated financial institutions, and publicly-traded stock companies, or involved convertible bonds issued by publicly-traded companies, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantees

According to the Group's management policy, the Group can only provide financial guarantees to certain entities which meet specific requirements. As of December 31, 2021 and 2020, the Group did not provide any financial guarantees.

(Continued)

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than payables) over the succeeding 60 to 90 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2021 and 2020, the Group had unused bank facilities for $1,416,912 and $1,258,184, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the management. Generally, hedge accounting is not applied in these circumstances, and the Group charges the changes in value to profit or loss.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the TWD, US Dollar (USD), Chinese Yuan (CNY) and Japanese Yen (JPY). The currencies used in these transactions are the TWD, Euro (EUR), USD and JPY.

At any point in time, the Group hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months. The Group also hedges all trade receivables and trade payables denominated in a foreign currency. The Group uses forward exchange contracts to hedge its currency risk, with a maturity of less than one year from the reporting date.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily TWD, USD and CNY. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

(Continued)

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalance.

The Group's investments in subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

2) Interest rate risk

The Group's interest rate on borrowings was at a floating rate. The Group did not enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

In response to changes in interest rates, the Group assesses each currency lending rate of financial institutions and maintains good relationships with them, in order to obtain lower financing costs. This also strengthens the management of working capital, reduces dependence on bank borrowings, and lowers the risk of changes in interest rates.

(aa) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business.

The Group uses the debt-to-equity ratio to manage its capital. This ratio uses the total net debt to be divided by the total capital. The total net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalent. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

The Group's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 5,446,920	4,376,160
Less: cash and cash equivalents	(2,580,611)	(2,343,180)
Net liabilities	**$ 2,866,309**	**2,032,980**
Total equity	**$ 3,286,297**	**3,242,065**
Debt-to-equity ratio	**87.22 %**	**62.71 %**

As of December 31, 2021, the debt-to-equity ratio had increased, mainly resulting from notes and accounts payable increased due to purchase amount increase.

(Continued)

(ab) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long-term borrowings (including current portion)	$ 2,617,648	30,968	2,520	2,651,136
Short-term notes and bills payable	-	160,000	(46)	159,954
Guarantee deposit (recorded under other non-current liabilties)	3,582	(460)	(12)	3,110
Lease liabilities (current and non-current)	141,069	(13,386)	981	128,664
Interest payable (recorded under other payables and current provisions)	2,376	(57,838)	57,805	2,343
Total liabilities from financing activity	**$ 2,764,675**	**119,284**	**61,248**	**2,945,207**

	January 1, 2020	Cash flows	Non-cash changes	December 31, 2020
Long-term borrowings (including current portion)	$ 3,662,254	(1,042,956)	(1,650)	2,617,648
Guarantee deposit (recorded under other non-current liabilities)	7,837	(4,278)	23	3,582
Lease liabilities (current and non-current)	153,650	(13,128)	547	141,069
Interest payable (recorded under other payables)	659	(84,441)	86,158	2,376
Total liabilities from financing activity	**$ 3,824,400**	**(1,144,803)**	**85,078**	**2,764,675**

(7) Related-party transactions

Key management personnel compensation

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	$ 26,546	21,253
Post-employment benefits	324	242
Share-based payments	-	668
	$ 26,870	**22,163**

Please refer to note 6(t) for information on share-based payment.

(Continued)

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Deposits (recorded under other current financial assets)	Guarantees for banker's acceptance	$ 1,164,507	233,380
Deposits (recorded under other non-current financial assets)	Guarantees for engineering project	-	930
Deposits (recorded under other non-current financial assets)	Guarantees for leased dormitory	2,078	2,367
Deposits (recorded under other non-current financial assets)	Guarantees for land	7,537	10,618
Deposits (recorded under other non-current financial assets)	Long-term borrowings (including current portion)	17,479	15,557
	Other non-current financial assets	27,094	29,472
Other equipment (power station)	Long-term borrowings (including current portion)	1,024,018	1,145,490
Land	Long-term borrowings (including current portion)	17,905	17,905
Buildings and structures	Long-term borrowings (including current portion)	741,238	761,418
		$ 2,974,762	**2,187,665**

(9) Significant commitments and contingencies

(a) The Group has contracts involving significant unrecognized commitments as follows:

(i) Unused letters of credit for the Group's purchases of raw materials, machinery and equipment were as follows:

	December 31, 2021	December 31, 2020
Unused letters of credit	**$ 26,519**	**31,346**

(ii) Bank performance guarantees for the customs and others were as follows:

	December 31, 2021	December 31, 2020
Bank guarantees	**$ 30,000**	**44,400**

(Continued)

(iii) The status of agreements for the Group's expansion of the plant and purchases of machinery, other equipment and other assets was as follows:

	December 31, 2021	December 31, 2020
Total contract price	$ 55,249	342,615
Unexecuted amount	$ 30,715	194,462

(b) The Group entered into long-term purchase contracts with suppliers to purchase nitrogen in bulk volume. Starting from the contract, if the actual consumed volume is less than basic volume usage, the Group should pay for the cost of the basic volume usage instead.

(10) Losses due to major disasters: None

(11) Subsequent events: None.

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	369,835	139,720	509,555	371,761	172,011	543,772
Labor and health insurance	37,559	13,969	51,528	33,127	13,469	46,596
Pension	20,192	6,296	26,488	17,201	6,604	23,805
Remuneration of directors	-	14,773	14,773	-	14,716	14,716
Others	16,908	6,983	23,891	16,411	5,008	21,419
Depreciation	264,293	35,003	299,296	259,563	41,321	300,884
Amortization	354	2,083	2,437	354	5,608	5,962

Note: the above amounts had not been deducted from various government grants.

(Continued)

(13)Other disclosures

(a) Information on significant transactions

The following is the information on the Group's significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for year 2021:

i. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 1)	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Notes 3 and 4)	Maximum limit of fund financing (Notes 3 and 4)
												Item	Value		
0	The Company	MPO	Other receivables - related parties	50,000	40,000	-	2%~5%	2	-	Operating capital	-	None	-	321,374	642,749
0	The Company	MPZ	Other receivables - related parties	250,000	250,000	47,000	2%~5%	2	-	Operating capital	-	None	-	321,374	642,749
0	The Company	MPB	Other receivables - related parties	150,000	100,000	-	2%~5%	2	-	Operating capital	-	None	-	321,374	642,749
1	SNE	MAS	Other receivables - related parties	112,980	-	-	4.6%	2	-	Operating capital	-	None	-	121,801	243,603

Note 1: Highest balance of financing to other parties during the period was the highest credit lines approved by the Board of Directors. The ending balance was the same as that of the credit lines approved by the Board of Directors.

Note 2: Purposes of fund financing for the borrower as follows:

1. For entries the Company has business transactions with.
2. For entries with short-term financing needs.

Note 3: For entities with short-term financing needs, which provides by the Company, the amoumt avilable for financing shall not exceed 10% of net worth of the Company.
Total amount of short-term financing shall not exceed 20% of net worth of the Company.

Note 4: For entities with short-term financing needs, which provides by SNE, the amoumt avilable for financing shall not exceed 10% of net worth of SNE.
Total amount of short-term financing shall not exceed 20% of net worth of SNE.

Note 5: The amount had been offset in the consolidated financial statements.

ii. Guarantees and endorsements for other parties: None.

iii. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Held Company Name	Marketable Security Type and Name	Relationship with the company	Financial Statement Account	December 31, 2021				Note
				Number of shares	Book value	Percentage of Owership	Fair Value	
The Company	SunnyRich Multifunction Solar Power Co., Ltd / Stock	None	Non-current financial assets at fair value through other comprehensive income	3,250,000	45,175	2.826%	45,175	

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vi. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vii. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
MAS	The Company	Parent company	Sale	2,577,131	89.27 %	90 days	Non-significant difference	90 days	158,455	92.52 %	Note 1
The Company	MAS	Subsidiary	Purchase	2,577,131	57.89 %	90 days	Non-significant difference	90 days	(158,455)	29.00 %	Note 1
SNE	The Company	Parent company	Sale	230,223	100.00 %	90 days	Non-significant difference	90 days	-	0.00 %	Note 1
The Company	SNE	Subsidiary	Purchase	230,223	5.17 %	90 days	Non-significant difference	90 days	-	0.00 %	Note 1
The Company	MPZ	Subsidiary	Sale	178,041	3.20 %	90 days	Non-significant difference	90 days	73,457	12.40 %	Note 1
MPZ	The Company	Parent company	Purchase (equipments)	178,041	100.00 %	90 days	Non-significant difference	90 days	(73,457)	99.14 %	Notes 1 and 2

Note 1: The amount had been offset in the consolidated financial statements.

Note 2: Since the maintenance costs and purchase of equipment were included in the purchase transaction, the percentage of the total notes/trade payables was the same as the ratio of the payables of maintenance costs, equipment and engineering.

viii. Receivables from related parties with amounts exceeding the lower of TWD$100 million or 20% of capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover rates	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
MAS	The Company	Parent company	158,455	-	-	-	158,455	-
The Company	MPZ	Subsidiary	121,156	-	-	-	78,510	-

Note: The amount had been offset in the consolidated financial statements.

ix. Trading in derivative instruments: None.

x. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2021			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	MPZ	1	Sale	178,041	90 days	3.03 %
1	SNE	The Company	2	Sale	230,223	90 days	3.92 %
2	MAS	The Company	2	Sale	2,577,131	90 days	43.88 %
2	MAS	The Company	2	Notes and acounts receivable	158,455	90 days	1.81 %

Note 1: Company numbering is as follows:
Parent company 0
Subsidiary stars from 1

Note 2: Relationship wuth transaction party numbering is as follows:
Parent company to subsidiary 1
Subsidiary to parent company 2
Subsidiary to subsidiary 3

Note 3: The amount had been offset in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			The highest percentage of the periords	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares/Units	Percentage of ownership	Carrying value				
The Company	Power Islands	Samoa	Holding Company	5,160,872	5,187,502	159,313,909	100.00 %	1,135,837	100.00 %	(22,479)	(18,585)	Note
The Company	Inergy Technology Inc.	Taiwan	Product design	95,821	95,821	8,558,750	21.06 %	109,765	21.06 %	112,602	23,713	
The Company	Teco-Motech	Taiwan	Solar power generation and selling	14,400	14,400	1,440,000	60.00 %	4,576	60.00 %	3,576	2,146	Note
The Company	MPO	Taiwan	Solar power generation and selling	250,000	250,000	25,000,000	100.00 %	168,687	100.00 %	25,751	25,851	Note
The Company	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	28,000	28,000	2,800,000	40.00 %	30,758	40.00 %	6,091	2,437	
The Company	MPG	Taiwan	Solar power generation and selling	33,000	33,000	3,300,000	100.00 %	24,791	100.00 %	2,843	2,843	Note
The Company	MPB	Taiwan	Solar power generation and selling	55,000	35,000	5,500,000	100.00 %	29,894	100.00 %	(2,948)	(2,948)	Note
The Company	MPZ	Taiwan	Solar power generation and selling	106,000	50,000	10,600,000	100.00 %	69,401	100.00 %	707	707	Note
Power Islands	Cheer View	British Virgin Islands	Holding Company	2,564,272	2,564,272	77,500,000	100.00 %	3	100.00 %	-	-	Note
Power Islands	Noble Town	Samoa	Holding Company	-	1,315,740	-	- %	-	100.00 %	(151)	(151)	Note
Cheer View	AE	United States	Polysilicon manufacturing and selling	2,398,043	2,398,043	11,573,647	37.11 %	-	37.11 %	-	-	

Note: The amount had been offset in the consolidated financial statements.

(c) Information on investment in Mainland China:

The following is the information on investees in Mainland China for the year 2021:

i. The names of investees in Mainland China, the main businesses and products, and other information: (Unit: thousand dollars)

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	The highest percentage of the periords	Investment income (losses) (Notes 3 and 4)	Book value (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SNE	Manufacturing and processing, solar cells and solar modules	1,345,392 (CNY278,081)	(Note 1)	1,280,986	-	-	1,280,986	(23,353)	95.39 %	95.39 %	(22,696)	1,155,922	-
XNE	Manufacturing and processing, solar cells	-	(Note 2)	-	-	-	-	1,086	95.39 %	95.39 %	1,035	-	-
MAS	Manufacturing and processing, solar cells and solar modules	2,392,731 (CNY531,500)	(Note 2)	-	-	-	-	(31,859)	95.39 %	95.39 %	(26,198)	942,390	-
MASE	Manufacturing and processing, solar wafer and solar cells	164,232 (CNY37,000)	(Note 2)	-	-	-	-	(369)	95.39 %	95.39 %	(352)	(74)	-

Note: The amount had been offset in the consolidated financial statements.

ii. Limitation on investment in Mainland China:

Unit: USD

Accumulated Investment in Mainland China as of December 31, 2021 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 6)
1,280,986 (USD38,481,092.61)	1,494,720 (USD 54,000,000)	1,928,249

Note 1: The Company indirectly invested in the company in Mainland China through a third region (Power Islands).
Note 2: The Company indirectly invested in the company in Mainland China through a third region in the company in Mainland China.
Note 3: Amounts was recognized based on audited financial statements.
Note 4: The amount consist of invesment gain or loss and carrying values as of December 31, 2021, recognized by the Company which indirectly invested through a third region.
Note 5: The investment in Mainland China, including equipment, was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into TWD at the average rates prevailing at the transaction date.
The equity in the earnings (losses) was translated into TWD at the average rates during each period of the year. Other amounts on foreign currency financial assets was translated at the exchange rate at the balance sheet date, which was TWD27.68.
Note 6: Upper limitation would be 60% of the net worth of the Company.
Note 7: The amounts consist of investment in Mainland China were recorded at exchange rates into TWD.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

As of December 31, 2021, there was no shareholder who held over 5% of the total non physical common stocks. (Note)

Note: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(14) Segment information

(a) General Information

The reporting segment in the Group is solar business. Solar business covers the manufacturing, marketing, and sale of solar cells and solar modules.

Other operating segments in the Group are related to the manufacturing, marketing, and sale of measurement instruments and photovoltaic inverters, and installation of photovoltaic (PV) power systems. As these segments do not reach the standard for disclosure, no separate disclosures were made thereon in 2021 and 2020.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations.

No tax expenses or non-operating income and expenses are allocated to the reporting segment. In addition, the reporting segment does not include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The accounting policies of the operating segments are the same as those described in note 4. The Group evaluates performance of operating segment on the basis of operating income. The Group treats intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2021			
	Solar	**Other**	**Elimination**	**Total**
Revenues:				
Revenues from external customers	$ 5,610,997	261,992	-	5,872,989
Revenues from parent and consolidated subsidiaries	18,860	-	(18,860)	-
Interest income	26,962	1,725	-	28,687
Total revenues	**$ 5,656,819**	**263,717**	**(18,860)**	**5,901,676**
Interest expense (financial cost)	**$ (40,741)**	**(19,577)**	**-**	**(60,318)**
Depreciation and amortization	**$ (207,948)**	**(93,785)**	**-**	**(301,733)**
Impairment loss of non-financial assets	**$ (81,997)**	**-**	**-**	**(81,997)**
Share of profit of associates accounted for using equity method	**$ 26,150**	**-**	**-**	**26,150**
Segment income	**$ 58,509**	**109,848**	**-**	**168,357**
Investment accounted for using equity method	**$ 140,523**	**-**	**-**	**140,523**
Capital expenditures for non-current assets	**$ 93,457**	**148,639**	**-**	**242,096**

(Continued)

	2020			
	Solar	**Other**	**Elimination**	**Total**
Revenues:				
Revenues from external customers	$ 3,446,050	232,345	-	3,678,395
Revenues from parent and consolidated subsidiaries	68,813	-	(68,813)	-
Interest income	23,966	2,049	-	26,015
Total revenues	**$ 3,538,829**	**234,394**	**(68,813)**	**3,704,410**
Interest expense (finance costs)	**$ (66,502)**	**(17,873)**	**-**	**(84,375)**
Depreciation and amortization	**$ (220,326)**	**(85,460)**	**-**	**(305,786)**
Reversal of impairment loss on non-financial assets	**$ 5,793**	**-**	**-**	**5,793**
Share of profit of associates accounted for using equity method	**$ 9,398**	**1,295**	**-**	**10,693**
Segment income	**$ (68,539)**	**57,766**	**808**	**(9,965)**
Assets:				
Investment accounted for using equity method	**$ 118,561**	**-**	**-**	**118,561**
Capital expenditures for non-current assets	**$ 63,585**	**255,580**	**-**	**319,165**

The material reconciling items of the above reportable segment are as below:

In 2021 and 2020, included in the total reportable segment revenue was elimination of intersegment revenue of $18,860 and $68,813, respectively. The reporting segment’s income and earnings before tax, after such elimination, were the same as those items listed under non-operating income and expenses of the consolidated statements of operations. Please refer to non-operating income and gains and non-operating expenses and losses in the accompanying consolidated statements of comprehensive income.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

	2021	**2020**
Revenue from external customers:		
Taiwan	$ 3,363,953	2,066,288
Singapore	2,151,702	1,059,739
India	199,339	151,119
Korea	86,276	260,957
Others	71,719	140,292
	$ 5,872,989	**3,678,395**

(Continued)

Geographical information	December 31, 2021	December 31, 2020
Other non-current assets:		
Taiwan	$ 2,608,410	2,657,334
China	210,213	340,763
Total	**$ 2,818,623**	**2,998,097**

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Information about revenue from major customers

	2021	2020
A company	$ 2,151,702	1,059,739
B company	1,016,360	801,083
C company	210,282	440,019
	$ 3,378,344	**2,300,841**

安侯建業聯合會計師事務所
KPMG
台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)
電 話 Tel + 886 2 8101 6666
傳 真 Fax + 886 2 8101 6667
網 址 Web home.kpmg/tw

Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

We have audited the financial statements of Motech Industries Inc. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Impairment of long-term non-financial assets

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

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

How the matter was addressed in our audit

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

2. Provision of impairment of notes and accounts receivable

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

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

How the matter was addressed in our audit

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

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2022

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,716,708	27	1,661,961	27
1136	Current financial assets at amortized cost-current (note 6(a))	4,152	-	-	-
1170	Notes and accounts receivable, net (notes 6(c) and 6(v))	517,645	8	401,624	7
1180	Accounts receivable-related parties, net (notes 6(c), 6(v) and 7)	74,835	1	47,394	1
1200	Other receivables (note 6(d))	20,719	-	5,842	-
1210	Other receivables-related parties (notes 6(d) and 7)	49,410	1	41,336	1
1220	Current tax assets	380	-	887	-
130x	Inventories (note 6(e))	732,722	12	595,091	10
1410	Prepayments (notes 6(k) and 7)	27,877	1	48,267	1
1479	Other current assets (note 6(k))	5,149	-	29,087	-
	Total current assets	3,149,597	50	2,831,489	47
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	45,175	1	-	-
1550	Investments accounted for using equity method (notes 6(f) and 6(g))	1,573,709	25	1,540,581	26
1600	Property, plant and equipment (notes 6(h), 7 and 8)	1,293,653	21	1,404,596	23
1755	Right-of-use assets (note 6(i))	49,533	1	58,677	1
1780	Intangible assets (note 6(j))	2,012	-	4,249	-
1840	Deferred tax assets (note 6(r))	62,702	1	60,482	1
1980	Other non-current financial assets (note 8)	20,364	-	24,663	-
1990	Other non-current assets (notes 6(k) and 6(q))	90,589	1	95,460	2
	Total non-current assets	3,137,737	50	3,188,708	53
	Total assets	$ 6,287,334	100	6,020,197	100

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(m) and 6(ab))	$ 130,000	2	300,000	5
2110	Short-term notes and bills payable (note 6(l))	159,954	3	-	-
2130	Current contract liabilities (note 6(v))	74,541	1	52,480	1
2170	Notes and accounts payable	387,875	6	255,399	4
2180	Accounts payable-related parties (note 7)	158,396	3	69,966	1
2200	Other payables (notes 6(w) and 6(ab))	206,678	3	209,827	4
2220	Other payables-related parties (note 7)	59	-	895	-
2230	Current tax liabilities	809	-	-	-
2250	Current provisions (notes 6(p) and 6(ab))	21,514	-	22,549	-
2280	Current lease liabilities (notes 6(o) and 6(ab))	9,531	-	9,146	-
2320	Long-term borrowings, current portion (notes 6(n), 6(ab) and 8)	235,672	4	205,099	3
2399	Other current liabilities	33,863	1	41,555	1
	Total current liabilities	1,418,892	23	1,166,916	19
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(n), 6(ab) and 8)	1,480,043	23	1,510,678	25
2550	Non-current provisions (note 6(p))	70,300	1	63,316	1
2570	Deferred tax liabilities (note 6(r))	63,011	1	60,769	1
2580	Non-current lease liabilities (notes 6(o) and 6(ab))	41,003	1	49,992	1
2600	Other non-current liabilities	336	-	60	-
	Total non-current liabilities	1,654,693	26	1,684,815	28
	Total liabilities	3,073,585	49	2,851,731	47
	Equity (notes 6(f), 6(g), 6(q), 6(r), 6(s) and 6(t)):				
3100	Ordinary share	3,550,419	57	3,550,419	59
3200	Capital surplus	25,348	-	25,252	-
3310	Legal reserve	11,081	-	-	-
3350	Unappropriated retained earnings	135,553	2	110,812	2
3400	Other equity interest	(508,652)	(8)	(518,017)	(8)
	Total equity	3,213,749	51	3,168,466	53
	Total liabilities and equity	$ 6,287,334	100	6,020,197	100

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

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

		2021		2020	
		Amount	%	Amount	%
	Operating Revenues (notes 6(v) and 7):				
4110	Sales revenue	$ 5,568,187	100	3,152,476	100
4170	Less: Sales returns	611	-	2,728	-
4190	Sales discounts and allowances	(57)	-	(545)	-
	Net operating revenue	5,568,741	100	3,154,659	100
5000	**Total operating costs (notes 6(e), 6(h), 6(i), 6(j), 6(o), 6(p), 6(q), 6(t), 6(w) and 7)**	(5,200,174)	(94)	(2,900,915)	(92)
5910	Realized or unrealized profit and loss from sales	(12,579)	-	(13,318)	-
	Gross profit from operations	355,988	6	240,426	8
	Operating expenses (notes 6(c), 6(d), 6(h), 6(i), 6(j), 6(o), 6(q), 6(t), 6(w) and 7):				
6100	Selling expenses	(45,907)	(1)	(36,359)	(1)
6200	Administrative expenses	(201,869)	(3)	(220,150)	(7)
6300	Research and development expenses	(46,953)	(1)	(79,851)	(3)
6450	Expected credit gain (loss)	389	-	(9,249)	-
6000	**Total operating expenses**	(294,340)	(5)	(345,609)	(11)
	Net operating profit (loss)	61,648	1	(105,183)	(3)
	Non-operating income and expenses:				
7100	Interest income (notes 6(x) and 7)	3,885	-	4,335	-
7010	Other income (notes 6(x) and 7)	4,195	-	12,188	-
7020	Other gains and losses (notes 6(g), 6(h), 6(x), 6(y) and 7)	41,400	1	177,858	5
7050	Finance costs (notes 6(o) and 6(x))	(39,619)	(1)	(66,960)	(2)
7070	Share of profit of subsidiaries and associates accounted for using equity method (note 6(f))	36,043	1	87,717	3
	Total non-operating income and expenses	45,904	1	215,138	6
7900	**Profit before tax**	107,552	2	109,955	3
7950	Less: tax benefit (expenses) (note 6(r))	(809)	-	42	-
8200	**Net profit**	106,743	2	109,997	3
8300	**Other comprehensive income (notes 6(f), 6(q), 6(r) and 6(s)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	109	-	1,440	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	12,675	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(22)	-	(287)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	12,762	-	1,153	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(32,329)	(1)	(75,481)	(2)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(23)	-	74	-
8381	Exchange differences on translation of foreign financial statements of subsidiaries	29,042	1	121,793	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(3,310)	-	46,386	2
8300	**Other comprehensive income**	9,452	-	47,539	2
8500	**Total comprehensive income**	**$ 116,195**	**2**	**157,536**	**5**
	Earnings per share (expressed in New Taiwan Dollars) (note 6(u))				
9750	**Basic earnings per share**	**$ 0.30**		**0.31**	
9850	**Diluted earnings per share**	**$ 0.30**		**0.31**	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

					Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Others -unerned portion of restricted stock awards	Total other equity interest	Treasury shares	Total equity
Balance at January 1, 2020	$ 5,404,704	190,582	-	(2,022,672)	(564,403)	-	(485)	(564,888)	(190)	3,007,536
Net profit for the year ended December 31, 2020	-	-	-	109,997	-	-	-	-	-	109,997
Other comprehensive income	-	-	-	1,153	46,386	-	-	46,386	-	47,539
Total comprehensive income	-	-	-	111,150	46,386	-	-	46,386	-	157,536
Capital surplus used to offset accumulated deficits	-	(168,576)	-	168,576	-	-	-	-	-	-
Changes in equity of associates accounted for using equity method	-	4	-	-	-	-	-	-	-	4
Capital reduction used to offset accumulated deficits	(1,854,095)	-	-	1,854,095	-	-	-	-	-	-
Difference between consideration and carrying amount of subsidiaries acquired	-	-	-	(337)	-	-	-	-	-	(337)
Changes in ownership interests in subsidiaries	-	1,703	-	-	-	-	-	-	-	1,703
Share based payments	-	1,539	-	-	-	-	485	485	-	2,024
Retirement of treasury shares	(190)	-	-	-	-	-	-	-	190	-
Balance at December 31, 2020	3,550,419	25,252	-	110,812	(518,017)	-	-	(518,017)	-	3,168,466
Net Profit for the year ended December 31, 2021	-	-	-	106,743	-	-	-	-	-	106,743
Other comprehensive income	-	-	-	87	(3,310)	12,675	-	9,365	-	9,452
Total comprehensive income	-	-	-	106,830	(3,310)	12,675	-	9,365	-	116,195
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	11,081	(11,081)	-	-	-	-	-	-
Cash dividends	-	-	-	(71,008)	-	-	-	-	-	(71,008)
Changes in equity of associates accounted for using equity method	-	7	-	-	-	-	-	-	-	7
Other changes in capital surplus	-	89	-	-	-	-	-	-	-	89
Balance at December 31, 2021	**$ 3,550,419**	**25,348**	**11,081**	**135,553**	**(521,327)**	**12,675**	**-**	**(508,652)**	**-**	**3,213,749**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Profit before tax	$ 107,552	109,955
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	161,981	156,837
Amortization expense	2,437	2,614
Expected credit loss (gain)	(389)	9,249
Interest expense	39,619	66,960
Interest income	(3,885)	(4,335)
Share-based payments	-	2,024
Share of profit of subsidiaries and associates accounted for using equity method	(36,043)	(87,717)
Loss (gain) on disposal of property, plant and equipment	364	(96,016)
Prepayments for business facility transferred to expenses	-	27
Gain on disposal of investments	-	(2,491)
Unrealized profit from sales	12,579	13,318
Gain on lease modifications	-	(1,136)
Total adjustments to reconcile profit (loss)	176,663	59,334
Changes in operating assets:		
Contract assets	-	7,559
Accounts receivable	(115,632)	(150,553)
Accounts receivable – related parties	(27,441)	300,614
Other receivables	(14,877)	(12,877)
Other receivables – related parties	(1,140)	56,337
Inventories	(140,938)	(268,229)
Prepaid expenses	345	5,864
Prepayments to suppliers	20,043	7,013
Other current assets	23,938	(4,403)
Defined benefit assets	(318)	(1,065)
Total changes in operating assets	(256,020)	(59,740)
Changes in operating liabilities:		
Contract liabilities	22,061	2,076
Notes and accounts payable	132,476	44,643
Accounts payable – related parties	88,430	(107,670)
Other payables	16,450	(23,621)
Other payables – related parties	37	(6,312)
Provisions	5,947	45,599
Other current liabilities	(7,030)	(6,177)
Refund liabilities	(662)	(2,729)
Total changes in operating liabilities	257,709	(54,191)
Total changes in operating assets and liabilities	1,689	(113,931)
Cash inflow generated from operations	285,904	55,358
Income taxes refunded (paid)	507	(16,930)
Net cash flows from operating activities	286,411	38,428
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(32,500)	-
Acquisition of financial assets at amortized cost	(4,152)	-
Acquisition of investments accounted for using equity method	(76,000)	(40,000)
Proceeds from disposal of investments accounted for using equity method	-	60,749
Proceeds from capital reduction of investments accounted for using equity method	26,630	442,289
Acquisition of property, plant and equipment	(47,513)	(115,854)
Proceeds from disposal of property, plant and equipment	260	144,260
Decrease (increase) in refundable deposits	(120)	2,009
Decrease (increase) in other receivables due from related parties	(7,000)	10,000
Acquisition of intangible assets	(200)	(1,352)
Net cash inflows from business combination	-	122,902
Decrease in other financial assets	4,299	10,535
Increase in prepayments for business facilities	(5,520)	(10,938)
Interest received	3,933	4,334
Dividends received	36,403	1,418
Net cash flows from (used in) investing activities	(101,480)	630,352
Cash flows from (used in) financing activities:		
Proceeds from short-term loans	770,000	546,599
Repayments of short-term loans	(940,000)	(296,599)
Increase in short-term notes and bills payable	410,000	-
Repayments of short-term notes and bills payable	(250,000)	-
Proceeds from long-term borrowings	152,200	1,711,310
Repayments of long-term borrowings	(154,782)	(3,256,723)
Increase (decrease) in guarantee deposits received	276	(43)
Payment of lease liabilities	(9,585)	(9,939)
Cash dividends paid	(71,008)	-
Acquisition of ownership interests in subsidiaries	-	(2,678)
Interest paid	(37,374)	(67,602)
Other financing activities	89	-
Net cash used in financing activities	(130,184)	(1,375,675)
Net increase (decrease) in cash and cash equivalents	54,747	(706,895)
Cash and cash equivalents at beginning of period	1,661,961	2,368,856
Cash and cash equivalents at end of period	$ **1,716,708**	**1,661,961**

See accompanying notes to financial statements.

MOTECH INDUSTRIES INC.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

MOTECH Industries Inc. (the Company) was incorporated on June 3, 1981, as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of the Company's registered office is 6F, No. 248, Sec. 3, Pei-Shen Rd., Shen-Keng Dist., New Taipei City 222, Taiwan. The Company's major operating activities are the manufacturing, marketing, and sale of solar cells, solar modules, and photovoltaic inverters, the marketing, design, and installation of solar electricity systems, and solar power generation.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issue by the Board of Directors on March 10, 2022.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021 or April 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"
- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the Financial Supervisory Commission

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

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	The key amendments to IAS 1 include: ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.	January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

(Continued)

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

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

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

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

1) Financial assets at fair value through other comprehensive income are measured at fair value;

2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 6(q).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The Company's parent company only financial statements are presented in New Taiwan dollars (TWD), which is the Company's functional currency. Except for those specifically indicates, all financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

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

(Continued)

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

Foreign currency differences arising from retranslation are recognized in profit or loss, expect for an investment in equity securities designated as at fair value through other comprehensive income, which is recognized in other comprehensive income.

(ii) Foreign operations

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

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

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

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

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

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

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

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

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

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

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

(Continued)

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

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

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

(Continued)

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of a part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Impairment of financial assets

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

4) Derecognition of financial assets

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Treasury shares

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

4) Financial liabilities

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

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

5) Derecognition of financial liabilities

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

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

6) Offsetting of financial assets and liabilities

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

(Continued)

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.
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Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

(Continued)

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for the using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and structures: 3 to 50 years

2) Machinery and equipment: 3 to 10 years

(Continued)

3) Office and other equipment: 1 to 20 years

4) Other equipment (Power station): 20 years

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

(k) Leases

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

(i) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payments;

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

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

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

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

— there is a change in future lease payments arising from the change in an index or rate;

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;

(Continued)

- there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;
- there is a change in the assessment on lease term as to whether it will be extended or terminated; and
- the modifications of the lease underlying asset, scope or other terms.

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

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

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

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

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2022; and
- there is no substantive change in other terms and conditions of the lease.

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

(ii) As a lessor

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

(Continued)

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Intangible assets

(iii) Recognition and measurement

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

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

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

(iv) Subsequent expenditure

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

(v) Amortization

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

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

(m) Impairment of non-financial assets

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

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

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

(Continued)

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

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

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

(n) Provision

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

(i) Warranties

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

(ii) Onerous contracts

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

(iii) Decommissioning

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

(o) Revenue recognition

(i) Revenue from contracts with customers

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

(Continued)

1) Goods sold

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

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

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

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

2) Engineering contracts

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

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

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract. Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(Continued)

3) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfill a contract

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

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

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

(Continued)

(p) Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants shall not be recognized until there is reasonable assurance.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheets either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. The Company recognizes government grants as deducts the grant in arriving at the carrying amount of the asset on a systematic and rational basis over the useful life of the asset.

Government grants related to income are presented as a credit in the statement of comprehensive income, they are deducted in reporting the related expense. If there is no related expense, they are recorded under a general heading such as 'Other gain'.

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

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

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

(Continued)

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

(s) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the exceptions below:

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

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

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

(Continued)

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

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

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

1) the same taxable entity; or

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

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

(t) Earnings per share (EPS)

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

(u) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

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

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

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

(Continued)

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

Judgment regarding control of subsidiaries

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

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

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

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

(b) Provisions for impairment of notes and accounts receivable

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash	$	659	701
Demand deposits		1,140,747	958,187
Time deposits		485,302	553,073
Cash equivalents (investments in bonds sold under repurchase agreement)		90,000	150,000
	$	**1,716,708**	**1,661,961**

(Continued)

On December 31, 2021, time deposits with a deposit period of more than three months but less than one year totaled $4,152, which were recognized as financial assets measured at amortized cost – current. There was no such transaction for the year ended December 31, 2020.

(b) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income		
Unlisted companies	**$ 45,175**	**-**

(i) Equity investments at fair value through other comprehensive income

These equity instrument investments held by the Company are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive gains and losses.

The Company did not dispose of strategic investments from January 1 to December 31, 2021, and the accumulated profits and losses during this period were not transferred in equity.

(ii) The Company's financial assets at fair value through other comprehensive income were not pledged as collateral. Please refer to note 6(y).

(c) Notes and accounts receivable

The components were as follows:

	December 31, 2021	December 31, 2020
Notes receivable	$ 283	8
Accounts receivable	550,862	438,626
Accounts receivable–related parties	74,835	47,394
Subtotal	625,980	486,028
Less: loss allowance	(33,500)	(37,010)
	$ 592,480	**449,018**

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

(Continued)

	December 31, 2021		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 590,220	0%	-
Past due 1~90 days	2,059	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	201	0%	-
Past due 151~180 days	-	0%~35.97%	-
Past due more than 181 days	33,500	100%	33,500
	$ 625,980		**33,500**

	December 31, 2020		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 370,557	0%	-
Past due 1~90 days	78,461	0%~0.08%	-
Past due 91~120 days	-	0%~0.08%	-
Past due 121~150 days	-	0%~35.97%	-
Past due 151~180 days	-	35.97%~95.66%	-
Past due more than 181 days	37,010	100%	37,010
	$ 486,028		**37,010**

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

	2021	**2020**
Beginning balance	$ 37,010	37,063
Impairment loss recognized (reversed)	(389)	4
Amounts written off	(3,121)	(58)
Effect on changes in foreign exchange rates	-	1
Ending balance	**$ 33,500**	**37,010**

At the reporting date, there was no pledge for notes and accounts receivable. Please refer to note 6(y) for further credit risk information.

(Continued)

(d) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	$ 20,719	5,842
Other receivables – related parties	49,410	41,336
Less: loss allowance	-	-
	$ 70,129	47,178

The loss allowances for other receivables of the Company was determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 70,129	0%	-
Past due 1~90 days	-	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%	-
Past due 151~180 days	-	0%	-
Past due more than 181 days	-	100%	-
	$ 70,129		-

	December 31, 2020		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 47,112	0%	-
Past due 1~90 days	66	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%~16.58%	-
Past due 151~180 days	-	0%~61.44%	-
Past due more than 181 days	-	100%	-
	$ 47,178		-

(Continued)

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

	2021	2020
Beginning balance	$ -	85,432
Impairment loss recognized	-	9,245
Amounts written off	-	(96,410)
Effect on changes in foreign exchange rates	-	1,733
Ending balance	**$ -**	**-**

At the reporting date, there was no pledge for other receivables. Please refer to note 6(y) for further credit risk information.

(e) Inventories

	December 31, 2021	December 31, 2020
Finished goods	$ 275,057	378,828
Work in progress	137,563	56,834
Raw materials and supplies	204,843	127,369
Merchandise	609	-
Raw materials in transit	114,650	32,060
	$ 732,722	**595,091**

Except for cost of goods sold and other remaining gains or losses which were included in operating cost or deduction of operating cost were as follows:

	2021	2020
Reversal of loss on valuation of inventories and obsolescence	$ (30,692)	(12,582)
Unallocated production overheads	25,790	76,027
	$ (4,902)	**63,445**

At the reporting date, the inventories were not pledged.

(Continued)

(f) Investments accounted for using equity method

The components were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 1,433,186	1,422,020
Associates	140,523	118,561
	$ 1,573,709	**1,540,581**

(i) Subsidiaries

Please see the consolidated financial statements for the year ended December 31, 2021.

(ii) At the reporting date, the investments accounted for using the equity method were not pledged.

(iii) Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the parent-company-only financial statements of the Company.

	December 31, 2021	December 31, 2020
Total equity of the individually insignificant investments in associates	**$ 140,523**	**118,561**

	2021	2020
Attributable to the Company:		
Net profit from continuing operations	$ 26,150	9,398
Other comprehensive income	(23)	74
Total comprehensive income	**$ 26,127**	**9,472**

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

(iv) Merger with subsidiaries

1) In March 2020, the Company acquired the non-controlling interests of Motech Energy System Co., Ltd. (“MES”) in cash, please refer to note 6(g). MES was merged with the Company; thereafter, the Company became the surviving company, and MES, the dissolved entity. The equity interests of the investee companies MPO, MPA, MPG, MPB, MPZ and TECO Sun Energy, held by MES was transferred to the Company.

(Continued)

2) On May 1, 2020 (the combination date), the carrying amounts of assets and liabilities of MES were as follows:

		MES
Cash and cash equivalents	$	122,902
Accounts receivable		221
Accounts receivable- related parties		321,737
Other receivable-related parties		1,992
Contract assets		7,559
Inventories		1,814
Prepayment (including related parties)		506
Other current assets		3,881
Investments accounted for using equity method		216,023
Property, plant and equipment (note 6(h))		15,487
Intangible assets (note 6(j))		4,061
Refundable deposits		278
Contract liabilities-current (including related parties)		(2,844)
Accounts payable		(62,290)
Accounts payable-related parties		(24,992)
Other payables		(14,398)
Other payables-related parties		(2,646)
Current tax liabilities		(13,666)
Other current liabilities, others		11
Long-term borrowings, current portion		(960)
Long-term borrowings		(12,000)
Total identifiable net assets acquired	**$**	**562,676**

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

(i) Acquisitions of non-controlling interests

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

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

There was no such transaction for the year ended December 31, 2021.

(Continued)

(ii) Loss control of subsidiaries

In July and November 2019, the Company decided to dissolve MJ and Think Global, respectively, resulting in the Company to recognize the remaining capital investment of $9,780 as loss on disposal of investments under other gains and losses in September and March 2020. In 2020, the Company received the remaining capital investment amounting to $44,732. There was no such transaction for the year ended December 31, 2021.

(iii) Disposal of subsidiaries

The Company had sold its entire shares in MPA to a third party at the amount of $16,017 in September 2020, resulting in the Company to recognize a gain on disposal of investments amounting to $12,271, recorded under other gains and losses. As of December 31, 2020, the aforementioned amount had been received. There was no such transaction for the year ended December 31, 2021.

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

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

(h) Property, plant and equipment

(i) The movements were as follows:

		Land	Building and structure	Machinery and equipment	Other equipment (power station)	Office and other equipment	Total
Cost or deemed cost:							
Beginning balance at January 1, 2021	$	17,905	1,026,831	2,261,440	78,078	1,323,299	4,707,553
Additions		-	-	13,411	-	13,863	27,274
Reclassification		-	-	10,938	-	3,307	14,245
Disposals		-	(809)	(62,765)	-	(14,356)	(77,930)
Balance at December 31, 2021	**$**	**17,905**	**1,026,022**	**2,223,024**	**78,078**	**1,326,113**	**4,671,142**
Beginning balance at January 1, 2020	$	17,905	1,151,287	2,878,841	41,614	1,593,320	5,682,967
Acquisition through merger		-	-	177	17,877	81	18,135
Additions		-	1,015	93,941	7,124	23,393	125,473
Reclassification		-	(12,775)	-	11,463	4,485	3,173
Disposals		-	(112,696)	(711,519)	-	(297,980)	(1,122,195)
Balance at December 31, 2020	**$**	**17,905**	**1,026,831**	**2,261,440**	**78,078**	**1,323,299**	**4,707,553**

(Continued)

	Land	Building and structure	Machinery and equipment	Other equipment (power station)	Office and other equipment	Total
Depreciation and impairment loss:						
Beginning balance at January 1, 2021	$ -	264,721	1,799,431	20,473	1,218,332	3,302,957
Depreciation expense	-	20,506	88,414	4,681	38,255	151,856
Disposals	-	(742)	(62,503)	-	(14,079)	(77,324)
Balance at December 31, 2021	$ -	284,485	1,825,342	25,154	1,242,508	3,377,489
Beginning balance at January 1, 2020	$ -	317,320	2,427,379	3,526	1,472,062	4,220,287
Acquisition through merger	-	-	104	2,493	51	2,648
Depreciation expense	-	22,319	77,288	4,021	42,622	146,250
Reclassification	-	(10,443)	-	10,433	-	(10)
Disposals	-	(64,475)	(705,340)	-	(296,403)	(1,066,218)
Balance at December 31, 2020	$ -	264,721	1,799,431	20,473	1,218,332	3,302,957
Carrying amounts:						
Balance at December 31, 2021	$ 17,905	741,537	397,682	52,924	83,605	1,293,653
Balance at January 1, 2020	$ 17,905	833,967	451,462	38,088	121,258	1,462,680
Balance at December 31, 2020	$ 17,905	762,110	462,009	57,605	104,967	1,404,596

(ii) The Company had performed an impairment test as of December 31, 2019 because there were indications that the assets might be impaired. Due to the operating result in 2021 and 2020, which showed that the impairment loss recognized for those individual assets may have decreased, the Company performed an impairment test as of December 31, 2021 and 2020. After performing the impairment test, the carry amount of CGU to which they belonged was not lower than the recoverable amount (value in use). As of December 31, 2021, the key assumptions used in the estimation of value in use were the discount rate of 6.76%, the average growth rate (sales volume) of (0.80)%, the average growth rate (average selling price) of (0.74)% and the average growth rate (unit cost) of (0.40)%. As of December 31, 2020, the key assumptions used in the estimation of value in use were the discount rate of 8.26%, the average growth rate (sales volume) of 0.97%, the average growth rate (average selling price) of (2.49)% and the average growth rate (unit cost) of (3.06)%.

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

(iii) In order to set the business scale and improve the reliability of assets, the Company disposed some of its plants and accessory equipment amounting to $(364) and $96,016 recognized as gains (losses) on disposal of property, plant and equipment under other gains and losses for the years ended December 31, 2021 and 2020, respectively.

(Continued)

(iv) The reclassification was mainly for the transfer of prepayments for business facility and inventories.

(v) As of December 31, 2021 and 2020, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

(i) Right-of-use assets

The Company leases many assets, including land, buildings and structures, machinery and other equipment. Information about leases for which the Company as a lessee was presented below:

	Land	Buildings and structures	Machinery	Other equipment	Total
Cost:					
Beginning balance at January 1, 2021	$ 73,020	6,171	-	3,001	82,192
Additions	-	-	981	-	981
Write-off	-	-	-	(3,001)	(3,001)
Balance at December 31, 2021	**$ 73,020**	**6,171**	**981**	**-**	**80,172**
Beginning balance at January 1, 2020	$ 91,345	6,171	-	3,001	100,517
Lease modification	(18,325)	-	-	-	(18,325)
Balance at December 31, 2020	**$ 73,020**	**6,171**	**-**	**3,001**	**82,192**
Accumulated depreciation:					
Beginning balance at January 1, 2021	$ 20,198	650	-	2,667	23,515
Depreciation expense	8,976	324	491	334	10,125
Write-off	-	-	-	(3,001)	(3,001)
Balance at December 31, 2021	**$ 29,174**	**974**	**491**	**-**	**30,639**
Beginning balance at January 1, 2020	$ 10,936	325	-	1,667	12,928
Depreciation expense	9,262	325	-	1,000	10,587
Balance at December 31, 2020	**$ 20,198**	**650**	**-**	**2,667**	**23,515**
Carrying amount:					
Balance at December 31, 2021	**$ 43,846**	**5,197**	**490**	**-**	**49,533**
Balance at January 1, 2020	**$ 80,409**	**5,846**	**-**	**1,334**	**87,589**
Balance at December 31, 2020	**$ 52,822**	**5,521**	**-**	**334**	**58,677**

The Company leases land and buildings for its office use, operation space and installation location of PV power stations, with lease terms ranging from 6 to 20 years; the Company also lease machinery and other equipment, with the lease term of 2 to 3 years.

(Continued)

(j) Intangible assets

(i) The movements were as follows:

		Computer software
Costs:		
Beginning balance at January 1, 2021	$	10,763
Additions		200
Disposals		(1,254)
Balance at December 31, 2021	**$**	**9,709**
Beginning balance at January 1, 2020	$	1,910
Additions		1,352
Acquisition through merger		7,701
Disposals		(200)
Balance at December 31, 2020	**$**	**10,763**
Amortization and impairment loss:		
Beginning balance at January 1, 2021	$	6,514
Amortization expense		2,437
Disposals		(1,254)
Balance at December 31, 2021	**$**	**7,697**
Beginning balance at January 1, 2020	$	460
Amortization expense		2,614
Acquisition through merger		3,640
Disposals		(200)
Balance at December 31, 2020	**$**	**6,514**
Carrying amounts:		
Balance at December 31, 2021	**$**	**2,012**
Balance at January 1, 2020	**$**	**1,450**
Balance at December 31, 2020	**$**	**4,249**

(ii) Amortization expense

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

		2021	2020
Operating costs	$	354	354
Operating expenses		2,083	2,260
	$	**2,437**	**2,614**

(Continued)

(iii) Collateral

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

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

(i) The components of prepayments were as follows:

	December 31, 2021	December 31, 2020
Prepaid expenses	$ 4,742	5,089
Prepayments to suppliers－current	21,979	43,178
Prepayments to suppliers－current-related parties	1,156	-
	$ 27,877	**48,267**

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

	December 31, 2021	December 31, 2020
Excess business tax paid	$ 4,641	19,587
Others	508	9,500
Other current assets	**$ 5,149**	**29,087**
Prepayments for business facilities	$ 5,520	10,938
Refundable deposits	32,325	32,205
Net defined benefit assets	52,744	52,317
Other non-current assets	**$ 90,589**	**95,460**

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

(l) Short-term notes and bills payable

	December 31, 2021		
	Guarantee or acceptance institution	Range of annual interest rates (%)	Amount
Commercial paper payable	International Bills Finance Corporation /Mega Bills Finance Co., Ltd.	1.288%~1.488%	$ 160,000
Less: discount on short-term notes and bills payable			(46)
Total			**$ 159,954**

There was no such transaction for the year ended December 31, 2020.

(i) At the reporting date, there was no pledge for short-term notes and bills payable.

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

(Continued)

(m) Short-term borrowings

	December 31, 2021	December 31, 2020
Unsecured bank loans	$ 130,000	300,000
Unused short-term credit lines	$ 1,336,540	1,226,745
Range of annual interest rates	1.5%	1.5%~1.8%

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

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

(n) Long-term borrowings

(i) The components were as follows:

	December 31, 2021			
	Currency	Range of annual interest rate	Maturity year	Amount
Syndicated loan	TWD	1.9556%	2023	$ 1,675,170
Financial loans for solar power station projects	TWD	1.35%~1.8%	2033	39,628
Financial long-term borrowings	TWD	1.65%	2024	917
Less: current portion				(235,672)
Total				$ 1,480,043
Unused long-term credit lines				$ 33,530

	December 31, 2020			
	Currency	Range of annual interest rate	Maturity year	Amount
Syndicated loan	TWD	2.0085%	2023	$ 1,672,650
Financial loans for solar power station projects	TWD	1.35%~1.973%	2033	43,127
Less: current portion				(205,099)
Total				$ 1,510,678
Unused long-term credit lines				$ 4,530

(ii) Pledge for loan

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

(Continued)

(iii) Syndicated loan borrowings

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

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

In accordance with the agreement, the Company shall submit annual consolidated financial statements and the second quarter consolidated financial statements reviewed by the accountant approved by the management bank during the term of the credit agreement, and maintain the agreed financial indicators, including current ratio, financial debt ratio, interest coverage ratio and tangible net worth.

If the Company initially fails to comply with the aforementioned covenants, it would not be regarded as breach of contract if it can provide the leading bank a financial improvement plan; and consequently, its preceding second quarter or annual consolidated financial statements is in conformity with the covenants; furthermore, a compensation has to be paid. If the Company still fails to comply with the said covenant in its preceding consolidated financial statements, all its credit facilities stated in the contract will be considered invalid. Also, the leading bank can decide either to waive all or parts of the unused credit facilities without the approval of the participating banks, or it can demand the Company for an immediate payment on its obligations under this agreement. The Company was in compliance with the aforementioned covenants in its 2021 and 2020 annual consolidated financial statements.

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

(o) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2021	December 31, 2020
Current	$ 9,531	9,146
Non-current	$ 41,003	49,992

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

(Continued)

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest expense on lease liabilities (recorded under finance costs)	$ 1,239	1,555
Variable lease payments not included in the measurement of lease liabilities	$ 135	102
Expenses relating to short-term leases	$ 13,092	11,739
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 435	423
COVID-19-related rent concessions (recognized as deduction of depreciation expense)	$ -	(1,060)
COVID 19 related rent concessions (recognized as deduction of rent expense)	$ -	(220)

The amounts recognized in the statement of cash flows by the Company were as follows:

	2021	2020
Total cash outflow for leases	$ 24,486	22,478

(i) Real estate and buildings leases

The Company leases land and buildings for its office use, operating space and the installation location of PV power stations, with leases terms ranging from 6 to 20 years. Some leases included an option to renew the lease for an additional period of the same duration after the end of the contract term. The extension option held are exercisable only by the Company and not by the lessors. If the lessee is not reasonably certain to use an optional extended lease term, the payments associated with the optional period will not be included with in lease liabilities.

(ii) Other leases

The Company leases machinery and other equipment, with lease terms ranging from 2 to 3 years. In some cases, the Company has options to purchase the assets at the end of the contract term. In other cases, it guarantees the residual value of the leased assets at the end of the contract term.

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

(Continued)

(p) Provisions

	Warranty	Decommissioning	Total
Beginning balance at January 1, 2021	$ 85,684	181	85,865
Provisions made	7,563	2	7,565
Provisions used	(1,616)	-	(1,616)
Balance at December 31, 2021	**$ 91,631**	**183**	**91,814**
Beginning balance at January 1, 2020	$ 40,085	-	40,085
Provisions made	48,095	181	48,276
Provisions used	(2,496)	-	(2,496)
Balance at December 31, 2020	**$ 85,684**	**181**	**85,865**

The carrying amounts of provisions were as follow:

	December 31, 2021	December 31, 2020
Current provisions	$ 21,514	22,549
Non-current provisions	70,300	63,316
	$ 91,814	**85,865**

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

(q) Employee benefits

(i) Defined benefit plans

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

	December 31, 2021	December 31, 2020
Present value of the defined benefit obligations	$ 34,452	34,784
Fair value of plan assets	(87,196)	(87,101)
Net defined benefit assets (recorded under other non-current assets)	**$ (52,744)**	**(52,317)**

(Continued)

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. Minimum earnings on such funds shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The amount of the Company's Bank of Taiwan labor pension reserve account balance was already higher than the defined benefit obligation, so the Company had applied for a moratorium on the withdrawal of labor pension reserve account during to April 2020 to March 2022. The Company's Bank of Taiwan labor pension reserve account balance amounted to $87,196 as of December 31, 2021. For information on utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	2021	2020
Defined benefit obligations at January 1	$ 34,784	34,077
Current service costs and interest	332	489
Actuarial gains or losses	833	995
Benefits paid	(1,497)	(777)
Defined benefit obligations at December 31	**$ 34,452**	**34,784**

3) Movements of defined benefit plan assets

	2021	2020
Fair value of plan assets at January 1	$ 87,101	83,889
Expected return on plan assets	650	1,054
Contributions from plan participants	-	500
Actuarial gains or losses	942	2,435
Benefits paid	(1,497)	(777)
Fair value of plan assets at December 31	**$ 87,196**	**87,101**
Actual return on plan assets	**$ 1,592**	**3,489**

(Continued)

4) Expenses (reversal) recognized in profit or loss

	2021	2020
Cost of services	$ 74	68
Net interest on the net defined benefit assets	(392)	(633)
	$ (318)	**(565)**
Operating expenses reversal	**$ (318)**	**(565)**

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

	2021	2020
Cumulative amount at January 1	$ (8,933)	(7,493)
Recognized during the period	(109)	(1,440)
Cumulative amount at December 31	**$ (9,042)**	**(8,933)**

6) Actuarial assumptions

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

	December 31, 2021	December 31, 2020
Discount rate	0.750 %	0.750 %
Rate of salary increase	2.000 %	2.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date of 2021 is $784.

The weighted-average lifetime of the defined benefits plans for 20201 is 19.09 years.

(Continued)

7) Sensitivity analysis

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

	Influences on defined benefit obligations	
	Increased by 0.25%	**Decreased by 0.25%**
December 31, 2021		
Discount rate	(1,127)	1,187
Rate of salary increase	1,157	(1,100)
December 31, 2020		
Discount rate	(1,215)	1,277
Rate of salary increase	1,278	(1,187)

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

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal accounts at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company allocates $22,254 and $23,539 as pension costs under the defined contribution plans in 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

(r) Income taxes

(i) The components were as follows:

	2021	**2020**
Current tax benefit (expenses)		
Current period	$ (809)	-
Adjustment for prior periods	-	42
	(809)	42
Origination and reversal of temporary differences	-	-
Tax benefit (expenses)	**$ (809)**	**42**

(Continued)

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

		2021	2020
Items that may not be reclassified subsequently to profit or loss:			
Actuarial gain of defined benefit plans	$	(22)	(287)

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

Reconciliation of income tax benefit (expense) and profit before tax were as follows:

		2021	2020
Profit before tax	$	107,552	109,955
Income tax using the Company's domestic tax rate	$	(21,510)	(21,991)
Non-deductible expense		(786)	(1,054)
Tax-exempt income		5,600	-
Changes on unrecognized temporary differences		5,746	16,744
Additional tax on undistributed earnings		(809)	-
Investment gains and losses on domestic enterprises which were not included in taxable income		10,950	6,301
Others		-	42
	$	(809)	42

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom. Details were as follows:

		December 31, 2021	December 31, 2020
Unrecognized deferred tax assets:			
Aggregate amount of temporary differences related to investments in subsidiaries	$	777,378	773,637
Loss carryforwards		1,686,262	1,625,617
Deductible temporary differences		230,303	282,825
	$	2,693,943	2,682,079

(Continued)

As of December 31, 2021, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Loss carryforwards of unrecognized deferred tax assets	Expiry year
2015	$ 141,846	2025
2016	333,628	2026
2017	2,538,046	2027
2018	3,255,134	2028
2019	1,568,955	2029
2020	378,485	2030
2021	215,219	2031
	$ 8,431,313	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

	Others
Deferred tax assets:	
Beginning balance at January 1, 2021	$ 60,482
Recognized in profit or loss	2,220
Balance at December 31, 2021	**$ 62,702**
Beginning balance at January 1, 2020	$ 58,151
Recognized in profit or loss	2,331
Balance at December 31, 2020	**$ 60,482**

	Defined benefit plans	Unrealized foreign exchange gains	Others	Total
Deferred tax liabilities:				
Beginning balance at January 1, 2021	$ 10,463	50,259	47	60,769
Recognized in profit or loss	64	2,203	(47)	2,220
Recognized in other comprehensive income	22	-	-	22
Balance at December 31, 2021	**$ 10,549**	**52,462**	**-**	**63,011**
Beginning balance at January 1, 2020	$ 9,962	48,163	26	58,151
Recognized in profit or loss	214	2,096	21	2,331
Recognized in other comprehensive income	287	-	-	287
Balance at January 1, 2020	**$ 10,463**	**50,259**	**47**	**60,769**

(Continued)

(iii) Assessment

The Company's income tax returns for all years through 2019 were assessed by the tax authorities.

(s) Capital and other equity

As of December 31, 2021, and December 31, 2020, the Company's authorized ordinary share were both $10,000,000, with par value of $10 (dollars) per share, and its issued and outstanding shares were both 355,042 thousand shares.

The Company has reserved 20,000 thousand authorized shares for employee stock options, convertible preferred stock, and convertible bonds.

Reconciliations of shares outstanding were as follows:

(In thousands of shares)

	2021	**2020**
Beginning shares at January 1	355,042	540,470
Capital reduction	-	(185,409)
Retirement of restricted shares of stock for employees	-	(19)
Ending shares at December 31	**355,042**	**355,042**

(i) Ordinary share

A resolution was passed during the general meeting of shareholders held on June 18, 2020 for the capital reduction of ordinary shares amounting to $1,854,095 to offset the Company's accumulated deficit, with the approval of the FSC, and the date of capital reduction was set on July 28, 2020 based on the resolution decided during the board meeting. The relevant statutory registration procedures have since been completed.

(ii) Capital surplus

The components were as follows:

	December 31, 2021	**December 31, 2020**
Premium on issued stock	$ 6,403	6,403
Changes in equity of subsidiaries and associates accounted for using equity method	18,856	18,849
Other	89	-
	$ 25,348	**25,252**

(Continued)

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

Under the Company's articles of incorporation, the Company's current-period earnings are appropriated and distributed in the following order:

a) pay all taxes and duties;

b) cover prior years' accumulated deficit, if any;

c) of the remaining balance, 10% is set aside as legal reserve; excluding when legal reserve exceeds contributed capital;

d) set aside a special reserve in accordance with the R.O.C. Securities and Exchange Act or as requested by the authorities in charge;

The balance, including the accumulated retained profits from the previous year, is the profit to be distributed. The Board of Directors shall propose the earnings distribution plan, in which the amount to be distributed cannot be less than 25% of the earnings available for distribution, in the shareholders' meeting for approval.

The Company's dividend policies are as follows:

a) Cash dividends and stock dividends are appropriated in consideration of the Company's budget for capital expenditures, financial condition, and future operating cash flows.

b) No dividends are distributed if the Company has no unappropriated earnings. Earnings can be distributed as cash or share dividends, but stock dividends shall not exceed 50% of the total distribution.

c) If there are no unappropriated earnings, or if there are unappropriated earnings but they are very much less than the earnings distributed in the prior year, or in consideration of financial, business, and operating requirements, then all of the capital surplus or a portion of the legal reserve or capital surplus can be distributed according to the law or government regulations.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

(Continued)

2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The shareholders of the Company resolved to use its additional paid in capital of $168,576 to cover its accumulated deficits on June 18, 2020. Relevant information can be inquired at market observation post system.

On July 26, 2021, the Company's shareholders resolved to appropriate the earnings for 2020. These earnings were appropriated as follows:

	2020	
	Amount per share (dollar)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 0.20	$ 71,008

On March 10, 2022, the Company's Board of Directors resolved to appropriate the earnings for 2021 as follows:

	2021	
	Amount per share (dollar)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 0.20	$ 71,008

(Continued)

(iv) Other comprehensive income accumulated in reserves, net of tax

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Beginning balance at January 1, 2021	$	(518,017)	-
Exchange differences on translation of foreign financial statements		(32,329)	-
Exchange differences on translation of foreign financial statements for subsidiaries		29,042	-
Exchange differences on associates accounted for using equity method		(23)	-
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income		-	12,675
Balance at December 31, 2021	**$**	**(521,327)**	**12,675**

		Exchange differences on translation of foreign financial statements	Unearned portion of restricted stock awards
Beginning balance at January 1, 2020	$	(564,403)	(485)
Exchange differences on translation of foreign financial statements		(75,481)	-
Exchange differences on translation of foreign financial statements for subsidiaries		121,793	-
Exchange differences on associates accounted for using equity method		74	-
Unearned portion of restricted stock awards		-	485
Balance at December 31, 2020	**$**	**(518,017)**	**-**

(t) Share-based payment

As of December 31, 2021, and 2020, the Company has no existing share-based payment transactions. Details of the new restricted shares of stock issued to employees were as follows:

(In thousand shares)

		2020
Outstanding shares at January 1	$	250.0
Vested during the year		(250.0)
Outstanding shares at December 31	**$**	**-**

(Continued)

Compensation costs of the Company in 2020 arising from restricted shares of stock issued to employees were $2,024.

(u) Earnings per share ("EPS")

(i) Basic EPS

	2021	2020
Profit attributable to ordinary shareholders of the Company	$ **106,743**	**109,997**
Weighted average number of ordinary shares outstanding during the period (thousand shares)	**355,042**	**355,042**
Basic earnings per share (dollars)	$ **0.30**	**0.31**

(ii) Diluted EPS

	2021	2020
Profit attributable to ordinary shareholders of the Company	$ **106,743**	**109,997**
Weighted-average number of ordinary shares outstanding during the period (thousand shares)	355,042	355,042
Effect of potentially dilutive ordinary shares-employees' compensation (thousand shares)	229	208
Weighted-average number of ordinary shares outstanding during the period (diluted) (thousand shares)	**355,271**	**355,250**
Diluted earnings per share (dollars)	$ **0.30**	**0.31**

(v) Revenue from contracts with customers

(i) The Company's revenue was recognized from contracts with customers both 2021 and 2020.

(ii) Details of revenue were as follows:

	2021			2020		
	Solar	**Others**	**Total**	**Solar**	**Others**	**Total**
Primary geographical markets:						
Taiwan	$ 3,107,899	261,634	3,369,533	1,869,883	171,345	2,041,228
Singapore	2,151,702	-	2,151,702	1,059,739	-	1,059,739
Others	47,381	125	47,506	52,961	731	53,692
	$ **5,306,982**	**261,759**	**5,568,741**	**2,982,583**	**172,076**	**3,154,659**

Since disaggregation of revenue was based on major products, the basis for division of operating segments, and their geographical regions, the revenue of major products and primary geographical markets were included in the above information.

(Continued)

(iii) Balance of contracts

	December 31, 2021	December 31, 2020	January 1, 2020
Notes and accounts receivable (including related parties)	$ 625,980	486,028	314,188
Less: loss allowance	(33,500)	(37,010)	(37,063)
Total	$ 592,480	449,018	277,125
Contract liabilities－current (including related parties)	$ 74,541	52,480	47,560

For details on notes and accounts receivable and loss allowance for impairment, please refer to note 6(c).

The amount of revenue recognized as the contract liability balance at the beginning of the period was as follows:

	2021	2020
Revenue recognized	$ 33,565	30,239

(w) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employees' remuneration and no more than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration to employees entitled to receive the abovementioned employee remuneration is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees and directors were as follows:

	2021	2020
Employees' remuneration	$ 6,812	7,196
Directors' remuneration	$ 1,362	1,799

These amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employees' remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board meeting. Related information would be accessed at the Market Observation Post System website.

In 2021, the actual amount of remuneration, which was same as the estimated amount. In 2020, the actual amount of remuneration, which was less than the estimated amount, resulted in a difference of $372, recognized as gain or loss in 2021.

(Continued)

(x) Non-operating income and expenses

(i) Interest income

		2021	2020
Interest income from bank deposits	$	2,467	3,224
Interest income from loans to other parties		1,418	1,111
	$	**3,885**	**4,335**

(ii) Other income

		2021	2020
Rent income	$	**4,195**	**12,188**

(iii) Other gains and losses

		2021	2020
Gains (losses) on disposals of property, plant and equipment		(364)	96,016
Foreign exchange gains, net		14,953	13,566
Gains on disposals of investments		-	2,491
Gains on lease modification		-	1,136
Management income		5,509	5,856
Government grants		7,136	34,037
Others		14,166	24,756
	$	**41,400**	**177,858**

(iv) Finance costs

		2021	2020
Interest expense	$	(38,401)	(64,911)
Other finance costs		(1,218)	(2,049)
	$	**(39,619)**	**(66,960)**

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum exposure to credit risk is mainly from the carrying amount of financial assets.

(Continued)

2) Concentration of credit risk

In order to reduce the credit risk on accounts receivable, the Company continuously evaluate the financial status of these customers and request collateral when necessary. The Company evaluates the possible loss on accounts receivable periodically and accrues an loss allowance for impairment, if necessary. As of December 31, 2021 and 2020, the Company' s accounts receivable were obviously concentrated on 6 and 7 customers, whose accounts represented 93% and 92% of the total accounts receivable, respectively.

3) Credit risk of receivables

The information for credit risk exposure of notes receivable and accounts receivable, please refer to note 6(c). The information for credit risk exposure of amortized cost financial assets including other receivables, please refer to note 6(d).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2021							
Non-derivative financial liabilities							
Bank loans	$ 1,845,715	(1,880,437)	(248,942)	(117,894)	(1,478,477)	(11,957)	(23,167)
Short-term notes and bills payable	159,954	(160,000)	(160,000)	-	-	-	-
Notes and accounts payable, other payables and lease liabilities (including related parties)	803,542	(810,216)	(758,811)	(5,278)	(10,556)	(21,139)	(14,432)
	$ 2,809,211	**(2,850,653)**	**(1,167,753)**	**(123,172)**	**(1,489,033)**	**(33,096)**	**(37,599)**
December 31, 2020							
Non-derivative financial liabilities							
Bank loans	$ 2,015,777	(2,111,834)	(420,318)	(118,455)	(233,835)	(1,312,202)	(27,024)
Notes and accounts payable, other payables and lease liabilities (including related parties)	595,225	(603,610)	(541,719)	(5,278)	(10,556)	(26,404)	(19,653)
	$ 2,611,002	**(2,715,444)**	**(962,037)**	**(123,733)**	**(244,391)**	**(1,338,606)**	**(46,677)**

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk

The Company’s significant exposure to foreign currency risk was as follows:

	December 31, 2021			December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	TWD	Foreign currency (in thousands)	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 12,340	27.68	341,571	10,732	28.48	305,647
EUR	109	31.32	3,414	58	35.02	2,031
Non-monetary items						
USD	41,773	27.68	1,156,267	42,439	28.48	1,208,663
USD	743	29.581	21,979	1,453	29.587	42,990
CNY	265	4.3623	1,156	-	-	-
Financial liabilities						
Monetary items						
USD	13,449	27.68	372,268	7,786	28.48	221,745
Non-monetary items						
USD	-	-	-	627	30.268	18,978

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, borrowings, accounts payable, and other payables that are denominated in foreign currency. A 1% of depreciation (appreciation) of the TWD against other foreign currencies as of December 31, 2021 and 2020, would have increased (decreased) the net profit as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021 and 2020.

	Impact on profit (loss)	
	Increase by 1%	**Decrease by 1%**
December 31, 2021	**$ 273**	**(273)**
December 31, 2020	**$ 859**	**(859)**

(Continued)

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items was disclosed using the following total amounts:

	2021	2020
Foreign exchange gains	$ 14,953	13,566

(iv) Interest rate risk

Please refer to the notes on liquidity risk and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The departments of the Group's entities reported the increases/decreases in the interest rates and the exposure to changes in interest rates to the Company's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

The interest rate risk is mainly due to the Company's borrowing at floating rates. If the interest rate increases (decreases) by 1% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), the impaction on profit (loss) would be as follows:

	Impact on profit (loss)	
	Increase by 1%	Decreases by 1%
December 31, 2021	$ (20,057)	20,057
December 31, 2020	$ (20,158)	20,158

(v) Fair value

1) Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and investments in equity instruments which do not have quotation in active market and which fair value cannot be reasonably measured.

(Continued)

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	December 31, 2021				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income：					
Non-hedging derivative financial assets	$ 45,175	-	-	45,175	45,175
Loans and receivables:					
Cash and cash equivalents	$ 1,716,708	-	-	-	-
Current financial assets at amortized cost-current	4,152	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	662,609	-	-	-	-
Refundable deposits	32,325	-	-	-	-
Other non-current financial assets	20,364	-	-	-	-
Subtotal	$ 2,436,158	-	-	-	-
Financial liabilities at amortized cost:					
Bank loans	$ 1,845,715	-	-	-	-
Short-term notes and bills payable	159,954	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	803,542	-	-	-	-
Subtotal	$ 2,809,211	-	-	-	-

	December 31, 2020				
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
Loans and receivables:					
Cash and cash equivalents	$ 1,661,961	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	496,196	-	-	-	-
Refundable deposits	32,205	-	-	-	-
Other non-current financial assets	24,663	-	-	-	-
Subtotal	$ 2,215,025	-	-	-	-
Financial liabilities at amortized cost:					
Bank loans	$ 2,015,777	-	-	-	-
Notes and accounts payable, other payables and lease liabilities (including related parties)	595,225	-	-	-	-
Subtotal	$ 2,611,002	-	-	-	-

(Continued)

2) Valuation techniques for financial instruments measured at fair value

If the quoted prices of financial assets in active markets are available, the market price is established as the fair value.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The fair value of unlisted shares held by the Company without an active market is estimated primarily using the market comparable company method, and its main assumption is measured by reference to the net share price of comparable listed companies. This estimate has been adjusted for the impact of a discount on the lack of market liquidity of the equity securities to estimate the fair value using the market comparable company method.

3) Transfer between Level 1 and Level 2: None.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income-unquoted equity instruments
Beginning balance at January 1, 2021	$ -
Purchased	32,500
Recognized in other comprehensive income	12,675
Ending balance at December 31, 2021	**$ 45,175**

There was no such transaction for the year ended December 31, 2020.

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's fair value measurements classified as Level 3 consisted primarily of investments in equity instruments that were measured at fair value through other comprehensive income.

(Continued)

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Comparable listed company method	· Stock price-to-net ratio multiplier(2.45 for December 31, 2021) ·Discount for lack of market liquidity (40% for December 31, 2021)	· The higher the multiplier, the higher the fair value · The higher the discount for lack of market liquidity, the lower the fair value

There was no such transaction for the year ended December 31, 2020.

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement of the fair value of financial instruments is reasonable. If different evaluation models or evaluation parameters are used, the evaluation results may be different. For financial instruments classified as level 3, if the evaluation parameters change, the impact on other comprehensive income is as follows:

	Input value	Fluctuation in inputs	Changes in fair value reflected in other comprehensive income: Favorable	Changes in fair value reflected in other comprehensive income: Unfavorable
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Stock price-to-net ratio multiplier	1%	$ 455	(455)

There was no such transaction for the year ended December 31, 2020.

The Company's favorable and unfavorable changes refer to the fluctuation of fair value, and the fair value is calculated by evaluating technology according to different levels of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact of a single input value change and does not take into account the correlation and variability between input values.

(Continued)

(z) Financial risk management

(i) Overview

The Company is exposed to the nature and extent of the risks arising from financial instruments as below:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Each responsible division is responsible for developing and monitoring the Company’ s risk management policies and reports regularly to the Board of Directors on its activities.

The Company’ s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company’ s Supervisor is assisted in this oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Board of Directors.

The Company's Board of Directors oversees how the management complies in monitoring the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet it contractual obligations and arises principally from the Company’s notes and receivables from the customers and investments in securities.

1) Accounts receivable

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed regularly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or an end-user customer, geographic location, industry, aging profile, maturity, and existence of previous financial difficulties. Accounts receivable and other receivables relate mainly to the Company's end-user customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

As a result of environment fluctuation in 2021 and 2020, certain purchase limits have been redefined, particularly for customers operating in solar division. The Company will be monitoring and adjusting the limits continuously.

Goods are sold subject to a retention of title clause, so that in the event of non-payment the Group may have a secured claim. The Company otherwise does not require collateral in respect of trade and other receivables.

The allowance for impairment accounts is estimated to reflect the loss on notes and accounts receivable for those customers graded as "high risk". The allowance account reflects the specific loss based on customers' financial position, historical payment behavior, and asset pledge.

2) Investments

The Company limits their exposure to credit risk by investing only in securities with liquidity and good credit ratings. Management actively monitors credit ratings, and given that the Company has only invested in securities with high credit ratings, management does not expect any counterparty to fail to meet their obligations.

The credit risk exposure in the bank deposits and equity instruments is measured and monitored by the Company's finance department. Since the Company's transactions are with external parties with good credit standing, highly rated financial institutions, and publicly traded stock companies, or involved convertible bonds issued by publicly traded companies, there are no noncompliance issues and therefore no significant credit risk.

(Continued)

3) Guarantees

According to the Company’ s management policy, the Company can only provide financial guarantees to certain entities which meet specific requirements. As of 2021 and 2020, the Company didn’t provide any guarantees or endorsements to other companies.

(iv) Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company’ s approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than payables) over the succeeding 60 to 90 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2021 and 2020, the Company had unused bank facilities for $1,370,070 and $1,231,275, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company’ s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the management. Generally, hedge accounting is not applied in these circumstances, and the Company charges the changes in value to profit or loss.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company entities, primarily the TWD. These transactions are denominated in TWD, EUR and USD.

(Continued)

At any point in time, the Company hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months. The Company also hedges all trade receivables and trade payables denominated in a foreign currency. The Company uses forward exchange contracts to hedge its currency risk, with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at the maturity date.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily TWD and US Dollar (USD). This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalance.

The Company's investments in subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

2) Interest rate risk

The Company's interest rate on borrowings was at a floating rate. The Group did not enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

In response to changes in interest rates, the Company assesses each currency lending rate of financial institutions and maintains good relationships with them, in order to obtain lower financing costs. This also strengthens the management of working capital, reduces dependence on bank borrowings, and lowers the risk of changes in interest rates.

(aa) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business.

The Company uses the debt-to-equity ratio to manage its capital. This ratio uses the total net debt to be divided by the total capital. The total net debt from the balance sheet are derived from the total liabilities, less, cash and cash equivalent. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

(Continued)

The Company's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 3,073,585	2,851,731
Less: cash and cash equivalents	(1,716,708)	(1,661,961)
Net liabilities	**$ 1,356,877**	**1,189,770**
Total equity	**$ 3,213,749**	**3,168,466**
Debt-to-equity ratio	**42.22 %**	**37.55 %**

(ab) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020. were as follows:

(i) Merger with subsidiary please refer to note 6(f).

(ii) For right-of-use assets under leases, please refer to note 6(i).

(iii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long term borrowings (including current portion)	$ 1,715,777	(2,582)	2,520	1,715,715
Short-term notes and bills payable	-	160,000	(46)	159,954
Lease liabilities (current and non-current)	59,138	(9,585)	981	50,534
Interest payable (recorded under other payables and current provisions)	1,213	(37,374)	37,143	982
Total liabilities from financing activity	**$ 1,776,128**	**110,459**	**40,598**	**1,927,185**

	January 1, 2020	Cash flows	Non-cash changes	December 31, 2020
Long term borrowings (including current portion)	$ 3,249,880	(1,545,413)	11,310	1,715,777
Lease liabilities (current and non-current)	88,538	(9,939)	(19,461)	59,138
Interest payable (recorded under other payables and current provisions)	202	(67,602)	68,613	1,213
Total liabilities from financing activity	**$ 3,338,620**	**(1,622,954)**	**60,462**	**1,776,128**

(7) Related-party transactions

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and subsidiaries of the Company.

(Continued)

(b) Names and relationship with related parties

Name of related party	Relationship with the Group
Power Islands Limited (Power Islands)	Subsidiaries
Motech (Suzhou) Renewable Energy Co., Ltd. (SNE)	Subsidiaries
Motech (Xuzhou) Renewable Energy Co., Ltd. (XNE) (Note1)	Subsidiaries
Motech (Ma Anshan) Renewable Energy Co., Ltd. (MAS)	Subsidiaries
Cheer View Investment Limited (Cheer View)	Subsidiaries
Think Global Enterprises Limited (Think Global) (Note 2)	Subsidiaries
Motech (Maanshan) Energy Technologies Co. (MASE)	Subsidiaries
Noble Town Holdings Co., Ltd. (Noble Town) (Note 3)	Subsidiaries
Motech Americas, LLC (MA) (Note 4)	Subsidiaries
Motech Japan Inc. (MJ) (Note 5)	Subsidiaries
Teco-Motech Co., Ltd. (Teco-Motech)	Subsidiaries
Motech Energy System Co., Ltd. (MES) (Note 6)	Subsidiaries
Motech Power One Co., Ltd. (MPO) (Note 6)	Subsidiaries
Motech Power Alpha Co., Ltd (MPA) (Notes 6 and 7)	Subsidiaries
Motech Power Gamma Co., Ltd (MPG) (Note 6)	Subsidiaries
Motech Power Beta Co., Ltd (MPB) (Note 6)	Subsidiaries
Motech Power Zeta Co., Ltd (MPZ) (Note 6)	Subsidiaries

Note 1: On January 20, 2020 the Board of Directors decided to dissolve XNE. The remaining capital investment had been recovered by SNE in April 2021, and the related liquidation procedures had been completed.

Note 2: On November 4, 2019, the Board of Directors decided to dissolve Think Global. The remaining capital investment had been recovered by the Company in March 2020, and the related liquidation procedures had been completed.

Note 3: On January 21, 2021 the Board of Directors decided to dissolve Noble Town. The remaining capital investment had been recovered by Power Islands in January 2021, and the related liquidation procedures had been completed.

Note 4: On March 19, 2020 the Board of Directors decided to dissolve MA. The remaining capital investment had been recovered by Noble Town in December 2020. The related liquidation procedures had been completed.

Note 5: On July 18, 2019 the Board of Directors decided to dissolve MJ. The remaining capital investment had been recovered by Noble Town in September 2020. The related liquidation procedures had been completed.

(Continued)

Note 6: On March 19, 2020 the Board of Directors decided to merge with MES. In May 2020, MES merged with the Company; thereafter, the Company became the surviving company, and MES, the dissolved entity. The equity of the investee companies, MPO, MPA, MPG, MPB and MPZ, held by MES was transferred to the Company.

Note 7: In May 2020, the Board of Directors had decided to sell the shares of MPA. In September 2020, the equity transfer had been completed.

(c) Significant transactions with related parties

(i) Operating revenue and accounts receivable

	Operating revenue	
	2021	**2020**
Subsidiary－MPZ	$ 178,041	28,795
Subsidiary－MPO	4,018	53,178
Subsidiary－MPB	(2,611)	50,545
Subsidiary－MES	-	39,798
Subsidiary－Others	371	660
	$ 179,819	**172,976**

	Accounts receivable due from related parties	
	December 31, 2021	**December 31, 2020**
Accounts receivable:		
Subsidiary－MPZ	$ 73,457	11,945
Subsidiary－MPO	1,130	5,975
Subsidiary－MPB	151	28,985
Subsidiary－Others	97	489
	$ 74,835	**47,394**

If the credit terms of 90 to 150 days are offered to end customers, the remaining sales to related parties shall be based on the routine sales transactions. No accounts receivable from related parties were pledged as collateral since the provision for expected credit impairment is not required.

(ii) Purchases

	Purchases	
	2021	**2020**
Subsidiary－MAS	$ 2,576,748	1,382,457
Subsidiary－SNE	230,223	-
	$ 2,806,971	**1,382,457**

(Continued)

	Accounts payable to related parties	
	December 31, 2021	**December 31, 2020**
Subsidiary－MAS	$ **158,396**	**69,966**

As of December 31, 2021, the Company prepaid SNE amounting to $1,156, which was recognized as prepayments. There was no such transaction for the year ended December 31, 2020.

Since the items purchased from related parties are not the same with those of other vendors, the purchase price could not be compared; however, the payment terms are not significantly different from those offered by other vendors.

(iii) Management income

The Company provided services to its subsidiaries, including human resources and plant maintenance, wherein the revenues are recognized as management income and other income under other gains and losses. The transaction amount and outstanding balance were listed as follows:

	Amounts	
	2021	**2020**
Subsidiary－MPO	$ 1,895	1,008
Subsidiary－MPZ	1,615	774
Subsidiary－MPB	1,263	786
Subsidiary－MPG	736	482
Subsidiary－MES	-	2,942
	$ **5,509**	**5,992**

	Other receivables due from related parties	
	December 31, 2021	**December 31, 2020**
Subsidiary－MPO	$ 979	369
Subsidiary－MPZ	640	292
Subsidiary－MPB	432	323
Subsidiary－MPG	300	178
	$ **2,351**	**1,162**

(Continued)

(iv) Rent income

The Company leased out office to its related parties, and recognized the rent income under other income. The related receivables have been fully recovered on December 31, 2021 and 2020.

	Amounts	
	2021	**2020**
Subsidiary－MES	**$ -**	**239**

(v) Research and development expenses

The research and development expenses for materials purchased from related parties and outstanding balance were listed as follows:

	Amounts	
	2021	**2020**
Subsidiary－MAS	**$ 383**	**150**

	Other payables to related parties	
	December 31, 2021	**December 31, 2020**
Subsidiary－MAS	**$ 59**	**22**

(vi) Property transactions

1) Purchase of property, plant and equipment

Equipment (including unfinished construction) purchased from related parties of the Company and outstanding balance were as follows:

	Purchase price	
	2021	**2020**
Subsidiary－MAS	$ -	72,054
Subsidiary－MES	-	3,481
	$ -	**75,535**

	Other payables to related parties	
	December 31, 2021	**December 31, 2020**
Subsidiary－MAS	**$ -**	**873**

(Continued)

2) Disposals of property, plant and equipment

Equipment sold to related parties of the Company and outstanding balance were as follows:

Related parties	2021 Disposal price	2021 gain (loss) on disposal	2020 Disposal price	2020 gain (loss) on disposal
Subsidiary－MAS	$ -	-	18	18

	Other receivables due from related parties December 31, 2021	Other receivables due from related parties December 31, 2020
Subsidiary－MAS	$ -	18

(vii) Loans to other parties

Loans to related parties and outstanding balance were listed as follows:

	2021				
	Ending credit lines	Actual usage amount during the period	Range of interest annual rates	Interest income	Other receivables-interest
Subsidiary－MPO	$ 40,000	-	2~5%	60	-
Subsidiary－MPB	100,000	-	2~5%	747	-
Subsidiary－MPZ	250,000	47,000	2~5%	611	59
	$ 390,000	47,000		1,418	59

	2020				
	Ending credit lines	Actual usage amount during the period	Range of interest annual rates	Interest income	Other receivables-interest
Subsidiary－MES	$ -	-	3~5%	471	-
Subsidiary－MPO	50,000	-	2~5%	136	-
Subsidiary－MPB	150,000	20,000	2~5%	117	75
Subsidiary－MPZ	100,000	20,000	2~5%	387	32
	$ 300,000	40,000		1,111	107

(Continued)

(viii) Other receivables－others

The Company paid the equipment relocation cost, utilities and some general expenses on behalf of related parties. The outstanding balance and impairment loss recognized were as follows:

	December 31, 2021	December 31, 2020
Subsidiary－MAS	$ -	49

	2021	2020
Subsidiary－SNE	$ -	7,745
Subsidiary－Power Islands	-	775
Subsidiary－Others	-	725
	$ -	9,245

(ix) Other receivables from related parties and other payables to related parties were listed as follows:

Other receivables－related parties:

	December 31, 2021	December 31, 2020
Other receivables－loans	47,000	40,000
Other receivables－management income	2,351	1,162
Other receivables－interest	59	107
Other receivables－others	-	49
Other receivables－machinery and equipment	-	18
	$ 49,410	41,336

Other payables－related parties:

	December 31, 2021	December 31, 2020
Other payables－research and development expenses	$ 59	22
Other payables－machinery and equipment	$ -	873
	$ 59	895

(Continued)

(d) Key management personnel compensation

Key management personnel compensation comprised:

		2021	2020
Short-term employee benefits	$	26,546	21,253
Post-employment benefits		324	242
Share-based payments		-	668
	$	**26,870**	**22,163**

Please refer to note 6(t) for information on share-based payment.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Deposits (recorded under other non-current financial assets)	Guarantees for engineering project	$ -	930
Deposits (recorded under other non-current financial assets)	Guarantees for leased dormitory	2,078	2,367
Deposit (recorded under other non-current financial assets)	Guarantees for lands	7,537	10,618
Deposits (recorded under other non-current financial assets)	Long-term borrowings (including current portion)	10,749	10,748
	Other non-current financial assets	20,364	24,663
Land	Long-term borrowings (including current portion)	17,905	17,905
Building and structure	Long-term borrowings (including current portion)	741,238	761,418
Other equipment	Long-term borrowings (including current portion)	46,281	49,705
		$ 825,788	**853,691**

(9) Commitments and contingencies

(a) The Company has contracts involving significant unrecognized commitments as follows:

(i) Unused letters of credit for the Company's purchases of raw materials, machinery and equipment were as follows:

		December 31, 2021	December 31, 2020
Unused letters of credit	**$**	**26,519**	**31,346**

(Continued)

(ii) Bank performance guarantees for the Customs and the research project of the Institute for Information Industry were as follows:

	December 31, 2021	December 31, 2020
Bank guarantees	$ 30,000	44,400

(iii) The status of agreements for the Company's expansion of the plant and purchases of machinery and other equipment was as follows:

	December 31, 2021	December 31, 2020
Total contract price	$ 55,249	300,471
Unexecuted amount	$ 30,715	144,462

(b) The Company entered into long-term purchase contracts with suppliers to purchase nitrogen in bulk volume. Starting from the contract, if the actual consumed volume is less than basic volume usage, the Company should pay for the cost of the basic volume usage instead.

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2021 Operating costs	2021 Operating expenses	2021 Total	2020 Operating costs	2020 Operating expenses	2020 Total
Employee benefits						
Salary	317,934	129,039	446,973	314,957	142,306	457,263
Labor and health insurance	33,615	12,537	46,152	32,193	11,623	43,816
Pension	16,091	5,845	21,936	16,898	6,076	22,974
Director's remuneration	-	14,773	14,773	-	14,716	14,716
Others	12,212	3,218	15,430	11,149	3,079	14,228
Depreciation	130,310	31,671	161,981	119,791	37,046	156,837
Amortization	354	2,083	2,437	354	2,260	2,614

Note: the above amounts had not been deducted from various government grants.

(Continued)

(b) Additional information on the number of employees and employee benefits of the Company in 2021 and 2020 were as follows:

		2021	2020
Number of employees		**623**	622
Number of directors who were not employees		**7**	7
Average employee benefit expense	$	**861**	875
Average employee salary expense	$	**726**	744
Adjustment of average employee salaries		**(2.42)%**	
Supervisor's remuneration	$	**-**	-

The Company's salary and remuneration policy (including directors, managers and employees) were as follows:

(i) The wages of the employees of the Company are in accordance with related regulations and are paid based on the professional skills and knowledge required, the complexity of their work and performance integrated with the Company's operating goals, and been determined by reference to industry salary levels. Employees' overall wages include their basic salary, meal allowances and additional allowances. In addition, merit program would be provided based on the Company's operating performance and individual performance. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a minimum of 1% of the profit as employee remuneration, which will be granted after being approved by the Board and reported in the shareholders' meeting.

(ii) The remuneration to managers is based on their involvement in the Company's operation, seniority and performance, and determined by reference to the Company's business strategy, future risks, profitability and industry salary level. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a minimum of 1% of the profit as employee remuneration, which shall be reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(iii) The remuneration to directors is based on their involvement and contribution to the Company, and determined by reference to the Company's future risks, development trends of the industry and industry salary level. The remuneration to directors included fixed remuneration and business execution expenses. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a maximum of 5% of the profit as directors' remuneration, which shall be reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(13)Other disclosures

(a) Information on significant transactions

The following is the information on the Company's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the year 2021:

i. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 1)	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 3 and 4)	Maximum limit of fund financing (Notes 3 and 4)
												Item	Value		
0	The Company	MPO	Other receivables - related parties	50,000	40,000	-	2%~5%	2	-	Operating capital	-	None	-	321,374	642,749
0	The Company	MPZ	Other receivables - related parties	250,000	250,000	47,000	2%~5%	2	-	Operating capital	-	None	-	321,374	642,749
0	The Company	MPB	Other receivables - related parties	150,000	100,000	-	2%~5%	2	-	Operating capital	-	None	-	321,374	642,749
1	SNE	MAS	Other receivables - related parties	112,980	-	-	4.6%	2	-	Operating capital	-	None	-	121,801	243,603

Note 1: Highest balance of financing to other parties during the period was the highest credit lines approved by the Board of Directors. The ending balance was the same as that of the credit lines approved by the Board of Directors.

Note 2: Purposes of fund financing for the borrower as follows:

1. For entries the Company has business transactions with.
2. For entries with short-term financing needs.

Note 3: For entities with short-term financing needs, which provides by the Company, the amoumt avilable for financing shall not exceed 10% of net worth of the Company.
Total amount of short-term financing shall not exceed 20% of net worth of the Company.

Note 4: For entities with short-term financing needs, which provides by SNE, the amoumt avilable for financing shall not exceed 10% of net worth of SNE.
Total amount of short-term financing shall not exceed 20% of net worth of SNE.

ii. Guarantees and endorsements for other parties: None.

iii. Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Held Company Name	Marketable Securities Type and Name	Relationship with the company	Financial Statement Account	December 31,2021				Notes
				Number of shares	Book value	Percentage of Ownership	Fair Value	
The Company	SunnyRich Multifunction Solar Power Co., Ltd./stock	None	Non-current financial assets at fair value through other comprehensive income	3,250,000	45,175	2.826%	45,175	

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vi. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vii. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
MAS	The Company	Parent company	Sale	2,577,131	89.27 %	90 days	Non-significant difference	90 days	158,455	92.52 %	
The Company	MAS	Subsidiary	Purchase	2,577,131	57.89 %	90 days	Non-significant difference	90 days	(158,455)	29.00 %	
SNE	The Company	Parent company	Sale	230,223	100.00 %	90 days	Non-significant difference	90 days	-	0.00 %	
The Company	SNE	Subsidiary	Purchase	230,223	5.17 %	90 days	Non-significant difference	90 days	-	0.00 %	
The Company	MPZ	Subsidiary	Sale	178,041	3.20 %	90 days	Non-significant difference	90 days	73,457	12.40 %	Note
MPZ	The Company	Parent company	Purchase (equipments)	178,041	100.00 %	90 days	Non-significant difference	90 days	(73,457)	99.14 %	Note

Note: Since the maintenance costs and purchase of equipment were included in the purchase transaction, the percentage of the total notes/trade payables was the same as the ratio of the payables of maintenance costs, equipment and engineering.

viii. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
MAS	The Company	Parent company	158,455	-	-	-	158,455	-
The Company	MPZ	Subsidiary	121,156	-	-	-	78,510	-

ix. Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2021	December 31, 2020	Shares/Units	Percentage of ownership	Carrying value			
The Company	Power Islands	Samoa	Holding Company	5,160,872	5,187,502	158,375,909	100.00 %	1,135,837	(22,479)	(18,585)	
The Company	Inergy Technology Inc.	Taiwan	Product design	95,821	95,821	8,558,750	21.06 %	109,765	112,602	23,713	
The Company	Teco-Motech	Taiwan	Solar power generation and selling	14,400	14,400	1,440,000	60.00 %	4,576	3,576	2,146	
The Company	MPO	Taiwan	Solar power generation and selling	250,000	250,000	25,000,000	100.00 %	168,687	25,751	25,851	
The Company	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	28,000	28,000	2,800,000	40.00 %	30,758	6,091	2,437	
The Company	MPG	Taiwan	Solar power generation and selling	33,000	33,000	3,300,000	100.00 %	24,791	2,843	2,843	
The Company	MPB	Taiwan	Solar power generation and selling	55,000	35,000	5,500,000	100.00 %	29,894	(2,948)	(2,948)	
The Company	MPZ	Taiwan	Solar power generation and selling	106,000	50,000	10,600,000	100.00 %	69,401	707	707	
Power Islands	Cheer View	British Virgin Islands	Holding Company	2,564,272	2,564,272	77,500,000	100.00 %	3	-	-	
Power Islands	Noble Town	Samoa	Holding Company	-	1,315,740	-	- %	-	(151)	(151)	
Cheer View	AE	United States	Polysilicon manufacturing and selling	2,398,043	2,398,043	11,573,647	37.11 %	-	-	-	

(c) Information on investment in Mainland China:

The following is the information on investees in Mainland China for the year 2021:

i. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2021	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Notes 3 and 4)	Book value (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
SNE	Manufacturing and processing, solar cells and solar modules	1,345,392 (CNY278,081)	(Note 1)	1,280,986	-	-	1,280,986	(23,353)	95.39 %	(22,696)	1,155,922	-
XNE	Manufacturing and processing, solar cells	-	(Note 2)	-	-	-	-	1,086	95.39 %	1,035	-	-
MAS	Manufacturing and processing, solar cells and solar modules	2,392,731 (CNY531,500)	(Note 2)	-	-	-	-	(31,859)	95.39 %	(26,198)	942,390	-
MASE	Manufacturing and processing, solar wafer and solar cells	164,232 (CNY37,000)	(Note 2)	-	-	-	-	(369)	95.39 %	(352)	(74)	-

ii. Limitation on investment in Mainland China:

Unit: USD

Accumulated Investment in Mainland China as of December 31, 2021 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 6)
1,280,986 (USD38,481,092.61)	1,494,720 (USD 54,000,000)	1,928,249

Note 1: The Company indirectly invested in the company in Mainland China through a third region (Power Islands).

Note 2: The Company indirectly invested in the company in Mainland China through a third region in the company in Mainland China.

Note 3: Amounts was recognized based on audited financial statements.

Note 4: The amount consist of invesment gain or loss and carrying values as of December 31, 2021, recognized by the Company which indirectly invested through a third region.

Note 5: The investment in Mainland China, including equipment, was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into TWD at the average rates prevailing at the transaction date.
The equity in the earnings (losses) was translated into TWD at the average rates during each period of the year. Other amounts on foreign currency financial assets was translated at the exchange rate at the balance sheet date, which was TWD27.68.

Note 6: Upper limitation would be 60% of the net worth of the Company.

Note 7: The amounts consist of investment in Mainland China were recorded at exchange rates into TWD.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

As of December 31, 2021, there was no shareholder who held over 5% of the total non physical common stocks. (Note)

Note: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total non physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2021.

Motech Industries Inc.

Statement of cash and cash equivalents

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Cash on hand		$ 659
Demand deposits		935,203
Demand deposits - foreign	(USD7,274,606.48、EUR101,209.09、JPY470,671.80 and CNY207,166.18)	205,544
Time deposits	(Due date ranges from 2022.1.2 to 2022.2.1, annual interest rate ranges from 0.05% to 0.35%)	485,302
Cash equivalents	(Repurchase agreement, due dates are 2022.1.6 and 2022.1.12, annual interest rate ranges from 0.22% to 0.24%)	90,000
		$ 1,716,708

The ending rates of foreign deposits are as follows:

USD：TWD＝1：27.68

EUR：TWD＝1：31.32

JPY：TWD＝1：0.2405

CNY：TWD＝1：4.3454

Statement of financial assets measured at amortized cost - current

Item	Description	Amount
Time deposits	(Due date ranges from 2022.1.9 to 2022.12.19，annual interest rate ranges from 0.755% to 1.065%)	**$ 4,152**

Motech Industries Inc.

Statement of notes and accounts receivable

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Company A	$ 130,822
Company B	128,495
Company C	109,024
Company D	75,028
Company E	33,500
Company F	32,711
Others (each amount was less than 5%)	41,565
	551,145
Less: loss allowance	(33,500)
	$ 517,645

Statement of other receivables

Item	Amount
Other receivables (mainly for discount payable)	$ 11,692
Tax refund receivable	8,267
Interest receivable	99
Others	661
	$ 20,719

Motech Industries Inc.

Statement of inventories

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount: Book value (Note)	Amount: Net realizable value
Finished goods	$ 275,057	282,658
Work in progress	137,563	140,803
Raw materials and supplies	204,843	205,947
Merchandise	609	609
Raw materials in transit	114,650	177,856
Total	**$ 732,722**	**807,873**

Note: The amounts included the allowance to reduce inventory to market and obsolescence.

Motech Industries Inc.

Statement of financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

	Beginning Balance		Increase		Decrease		Unrealized profit or loss	Ending balance	
Name of the investee	Shares	Fair value	Shares	Amount	Shares	Amount		Shares	Fair value
SunnyRich Multifunction Solar Power Co., Ltd.	-	$ -	3,250,000	32,500	-	-	12,675	3,250,000	45,175

Motech Industries Inc.

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Increase		Decrease		Investment income (loss)	Exchange differences on translation of foreign financial statements	Unrealized profit (loss) from affiliates	Changes in equity of associates and joint ventures accounted for using equity method	Ending balance			Collateral or pledge
	Amount	Shares	Amount	Shares	Amount	Shares					Shares	Percentage of ownership	Amount	
Power Islands	$ 1,184,460	159,313,909	-	-	(26,630)	(938,000)	(18,706)	(3,287)	-	-	158,375,909	100 %	1,135,837	None
Inergy Technology	87,753	8,558,750	-	-	(1,685)	-	23,713	(23)	-	7	8,558,750	21.06 %	109,765	None
Teco-Motech	3,530	1,440,000	-	-	(1,880)	-	2,146	-	780	-	1,440,000	60 %	4,576	None
MPO	160,532	25,000,000	-	-	(23,960)	-	25,851	-	6,264	-	25,000,000	100 %	168,687	None
MPZ	37,130	5,000,000	56,000	5,600,000	(2,731)	-	707	-	(21,705)	-	10,600,000	100 %	69,401	None
MPB	11,417	3,500,000	20,000	2,000,000	-	-	(2,948)	-	1,425	-	5,500,000	100 %	29,894	None
MPG	24,951	3,300,000	-	-	(3,660)	-	2,843	-	657	-	3,300,000	100 %	24,791	None
TECO Sun Energy	30,808	2,800,000	-	-	(2,487)	-	2,437	-	-	-	2,800,000	40 %	30,758	None
	$ 1,540,581		76,000		(63,033)		36,043	(3,310)	(12,579)	7			1,573,709	

Motech Industries Inc.

Statement of short-term borrowings

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Ending balance	Range of annual interest rate	Due date	Financing credit lines	Collateral or pledge
Credit loan	**$ 130,000**	1.5%	2022.1.7 ~ 2022.3.27	1,926,800	None

Statement of notes and accounts payable

Item	Amount
Company G	$ 56,520
Company H	43,127
Company I	36,132
Company J	32,327
Company K	22,715
Company L	21,506
Others (each amount was less than 5%)	175,548
	$ 387,875

Motech Industries Inc.

Statement of other payables

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Other accrued expenses	Salaries, bonuses and freight payable etc.	$ 192,805
Payable on machinery and equipment		12,898
Interest payable		975
		$ 206,678

Statement of other current liabilities

Item	Amount
Temporary credits	**$ 33,863**

Motech Industries Inc.

Statement of lease liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Lease term	Discount rate	Ending balance	Note
Land	Offices and plants	2005.1.1~2038.1.31	2.2573%	$ 44,629	
Building and structure	Power station	2017.12.29~2037.12.29	2.2573%	5,409	
Machinary	Machinary and equipment	2021.1.1~2022.12.31	1.9557%	496	
				50,534	
Less: current portion				(9,531)	
				$ 41,003	

Statement of long-term borrowings

	Amount				
Lender	**Current amount expired within one year**	**Non-current amount expired after one year**	**Period**	**Range of annual interest rate**	**Collateral or pledge**
CHB and other 7 banks	$ 231,840	1,443,330	2020.12.21~2023.12.21	1.9556%	Yes
SinoPac Bank and another bank	3,499	36,129	2018.8.3~2033.8.3	1.35%~1.8%%	Yes
SCSB	333	584	2021.9.3~2024.9.3	1.65%	No
	$ 235,672	**1,480,043**			

Motech Industries Inc.

Statement of other non-current liabilities

December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Guarantee deposit received	**$ 336**

Statement of operating revenue

For the year ended December 31, 2021

Item	Quantity	Amount
Solar modules	1,761,656 pieces	$ 5,127,486
Solar cells	8,086,732 pieces	158,063
Others		283,192
		$ 5,568,741

Note: The total amount of sales returns and discounts was $(554) deducted from the above amount.

Motech Industries Inc.

Statement of operating costs

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Amount
Beginning balance of raw materials	$ 206,488
Add: purchases	2,326,920
Less: ending balance of raw materials	(334,613)
Sales of raw materials	(97,042)
Transferred to property, plant and equipment	(3,307)
Disposal of raw materials	(5,201)
Transferred to expenses or others	(114,872)
Raw materials used	1,978,373
Direct labor	258,983
Manufacturing overhead	797,569
Total manufacturing cost	3,034,925
Add: beginning balance of work-in-process inventory	64,059
Less: ending balance of work-in-process inventory	(139,850)
Sales of work-in-process inventory	(1,986)
Unallocated production overheads	(25,790)
Transferred to expenses or others	278
Cost of work-in-process inventory	2,931,636
Add: beginning balance of finished goods	398,420
Purchase of finished goods	(29,746)
Less: ending balance of finished goods	(295,705)
Disposal of finished goods	(217)
Transferred to expenses or others	(3,509)
Cost of sales from purchasing	3,000,879
Beginning balance of merchandise	5,324
Add: purchase	2,139,250
Less: ending balance of merchandise	(5,645)
Transferred to expenses or others	(112)
Cost of merchandise	2,138,817
Sales of raw materials and work-in-process inventory	99,028
Reversal of loss on valuation of inventories and obsolescence	(36,110)
Loss of inventory disposal	5,418
Cost of sale of scraps	(1,731)
Unallocated production overheads	25,790
Others	(31,917)
Total operating cost	**$ 5,200,174**

Motech Industries Inc.

Statement of operating expenses

For the year ended December 31, 2021

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses
Salary and pension	$ 16,779	109,635	16,372
Import and export expenses	23,047	138	163
Depreciation	51	27,509	4,111
Others (each amount was less than 5%)	6,030	64,587	26,307
	$ 45,907	**201,869**	**46,953**

Other

Item	Description
Statement of prepayments	Disclosed in note 6(k)
Statement of other current assets	Disclosed in note 6(k)
Statement of changes of property, plant and equipment	Disclosed in note 6(h)
Statement of changes of right-of-use assets	Disclosed in note 6(i)
Statement of changes of intangible assets	Disclosed in note 6(j)
Statement of deferred tax assets	Disclosed in note 6(r)
Statement of other non-current financial assets	Disclosed in note 8
Statement of other non-current assets	Disclosed in note 6(k)
Statement of short-term notes and bills payable	Disclosed in note 6(l)
Statement of provisions current and non-current	Disclosed in note 6(p)
Statement of deferred tax liabilities	Disclosed in note 6(r)
Statement of other income	Disclosed in note 6(x)
Statement of other gains and losses	Disclosed in note 6(x)
Statement of finance costs	Disclosed in note 6(x)
Statement of accounts receivable－related parties, other receivables－related parties, accounts payable－related parties and other payables－related parties	Disclosed in note 7

6. **Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Year and as of the Date of this Annual Report, and Their Impact on the Company's Financial Position:** None.

VII. Review and Analysis of Financial Position and Performance and Associated Risks

1. **Financial Position:** Reasons and Impact of Significant Changes in Asset, Liability and Equity in 2020 and 2021

Financial Position (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year	2020.12.31	2021.12.31	Changes		Analysis on Changes (Note)
			Amount	%	
Current assets	4,310,993	5,309,581	998,588	23.16	1
Investments accounted for under the equity method	118,561	140,523	21,962	18.52	
Property, plant and equipment	2,809,300	2,648,623	(160,677)	(5.72)	
Intangible assets	4,249	2,012	(2,237)	(52.65)	
Other assets	375,122	632,478	257,356	68.61	2
Total assets	7,618,225	8,733,217	1,114,992	14.64	
Current liabilities	1,732,218	2,808,110	1,075,892	62.11	3
Non-current liabilities	2,643,942	2,638,810	(5,132)	(0.19)	
Total liabilities	4,376,160	5,446,920	1,070,760	24.47	3
Total capital	3,550,419	3,550,419	0	0.00	
Capital surplus	25,252	25,348	96	0.38	
Retained earnings	110,812	146,634	35,822	32.33	4
Other components of equity	(518,017)	(508,652)	9,365	(1.81)	
Non-controlling interests	73,599	72,548	(1,051)	(1.43)	
Total equity	3,242,065	3,286,297	44,232	1.36	

Analysis on changes (Changes in percentage and dollar amount exceeding 20% and NT$10 million, respectively):

1 The increase in current assets was mainly due to an increase in guarantee deposit for acceptance of notes payable in 2021.

2 The increase in other assets was mainly due to an increase in non-current excess business tax paid.

3 The increases in current liabilities and total liabilities were mainly due to an increase in purchases which led to increases in notes and accounts payable.

4 The increase in retained earnings was mainly due to an increase in net income in 2021.

2. Financial Performance

(1) Reasons for significant changes in revenue, operating income and income before income tax in 2020 and 2021

Financial Performance (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year	2020	2021	Increase (Decrease)	Change (%)	Analysis on Changes (Note)
Net revenue	3,678,395	5,872,989	2,194,594	59.66	1
Cost of revenue	(3,270,262)	(5,322,244)	(2,051,982)	62.75	1
Gross profit	408,133	550,745	142,612	34.94	1
Operating expenses	(418,098)	(382,388)	35,710	(8.54)	
Operating income (loss)	(9,965)	168,357	178,322	(1,789.48)	1
Non-operating income and expenses	135,305	(51,979)	(187,284)	(138.42)	2
Income before income tax	125,340	116,378	(8,962)	(7.15)	
Income tax expense	(13,398)	(9,099)	4,299	(32.09)	
Net income	111,942	107,279	(4,663)	(4.17)	
Other Comprehensive Income, Net of Tax	48,177	9,119	(39,058)	(81.07)	3
Total Comprehensive Income	160,119	116,398	(43,721)	(27.31)	3

Analysis on changes (Changes in percentage and dollar amount exceeding 20% and NT$10 million, respectively):

1. Net revenue, cost of revenue, gross profit, and operating income: The dollar amount increased in 2021 compared to 2020 mainly due to the continuous growth of PV market.
2. Non-operating income and expenses: The significant decrease in non-operating income in 2021 was mainly due to the recognition of impairment loss of non-financial assets of NT$81,997 thousand in 2021 and the recognition of gain on reversal of impairment of non-financial assets of NT$5,793 thousand in 2020. Also, the gain on disposal of assets from the disposal of partial plant and equipment thereof reduced by NT$98,807 thousand in 2021 compared to 2020.
3. Other comprehensive income and total comprehensive income: Mainly due to exchange differences on translating the financial statements of foreign operations.

(2) Expected sales volume and its basis

The annual sales target is determined by assessing the changes in external environment and solar markets as well as taking into account the Company’s technologies and capacities on a consolidated basis.

3. Cash Flows

(1) Variance analysis of cash flows in 2021

(In Thousands of New Taiwan Dollars, %)

Item \ Year	2020	2021	Increase (Decrease)	
			Amount	%
Operating activities	(708,147)	1,554,196	2,262,343	319.47%
Investing activities	325,514	(1,192,394)	(1,517,908)	(466.31)%
Financing activities	(958,427)	(122,889)	835,538	87.18%

Explanations on significant changes:

1 Net cash generated by operating activities: Mainly due to severe material shortages in 2020, which led to a higher percentages of cash payments and prepayments. As the situation improved in 2021, the percentage of notes payable increased.

2 Net cash used in investing activities: Mainly due to increases in acceptance of notes payable and guarantee deposits in 2021.

3 Net cash used in financing activities: Mainly due to loan repayments based on funding plans after considering funding needs and borrowing terms.

(2) Improvement schemes for liquidity shortfall: The Company and its subsidiaries did not experience liquidity shortfall.

(3) Liquidity analysis for 2022 - consolidated

(In Thousands of New Taiwan Dollars)

Cash, Beginning of Year	Net Cash Provided by Operating Activities	Net Cash Used in Investing and Financing Activities	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
2,580,611	448,000	(152,000)	2,876,611	N/A	N/A

Analysis on expected cash flows in 2022

1. Operating activities: Cash inflows mainly due to growth in revenue.
2. Investing and financing activities: Capital expenditures for the power plant investment resulted in cash outflows.

4. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Operation

Consolidated capital expenditures were mainly for the construction of power stations and enhancement on capacities. All decisions were carefully reviewed by the Board and beneficial to the Company's finance and operation. The main source of funds for capital expenditures was cash flows generated from operations and bank loans.

5. Reinvestment Policies in the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Next Year

(1) Reinvestment policies in the most recent year: reinvestment policies of the company and its subsidiaries were all long-term strategic investments.

(2) Main reasons for investment gains or losses and improvement plans in the most recent year:

(In Thousands of New Taiwan Dollars)

Investee	Main Business	Investment Gain (Loss) in 2021	Main Reasons for Investment Gains or Losses	Improvement Plans
Power Islands Limited	Holding company	(18,585)	Recognition of loss from investee	As a holding company, the performance of PI depended on the performance of the investee
inergy Technology Inc.	Product design	23,713	Growth in revenue boosted profitability	None
Teco-Motech Co., Ltd.	Generation and selling of solar power with PV systems	2,146	Recognition of revenue from selling of solar power	None
Motech Power One Co., Ltd.	Generation and selling of solar power with PV systems	25,851	Recognition of revenue from selling of solar power	None
TECO Sun Energy Co., Ltd.	Generation and selling of solar power with PV systems	2,437	Recognition of revenue from selling of solar power	None
Motech Power Gamma Co., Ltd.	Generation and selling of solar power with PV systems	2,843	Recognition of revenue from selling of solar power	None
Motech Power Beta Co., Ltd.	Generation and selling of solar power with PV systems	(2,948)	As the transfer of feeder lines to the new project was delayed, revenue from the new project failed to be recognized as scheduled, which affected the profitability in 2021. There was no irregularity in financial revenue and expenditure	Performance will improve after the transfer
Motech Power Zeta Co., Ltd.	Generation and selling of solar power with PV systems	707	Recognition of revenue from selling of solar power	None
Cheer View Investment Limited	Holding company	-	Impairment loss was fully recognized for its investee, AE. Thus, there was no investment gains or losses.	None
Noble Town Holdings Co., Ltd.	Holding company	(151)	Recognition of loss from investee	Liquidation process completed
AE Polysilicon Corporation	Manufacturing and selling of polysilicon	-	Impairment loss was fully recognized for AE. Thus, there was no investment gains or losses	Liquidation underway
Motech (Suzhou) Renewable Energy Co., Ltd.	Processing and manufacturing of solar cells and modules	(22,696)	Recognition of loss from investee	Performance depended on the performance of the investee
Motech (Xuzhou) Renewable Energy Co., Ltd.	Processing and manufacturing of solar cells	1,035	Recognition of gains on liquidation	Liquidation process completed
Motech (Maanshan) Renewable Energy Co., Ltd.	Processing and manufacturing of solar cells and modules	(26,198)	Volatile fluctuations in prices led to losses	Cooperated with the Company's streamline project and continued to improve operational performance
Motech (Maanshan) Energy Technologies Co., Ltd.	Processing and manufacturing of solar wafers and cells	(352)	Volatile fluctuations in market led to losses	Streamline plans executed

(3) Investment plans of the next year

A. Continue to actively explore the downstream system market in response to government's advocacy of green energy as well as channels for our cells and modules.

B. Integrate Group resources, adjust the production scale and personnel allocation in China and Taiwan, and optimize as well as enhance production capacities to improve our production competitiveness and generate more benefits for the Group.

C. In line with the government's promotion of energy transformation policy, we expand the composite model of fishery and electricity symbiosis, where the diverse and composite uses of solar energy are promoted through cross-industry collaboration. With prudence and considerations of external environment and company resources, we will adopt long-term sound strategies to expand our business in the area.

6. Risks in the Most Recent Year and as of the Date of this Annual Report and the Assessments thereof

(1) Risk management organization

A. Risk management policies

Risk management is an essential part of business sustainability. To reduce the occurrence and losses of incidents, the Company adopts preventive measures to reinforce the risk management system in hope to achieve sustainable operation and protect stakeholders' rights.

To ensure continuous operations under major hazards or emergencies, we develop business continuity plans and emergency drills through business strategy planning, business continuity risk assessment, impact analysis, and adoption of recovery strategies to mitigate potential risk from natural disasters and management deficiencies.

B. Structure of risk management organization

Board of Directors: The Company's Board of Directors is the highest-ranking unit in terms of risk management. Its objectives include regulatory compliance and the promotion and implementation of company-wide risk management. It clearly understands the risks of operations, ensures the effectiveness of risk management and takes on the ultimate responsibility for risk management.

Finance unit: It is the fund management unit of the Company, responsible for managing the use and flows of funds. It has emergency procedures in place when the demand for funds rises due to incidents in the market.

Internal audit department: The Company's Internal Audit Office is an independent department which reports directly to the Board. It monitors and provides methods and procedures of internal controls and internal audits to ensure an effective risk management operation.

Legal department: It is responsible for the Company's regulatory compliance and legality reviews of contracts. To assist with controlling the legal risk, internal policies and regulations are reviewed constantly for immediate responses to impacts on business due to changes in laws and regulations made by the competent authorities. It also has comprehensive review procedures in place to secure the exhaustiveness and legality of all transactions of the Company.

(2) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and associated action plans

(In Thousands of New Taiwan Dollars)

Item \ Year	2020			2021		
	Amount	% to Net Revenue	% to Operating Income	Amount	% to Net Revenue	% to Operating Income
Interest Income	26,015	0.71%	(261)%	28,687	0.49%	17.04%
Interest Expense	(80,138)	(2.18)%	804%	(56,894)	(0.97)%	(33.79)%
Net exchange (loss) gain	(884)	(0.02)%	8.87%	3,601	0.06%	2.14%
Valuation gain (loss) of financial assets	0	0%	0%	0	0%	0%

Source: Audited financial reports

A. Impacts of interest rate fluctuations and associated action plans:

Measures taken in response to interest rate risk included regular assessments on bank borrowing rates, adjustments on short-term borrowings and the maintenance of a good relationship with banks to obtain a lower financing cost. In addition, the Company and its subsidiaries strengthened working capital management and used fund raising instruments in the capital market to lower their dependence on bank borrowings and thus diversify the risk of changes in borrowing rates.

B. Impacts of foreign exchange rate fluctuations and associated action plans:

Expenses and revenues of the Company and its subsidiaries from operations were mostly dominated in foreign currencies and the majority of them were covered by natural hedges. In addition to monitoring our U.S. dollar position, the Company engaged in forward foreign exchange contracts when the need arises to reduce our foreign currency exposure. In 2021, the consolidated exchange gains amounted to about NT$3,601 thousand. The Company will continue to collect international finance and exchange rate data to have a better understanding on currency movements and adopt the most appropriate and low-risk hedging instruments to mitigate the impact of exchange rate fluctuations on the Company's operations.

C. Impacts of inflation and associated action plans:

Due to industry characteristics, inflation did not have any significant impact on the profitability of the Company and its subsidiaries in the most recent year and as of the date of this annual report.

(3) The policies, main reasons for gains or losses and associated action plans with respect to high-risk, highly-leveraged investments, lending funds to other parties, endorsement and guarantee and derivative trading

The Company and its subsidiaries did not engage in high-risk, highly-leveraged investments. Derivative transactions were not entered into for the purpose of trading and they were mostly forward foreign exchange contracts to hedge exchange rate risk from operations. The Company's hedging strategy focused on hedging risk of changes in the fair value of assets due to exchange rate fluctuations with counterparties being qualified banks. Thus, no significant credit risk was expected. Moreover, as gains and losses from exchange rate movements could be offset by the hedged items, there was no significant market risk. The Company conducted transactions pursuant to policies in the "Procedures for Acquisition or Disposal of Assets", "Procedures for Lending Funds to Other Parties", "Procedures for Endorsement and Guarantee" and "Procedures for Financial Derivative Transactions".

(4) Future research and development plans and estimated expenses:

Project	Progress	R&D Expenses to be Invested	Trial Production Schedule	Deciding Factors
Optimization of solar cell electrode technology	Testing on high-efficiency paste and fine line electrode. Expect to improve efficiency by 0.1%.	Wafers, pastes and screens required for experiments	Second quarter of 2022	Fine-line printing and contact performance of pastes
Development of large-sized N-type solar cells	Introduce equipment for large-sized cell processing	Equipment, tool upgrades and transformation, and wafers, pastes and screens required for experiments	Third quarter of 2022	Yield and efficiency of mass production
Optimization of TOPCon cell process	Testing on small quantity	Wafers, paste, and screens for the testing	Third quarter of 2022	Yield and efficiency of mass production, degree of cost reduction
Application of ultrathin cells on large-sized multi-busbar modules	Establish a platform for soldering of multi-busbar solar cells	Adjustments in module materials for ultrathin cells	Second quarter of 2022	Yield of mass production of ultrathin cells in large-sized module

R&D expenses for 2022 will account for about 2% of the net revenue.

(5) Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business and associated action plans:

The Company and its subsidiaries constantly monitored the trends of changes in the political and economic environment in Taiwan and overseas as well as the changes in policies and regulations, and prepared appropriate action plans. Changes in major domestic and overseas policies and regulations did not have significant adverse impacts on the finance and business of the Company and its subsidiaries in the most recent year and as of the date of this annual report.

(6) Impacts of changes in technology (including cyber security risk) and industry on the Company's finance and business and associated action plans:

Silicon wafer continues to shift towards larger sizes. In 2021, the proportion of M6 wafers exceeded the traditional G1 wafers. The Company has started to upgrade the product line equipment to support all sizes between M6 and G12, ensuring the changes in wafer size will not affect the manufacturing and development of products. In addition, the design of multi-busbar electrode will become the mainstream due to the adoption of large-sized wafers. We will continue to advance on multi-busbar P-type mono cells with PERC technology, while at the same time develop ultra-high efficiency multi-busbar N-type TOPCon cells whose module efficiency is expected to exceed 21.7% to maintain our competitive advantages in products.

The Company has emphasized on risk control and protection of information security in recent years. We have adopted the defense in depth approach by building multiple layers of security to protect information, and implemented strict controls to deal with cyberattacks and cyber security incidents from ransomware. Thus, as of the date of this annual report, changes in technology (including cyber security risk) and industry did not have any impact on the Company's finance and business.

(7) Impacts of changes in corporate image on corporate risk management and associated action plans

The Company was committed to maintain its corporate image and comply with laws and regulations. Adhering to the principles of professionalism and integrity, incident that might affect the Company's corporate image did not occur in the most recent year and as of the date of this annual report.

(8) Expected benefits and risks relating to merger and acquisition and associated action plans:

In 2021 and as of the date of this annual report, the Company and its subsidiaries did not have plans to acquire other companies. For plans of mergers and acquisitions in the future, we will be prudent in our assessments and fully consider the synergy of combination to protect our shareholders' rights.

(9) Expected benefits and risks relating to plant expansion and associated action plans

The deterioration of global warming, increased awareness on environmental protection and decreased reserves of major energy all contributed to the expected growth of PV industry. The plant expansion plans of the Company and its subsidiaries were all reviewed carefully; thus, the potential risks associated were extremely low.

(10) Risks of concentrated sources of purchases or sales and associated action plans

The Company and its subsidiaries aggressively explore new markets and customers. We had a substantial number of customers; thus, there was no customer concentration risk. Key raw materials of the Company were mostly provided by two or more suppliers. Hence, there was no supplier concentration risk.

(11) Impact and risk of sale or transfer of significant number of shares by the Directors, Supervisors or shareholders with over 10% of shareholding and associated action plans None.

(12) Impact and risk of change in management and associated action plans

In 2021 and as of the date of this annual report, such incident did not occur in the Company nor its subsidiaries.

(13) Major litigations and non-litigations

A. Major litigations, non-litigations, or administrative disputes in the most recent year and as of the date of this annual report that have been concluded by means of a final and unappealable judgment, or are still under litigation, and have significant impacts on the interests of shareholders or share prices, the facts, amount of money at stake in the dispute, commencement date, major parties involved, and the status as of the date of this annual report:

(a) The Company initiated an action to claim construction cost of NT$33.5 million from Ri Yang Photovoltaic Energy Technology Co., Ltd. (Ri Yang) and Ri Ri Chun Petroleum Co., Ltd. (Ri Ri Chun). After years in trial, the court had ruled in favor of the Company on December 29, 2021.

(b) The India company, Titan Energy Systems Ltd. (Titan), purchased solar cells from Topcell Solar International Co., Ltd. (TSI) in November, 2010 and owed TSI US$1,819,468.57. TSI had engaged Indian lawyers to file a lawsuit against Titan in India on November 1, 2013. Motech merged with TSI on June 1, 2015 and assumed the action. Impairment loss was fully recognized for the accounts receivables and the rulings shall not have any material impact on the shareholders' equity. On March 28, 2019, the Company received notifications from the lawyer stating that Titan had filed for bankruptcy on January 9, 2019. The Company had completed the filing of creditors' rights on November 15, 2019.

(c) Luxuriance Environ. Tech. Development Co. (Luxuriance) undertook the project of nitrate nitrogen treatment system of the Company's Science Park Branch on February 17, 2014. It initiated an action for the Company to pay the construction fee of NT$22,034,984 at the Taiwan Tainan District Court on October 26, 2018. The Company won favorable decision in first instance on July 2, 2020. The Taiwan Tainan District Court denied Luxuriance's appeal on September 29, 2020.

(d) Tyco Electronics Holdings (Bermuda) No.7 Limited, Taiwan Branch (Tyco) initiated an action demanding the Company's subsidiary, Motech (Suzhou) Renewable Energy Co., Ltd. (SNE), to pay for purchases of US$550,011.67 as well as interests for overdue payments of US$66,570.03 at the People's Court of Kunshan City, Jiangsu Province on September 6, 2018. The total claim amounted to US$616,581.7. Both Tyco and SNE filed appeals concerning the court ruling. The ruling of second-instance from the Suzhou Intermediate People's Court, Jiangsu Province dismissed the appeals and upheld the ruling of the first-instance count, i.e., SNE shall pay Tyco US$367,618.18 for purchases as well as interests for overdue payments. SNE had paid the aforementioned amount based on the ruling. The case was closed.

(e) The Company's customer, Green Energy Technology Inc. (Green Energy), signed an agreement with the Company for its overdue payment on purchases of US$2,851,521.47 on March 11, 2019 and notarized the document. However, Green Energy failed to repay the Company in accordance with the agreement. The Company applied to the court for compulsory enforcement on the property of Green Energy at the Taiwan Taipei District Court in August, 2019. However, the Company received notification where the Taiwan Taipei District Court declared bankruptcy of Green Energy on April 14, 2020. The Company had filed creditors' rights on May 6, 2020.

(f) With regard to the litigation concerning the installation of PV systems in Pingtung between the Company and Greenrock Energy co., Ltd. and Yan An Renewable Energy Co., Ltd., (debtors), as the debtors failed to perform their obligations stipulated in the outsourcing contract engaged on June 4, 2020 as well as the purchase agreement signed on June 22, 2021, and remained so even after the Company has urged for actions, Motech therefore sought compensation in accordance with applicable laws for a total of NT$51,620,804 plus interests. The case is currently tried at the Tainan District Court.

(g) The Company's subsidiaries, Motech (Maanshan) Renewable Energy Co., Ltd., Motech (Xuzhou) Renewable Energy Co., Ltd. and Motech (Suzhou) Renewable Energy Co., Ltd. (Motech China), placed orders to purchase silicon wafers from the investee of Green Energy Technology Inc. (Green Energy Taiwan) in China, i.e., Ultra Energy (Weifang) Technology Co., Ltd. (Green Energy China). Motech China and Green Energy China executed the agreement on March 5, 2019 and agreed on payment terms. However, as Green Energy Taiwan failed to make purchase payments to the Company afterwards, Motech China deemed the payment terms with Green Energy China as not had been fulfilled and consequently did not make payments for purchases. As a result, Green Energy China filed a civil lawsuit on December 23, 2021, demanding Motech China to make payment of RMB 19,646,700 plus interests. The case is currently tried at the People's Court of Kunshan City.

B. Major litigations, non-litigations, or administrative disputes in the most recent year and as of the date of this annual report which have involved the Directors, Supervisors, President, de facto responsible person, major shareholders with over 10% of shareholding and affiliates; have been concluded by means of a final and unappealable judgment, or are still under litigation; and have significant impacts on the interests of shareholders or share prices: None.

(14) Other significant risks and associated action plans:

Impact of COVID-19 and associated action plans

To protect employees and sustain our competitiveness, the Company conducts risk assessments and formulates preventive and response plans according to possible scenarios of the pandemic. In addition, it proactively collects data pertaining to the developments of the disease as reference materials for health management of internal personnel and formulation of countermeasures.

In response to possible impact of COVID-19 on the Company, Motech has been constantly monitoring its developments since the end of 2019, and started to provide employees proper health education to avoid misunderstandings. When the pandemic showed signs of spreading, the Division started to have task force members, including the health center as well as departments of human resources, information management and general affairs, taking parts in the prevention effort based on the pandemic severity classification. Management measures have been gradually adjusted according to different stages:

A. Use mobile/desktop version of APPs as platforms to connect various E-systems and develop different pandemic prevention functions (a. remote meetings, b. daily registration of temperature, c. vaccination records, d. contact tracing system for contractors/visitors, e-questionnaires), thereby avoiding gathering and implementing comprehensive health risk management.

B. Promote the concept of self-health management as well as prevention measures to employees in line with the government. Where necessary, employees shall carry out self-monitoring, wear masks and follow up on the process as well as provide relevant assistance.

C. Enhance cleaning and disinfection of the premises and public areas. Provide disinfecting supplies for employees to use. Measure temperatures of suppliers/visitors entering the premises and verify relevant data for pandemic prevention purpose.

D. Notify suppliers of the pandemic prevention measures. Employees with high exposure risk to the pandemic shall wear masks during work. Avoid non-essential business trips and reduce/decline visitors/operators from high-risk areas. Employees with high exposure risk are required to provide a negative COVID-19 PCR test certificate (including rapid antigen test) or proof of vaccination prior to entering the premises for work.

E. Plan and implement alternative measures such as alternating work schedule, work from home, and video conferencing to reduce contact and exposure to infection.

Even with COVID-19 outbreaks still on-going, efforts of relevant units and cooperation from employees make it possible to effectively monitor the status of each employee. The Company will uphold this spirit of vigilance in providing all employees comprehensive healthcare and achieve the objective of "maintaining both work and health", thereby strengthening the overall competitiveness of the Company.

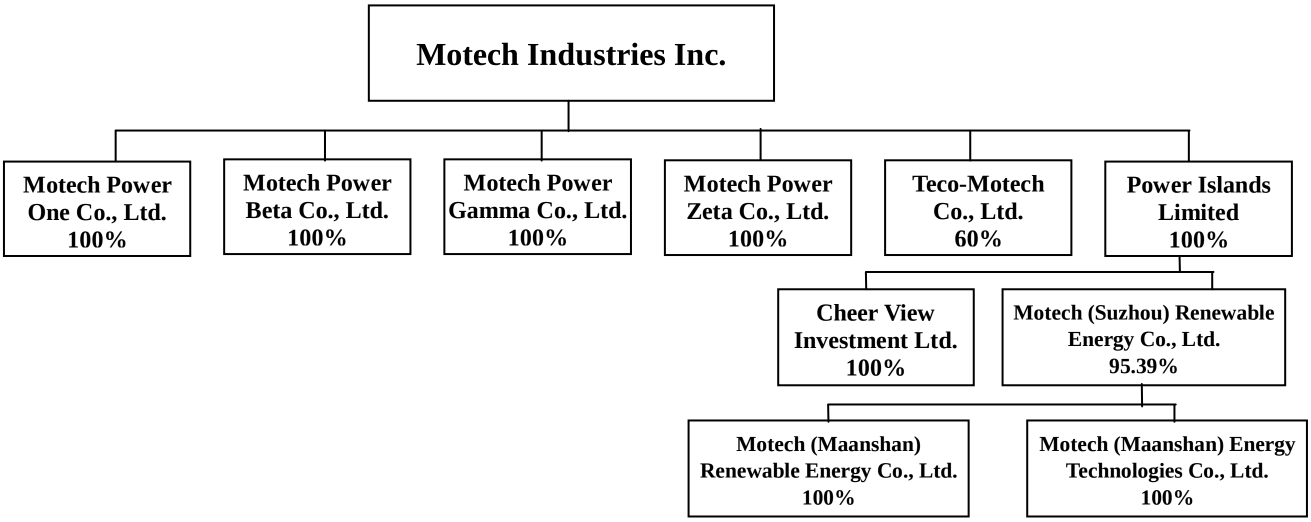
7. **Other Significant Matters:** None.

VIII. Special Notes

1. Affiliates

(1) Chart of affiliates

As of December 31, 2021



(2) Basic information on affiliates

As of December 31, 2021 (In Thousands of New Taiwan Dollars)

Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
Motech Power One Co., Ltd.	2017.04	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	250,000	Generation and selling of solar power with PV systems
Motech Power Beta Co., Ltd.	2018.11	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	55,000	Generation and selling of solar power with PV systems
Motech Power Gamma Co., Ltd.	2018.12	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	33,000	Generation and selling of solar power with PV systems
Motech Power Zeta Co., Ltd.	2019.02	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	106,000	Generation and selling of solar power with PV systems
Teco-Motech Co., Ltd.	2017.02	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	24,000	Generation and selling of solar power with PV systems
Power Islands Limited	2002.01	Portcullis (Samoa) Ltd, Portcullis Chambers, P.O. Box 1225, Apia Samoa	5,160,872	Holding company
Motech (Suzhou) Renewable Energy Co., Ltd.	2006.12	No.1 Maodi Rd., Yushan Town, Kunshan City, Jiangsu Province P.R.C.	1,345,392	Processing and manufacturing of solar cells and modules
Motech (Maanshan) Renewable Energy Co., Ltd.	2015.12	5th Bl., No.1188 Jin-shan Rd., Maanshan Economic and Technology Development Zone, Anhui Province P.R.C.	2,392,731	Processing and manufacturing of solar cells and modules
Motech (Maanshan) Energy Technologies Co., Ltd.	2017.11	No.1188 Jin-shan Rd., Maanshan Economic and Technology Development Zone, Anhui Province P.R.C.	164,232	Processing and manufacturing of solar wafers and cells

Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
Cheer View Investment Limited	2006.09	Portcullis (BVI) Ltd, Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	2,564,272	Holding company

(3) Shareholders in common of Motech and its affiliates with deemed control and subordination: None.

(4) Industries in which the affiliates operate:

Businesses engaged by Motech and its affiliates include:

A. The research, design, manufacturing and selling of the following products:
   - (a) Processing and manufacturing of solar cells and modules
   - (b) Manufacturing and selling of PV inverters
   - (c) Design and installation of PV system
   - (d) Generation and selling of solar power with PV systems

B. Technical services for the integration and installation of aforementioned power systems

C. Import and export of Company-related businesses

(5) Names and shareholding of Directors, Supervisors and Presidents of the Affiliates:

As of December 31, 2021 (In Thousands of Shares)

Company	Title	Name or Representative	Shareholding	
			Shares	Shares
Motech Power One Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	25,000	100%
Motech Power Beta Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	5,500	100%
Motech Power Gamma Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	3,300	100%
Motech Power Zeta Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	10,600	100%
Teco-Motech Co., Ltd.	Director Director Director Director Director Supervisor Supervisor	Motech Industries Inc. Representative: Fred Yeh TECO Electric & Machinery Co., Ltd. Representative: Chien-Cheng Chen Motech Industries Inc. Representative: Ting-Chao Wang Motech Industries Inc. Representative: Li-Fu Tsai TECO Capital Investment Co., Ltd. Representative: Chun-Chih Chiu Shu-Yu Yang Alan Wu	1,440	60%
Power Islands Limited	Director Director	Motech Industries Inc. Representative: Yung-Hui Tseng Motech Industries Inc. Representative: Chih-Kaou Lee	158,376	100%
Motech (Suzhou) Renewable Energy Co., Ltd.	Director Director Director	Power Islands Ltd. Representative: Fred Yeh Power Islands Ltd. Representative: Ting-Chao Wang Power Islands Ltd. Representative: Chih-Kaou Lee	Company not limited by shares	95.39%

Company	Title	Name or Representative	Shareholding	
			Shares	Shares
	Supervisor	Power Islands Ltd. Representative: Ming-Shiaw Lu		
Motech (Maanshan) Renewable Energy Co., Ltd.	Director Director Director Supervisor	Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Fred Yeh Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ting-Chao Wang Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Chih-Kaou Lee Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ming-Shiaw Lu	Company not limited by shares	95.39%
Motech (Maanshan) Energy Technologies Co., Ltd.	Director Director Director Supervisor	Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Fred Yeh Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ting-Chao Wang Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Chih-Kaou Lee Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ming-Shiaw Lu	Company not limited by shares	95.39%
Cheer View Investment Limited	Director Director	Power Islands Ltd. Representative: Yung-Hui Tseng Power Islands Ltd. Representative: Chih-Kaou Lee	77,500	100%

(6) Operational highlights of Affiliates:

(In Thousands of New Taiwan Dollars)

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Revenue	Operating Income	Net Income	Earnings per Share (NT$)
Motech Power One Co., Ltd.	250,000	958,577	678,164	280,413	117,629	45,102	25,751	1.03
Motech Power Beta Co., Ltd.	55,000	160,729	112,879	47,850	12,295	(649)	(2,948)	(0.54)
Motech Power Gamma Co., Ltd.	33,000	131,822	95,536	36,286	14,541	5,263	2,843	0.86
Motech Power Zeta Co., Ltd.	106,000	347,135	240,124	107,011	18,647	2,469	707	0.07
Teco-Motech Co., Ltd.	24,000	81,888	53,339	28,549	11,127	5,170	3,576	1.49
Power Islands Limited	5,160,872	1,156,267	0	1,156,267	0	0	(22,479)	(0.14)
Motech (Suzhou) Renewable Energy Co., Ltd.	1,345,392	1,542,369	324,352	1,218,017	230,223	1,525	(23,353)	Company not limited by shares
Motech (Maanshan) Renewable Energy Co., Ltd.	2,392,731	2,083,682	1,100,143	983,539	2,886,959	38,744	(31,859)	Company not limited by shares
Motech (Maanshan) Energy Technologies Co., Ltd.	164,232	56,526	56,603	(77)	0	(477)	(369)	Company not limited by shares
Cheer View Investment Limited	2,564,272	3	0	3	0	0	0	0.00

2. **Private Placement of Securities in the Most Recent Year and as of the Date of this Annual Report:** None.

3. **The Company's Shares Held or Disposed of by Subsidiaries in the Most Recent Year and as of the Date of this Annual Report:** None.

4. **Other Necessary Supplement:** None.

5. **Any Events in the Most Recent Year and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:** None.