SOLAR APPLIED MATERIAL TECHNOLOGY CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Solar Applied Material Technology Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Solar Applied Material Technology Corp. (the "Company") as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and parent company only notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's parent company only financial statements of the current period are stated as follows:

Evaluation of inventories

<u>Description</u>

Refer to Note 4(8) for accounting policy on inventory valuation, Note 5 for accounting judgements, estimates and key sources of assumption uncertainty in relation to inventory valuation, and Note 6(5) for details of inventory. As of December 31, 2020, inventory and allowance for valuation losses are $6,397,100 thousand and $162,939 thousand, respectively.

The Company is primarily engaged in manufacturing, processing, recycling, refining and trading of sputtering targets for thin film, precious metal materials and specialty chemicals for automobiles. Since most of the Company's inventories are precious metal materials whose value is easily affected by the variations in market prices, and the calculation of net realisable value usually involves subjective judgment and a high degree of estimation uncertainty, we identified the evaluation of inventories as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

1. Inspected whether the Company's inventories have been assessed based on the Company's accounting policies, and evaluated the reasonableness of the provision policies and procedures on allowance for inventory valuation losses.
2. Understood the Company's warehousing control procedures. Reviewed the annual physical inventory count plan and participated in the annual inventory count in order to assess the consistency of the classification of obsolete inventory and internal controls over obsolete inventory.
3. Checked the adequacy of allowance for inventory valuation losses based on our testing on the reports in relation to the net realisable value.

Valuation of derivative financial instruments

<u>Description</u>

Refer to Notes 4(5) (20) and (23) for accounting policy on valuation of derivative financial instruments and Note 6(2) for details of financial assets and liabilities at fair value through profit or loss. As of December 31, 2020, liabilities arising from derivative instruments measured at fair value amounted to $96,526 thousand. For the year ended December 31, 2020, the Company recognised net loss on derivative instruments amounting to $292,955 thousand.

The Company entered into derivative instruments in order to hedge significant variations in the prices of precious metal materials (gold, silver, platinum and palladium gold). However, these transactions are not accounted for under hedge accounting. As the derivative instrument transactions involve high market price risk and the price variation is material to the Company's financial statements, we identified the valuation of derivative financial instruments as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

1. Obtained derivative instruments transaction summary and written documents, including the minutes of Board of Directors' meeting and announcements issued based on regulations, and interviewed executives who were authorised to transact derivative instruments in order to understand the Company's transactions on derivative instruments.
2. Sampled and inspected the documents related to the derivative instrument transactions created or settled in the current period, and checked whether the transactions and calculation of profit and loss are both correct.
3. Performed confirmation with financial institutions, futures commission merchant and major counterparties which had business with the Company and obtained statements in order to confirm the completeness of derivative instrument transactions.
4. Obtained the derivative instrument fair value information as an assessment basis on derivative instruments.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only 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 generally accepted auditing standards 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or

business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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.

Lin, Tzu-Shu

Independent Accountants

Lin, Yung-Chih

PricewaterhouseCoopers, Taiwan

Republic of China

March 5, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)(16)	$ 1,295,250	7	$ 1,325	-
1136	Financial assets at amortised cost - current	6(2)(3)(16) and 8	733,725	4	2,384,607	12
1150	Notes receivable, net	6(4) and 12	14,797	-	7,006	-
1170	Accounts receivable, net	6(4) and 12	1,040,506	5	947,423	5
1180	Accounts receivable due from related parties, net	6(4) and 7	75,558	-	128,579	-
1200	Other receivables	6(15) and 7	48,702	-	152,035	1
130X	Inventory	5 and 6(5)	6,234,161	32	6,219,522	31
1410	Prepayments		75,496	-	34,147	-
11XX	**Total current assets**		9,518,195	48	9,874,644	49
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	97,605	1	111,926	1
1535	Financial assets at amortised cost - non-current	6(3) and 8	26,623	-	17,530	-
1550	Investments accounted for using equity method	6(7)	3,310,130	17	3,027,655	15
1600	Property, plant and equipment	6(8)(9)(11)(13), 7 and 8	5,901,896	30	6,023,086	30
1755	Right-of-use assets	6(8)(9)	84,758	-	99,675	1
1760	Investment property, net	6(8)(11)(13) and 8	432,723	2	435,005	2
1780	Intangible assets	6(12) and 7	7,812	-	7,426	-
1840	Deferred income tax assets	6(31)	292,119	2	444,863	2
1915	Prepayments for business facilities	6(8)	33,924	-	6,747	-
1920	Guarantee deposits paid	6(9)	28,361	-	28,486	-
1930	Long-term notes and accounts receivable		9,258	-	-	-
1990	Other non-current assets		8,130	-	-	-
15XX	**Total non-current assets**		10,233,339	52	10,202,399	51
1XXX	**Total assets**		$ 19,751,534	100	$ 20,077,043	100

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SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(14)(16) and 8	$ -	-	$ 2,769,643	14
2120	Financial liabilities at fair value through profit or loss - current	6(2)	96,526	-	109,408	-
2130	Current contract liabilities	6(24)	3,002	-	12,047	-
2150	Notes payable	6(15)	54,000	-	120,000	1
2170	Accounts payable		122,742	1	171,775	1
2180	Accounts payable to related parties	7	104,817	1	18,478	-
2200	Other payables	7	622,931	3	634,244	3
2230	Current income tax liabilities	6(31)	14,481	-	6,764	-
2280	Current lease liabilities	6(9)	26,517	-	23,194	-
2310	Advance receipts		9,298	-	18,678	-
2320	Long-term liabilities, current portion	6(16) and 8	391,827	2	7,571,233	38
21XX	**Total current liabilities**		1,446,141	7	11,455,464	57
	Non-current liabilities					
2540	Long-term borrowings	6(16) and 8	9,726,339	49	420,000	2
2570	Deferred income tax liabilities	6(31)	211,990	1	173,771	1
2580	Non-current lease liabilities	6(9)	51,631	-	77,555	1
2610	Long-term notes and accounts payable	6(15)	-	-	54,000	-
2630	Long-term deferred revenue	6(17)	34,658	-	36,275	-
2640	Accrued pension liabilities	6(18)	58,917	1	55,795	-
2645	Guarantee deposits received		1,591	-	1,611	-
25XX	**Total non-current liabilities**		10,085,126	51	819,007	4
2XXX	**Total liabilities**		11,531,267	58	12,274,471	61
	Equity					
	Share capital					
3110	Common stock	6(19)	4,984,312	25	4,984,312	25
3200	Capital surplus	6(7)(19)(20)(21)	1,539,724	8	1,484,543	7
	Retained earnings	6(7)(22)				
3310	Legal reserve		154,076	1	50,372	-
3320	Special reserve		212,275	1	126,403	1
3350	Unappropriated retained earnings		1,519,554	8	1,369,217	7
3400	Other equity interest	6(6)(7)(23)	(189,674)	(1)	(212,275)	(1)
3XXX	**Total equity**		8,220,267	42	7,802,572	39
	Significant Contingent Liabilities and Unrecognised Contract Commitments	9				
	Significant Events after the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 19,751,534	100	$ 20,077,043	100

The accompanying notes are an integral part of these parent company only financial statements.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except earnings per share)

			Years ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	$ 11,730,877	100	$ 9,862,352	100
5000	Operating costs	6(5)(12)(18)(29)(30) and 7	(9,562,372)	(81)	(7,705,806)	(78)
5900	Net operating margin		2,168,505	19	2,156,546	22
	Operating expenses	6(12)(18)(29)(30), 7 and 12				
6100	Selling expenses		(129,979)	(1)	(131,104)	(1)
6200	General and administrative expenses		(618,927)	(5)	(687,005)	(7)
6300	Research and development expenses		(289,726)	(3)	(247,777)	(3)
6450	Expected credit gain (loss)		12,301	-	(13,322)	-
6000	Total operating expenses		(1,026,331)	(9)	(1,079,208)	(11)
6900	Operating profit		1,142,174	10	1,077,338	11
	Non-operating income and expenses					
7100	Interest income	6(3)(25)	1,053	-	3,981	-
7010	Other income	6(10)(11)(15)(26) and 7	100,349	1	244,897	3
7020	Other gains and losses	6(2)(13)(27) and 12	(204,878)	(2)	13,295	-
7050	Finance costs	6(8)(9)(28)	(234,506)	(2)	(295,635)	(3)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	243,136	2	145,946	1
7000	Total non-operating income and expenses		(94,846)	(1)	112,484	1
7900	**Profit before income tax**		1,047,328	9	1,189,822	12
7950	Income tax expense	6(31)	(203,957)	(2)	(150,893)	(1)
8200	**Profit for the year**		$ 843,371	7	$ 1,038,929	11
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Actuarial losses on defined benefit plans	6(18)	($ 3,914)	-	($ 2,365)	-
8316	Unrealised losses from investments in equity instruments measured at fair value through other comprehensive income	6(6)(23)	(14,321)	-	(11,785)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	783	-	472	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(7)	46,153	-	(92,609)	(1)
8399	Aggregated income tax relating to components of other comprehensive income	6(31)	(9,231)	-	18,522	-
8300	**Other comprehensive income (loss) for the year**		$ 19,470	-	($ 87,765)	(1)
8500	**Total comprehensive income for the year**		$ 862,841	7	$ 951,164	10
	Earnings per share	6(32)				
9750	Basic		$	1.69	$	2.35
9850	Diluted		$	1.69	$	2.34

The accompanying notes are an integral part of these parent company only financial statements.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings	Other Equity Interest: Financial statements translation differences of foreign operations	Other Equity Interest: Unrealised gain (loss) from financial assets measured at fair value through other comprehensive income	Total equity
Year ended December 31, 2019									
Balance at January 1, 2019		$ 3,984,312	$ 620,004	$ 11,472	$ 54,991	$ 442,493	($ 71,703)	($ 54,700)	$ 4,986,869
Profit for the year		-	-	-	-	1,038,929	-	-	1,038,929
Other comprehensive loss for the year	6(6)(23)	-	-	-	-	(1,893)	(74,087)	(11,785)	(87,765)
Total comprehensive income (loss)		-	-	-	-	1,037,036	(74,087)	(11,785)	951,164
Distribution of 2018 net income:									
Legal reserve		-	-	38,900	-	(38,900)	-	-	-
Special reserve		-	-	-	71,412	(71,412)	-	-	-
Proceeds from issuance of shares	6(19)(20)	400,000	324,147	-	-	-	-	-	724,147
Proceeds from issuance of shares through private placement	6(19)(20)	600,000	536,400	-	-	-	-	-	1,136,400
Compensation cost of employee stock options	6(20)(21)(30)	-	3,992	-	-	-	-	-	3,992
Balance at December 31, 2019		$ 4,984,312	$ 1,484,543	$ 50,372	$ 126,403	$ 1,369,217	($ 145,790)	($ 66,485)	$ 7,802,572
Year ended December 31, 2020									
Balance at January 1, 2020		$ 4,984,312	$ 1,484,543	$ 50,372	$ 126,403	$ 1,369,217	($ 145,790)	($ 66,485)	$ 7,802,572
Profit for the year		-	-	-	-	843,371	-	-	843,371
Other comprehensive income (loss) for the year	6(6)(23)	-	-	-	-	(3,131)	36,922	(14,321)	19,470
Total comprehensive income (loss)		-	-	-	-	840,240	36,922	(14,321)	862,841
Distribution of 2019 net income:									
Legal reserve		-	-	103,704	-	(103,704)	-	-	-
Special reserve	6(22)	-	-	-	85,872	(85,872)	-	-	-
Cash dividends	6(22)	-	-	-	-	(498,431)	-	-	(498,431)
Acquisition of investment accounted for using equity method not proportionate to shareholding ratio	6(7)(20)	-	139	-	-	-	-	-	139
Recognition of changes in ownership interest in subsidiaries	6(7)	-	-	-	-	(1,896)	-	-	(1,896)
Compensation cost of employee stock options	6(20)(21)(30)	-	55,042	-	-	-	-	-	55,042
Balance at December 31, 2020		$ 4,984,312	$ 1,539,724	$ 154,076	$ 212,275	$ 1,519,554	($ 108,868)	($ 80,806)	$ 8,220,267

The accompanying notes are an integral part of these parent company only financial statements.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,047,328	$ 1,189,822
Adjustments			
Adjustments to reconcile profit (loss)			
Net (gain) loss on financial assets and liabilities at fair value through profit or loss		(12,882)	71,009
Expected credit impairment (gain) loss	12	(12,301)	13,322
Gain on reversal of decline in market value	6(5)	(318,630)	(418,667)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	(243,136)	(145,946)
Depreciation	6(8)(9)(11)	396,230	496,020
Net gain on disposal of property, plant and equipment	6(27)	(555)	(5,888)
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	6(8)(13)(27)	(48,552)	(16,876)
Net gain on disposal of investment property	6(27)	-	(344,625)
Reversal of impairment loss recognised in profit or loss, investment property	6(11)(13)(27)	-	(24,243)
Amortisation	6(12)(29)	4,373	5,697
Amortisation on long-term deferred revenue	6(17)	(1,617)	(1,616)
Interest income	6(25)	(1,053)	(3,981)
Interest expense	6(28)	234,506	295,635
Compensation cost of employee stock options	6(20)(21)(30)	55,042	3,992
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,467	2,870
Accounts receivable		(80,782)	(238,194)
Accounts receivable due from related parties		53,021	(12,705)
Other receivables		121,882	(130,796)
Inventories		303,991	16,904
Prepayments		(41,349)	16,184
Changes in operating liabilities			
Current contract liabilities		(9,045)	(33,390)
Notes payable		(120,000)	(160,000)
Accounts payable		(49,033)	68,847
Accounts payable to related parties		86,339	(4,410)
Other payables		(1,187)	101,508
Advance receipts		(9,380)	(63,693)
Net defined benefit liability, non-current		(792)	(677)
Cash inflow generated from operations		1,353,885	676,103
Dividends received	6(7)	5,057	9,256
Interest received		1,020	3,922
Income taxes refund		-	822
Interest paid		(229,633)	(292,302)
Income taxes paid		(13,725)	(3,507)
Net cash flows from operating activities		1,116,604	394,294

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SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in financial assets at amortised cost		$ 1,641,789	($ 673,993)
Cash paid for acquisition of property, plant and equipment	6(33)	(114,439)	(643,444)
Interests paid for acquisition of property, plant and equipment	6(8)(28)(33)	(1,276)	(2,132)
Acquisition of investment property	6(11)	-	(534)
Cash received from disposal of property, plant and equipment and investment property	6(33)	12,913	718,036
Acquisition of intangible assets	6(12)	(4,759)	(3,250)
Increase in prepayments for business facilities		(160,538)	(137,330)
Decrease in refundable deposits		125	67,089
(Increase) decrease in other non-current assets		(8,130)	9,347
Net cash flows from (used in) investing activities		1,365,685	(666,211)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of short-term borrowings	6(34)	(2,769,643)	(285,926)
Payments of lease liabilities	6(34)	(34,243)	(44,019)
Proceeds from long-term borrowings	6(34)	10,316,470	-
Repayments of long-term borrowings	6(34)	(8,202,497)	(1,264,874)
(Decrease) increase in refundable deposits	6(34)	(20)	997
Proceeds from issuance of shares	6(19)	-	724,147
Proceeds from issuance of shares through private placement	6(19)	-	1,136,400
Payment of cash dividends	6(22)	(498,431)	-
Net cash flows (used in) from financing activities		(1,188,364)	266,725
Net increase (decrease) in cash and cash equivalents		1,293,925	(5,192)
Cash and cash equivalents at beginning of year	6(1)	1,325	6,517
Cash and cash equivalents at end of year	6(1)	$ 1,295,250	$ 1,325

The accompanying notes are an integral part of these parent company only financial statements.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

(1) The Company was incorporated as a company limited by shares under the provisions of the Company Act and related regulations of the Republic of China (R.O.C.) on August 29, 1978. The Company, formerly Solar Chemical Co., Ltd., was renamed Solar Applied Material Technology Corp. in October 1999. The Company is primarily engaged in manufacturing, processing, recycling, refining and trading of sputtering targets for thin film, precious metal materials and specialty chemicals for automobiles.

(2) The Company's shares are traded in the Taipei Exchange starting from January 31, 2005.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 5, 2021.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative - definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts - cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018 - 2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Foreign currency translation

Items included in the Company's parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading purposes;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value and recognises the gain or loss in profit or loss.

D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) <u>Financial assets at amortised cost</u>

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Notes and accounts receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance and is recognised as deduction of operating costs.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(10) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Leasing arrangements (lessor) - operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Investments accounted for using equity method - subsidiaries and associates

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, 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.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equal or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Difference of adjustment of non-controlling interest and fair value of consideration paid or received is recognised in equity.

E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. If the Company loses significant influence over the subsidiary, the amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 per cent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

G. The Company’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in an associate equal or exceeds its interest in the associate (including any other unsecured receivables), the Company does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

H. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company’s ownership percentage of the associate, the Company recognises the Company’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

I. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

J. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

L. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Property, plant and equipment

A. For those property, plant and equipment which have been revaluated, property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Name	Useful lives
Buildings and structures	3 ～ 50 years
Machinery	2 ～ 15 years
Research and development equipment	3 ～ 15 years
Office equipment	2 ～ 6 years
Transportation and other equipment	2 ～ 15 years

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(16) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) Variable lease payments that depend on an index or a rate.

The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(17) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated economic life of 2 to 5 years.

B. Acquired special technology

Special technology is stated at cost and amortised on a straight-line basis over its estimated useful life of 5 years.

C. Patent

Patent is stated at cost and amortised on a straight-line basis over its estimated useful life of 11 years.

(18) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amount of goodwill is evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(21) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(23) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(24) Provisions

Provisions (which are contingent liabilities from litigation) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognised as expenses in the period in which the employees render service.

B. Pensions

(a) Defined contribution plan

For the defined contribution plan, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

ii. Remeasurements arising on the defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to common shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales of goods

(a) The Company's sales are recognised when control of the goods has transferred, being when the goods are delivered to the customer, the customer has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the goods. 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, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales returns and volume discounts and allowances. Accumulated experience is used to estimate and provide for the sales returns and volume discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. 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.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognises the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

(30) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below:

Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2020, the carrying amount of inventories was $6,234,161.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash:		
Cash on hand and revolving funds	$ 478	$ 846
Checking accounts and demand deposits	1,294,772	479
	$ 1,295,250	$ 1,325

A. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Company's cash and cash equivalents pledged to others are provided in Note 8, 'Pledged assets'.

(2) Financial assets and liabilities at fair value through profit or loss

Liabilities	December 31, 2020	December 31, 2019
Current items:		
Financial liabilities held for trading		
Derivative financial instruments - futures	$ 96,526	$ 99,891
Derivative financial instruments - forward foreign exchange transactions	-	8,436
Derivative financial instruments - forward spot transactions	-	1,081
	$ 96,526	$ 109,408

A. The Company recognised net loss amounting to $348,963 and $430,951 on financial assets and liabilities at fair value through profit or loss for the years ended December 31, 2020 and 2019, respectively (shown as 'other gains and losses').

B. Explanations of the transactions and contract information in respect of derivative financial assets and liabilities that the Company does not adopt hedge accounting are as follows:

	December 31, 2020		December 31, 2019	
Items	Notional principal	Contract period	Notional principal	Contract period
Sell futures transactions	USD 82,005 thousand	2020.11~2021.4	USD 79,172 thousand	2019.7~2020.1
Forward foreign exchange transactions	—	—	USD 7,000 thousand	2019.5~2020.5
Forward spot transactions	—	—	USD 3,209 thousand	2019.11

(a) The Company entered into the forward foreign exchange transactions to hedge exchange rate risk of operating activities. However, these forward foreign exchange transactions are not accounted for under hedge accounting.

(b) The Company entered into futures and forward spot transactions with financial institutions to hedge the risk in relation to price variations of inventories. However, these futures and forward spot transactions are not accounted for under hedge accounting. As of December 31, 2020 and 2019, the guarantee reserved for transactions (shown as 'financial assets at amortised cost - current') amounted to $409,419 and $342,375, of which the excess margin amounted to $112,796 and $117,538, respectively.

C. As of December 31, 2020 and 2019, the Company has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk of financial assets and liabilities at fair value through profit or loss is provided in Note 12(2), 'Financial instruments'.

(3) Financial assets at amortised cost

	December 31, 2020	December 31, 2019
Current items:		
Guarantee deposits paid	$ 558,263	$ 426,401
Escrow and pledged time deposits	123,036	114,607
Escrow and pledged demand deposits	52,426	1,843,599
	$ 733,725	$ 2,384,607
Non-current item:		
Pledged time deposits	$ 26,623	$ 17,530

A. The Company recognised interest income in profit or loss on financial assets at amortized cost amounting to $728 and $3,981 (shown as 'interest income') for the years ended December 31, 2020 and 2019, respectively.

B. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was its book value.

C. As of December 31, 2020 and 2019, details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8, 'Pledged assets'.

D. Information relating to escrow deposits is provided in Note 6(16), 'Long-term borrowings'.

E. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'.

(4) Notes and accounts receivable, net

	December 31, 2020	December 31, 2019
Notes receivable	$ 14,797	$ 7,006

	December 31, 2020	December 31, 2019
Accounts receivable	$ 1,046,153	$ 965,995
Less: Loss allowance	(5,647)	(18,572)
	$ 1,040,506	$ 947,423

A. The ageing analysis of notes receivable and accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2020		December 31, 2019	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 14,797	$ 1,068,526	$ 7,006	$ 995,285
Up to 30 days past due	-	51,445	-	57,274
31-60 days past due	-	466	-	16,742
61-90 days past due	-	-	-	7,094
91-120 days past due	-	-	-	5,503
Over 120 days	-	1,274	-	12,676
	$ 14,797	$ 1,121,711	$ 7,006	$ 1,094,574

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, notes and accounts receivable (including related parties) from contracts with customers amounted to $1,127,250 and $1,101,580, respectively. As of January 1, 2019, the balance of notes and accounts receivable (including related parties) from contracts with customers amounted to $853,551.

C. As of December 31, 2020 and 2019, the Company does not hold any collateral as security for notes and accounts receivable.

D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was its book value.

E. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 5,979,406	($ 158,080)	$ 5,821,326
Materials in transit	104,831	-	104,831
Supplies	115	(56)	59
Work in progress	212,548	(2,835)	209,713
Finished goods	100,200	(1,968)	98,232
	$ 6,397,100	($ 162,939)	$ 6,234,161

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 5,817,532	($ 472,140)	$ 5,345,392
Materials in transit	154,055	-	154,055
Supplies	115	-	115
Work in progress	239,319	(5,120)	234,199
Finished goods	490,070	(4,309)	485,761
	$ 6,701,091	($ 481,569)	$ 6,219,522

A. The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	$ 9,891,630	$ 8,136,502
Gain on reversal of inventory valuation losses (Note)	(318,630)	(418,667)
Loss on physical inventory	-	1,318
Underapplied overhead	-	210
Revenue from sale of scraps	(10,628)	(13,557)
	$ 9,562,372	$ 7,705,806

(Note) The gain on reversal arose from the reversal of net realisable value and the reversal of inventory valuation losses pertaining to inventories which were subsequently scrapped or sold.

B. Precious metal materials are the Company's major inventory. To hedge the risk in relation to the price variations of inventories, the Company trades various derivative instruments. However, no appropriate derivative instrument was availed for hedging one of the Company's precious metal material inventories, Ru. Ru's fair value will be affected by the uncertainty of the future value in the market. If the market prices of these precious metal material inventories had increased/ decreased by 1% with all other variables held constant, fair value of the precious metal material inventory, Ru, as of December 31, 2020 and 2019 would increased/decreased by $22,193 and $22,930, respectively.

(6) Non-current financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity instruments		
Unlisted shares	$ 178,411	$ 178,411
Valuation adjustments	(80,806)	(66,485)
	$ 97,605	$ 111,926

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $99,474 and $114,606 as at December 31, 2020 and 2019, respectively.

B. The Company recognised ($14,321) and ($11,785) in other comprehensive income for the changes in fair value for the years ended December 31, 2020 and 2019, respectively.

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was $97,605 and $111,926, respectively.

D. As of December 31, 2020 and 2019, the Company has no financial assets at fair value through other comprehensive income pledged to others.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2), 'Financial instruments'.

(7) Investments accounted for using equity method

	Years ended December 31, 2020	Years ended December 31, 2019
At January 1	$ 3,027,655	$ 2,983,574
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	243,136	145,946
Acquisition of investment accounted for using equity method not proportionate to shareholding ratio (Note 1)	139	-
Recognition of changes in ownership interest in subsidiaries (Note 2)	(1,896)	-
Earnings distribution of investments accounted for using equity method	(5,057)	(9,256)
Currency translation differences	46,153	(92,609)
At December 31	$ 3,310,130	$ 3,027,655

	December 31, 2020	December 31, 2019
Subsidiaries	$ 3,241,393	$ 2,959,130
Associates	68,737	68,525
	$ 3,310,130	$ 3,027,655

(Note 1) The associate - Forcera Materials Co., Ltd. reissued treasury shares to employees for the year ended December 31, 2020. As a result, the equity interest of the Company decreased from 19.43% to 19.39%. Accordingly, the Company recognised acquisition of investment accounted for using equity method not proportionate to shareholding ratio amounting to $139 (corresponding account shown as 'capital surplus').

(Note 2) The investment in the subsidiary - Htc & Solar Tech Service Limited decreased from 47.11% to 40.97%, resulting in the change in ownership interest of the Company in the subsidiary amounting to ($1,896) (corresponding account shown as 'unappropriated retained earnings') because the subsidiary issued employee stock options during the year ended December 31, 2020, which were exercised with proceeds from subscription of shares of $50,648.

A. Subsidiaries

Details of the Company's subsidiaries are provided in Note 4(3), 'Basis of consolidation' in the Company's consolidated financial statements as of and for the year ended December 31, 2020.

B. Associates

There were no associates that are material to the Company as of December 31, 2020 and 2019, and the Company's share of the operating results are summarised below:

	Years ended December 31,	
	2020	2019
Profit for the year from continuing operations	$ 1,457	$ 3,892
Other comprehensive income (loss), net of tax	1	(9)
Total comprehensive income	$ 1,458	$ 3,883

C. As of December 31, 2020 and 2019, no investments accounted for using equity method held by the Company were pledged to others.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Research and development equipment	Office equipment	Transportation and other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2020								
Cost	$ 1,360,171	$ 4,582,079	$ 3,110,281	$ 709,666	$ 127,931	$ 2,018,228	$ 71,029	$ 11,979,385
Accumulated depreciation	-	(854,967)	(2,572,041)	(582,524)	(115,682)	(1,754,906)	-	(5,880,120)
Accumulated impairment	-	-	(35,640)	-	-	(40,539)	-	(76,179)
	$ 1,360,171	$ 3,727,112	$ 502,600	$ 127,142	$ 12,249	$ 222,783	$ 71,029	$ 6,023,086
2020								
At January 1	$ 1,360,171	$ 3,727,112	$ 502,600	$ 127,142	$ 12,249	$ 222,783	$ 71,029	$ 6,023,086
Additions	-	5,867	38,176	8,112	5,200	22,229	36,276	115,860
Reclassifications - Cost (Note)	-	1,390	79,696	8,933	505	54,335	(11,498)	133,361
Depreciation	-	(99,947)	(161,869)	(23,822)	(4,907)	(79,028)	-	(369,573)
Disposals - Cost	-	-	(62,877)	(17,580)	(1,670)	(149,740)	-	(231,867)
- Accumulated depreciation	-	-	62,769	17,580	1,670	77,339	-	159,358
- Accumulated impairment	-	-	-	-	-	23,119	-	23,119
Gain on reversal of impairment	-	-	31,132	-	-	17,420	-	48,552
At December 31	$ 1,360,171	$ 3,634,422	$ 489,627	$ 120,365	$ 13,047	$ 188,457	$ 95,807	$ 5,901,896
At December 31, 2020								
Cost	$ 1,360,171	$ 4,589,336	$ 3,165,276	$ 709,131	$ 131,966	$ 1,945,052	$ 95,807	$ 11,996,739
Accumulated depreciation	-	(954,914)	(2,671,141)	(588,766)	(118,919)	(1,756,595)	-	(6,090,335)
Accumulated impairment	-	-	(4,508)	-	-	-	-	(4,508)
	$ 1,360,171	$ 3,634,422	$ 489,627	$ 120,365	$ 13,047	$ 188,457	$ 95,807	$ 5,901,896

(Note) Transferred from prepayments for business facilities.

	Land	Buildings and structures	Machinery	Research and development equipment	Office equipment	Transportation and other equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2019								
Cost	$ 887,315	$ 4,518,378	$ 3,039,713	$ 722,977	$ 125,748	$ 2,000,638	$ 60,210	$ 11,354,979
Accumulated depreciation	-	(760,507)	(2,432,738)	(574,352)	(109,307)	(1,652,550)	-	(5,529,454)
Accumulated impairment	-	-	(44,556)	-	-	(48,499)	-	(93,055)
	$ 887,315	$ 3,757,871	$ 562,419	$ 148,625	$ 16,441	$ 299,589	$ 60,210	$ 5,732,470
2019								
At January 1	$ 887,315	$ 3,757,871	$ 562,419	$ 148,625	$ 16,441	$ 299,589	$ 60,210	$ 5,732,470
Additions	272,007	6,582	26,734	2,420	3,323	15,213	3,828	330,107
Reclassifications - Cost (Note)	200,849	57,861	108,279	8,968	-	26,545	6,991	409,493
Depreciation	-	(94,860)	(190,234)	(32,847)	(7,515)	(124,151)	-	(449,607)
Disposals - Cost	-	(742)	(64,445)	(24,699)	(1,140)	(24,168)	-	(115,194)
- Accumulated depreciation	-	400	50,931	24,675	1,140	21,795	-	98,941
Gain on reversal of impairment	-	-	8,916	-	-	7,960	-	16,876
At December 31	$ 1,360,171	$ 3,727,112	$ 502,600	$ 127,142	$ 12,249	$ 222,783	$ 71,029	$ 6,023,086
At December 31, 2019								
Cost	$ 1,360,171	$ 4,582,079	$ 3,110,281	$ 709,666	$ 127,931	$ 2,018,228	$ 71,029	$ 11,979,385
Accumulated depreciation	-	(854,967)	(2,572,041)	(582,524)	(115,682)	(1,754,906)	-	(5,880,120)
Accumulated impairment	-	-	(35,640)	-	-	(40,539)	-	(76,179)
	$ 1,360,171	$ 3,727,112	$ 502,600	$ 127,142	$ 12,249	$ 222,783	$ 71,029	$ 6,023,086

(Note) Transferred $312,744 and $208,644 from right-of-use assets and prepayments for business facilities, respectively, and transferred $111,895 to investment property. The Company purchased the land that it originally leased and hence transferred the right-of-use assets into land amounting to $312,744. Details are provided in Note 6(9), ‘Leasing arrangements - lessee’.

A. The Company's property, plant and equipment for the years ended December 31, 2020 and 2019 are all for its own use.

B. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Years ended December 31,	
	2020	2019
Amount of interest capitalised	$ 1,276	$ 2,132
Interest rates for capitalisation	1.80%～2.76%	2.40%～2.76%

C. Impairment information about the property, plant and equipment is provided in Note 6(13), 'Impairment of non-financial assets'.

D. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2020 and 2019 is provided in Note 8, 'Pledged assets'.

(9) Leasing arrangements - lessee

A. The Company leases various assets including land and transportation equipment. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	$ 69,916	$ 95,661
Transportation equipment	14,842	4,014
	$ 84,758	$ 99,675

	Years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	$ 22,045	$ 40,040
Transportation equipment	2,330	323
	$ 24,375	$ 40,363

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $9,458 and $7,346, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2,184	$ 6,619
Expense on short-term lease contracts	5,069	3,668
	$ 7,253	$ 10,287

E. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were $39,312 and $47,687, respectively.

F. On December 26, 2018, the Company applied for the lease-to-purchase program on the land in

Liou-ying Technology Industrial Park, which was approved by the Sinying Industrial Park Service Center on April 12, 2019 and resolved by the Board of Directors on May 10, 2019. The total area of the land to be purchased was 139,903.43 square meters. The total transaction amount of land is $891,150, and the actual payable for land purchase amounted to $565,261 as the rental paid during the lease term of $304,510 and guarantee deposits paid for the lease of $21,379 can be deducted from the total land price in accordance with the “lease to purchase methods”, and the payment has been made. On August 14, 2019, the land transfer procedure was completed and the amount of $312,744 was transferred into property, plant and equipment.

G. As of December 31, 2020 and 2019, no right-of-use assets held by the Company were pledged to others.

(10) Leasing arrangements - lessor

A. The Company leases various assets including land, buildings and structures, machinery and equipment. Rental contracts are typically made for periods of 1 to 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. For the years ended December 31, 2020 and 2019, the Company recognised rent income (shown as ‘other income’) in the amount of $45,354 and $43,590, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments receivable under the operating leases is as follows:

	December 31, 2020	December 31, 2019
Within 1 year	$ 17,683	$ 38,572
Between 1 and 2 years	13,943	17,683
Between 2 and 3 years	14,208	13,943
Between 3 and 4 years	14,478	14,208
Between 4 and 5 years	14,753	14,478
Over 5 years	13,782	28,535
	$ 88,847	$ 127,419

(11) Investment property, net

	Land	Buildings and structures	Total
At January 1, 2020			
Cost	$ 327,775	$ 114,107	$ 441,882
Accumulated depreciation	-	(6,877)	(6,877)
	$ 327,775	$ 107,230	$ 435,005
2020			
At January 1	$ 327,775	$ 107,230	$ 435,005
Depreciation	-	(2,282)	(2,282)
At December 31	$ 327,775	$ 104,948	$ 432,723
At December 31, 2020			
Cost	$ 327,775	$ 114,107	$ 441,882
Accumulated depreciation	-	(9,159)	(9,159)
	$ 327,775	$ 104,948	$ 432,723

	Land	Buildings and structures	Total
At January 1, 2019			
Cost	$ 351,373	$ 339,855	$ 691,228
Accumulated depreciation	-	(11,332)	(11,332)
Accumulated impairment	(24,243)	-	(24,243)
	$ 327,130	$ 328,523	$ 655,653
2019			
At January 1	$ 327,130	$ 328,523	$ 655,653
Reclassifications - Cost (Note)	111,895	-	111,895
Additions	-	534	534
Depreciation	-	(6,050)	(6,050)
Disposals - Cost	(135,493)	(226,282)	(361,775)
- Acumulated depreciation	-	10,505	10,505
Gain on revesral of impairment	24,243	-	24,243
At December 31	$ 327,775	$ 107,230	$ 435,005
At December 31, 2019			
Cost	$ 327,775	$ 114,107	$ 441,882
Accumulated depreciation	-	(6,877)	(6,877)
	$ 327,775	$ 107,230	$ 435,005

(Note) Transferred from property, plant and equipment.

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31, 2020	2019
Rental income from investment property (shown as 'other income')	$ 17,450	$ 16,001
Direct operating expenses arising from the investment property that generated rental income during the year	$ 2,282	$ 6,050
Direct operating expenses arising from the investment property that did not generate rental income during the year	$ -	$ -

B. The fair value of the investment property held by the Company as at December 31, 2020 and 2019 was $899,556 and $795,038, respectively, which was valued by independent valuers. Valuations were made using the income approach - discounted cash flow (DCF) which is categorised within Level 3 in the fair value hierarchy. Key assumptions of gross margin, growth rate and discount rate are 77.56% to 97.73% and 69.66% to 70.87%; -% for both years, 1.77% to 2.03% and 2.10%, respectively.

C. For the years ended December 31, 2020 and 2019, no borrowing costs were capitalised as part of investment property.

D. Impairment information about the investment property is provided in Note 6(13), 'Impairment of non-financial assets'.

E. Information about the investment property that was pledged to others as collateral as of December 31, 2020 and 2019 is provided in Note 8, 'Pledged assets'.

(12) Intangible assets

	Software	Acquired special technology	Patent	Total
At January 1, 2020				
Cost	$ 13,053	$ 4,260	$ -	$ 17,313
Accumulated amortisation	(6,894)	(2,993)	-	(9,887)
	$ 6,159	$ 1,267	$ -	$ 7,426
2020				
At January 1	$ 6,159	$ 1,267	$ -	$ 7,426
Additions - acquired separately	1,820	-	2,939	4,759
Amortisation	(3,562)	(811)	-	(4,373)
Write-off - Cost	(3,333)	(3,000)	-	(6,333)
- Accumulated amortisation	3,333	3,000	-	6,333
At December 31	$ 4,417	$ 456	$ 2,939	$ 7,812
At December 31, 2020				
Cost	$ 11,540	$ 1,260	$ 2,939	$ 15,739
Accumulated amortisation	(7,123)	(804)	-	(7,927)
	$ 4,417	$ 456	$ 2,939	$ 7,812

	Software	Acquired special technology	Total
At January 1, 2019			
Cost	$ 16,765	$ 5,060	$ 21,825
Accumulated amortisation	(9,166)	(2,786)	(11,952)
	$ 7,599	$ 2,274	$ 9,873
2019			
At January 1	$ 7,599	$ 2,274	$ 9,873
Additions - acquired separately	3,250	-	3,250
Amortisation	(4,690)	(1,007)	(5,697)
Write-off - Cost	(6,962)	(800)	(7,762)
- Accumulated amortisation	6,962	800	7,762
At December 31	$ 6,159	$ 1,267	$ 7,426
At December 31, 2019			
Cost	$ 13,053	$ 4,260	$ 17,313
Accumulated amortisation	(6,894)	(2,993)	(9,887)
	$ 6,159	$ 1,267	$ 7,426

A. For the years ended December 31, 2020 and 2019, no borrowing costs were capitalised as part of intangible assets.

B. Details of amortisation charges on intangible assets are as follows:

	Years ended December 31,	
	2020	2019
Operating costs	$ 142	$ 74
Operating expenses	4,231	5,623
	$ 4,373	$ 5,697

(13) Impairment of non-financial assets

A. The Company recognised gain on reversal of impairment for the years ended December 31, 2020 and 2019 of $48,552 and $41,119, respectively (shown as ‘other gains and losses’). Details of such loss are as follows:

	Year ended December 31, 2020	
	Recognised in profit or loss	Recognised in other comprehensive income
Gain on reversal of impairment - property, plant and equipment	$ 48,552	$ -

	Year ended December 31, 2019	
	Recognised in profit or loss	Recognised in other comprehensive income
Gain on reversal of impairment - property, plant and equipment	$ 16,876	$ -
Gain on reversal of impairment - investment property	24,243	-
	$ 41,119	$ -

B. As of December 31, 2020 and 2019, the accumulated impairment loss of property, plant and equipment were $4,508 and $76,179, respectively.

C. The impairment loss on property, plant and equipment and investment property was valued by independent valuers. The recoverable amount was determined based on the calculation using the replacement costs and how assets were utilised.

(14) Short-term borrowings

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Debt negotiation bank borrowings			
Secured bank borrowings	$ 2,769,643	1.50%～3.21%	(Note)

There was no such event as of December 31, 2020.

(Note) Land, buildings and structures, machinery and equipment, research and development equipment, other equipment and investment property.

A. Information about interest expense recognised in profit or loss for the years ended December 31, 2020 and 2019 is provided in Note 6(28), ‘Finance costs’.

B. Please refer to Note 6(16), ‘Long-term borrowings’ for the details of the meeting held by the Company with financial institutions to negotiate the repayment and handle the relevant affairs due to its difficulty of repayment.

(15) Provisions - litigation

	Years ended December 31,	
	2020	2019
At January 1	-	$ 334,000
Used during the year	-	(334,000)
At December 31	$ -	$ -

On February 21, 2019, the settlement of the compensation for financial statement fraud damage with the Securities and Futures Investors Protection Center (referred herein as the 'SFIPC') was approved by the Board of Directors. The agreement was signed on May 24, 2019 and the settlement amount was $334,000. The Company recognised the compensation loss on litigation for the year ended December 31, 2018, and issued all the corresponding checks upon signing the settlement agreement. As of December 31, 2020 and 2019, the unpaid amount was $54,000 and $174,000 (shown as 'notes payable' and 'long-term notes and accounts payable'), respectively. In addition, the Company insured liability insurance for directors and supervisors and significant employees with Cathay Century Insurance Co., Ltd. ('Cathay Century Insurance'). On December 31, 2019, the Company has reached a compensation agreement with Cathay Century Insurance for the abovementioned liability insurance in the amount of $102,751, which was recognised as insurance claims income for the year ended December 31, 2019 (shown as 'other receivables' and 'other income').

(16) Long-term borrowings

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2020
General long-term bank borrowings				
Unsecured borrowings	2020.6.30～2025.6.30	1.84%~2.33%	None	$ 5,272,987
Secured borrowings	2020.6.30～2025.6.30	2.11%	(Note 1)	4,845,179
				10,118,166
Less: Current portion				(391,827)
				$ 9,726,339

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2019
Debt negotiation long-term bank borrowings				
Secured revolving borrowings	2014.7.16～2020.6.1	1.67%~3.57%	(Note 2)	$ 4,342,816
Secured borrowings	2014.7.16～2020.6.1	1.67%~1.90%	(Note 2)	3,648,417
				7,991,233
Less: Current portion				(7,571,233)
				$ 420,000

(Note 1) Demand deposits, land and buildings and structures.

(Note 2) Land, buildings and structures, machinery and equipment, research and development equipment, other equipment and investment property.

A. The Company held a meeting with financial institutions to negotiate the repayment and handle the relevant affairs due to its difficulty of repayment. As of December 31, 2019, the Company transferred long-term borrowings to current portion of long-term borrowings according to the results of written approval by creditor banks at the time. However, the Company entered into another syndicated loan agreement with 12 financial institutions including Chang Hwa Bank on June 23, 2020. On June 30, 2020, the Company repaid the debts payable under the debt negotiation mechanism to all financial institutions, and transferred the restricted deposits (shown as 'financial assets at amortised cost - current') to 'cash and cash equivalents' following the cancellation of debt negotiation and escrow mechanism.

B. Information about interest expense recognised in profit or loss for the years ended December 31, 2020 and 2019 is provided in Note 6(28), 'Finance costs'.

(17) Long-term deferred revenue

	Years ended December 31,	
	2020	2019
Balance at the beginning of year	$ 36,275	$ 37,891
Amortisation on long-term deferred revenue	(1,617)	(1,616)
Balance at the end of year	$ 34,658	$ 36,275

The Company received government subsidy for the purchase of certain property, plant and equipment. The recognised government subsidy has no unfulfilled conditions and other contingencies.

(18) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

The information on aforementioned defined benefit pension plan is disclosed as follows:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 71,264)	($ 70,348)
Fair value of plan assets	12,347	14,553
Net defined benefit liability	($ 58,917)	($ 55,795)

(b) Movements in net defined benefit liabilities are as follows:

2020	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 70,348)	$ 14,553	($ 55,795)
Current service cost	(356)	-	(356)
Interest (expense) income	(492)	107	(385)
	(71,196)	14,660	(56,536)
Remeasurements:			
Return on plan assets	-	492	492
Change in financial assumptions	(2,412)	-	(2,412)
Experience adjustments	(1,994)	-	(1,994)
	(4,406)	492	(3,914)
Pension fund contribution	-	1,533	1,533
Paid pension	4,338	(4,338)	-
At December 31	($ 71,264)	$ 12,347	($ 58,917)

2019	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 70,255)	$ 16,148	($ 54,107)
Current service cost	(357)	-	(357)
Interest (expense) income	(703)	170	(533)
	(71,315)	16,318	(54,997)
Remeasurements:			
Return on plan assets	-	488	488
Change in financial assumptions	(2,553)	-	(2,553)
Experience adjustments	(300)	-	(300)
	(2,853)	488	(2,365)
Pension fund contribution	-	1,567	1,567
Paid pension	3,820	(3,820)	-
At December 31	($ 70,348)	$ 14,553	($ 55,795)

(c)The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2020	2019
Discount rate	0.40%	0.70%
Future salary increases	3.00%	3.00%

For the years ended December 31, 2020 and 2019, future mortality rate was estimated based on the 3rd Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.1%	Decrease 0.1%	Increase 0.1%	Decrease 0.1%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 816)	$ 829	$ 737	($ 728)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 864)	$ 878	$ 788	($ 779)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to $1,560.

(f) As of December 31, 2020, the weighted average duration of the retirement plan is 11.1 years.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were $34,745 and $33,264, respectively.

(19) Ordinary share

A. Movements in the number of the Company's ordinary shares outstanding are as follows (Units: share in thousands)

	Years ended December 31,	
	2020	2019
Beginning shares	498,431	398,431
Cash capital increase	-	40,000
Cash capital increase - private placement	-	60,000
Ending shares	498,431	498,431

B. On November 9, 2018, the Board of Directors resolved to increase capital by issuing 40 million common shares. The capital increase has been approved to be effective on February 21, 2019 by the Financial Supervisory Commission. The shares were issued at a premium of $18.2 (in dollars) per share. The total amount of capital increase was $728,000, after considering related issue costs of $3,853, and the actual net capital increase was $724,147. The effective date was set on April 29, 2019.

C. To consider the Company's long-term development needs, strengthen overall financial structure and improve operating efficiency, the stockholders at their annual stockholders' meeting on June 28, 2019 adopted a resolution to raise additional cash through private placement with the effective date set on September 23, 2019. The maximum number of shares to be issued through the private placement is 60 million shares at an estimated subscription price of $18.94 (in dollars) per share. The amount of capital raised through the private placement was $1,136,400, consisting of 60 million shares, which had been registered. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

D. As of December 31, 2020, the Company's total authorised capital was $6,000,000 (including $40,000 which can be issued as stock option certificates, convertible bonds or convertible preferred stock), and the paid-in capital was $4,984,312 (including $1,010,000 of private placement ordinary shares), consisting of 498,431 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(20) Capital surplus

A. Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. Changes in capital surplus are as follows:

2020	Share premium	Share of changes in net equity of associates and joint ventures accounted for using equity method	Employee stock options	Total
At January 1	$ 1,478,028	$ 6,515	$ -	$ 1,484,543
Acquisition of investment accounted for using equity method not proportionate to shareholding ratio	-	139	-	139
Compensation cost of employee stock options	-	-	55,042	55,042
At December 31	$ 1,478,028	$ 6,654	$ 55,042	$ 1,539,724

2019	Share premium	Share of changes in net equity of associates and joint ventures accounted for using equity method	Employee stock options	Total
At January 1	$ 613,489	$ 6,515	$ -	$ 620,004
Proceeds from issuance of shares	324,147	-	-	324,147
Proceeds from issuance of shares through private placement	536,400	-	-	536,400
Compensation cost of employee stock options	590	-	3,402	3,992
Expired employee stock	3,402	-	(3,402)	-
At December 31	$ 1,478,028	$ 6,515	$ -	$ 1,484,543

C. Information about capital surplus and employee share options is provided in Note 6(21), 'Share-based payment - employee compensation'.

(21) Share-based payment - employee compensation

A. The Board of Directors on November 9, 2018 has resolved to increase capital of 6 million shares reserved for employee stock options with the acquisition price of $18.2 (in dollars) per share. The compensation cost recognised for the capital increase reserved for employee stock options for the year ended December 31, 2019 was $3,992 (corresponding account shown as 'capital surplus'). The fair value of stock options granted on grant date is measured using the Black-Scholes option - pricing model. Relevant information is as follows:

Grant date	March 5, 2019
Share price	$ 18.2(in dollars)
Rate of dividend	0%
Expected price volatility	22.33%
Risk-free interest rate	0.59%
Expected option life	0.09 year
Weighted average number of fair value (per share)	$ 0.6653(in dollars)

B. The Board of Directors on November 6, 2020 has resolved to increase capital of 14,025 thousand shares reserved for employee stock options with the acquisition price of NT$36 (in dollars). The compensation cost recognised for the capital increase reserved for employee stock options for the year ended December 31, 2020 was $55,042 (corresponding account shown as 'capital surplus'). The fair value of stock options granted on grant date is measured using the Black-Scholes option - pricing model. Relevant information is as follows:

Grant date		December 28, 2020
Share price	$	36(in dollars)
Rate of dividend		0%
Expected price volatility		27.27%
Risk-free interest rate		0.34%
Expected option life		0.07 year
Weighted average number of fair value (per share)	$	3.9246(in dollars)

(22) Retained earnings

A. Pursuant to the Company Act, 10% of the balance of earnings after tax should be set aside as legal reserve, until such legal reserve amount reaches the paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. The current year's earnings, if any, shall be distributed in the following order: (a) Pay all taxes; (b) Cover losses; (c) Set aside 10% as legal reserve, until the legal reserve equals the paid-in capital; and (d) Set aside or reverse special reserve as required by regulations or the Competent Authority; and (e) The distribution of the remaining amount, plus unappropriated earnings from prior years, to be proposed by the Board of Directors and resolved by shareholders in their general meeting.

The Company distributes dividends taking into consideration the Company's economic environment, growth, future capital requirements and long-term financial plan. Stock dividends shall account for 50% to 100% of the total dividends and cash dividends shall account for 0% to 50% of total dividends distributed. However, the amount, type of dividends and ratios of the earnings distribution are determined based on current year's profit and capital position and shall be resolved by the shareholders.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. For the year ended December 31, 2019, the Company set aside special reserve amounting to $85,872 because of the increase in the debit balance on other equity arising from unrealised gains (losses) from financial assets measured at fair value through other comprehensive income and increase in currency translation differences. As of December 31, 2020, special reserve that has been set aside as required by the regulations was $212,275, and dividends shall not be distributed.

(b) The amount previously set aside by the Company as special reserve on initial application of

IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, was $78,026, and shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. The shareholders at their annual shareholders' meeting on December 28, 2016 adopted a resolution to cover deficit through legal reserve of $935,102 and special reserve of $67,276. As of December 31, 2020, the amounts previously set aside by the Company as special reserve on initial application of IFRSs was $-.

D. On June 28, 2019, the shareholders resolved the distribution of dividends from 2018 earnings of $175,372 ($0.4 (in dollars) per share) in cash. However, the cash dividends can only be distributed after the receipt of approval from the creditor banks, which should reach more than two-thirds of the gross amount of bank claims, due to the restrictions of debt negotiation and the control of the creditor banks over the use of capital. On July 5, 2019, all the creditor banks disagreed with the distribution of earnings in writing which reached over one third of the gross amount of bank claims, therefore, the Company will not distribute earnings for the year ended December 31, 2018. On June 19, 2020, the shareholders resolved the distribution of dividends from 2019 earnings of $498,431 ($1 (in dollars) per share) in cash. As of March 5, 2021, the distribution of earnings for 2020 has not yet been proposed by the Board of Directors

(23) Other equity items

	Year ended December 31, 2020		
	Foreign currency translation	Unrealised gain (loss) on valuation	Total
At January 1	($ 145,790)	($ 66,485)	($ 212,275)
Currency translation differences	36,922	-	36,922
Revaluation	-	(14,321)	(14,321)
At December 31	($ 108,868)	($ 80,806)	($ 189,674)

	Year ended December 31, 2019		
	Foreign currency translation	Unrealised gain (loss) on valuation	Total
At January 1	($ 71,703)	($ 54,700)	($ 126,403)
Currency translation differences	(74,087)	-	(74,087)
Revaluation	-	(11,785)	(11,785)
At December 31	($ 145,790)	($ 66,485)	($ 212,275)

(24) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product types:

	Years ended December 31,			
	2020		2019	
Operating revenue from precious metal materials	$	8,582,759	$	6,936,218
Other operating revenue		3,148,118		2,926,134
	$	11,730,877	$	9,862,352

B. Contract liabilities

The Company recognised the revenue-related contract liabilities amounting to $3,002, $12,047 and $45,437 as of December 31, 2020 and 2019 and January 1, 2020, respectively. Revenue recognised during the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the year amounted to $11,967 and $45,437, respectively.

(25) Interest income

	Years ended December 31,			
	2020		2019	
Interest income from bank deposits	$	325	$	-
Interest income from financial assets measured at amortised cost		728		3,981
	$	1,053	$	3,981

(26) Other income

	Years ended December 31,			
	2020		2019	
Rent income	$	45,354	$	43,590
Insurance claims income		-		102,751
Other income		54,995		98,556
	$	100,349	$	244,897

(27) Other gains and losses

	Years ended December 31, 2020	Years ended December 31, 2019
Net loss on financial assets and liabilities at fair value through profit or loss	($ 342,019)	($ 448,136)
Net foreign exchange gains	91,786	75,849
Net gain on disposal of property, plant and equipment	555	5,888
Net gain on disposal of investment property	-	344,625
Reversal of impairment loss recognised in profit or loss:		
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	48,552	16,876
Reversal of impairment loss recognised in profit or loss, investment property	-	24,243
Miscellaneous disbursements	(3,752)	(6,050)
	($ 204,878)	$ 13,295

(28) Finance costs

	Years ended December 31, 2020	Years ended December 31, 2019
Interest expense:		
Bank borrowings	$ 233,598	$ 291,148
Interest expense on lease liabilities	2,184	6,619
	235,782	297,767
Less: Capitalisation of qualifying assets	(1,276)	(2,132)
	$ 234,506	$ 295,635

(29) Expenses by nature

	Year ended December 31, 2020		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	$ 499,005	$ 529,979	$ 1,028,984
Depreciation charges	274,723	119,225	393,948
Amortisation charges	142	4,231	4,373
	$ 773,870	$ 653,435	$ 1,427,305

	Year ended December 31, 2019		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense	$ 465,435	$ 542,493	$ 1,007,928
Depreciation charges	348,225	141,745	489,970
Amortisation charges	74	5,623	5,697
	$ 813,734	$ 689,861	$ 1,503,595

(30) Employee benefit expense

	Year ended December 31, 2020		
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	$ 417,180	$ 382,575	$ 799,755
Employee stock options	-	55,042	55,042
Labour and health insurance fees	42,629	27,729	70,358
Pension costs	21,689	13,797	35,486
Directors' remuneration	-	29,035	29,035
Other personnel expenses	17,507	21,801	39,308
	$ 499,005	$ 529,979	$ 1,028,984

	Year ended December 31, 2019		
	Classified as operating costs	Classified as operating expenses	Total
Wages and salaries	$ 384,912	$ 446,928	$ 831,840
Employee stock options	-	3,992	3,992
Labour and health insurance fees	41,983	25,457	67,440
Pension costs	21,148	13,006	34,154
Directors' remuneration	-	32,025	32,025
Other personnel expenses	17,392	21,085	38,477
	$ 465,435	$ 542,493	$ 1,007,928

A. For the years ended December 31, 2020 and 2019, the Company had approximately 1,047 and 1,044 employees on average, respectively, including 7 directors for both years. The employee benefit expenses were $961 and $941, while the employee wages and salaries were $769 and $802 on average for the years ended December 31, 2020 and 2019, respectively. The average employee wages and salaries for the year ended December 31, 2020 decreased by approximately 4.11% compared to the year ended December 31, 2019. In addition, the Company has set up the Audit Committee, so there is no supervisor's remuneration.

B. The directors' emoluments include the remuneration of earnings appropriation and the travel expenses to attend the Board of Directors. In addition, when the chairman and directors of the

Company perform their duties, their remuneration, which the Board of Directors are authorized to determine in line with industry norms, shall be calculated based on their respective involvement in the Company’s operations as well as their contribution to the Company. In the event that the Company has a surplus, the directors' remuneration shall be mentioned in accordance with the proportion of the Company’s Articles of Incorporation; the remuneration of managers and employees shall include salaries, bonuses and employees' compensation, which vary with their level of education, working experiences, performance and seniority. Furthermore, the payment of the manager's remuneration is subject to the approval by the Company's remuneration committee in the light of market conditions.

C. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees’ compensation and directors’ remuneration. The ratio shall not be lower than 2% for employees’ compensation and shall not be higher than 5% for directors’ remuneration. If a company has accumulated deficit, earnings should be channeled to cover losses. Employees’ compensation can be distributed in the form of shares or in cash. Qualified employees, including the employees of subsidiaries of the Company meeting certain specific requirements, are entitled to receive aforementioned stock or cash.

D. For the years ended December 31, 2020 and 2019, employees’ compensation was accrued at $34,950 and $37,058, respectively; while directors’ remuneration was accrued at $24,465 and $27,793, respectively. The aforementioned amounts were recognised in salary expenses. The employees’ compensation and directors’ remuneration were accrued based on the percentage as prescribed in the Company’s Articles of Incorporation and distributable profit of current period. As of March 5, 2021, the employees’ compensation and directors’ remuneration for the year ended December 31, 2020 have not been resolved by the Board of Directors. For 2019, the employees’ compensation and directors’ remuneration resolved at the meeting of Board of Directors amounted to $26,270 and $18,389, respectively. The difference of $20,192 between the amounts resolved at the Board meeting and the amounts of $37,058 and $27,793, respectively, recognised in the 2019 financial statements, mainly resulting from a change in estimate, had been adjusted in profit or loss for 2020. The employees’ compensation and directors’ remuneration for the year ended December 31,2019 has not been fully distributed yet. Information about employees’ compensation and directors’ remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(31) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2020	2019
Current tax:		
Current tax on profits for the year	$ 14,555	$ -
Prior year income tax underestimation	6,887	3,813
Tax on undistributed earnings	-	7,142
	21,442	10,955
Deferred tax:		
Origination and reversal of temporary differences	182,515	139,938
Income tax expense	$ 203,957	$ 150,893

(b)The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2020	2019
Remeasurement of defined benefit obligations	($ 783)	($ 472)
Currency translation differences	9,231	(18,522)
	$ 8,448	($ 18,994)

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2020	2019
Tax calculated based on profit before tax and statutory tax rate	$ 209,465	$ 237,964
Effects from adjustments based on tax regulation	(25,419)	29,378
Tax exempt income by tax regulation	-	(68,580)
Effect from investment tax credits	(15,709)	-
Prior year income tax underestimation	6,887	3,813
Change in assessment of realisation of deferred tax assets	28,733	(58,824)
Tax on undistributed earnings	-	7,142
Income tax expense	$ 203,957	$ 150,893

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	Year ended December 31, 2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Bad debts that exceed the limit for tax purpose	$ 1,511	($ 1,511)	$ -	$ -
Loss on inventory	96,314	(63,726)	-	32,588
Unrealised impairment loss on assets	15,236	(14,335)	-	901
Unused compensated absences	4,830	358	-	5,188
Book-tax difference on leases	214	(214)	-	-
Book-tax difference on pensions	11,385	(159)	783	12,009
Unrealised gain (loss) on financial instrument valuation	21,882	(2,577)	-	19,305
Unrealised expenses	3,596	(1,416)	-	2,180
Currency translation differences	20,879	-	(9,231)	11,648
Book-tax difference on cost of land	81,336	(377)	-	80,959
Tax losses	187,680	(76,048)	-	111,632
Investment tax credits	-	15,709	-	15,709
	$444,863	($ 144,296)	($ 8,448)	$ 292,119
Deferred tax liabilities				
Temporary differences:				
Gain on investment - subsidiaries and associates	($148,288)	($ 40,980)	$ -	($ 189,268)
Unrealised exchange gain	(25,483)	2,761	-	(22,722)
	($173,771)	($ 38,219)	$ -	($ 211,990)
	$271,092	($ 182,515)	($ 8,448)	$ 80,129

	Year ended December 31, 2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Temporary differences:				
Bad debts that exceed the limit for tax purpose	$ -	$ 1,511	$ -	$ 1,511
Loss on inventory	180,048	(83,734)	-	96,314
Unrealised impairment loss on assets	23,459	(8,223)	-	15,236
Unused compensated absences	4,536	294	-	4,830
Book-tax difference on leases	-	214	-	214
Book-tax difference on pensions	11,048	(135)	472	11,385
Unrealised gain (loss) on financial instrument valuation	3,833	18,049	-	21,882
Unrealised expenses	5,014	(1,418)	-	3,596
Currency translation differences	2,357	-	18,522	20,879
Book-tax difference on cost of land	20,056	61,280	-	81,336
Tax losses	272,966	(85,286)	-	187,680
	$523,317	($ 97,448)	$ 18,994	$ 444,863
Deferred tax liabilities				
Temporary differences:				
Gain on investment - subsidiaries and associates	($118,603)	($ 29,685)	$ -	($ 148,288)
Unrealised exchange gain	(12,678)	(12,805)	-	(25,483)
	($131,281)	($ 42,490)	$ -	($ 173,771)
	$392,036	($ 139,938)	$ 18,994	$ 271,092

D. Details of the amount the Company is entitled as investment tax credit and unrecognised deferred tax assets are as follows:

December 31, 2020			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 31,418	$ 15,709	2021～2022

December 31, 2019			
Qualifying items	Unused tax credits	Unrecognised deferred tax assets	Expiry year
Research and development	$ 22,353	$ 22,353	2020～2021

E. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised income tax assets	Expiry year
2017	$ 932,072	$ 558,159	$ -	2027

December 31, 2019				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised income tax assets	Expiry year
2016	$ 1,121,627	$ 6,330	$ -	2026
2017	932,072	932,072	-	2027
		$ 938,402	$ -	

F. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences:		
Other losses	$ 536,564	$ 536,564

G. The Company’s income tax returns through 2018 have been assessed and approved by the Tax Authority. The Company did not have any administrative remedy as of March 5, 2021.

(32) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 843,371	498,431	$ 1.69
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 843,371	498,431	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,283	
Employee stock options	-	28	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 843,371	499,742	$ 1.69

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 1,038,929	441,938	$ 2.35
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 1,038,929	441,938	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,880	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 1,038,929	443,818	$ 2.34

(33) Supplemental cash flow information

A.Investing activities with partial cash payments:

	Years ended December 31, 2020	Years ended December 31, 2019
(1) Acquisition of property, plant and equipment	$ 115,860	$ 330,107
Add: Opening balance of other payables	42,781	64,996
Lease liability transferred to payments	-	314,633
Less: Ending balance of other payables	(42,926)	(42,781)
Capitalisation of interest payments	(1,276)	(2,132)
Refundable deposits offset against payments	-	(21,379)
Cash paid for acquisition of property, plant and equipment	$ 114,439	$ 643,444

	Years ended December 31, 2020	Years ended December 31, 2019
(2) Proceeds from disposal of property, plant and equipment and investment property	$ 49,945	$ 718,036
Less: Ending balance of receivables from proceeds of the disposal (shown as 'notes receivable')	(9,258)	-
Ending balance of receivables from proceeds of the disposal (shown as 'other receivables')	(18,516)	-
Ending balance of receivables from proceeds of the disposal (shown as 'long-term notes and accounts receivable')	(9,258)	-
Cash received from disposal of property, plant and equipment and investment property	$ 12,913	$ 718,036

B.Operating and investing activities with no cash flow effects:

	Years ended December 31,	
	2020	2019
(a) Write-off of allowance for bad debts from accounts receivable	$ 624	$ -
(b) Property, plant and equipment transferred to investment property	$ -	$ 111,895
(c) Right-of-use assets transferred to property, plant and equipment	$ -	$ 312,744
(d) Prepayments for business facilities transferred to property, plant and equipment	$ 133,361	$ 208,644
(e) Provisions transferred to notes payable and long-term notes and accounts payable	$ -	$ 334,000
(f) Long-term notes and accounts payable transferred to notes payable	$ 54,000	$ -

(34) Changes in liabilities from financing activities

	Short-term borrowings	Lease liability	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities - gross
At January 1, 2020	$ 2,769,643	$ 100,749	$ 7,991,233	$ 1,611	$ 10,863,236
Changes in cash flow from financing activities	(2,769,643)	(34,243)	2,113,973	(20)	(689,933)
Changes in other non-cash items	-	11,642	12,960	-	24,602
At December 31, 2020	$ -	$ 78,148	$ 10,118,166	$ 1,591	$ 10,197,905

	Short-term borrowings	Lease liability	Long-term borrowings (including current portion)	Guarantee deposits received	Liabilities from financing activities - gross
At January 1, 2019	$ 3,055,569	$ -	$ 9,256,107	$ 614	$ 12,312,290
Effect of retrospective application and retrospective restatement	-	445,436	-	-	445,436
Changes in cash flow from financing activities	(285,926)	(44,019)	(1,264,874)	997	(1,593,822)
Changes in other non-cash items	-	(300,668)	-	-	(300,668)
At December 31, 2019	$ 2,769,643	$ 100,749	$ 7,991,233	$ 1,611	$ 10,863,236

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Solar Applied Materials USA, Inc. (Solar USA)	Subsidiary
Solar Applied Materials Technology (Singapore) Pte. Ltd. (Solar Singapore)	Subsidiary
Precision Packaging Materials Corp. (Precision Packaging)	Subsidiary
Universal Inspection & Certification Technology Co., Ltd. (Universal Inspection & Certification)	Subsidiary
Gold Tech Precious Metals Co., Ltd. (Gold Tech Precious)	Subsidiary
Htc & Solar Tech Service Limited (Htc & Solar Tech)	Subsidiary
Solar International Technology (HK) Limited (Solar INT HK)	Subsidiary
Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd. (Solar Kun Shan)	Subsidiary
Solar Green Materials Technology Co., Ltd. (Solar Green)	Subsidiary
Forcera Materials Co., Ltd. (Forcera)	Associate
Gerald Metals Sarl (Gerald)	Entity with significant influence over the Company
GT Commodities LLC. (GT)	Other related party
Gloria Material Technology Corp. (Gloria)	Other related party (Note)

(Note) The entity is controlled by statutory director of the Company after the re-election of directors during the shareholders' meeting held on June 28, 2019.

(2) Significant related party transactions

A. Sales

	Years ended December 31,	
	2020	2019
Sales of goods:		
Subsidiaries	$ 374,745	$ 324,644
Associates	24,593	42,479
Other related parties	2,099	107,478
Entities with significant influence over the Company	-	134
	$ 401,437	$ 474,735

Goods are sold based on the price lists in force and terms that would be available to the general customers. The sales are usually made with a credit term of advance sales receipts, 7～90 days after the delivery and 30~180 days after monthly billings.

B. Purchases

	Years ended December 31, 2020	Years ended December 31, 2019
Purchases of goods:		
GT	$ 1,045,255	$ -
Subsidiaries	396,413	208,168
Entities with significant influence over the Company	-	877,570
Other related parties	-	520
	$ 1,441,668	$ 1,086,258

Goods are usually purchased from the related parties with the payment term of prepayments, 15～80 days from the invoice date and 60 days after monthly billings. Goods are usually purchased from the third parties with the payment term of prepayments, 7～80 days from the invoice date and 15～120 days after monthly billings. The purchase price from related parties is similar to those from third parties.

C. Property transactions

Purchases of assets:

	Objects	Year ended December 31, 2020
Subsidiary	Machinery and transportation	$ 2,328
Subsidiary	Computer software and patent	$ 3,040

There was no such event for the year ended December 31, 2019.

D. Rent income

	Years ended December 31, 2020	Years ended December 31, 2019
Precision Packaging	$ 21,316	$ 21,339

The rent income from the above related party is determined based on negotiation between both parties and is collected monthly.

E. Other income

	Years ended December 31, 2020	Years ended December 31, 2019
Solar Kun Shan	$ 10,528	$ 11,193
Subsidiaries	2,028	1,820
	$ 12,556	$ 13,013

F. Costs to provide technical services

	Years ended December 31, 2020	Years ended December 31, 2019
Precision Packaging	$ 21,143	$ 21,143

G. Other expenses

	Years ended December 31, 2020	Years ended December 31, 2019
Subsidiaries	$ 1,997	$ 3,809
Associates	1,480	-
	$ 3,477	$ 3,809

H. Receivables from related parties

	December 31, 2020	December 31, 2019
Accounts receivable:		
Subsidiaries	$ 69,097	$ 122,838
Associates	6,461	5,544
Other related parties	-	197
	$ 75,558	$ 128,579
Other receivables:		
Subsidiaries	$ 1,502	$ 13,646
Associates	-	32
	$ 1,502	$ 13,678

(a) Receivables from related parties arise mainly from sales transactions and rent income, are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

(b) The Company's receivables from related parties that are neither past due nor impaired are fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

I. Payables to related parties

	December 31, 2020	December 31, 2019
Accounts payable:		
Solar Kun Shan	$ 58,356	$ 6,255
Htc & Solar Tech	46,347	11,803
Associates	112	-
Subsidiaries	2	420
	$ 104,817	$ 18,478
Other payables:		
Subsidiaries	$ 7,450	$ 14,139
Associates	-	116
	$ 7,450	$ 14,255

Payables to related parties arise mainly from purchase transactions and analysis and technical services outsourcing fees. Such payables are due 15～80 days from the invoice date or 60 days after monthly billings and bear no interest.

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 64,230	$ 56,427
Post-employment benefits	216	216
Share-based payments	555	-
	$ 65,001	$ 56,643

8. Pledged Assets

The Company's assets pledged as collateral are as follows:

Pledged asset	December 31, 2020	December 31, 2019	Purpose
Demand deposits (Note 1)	$ 52,426	$ 1,843,599	Long-term borrowings and escrow accounts for debt settlement
Time deposits (Note 2)	149,659	132,137	Performance guarantee
Guarantee deposits paid (Note 1)	352,718	224,837	Performance guarantee
Land (Note 3)	1,687,946	1,687,946	Short-term and long-term borrowings
Buildings and structures, net (Note 3)	3,602,105	3,687,699	Short-term and long-term borrowings
Machinery, net (Note 4)	-	119,292	Short-term and long-term borrowings
Research and development equipment, net (Note 4)	-	73,530	Short-term and long-term borrowings
Other equipment, net (Note 4)	-	42,221	Short-term and long-term borrowings
	$ 5,844,854	$ 7,811,261	

(Note 1) Shown as 'financial assets at amortised cost - current'.

(Note 2) Shown as 'financial assets at amortised cost - current' and 'financial assets at amortised cost - non-current'.

(Note 3) Shown as 'property, plant and equipment' and 'investment property'.

(Note 4) Shown as 'property, plant and equipment'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of December 31, 2020 and 2019, the amounts of unfinished construction and prepayments for business facility contracted but not yet paid were $126,516 and $46,140, respectively.

(2) The Company entered into a mid-term secured and mid-term unsecured syndicated loan agreement with 12 financial institutions including Chang Hwa Bank for a total credit facility of $10,800,000. The duration of agreement for each loan is 5 years. The Company's commitments to the banks during

the terms of syndicated loan are as follows:

A. During the terms of the syndicated loan, the financial ratios stated in the Company's consolidated financial statements audited or reviewed by independent auditors shall be maintained as follows and will be assessed once every half year:

(a) Current ratio shall not be lower than 100%.

(b) Debt ratio shall not be higher than 200%.

(c) Interest coverage ratio shall not be lower than 400%.

(d) Tangible equity shall be maintained at or above $7,000,000.

B. If the Company fails to comply with the aforementioned financial ratios and restrictions, it shall immediately propose specific financial improvement measurements to the facility managing bank. Provided that the following period's consolidated financial statements reviewed or audited by independent auditors are improved to adhere to the aforementioned financial ratios and restrictions during the improvement period, which is from the current financial statement date (being June 30 or December 31) to the next financial statement date, such failure to comply with financial covenants will not be considered as an event of default under this agreement. However, an additional interest of 0.05% per annum over the contract interest rate will be charged on the next monthly interest payment dates for the periods when the current financial statements are filed until the aforementioned required financial ratios and restrictions are met (which is based on the filing date of consolidated financial statements that comply with agreement).

As of December 31, 2020, the Company has not violated any of the aforementioned commitments.

(3) For more information regarding operating lease agreements, please refer to Note 6(10), 'Leasing agreements - lessor'.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

On November 6, 2020, the Board of Directors resolved to increase capital by issuing 93,500 thousand common shares. The capital increase has been approved to be effective on December 15, 2020 by the Financial Supervisory Commission. The shares were issued at a premium of $36 (in dollars) per share. The effective date was set on January 28, 2021.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

For the types of the Company's financial instruments, the details of financial assets and liabilities are provided in Note 6, 'Financial assets and liabilities at fair value through profit or loss'.

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, multiple derivative financial instruments are used to hedge a certain exposure to risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2), 'Financial assets and liabilities at fair value through profit or loss'.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Exchange rate risk

(i) The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD, JPY and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) Management has set up a policy to require companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Company treasury. The Company treasury uses forward foreign exchange transactions to manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. The exchange rate risk arises when future commercial transactions and recognised assets and liabilities are denominated in foreign currencies but not the Company's functional currency.

(iii)The Company hedges foreign exchange rate by using forward foreign exchange transaction. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2), 'Financial assets and liabilities at fair value through profit or loss'.

(iv)The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Company's foreign operations is managed primarily through liabilities denominated in the relevant foreign currencies.

(v)The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD:NTD	$ 68,924	28.48	$ 1,963,671
RMB:NTD	24,864	4.38	108,829
JPY:NTD	61,271	0.28	16,929
Investments accounted for using equity method			
USD:NTD	39,193	28.48	1,116,231
Financial liabilities			
Monetary items			
USD:NTD	119,035	28.48	3,390,654

	December 31, 2019		
(Foreign currency: functional currency)	Foreign currency amount (In thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD:NTD	$ 55,403	29.99	$ 1,661,607
RMB:NTD	26,495	4.32	114,472
JPY:NTD	322,314	0.28	88,959
Investments accounted for using equity method			
USD:NTD	33,826	29.98	1,014,099
Financial liabilities			
Monetary items			
USD:NTD	119,052	29.99	3,569,840
RMB:NTD	3,499	4.57	15,993
JPY:NTD	46,637	0.28	13,218

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If New Taiwan dollars had appreciated/ depreciated by 1% against foreign currency with all other variables held constant, profit, net of tax, for the years ended December 31, 2020 and 2019 would have decreased/increased by

$13,012 and $17,340, respectively.

(vi)Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019, amounted to $91,786 and $75,849, respectively.

ii. Price risk

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(ii) The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/ decreased by 1% with all other variables held constant, other components of equity would have increased/decreased by $976 and $1,119, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

(i) The Company's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2020 and 2019, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars and US Dollars.

(ii) The Company's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

(iii) For sensitivity analysis of interest rate risk, if the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax, for the years ended December 31, 2020 and 2019 would have decreased /increased by $1,869 and $2,329, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. The Company manages its credit risk in accordance with the Company's credit policy, and the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, that is, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Company adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 120 days.

v. The Company classifies customer's notes and accounts receivable in accordance with credit rating of customer. The Company applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. Movements in relation to the Company applying the simplified approach to provide loss allowance for notes and accounts receivable are as follows:

	Year ended December 31, 2020		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 18,572	$ 18,572
Expected credit gains	-	(12,301)	(12,301)
Write-offs during the year	-	(624)	(624)
At December 31	$ -	$ 5,647	$ 5,647

	Year ended December 31, 2019		
	Notes receivable	Accounts receivable	Total
At January 1	$ -	$ 5,250	$ 5,250
Expected credit losses	-	13,322	13,322
At December 31	$ -	$ 18,572	$ 18,572

(c) Liquidity risk

i. Cash flow forecasting, treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants.

ii. Surplus cash held by the operating entities over and above balance required for working capital management is managed and planned by the Company treasury to invest surplus cash in interest bearing current accounts, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and instruments that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

		December 31, 2020
Floating rate:		
Expiring within one year	$	800,000
Expiring beyond one year		565,194
	$	1,365,194

Due to the difficulty of repayment as of December 31, 2019, the Company initiated a repayment plan and held a meeting with financial institutions to negotiate the repayment, and all undrawn amounts of the facility were cancelled.

iv. The table below analyses the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2020	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 54,000	$ -	$ -	$ -
Accounts payable	122,742	-	-	-
Accounts payable to related parties	104,817	-	-	-
Other payables	622,931	-	-	-
Lease liabilities	28,199	53,031	5,727	-
Long-term borrowings (including current portion)	626,922	1,953,620	8,489,714	-
Guarantee deposits received	-	-	-	1,591
Derivative financial liabilities:				
Futures transaction	96,526	-	-	-

December 31, 2019	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$2,802,711	$ -	$ -	$ -
Notes payable	120,000	-	-	-
Accounts payable	171,775	-	-	-
Accounts payable to related parties	18,478	-	-	-
Other payables	634,244	-	-	-
Lease liabilities	25,357	50,257	29,935	-
Long-term borrowings (including current portion)	7,652,636	420,328	-	-
Long-term notes and accounts payable	-	54,000	-	-
Guarantee deposits received	-	-	-	1,611
Derivative financial liabilities:				
Futures transaction	99,891	-	-	-
Forward foreign exchange transaction	8,436	-	-	-
Forward spot transaction	1,081	-	-	-

v. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investments in forward foreign exchange transactions is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11), 'Investment property'.

C. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost (including current and non-current), notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, long-term notes and accounts receivable, short-term borrowings, notes payable, accounts payable (including related parties), other payables, lease liabilities (including current and non-current), long-term borrowings (including current portion), long-term notes and accounts payable and guarantee deposits received) are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2020 and 2019 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 97,605	$ 97,605
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Futures transaction	$ 96,526	$ -	$ -	$ 96,526

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$111,926	$111,926
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Futures transaction	$ 99,891	$ -	$ -	$ 99,891
Forward foreign exchange transaction	-	8,436	-	8,436
Forward spot transaction	1,081	-	-	1,081
	$100,972	$ 8,436	$ -	$109,408

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Futures	Forward foreign spot transaction
Market quoted price	Settlement price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward foreign exchange transactions are usually valued based on the current forward exchange rate.

E. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	Equity securities	
	Years ended December 31,	
	2020	2019
At January 1	$ 111,926	$ 123,711
Losses recognised in other comprehensive income	(14,321)	(11,785)
At December 31	$ 97,605	$ 111,926

G. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

H. Treasury segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 99,474	Market comparable companies /Market approach /Assets / Lattice pricing model	Discount for lack of marketability	15% ~ 30%	The higher the discount for lack of marketability, the lower the fair value.

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 114,606	Market comparable companies /Market approach /Assets / Lattice pricing model	Discount for lack of marketability	15% ~ 30%	The higher the discount for lack of marketability, the lower the fair value.

J. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 2,061	($ 2,061)

			December 31, 2019			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instruments	Discount for lack of marketability	±10%	$ -	$ -	$ 2,926	($ 2,926)

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2020)

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to table 5.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

(4) Major shareholders information

Major shareholders information: Please refer to table 10.

14. Segment Information

Not applicable.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Cash:		
Cash on hand		$ 478
Checking accounts		7
Demand deposits		
- NTD		578,494
- Foreign currency	USD 23,802 (in thousands), exchande rate: 28.48; CNY 6,207 (in thousands), exchande rate: 4.38; JPY 29,834 (in thousands), exchande rate: 0.28; EUR 49 (in thousands), exchande rate: 35.02; GBP 32 (in thousands), exchande rate: 38.90	716,271
		$1,295,250

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF FINANCIAL ASSETS AT AMORTISED COST - CURRENT
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Name	Description	Shares (in thousands)	Face Value	Total Amount	Interest Rate	Carrying Amount	Accumulated Impairment	Note
Guarantee deposits paid	Marex Financial Ltd.	-	$ 218,097	$ 218,097	-	$ 218,097	$ -	—
	Yuanta Futures Co., Ltd.	-	158,586	158,586	-	158,586	-	—
	ICBC Standard Bank Plc	-	88,831	88,831	-	88,831	-	—
	Other guarantee deposits paid	-	92,749	92,749	-	92,749	-	—
Pledged time deposits								
- NTD	Maturity term: 2021.1.4 to 2021.10.6	-	118,315	118,315	0.1%～1.07%	118,315	-	—
- EUR	Maturity date: 2021.12.28	-	4,721	4,721	0.001%	4,721	-	—
Pledged demand deposits - NTD	—	-	52,426	52,426	-	52,426	-	—
						$ 733,725		

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
A	Receivables from the client	$ 226,219	—
B	Receivables from the client	68,228	—
C	Receivables from the client	52,714	—
Others (minor amounts less than 5%)	Receivables from the client	698,992	—
		1,046,153	
Less: Allowance for bad debts		(5,647)	
		$ 1,040,506	

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF INVENTORIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount: Cost	Amount: Net Realisable Value	Note
Raw materials	—	$ 5,979,406	$ 6,509,345	Note
Raw materials in transit	—	104,831	104,831	Note
Supplies	—	115	115	Note
Work in progress	—	212,548	208,885	Note
Finished goods	—	100,200	186,205	Note
		6,397,100	$ 7,009,381	
Less: Allowance for inventory valuation losses		(162,939)		
		$ 6,234,161		

Note: Please refer to Note 4(8) for the method to determine the net realisable value.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Addition		Decrease		Ending Balance			Market Value or Net Assets Value			
Name	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Collateral	Note
Solar Applied Materials Technology (Singapore) Pte Ltd.	675	$ 6,190	-	$ 438	-	($ 326)	675	100%	$ 6,302	$ 9.34	$ 6,302	None	–
Solar Applied Material Technology (Cayman) Corp.	38,519	1,639,122	-	150,400	-	-	38,519	100%	1,789,522	46.28	1,782,791	None	–
Solar Applied Materials USA, Inc.	6	7,636	-	-	-	(300)	6	100%	7,336	905.99	5,708	None	–
Forever Reach International Co., Ltd.	23,744	1,065,367	-	99,577	-	-	23,744	100%	1,164,944	46.50	1,104,221	None	–
Gold Tech Precious Metals Co., Ltd.	3,500	35,737	-	877	-	-	3,500	100%	36,614	10.28	35,970	None	–
Precision Packaging Materials Corp.	15,363	2,237	-	7,412	(14,363)	-	1,000	100%	9,649	9.36	9,358	None	–
Universal Inspection & Certification Technology Co., Ltd.	3,000	19,916	-	557	-	-	3,000	100%	20,473	6.82	20,473	None	–
Htc & Solar Tech Service Limited	12,236	182,925	-	29,196	-	(5,568)	12,236	40.97%	206,553	16.22	198,511	None	(Note 1)
Asaka Solar Co., Ltd.	0.49	1,218	-	1	-	(22)	0.49	49%	1,197	2,442.45	1,197	None	–
Forcera Materials Co., Ltd.	4,616	67,307	-	1,618	-	(1,385)	4,616	19.39%	67,540	14.63	67,540	None	(Note 2)
	101,659	$ 3,027,655	-	$ 290,076	(14,363)	($ 7,601)	87,296		$ 3,310,130		$ 3,232,071		

(Note 1) The Company has control over Htc & Solar Tech Service Limited as it holds more than half seats in the Board of Directors of Htc & Solar Tech Service Limited.

(Note 2) The Company has significant influence over Forcera Materials Co., Ltd. as it holds one-fifth of seats in the Board of Directors of Forcera Materials Co., Ltd.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
MOVEMENT SUMMARY OF PROPERTY, PLANT AND EQUIPMENT, COST
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to property, plant and equipment.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
MOVEMENT SUMMARY OF ACCUMULATED DEPRECIATION AND IMPAIRMENT CHARGES ON PROPERTY, PLANT AND EQUIPMENT
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to property, plant and equipment and Note 4(14) for the method to determine depreciation and useful lives for assets.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
MOVEMENT SUMMARY OF INVESTMENT PROPERTY, COST
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(11) for the information related to investment property, net.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
MOVEMENT SUMMARY OF ACCUMULATED DEPRECIATION CHARGES ON INVESTMENT PROPERTY
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(11) for the information related to investment property, net and Note 4(15) for the method to determine depreciation and useful lives for assets.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
MOVEMENT SUMMARY OF DEFERRED TAX ASSETS
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(31) for the information related to income tax.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF OTHER PAYABLES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Items	Description	Amount
Wages, salaries and bonuses payable		$ 379,550
Employees' compensation and directors' remuneration payable		60,280
Machinery and equipment payable		42,926
Others (minor amounts less than 5%)		140,175
		$ 622,931

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF LONG-TERM LIABILITIES, CURRENT PORTION
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
12 banks including Chang Hwa Commercial Bank, Ltd.	Unsecured borrowings	$ 204,010	2020.6.30～2025.6.30	1.84%～2.33%	—	Note 2
	Secured borrowings	187,817	2020.6.30～2025.6.30	2.11%	Note 1	Note 2
		$ 391,827				

(Note 1) Demand deposits, land and buildings and structures.

(Note 2) Starting from June 30, 2020, every six months will be a repayment in ten installments.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF LONG-TERM BORROWINGS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Amount	Contract Period	Interest Rate	Collateral	Note
12 banks including Chang Hwa Commercial Bank, Ltd.	Unsecured borrowings	$ 5,272,987	2020.6.30～2025.6.30	1.84%～2.33%	—	Note 2
	Secured borrowings	4,845,179	2020.6.30～2025.6.30	2.11%	Note 1	Note 2
		10,118,166				
Less: Current portion		(391,827)				
		$ 9,726,339				

(Note 1) Demand deposits, land and buildings and structures.

(Note 2) Starting from June 30, 2020, every six months will be a repayment in ten installments.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
MOVEMENT SUMMARY OF DEFERRED TAX LIABILITIES
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(31) for the information related to income tax.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF OPERATING REVENUE, NET
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

		Amount	
Item	Volume	Subtotal	Total
Sales revenue:			
Precious metal materials	135,281KG	$ 8,587,844	
Others		1,344,688	$ 9,932,532
Less: Sales returns			(1,654)
Sales discounts and allowances			(5,441)
Net sales revenue			9,925,437
Processing fees revenue			1,805,440
Operating revenue, net			$ 11,730,877

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF OPERATING COSTS
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning raw materials and raw materials in transit	$ 5,971,587
Add: Material purchased for the year	8,471,018
Work in progress transferred	396,602
Less: Raw materials sold	(5,950,882)
Transferred to expenses	(204,813)
Ending raw materials and raw materials in transit	(6,084,237)
Raw materials used for the year	2,599,275
Beginning supplies	115
Ending supplies	(115)
Supplies used for the year	-
Direct labor	195,752
Manufacturing expense	1,126,055
Manufacturing cost	3,921,082
Beginning work in progress	239,319
Add: Work in progress purchased	62,414
Finished goods transferred	10,556
Less: Work in progress sold	(10,169)
Transferred to raw materials	(396,602)
Transferred to expenses	(53,044)
Ending work in progress	(212,548)
Cost of finished goods	3,561,008

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF OPERATING COSTS (Cont.)
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Beginning finished goods	$ 490,070
Add: Finished goods purchased	298
Less: Transferred to work in progress	(10,556)
Transferred to expenses	(8,355)
Borrowing materials for finished goods	(1,686)
Ending finished goods	(100,200)
Cost of manufacturing and sales	3,930,579
Cost to sell raw materials	5,950,882
Cost to sell work in progress	10,169
Cost of goods sold	9,891,630
Gain on reversal of inventory decline in market value	(318,630)
Revenue from sale of scraps	(10,628)
Operating costs	$ 9,562,372

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF MANUFACTURING EXPENSES
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Items	Amount
Wages and salaries	$ 243,117
Repairs and maintenance expense	57,190
Utilities expense	138,067
Insurance expense	57,250
Depreciation	274,723
Processing fee	98,452
Consumption fee	113,238
Other expenses (minor amounts less than 3%)	144,018
	$ 1,126,055

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF SELLING EXPENSES
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Items	Amount
Wages and salaries	$ 48,735
Travelling expense	6,311
Shipping fee	4,553
Insurance expense	5,153
Import/export (customs) expense	19,184
Sample expense	11,225
Other expenses (minor amounts less than 3%)	34,818
	$ 129,979

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF ADMINISTRATIVE EXPENSES
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Items	Amount
Wages and salaries	$ 326,892
Repairs and maintenance expense	18,672
Insurance expense	18,608
Depreciation	84,384
Service fee	19,102
Other expenses (minor amounts less than 3%)	151,269
	$ 618,927

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF RESEARCH AND DEVELOPMENT EXPENSES
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Items	Amount
Wages and salaries	$ 104,822
Repairs and maintenance expense	9,380
Insurance expense	11,115
Depreciation	33,323
Service fee	12,671
Consumption fee	63,491
Laboratory equipment	12,699
Other expenses (minor amounts less than 3%)	42,225
	$ 289,726

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF FINANCE COSTS
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(28) for the information related to finance costs.

SOLAR APPLIED MATERIAL TECHNOLOGY CORP.
DETAILS OF CURRENT EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION
EXPENSES SUMMARISED BY FUNCTION
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(29) for the additional information related to expenses by nature and Note 6(30) for the information related to employee benefit expense.

Solar Applied Material Technology Corporation

Loans to others

Year ended December 31, 2020

Table 1 Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
1	Solaric Applied Material Technology (Cayman) Corp.	Solar Applied Material Technology Corporation	Other receivables	Y	$ 222,016	$ 222,016	$ -	—	(Note 1)	$ -	Working capital and the cost of capital reduction	$ -	—	$ -	$ 619,703	$ 619,703	(Note 2)
1	Solaric Applied Material Technology (Cayman) Corp.	Precision Packaging Materials Corp.	Other receivables	Y	42,720	42,720	42,720	—	(Note 1)	-	Working capital and the cost of capital reduction	-	—	-	619,703	619,703	(Note 2)
1	Solaric Applied Material Technology (Cayman) Corp.	Solar International Technology (HK) Limited	Other receivables	Y	29,904	18,512	18,512	—	(Note 1)	-	Working capital and the cost of capital reduction	-	—	-	619,703	619,703	(Note 2)
2	Gold Tech Precious Metals Co., Ltd.	Precision Packaging Materials Corp.	Other receivables	Y	7,000	7,000	7,000	2%	(Note 1)	-	Working capital and the cost of capital reduction	-	—	-	13,668	13,668	(Note 3)
3	Universal Inspection & Certification Technology Co., Ltd.	Precision Packaging Materials Corp.	Other receivables	Y	7,000	-	-	2%	(Note 1)	-	Revolving capital for operations	-	—	-	7,780	7,780	(Note 3)

(Note 1): The column of 'Nature of loan' shall fill in 'Short-term financing'.

(Note 2): According to "Procedures for Provision of Loans", the calculations for limit on loans granted to a single party and ceiling on total loans granted are as follows:

1. Ceiling on total loans granted shall not exceed 40% of the company's net assets according to the most recent financial statements.
2. Types of total loan granted and limit on loans granted to a single party are as follows:
   (1) For the companies having business relationship for the Company, ceiling on total loans granted shall not exceed 5% of the company's net assets, while limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower for the most recent year. The amount of the business transactions is the higher value of purchasing or selling.
   (2) Ceiling on total loans granted with short-term financing shall not exceed 35% of the company's net assets; and limit on total loans to a single party shall not exceed 35% of the company's net assets.

(Note 3): According to "Procedures for Provision of Loans", the calculations for limit on loans granted to a single party and ceiling on total loans granted are as follows:

1. Ceiling on total loans granted shall not exceed 40% of the company's net assets according to the most recent financial statements.
2. Types of total loan granted and limit on loans granted to a single party are as follows:
   (1) For the companies having business relationship with the Company, ceiling on total loans granted shall not exceed 2% of the company's net assets, while limit on loans granted to a single party shall not exceed the amount of business transactions occurred between the creditor and borrower for the most recent year. The amount of the business transactions is the higher value of purchasing or selling.
   (2) Ceiling on total loans granted for short-term financing shall not exceed 38% of the company's net assets; and limit on total loans to a single party shall not exceed 38% of the company's net assets.

(Note 4) The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates (USD : NTD 1 : 28.48) prevailing at the financial reporting date.

Solar Applied Material Technology Corporation

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020 Number of shares (in thousands)	Book value	Ownership (%)	Fair value	Footnote
Solar Applied Material Technology Corporation	Shares:							
	New Future Capital Co., Ltd.	-	(Note)	10,000	$ 85,541	15.87%	$ 87,343	-
	Yu Tay Vacuum Co., Ltd.	-	(Note)	15	12,064	15.00%	12,131	-
	Archers Systems Inc.	-	(Note)	2,700	-	14.82%	-	-
	Ji-Ee Industry Co., Ltd.	-	(Note)	1,043	-	1.27%	-	-
Htc & Solar Tech Service Limited	Shares:							
	ProMOS Technologies Inc.	-	(Note)	28	-	0.06%	-	-

(Note) Non-current financial assets at fair value through other comprehensive income

Solar Applied Material Technology Corporation

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 3 | Expressed in thousands of NTD

			Transaction				Differences in transaction compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Solar Applied Material Technology Corporation	GT Commodities LLC.	Other related party	Purchases	$ 1,405,255	12%	Prepayments	$ -	(Note 1)	$ -	—	-
	Htc & Solar Tech Service Limited	Subsidiary	Purchases	284,578	3%	15 days from the invoice date	-	(Note 1)	(46,347)	(16%)	-
	Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	Subsidiary	Purchases	111,835	1%	80 days after monthly billings	-	(Note 1)	(58,356)	(21%)	-
	Precision Packaging Materials Corp.	Subsidiary	(Sales)	(111,495)	(1%)	120 days after monthly billings		(Note 1)	20,221	2%	-
Precision Packaging Materials Corp.	Solar Applied Material Technology Corporation	The company	Purchases	111,495	93%	120 days after monthly billings		(Note 1)	(20,221)	(99%)	-
Htc & Solar Tech Service Limited	Solar Applied Material Technology Corporation	The company	(Sales)	(284,578)	(43%)	15 days from the invoice date	-	(Note 1)	46,347	27%	-
Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	Solar Applied Material Technology Corporation	The company	(Sales)	(111,835)	(1%)	80 days after monthly billings	-	(Note 1)	58,356	9%	-
	Solar Green Materials Technology Co., Ltd.	Subsidiary	Purchases	2,235,090	16%	90 days after monthly billings	-	(Note 1)	(410,888)	(96%)	-
Solar Green Materials Technology Co., Ltd.	Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	Subsidiary	(Sales)	(2,235,090)	(87%)	90 days after monthly billings	-	(Note 1)	410,888	91%	-

(Note 1) The credit terms for general transactions are prepayments and advance sales receipts, 7 ~ 180 days after the delivery, 7 ~ 80 days from the invoice date as well as 15 ~ 180 days after monthly billings, mainly based on "the customer credit management methods".

(Note 2) The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates (USD : NTD 1 : 28.48；RMB : USD 1 : 0.1537) prevailing at the financial reporting date.

Solar Applied Material Technology Corporation

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2020

Table 4

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020		Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
			Item	Amount		Amount	Action taken		
Solar Green Materials Technology Co., Ltd.	Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	Subsidiary	Accounts receivable	$ 410,888	6.92	$ -	-	$ 290,905	$ -
			Other receivables	23,861	-	-	-	120	-

(Note) The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates (USD : NTD 1 : 28.48；RMB : USD 1 : 0.1537) prevailing at the financial reporting date.

Solar Applied Material Technology Corporation
Trading in derivative instruments undertaken during the reporting period
December 31, 2020

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Derivatives	Notional principal (in thousands)		Book value	
Solar Applied Material Technology Corporation	Sell futures transactions	USD	82,005	($	96,526)
Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	Forward spot transactions	RMB	110,672	(	3,667)
Solar Green Materials Technology Co., Ltd.	Forward spot transactions	RMB	47,444	(	1,976)

(Note 1) For the year ended December 31, 2020, the Group recognised net transaction losses on trading in derivative instruments amounting to $292,956.
(Note 2) The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates (USD : NTD 1 : 28.48；RMB : USD 1 : 0.1537) prevailing at the financial reporting date.

Solar Applied Material Technology Corporation

Significant inter-company transactions during the reporting period

Year ended December 31, 2020

Table 6

Expressed in thousands of NTD

Number (Note 2)	Company name	Counterparty	Relationship (Note 3)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 4)
0	Solar Applied Material Technology Corporation	Htc & Solar Tech Service Limited	1	Sales	$ 82,595	120 days after monthly billings	–
			1	Purchases	284,578	15 days from the invoice date	1%
			1	Accounts payable	46,347	–	–
		Precision Packaging Materials Corp.	1	Sales	111,495	120 days after monthly billings	–
			1	Accounts receivable	20,221	–	–
			1	Costs to provide technical services	21,143	–	–
			1	Rental revenue	21,316	–	–
		Solar Applied Materials USA, Inc.	1	Sales	59,171	90 days after monthly billings	–
		Solar International Technology (HK) Limited	1	Sales	65,604	60 days after the delivery	–
		Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	1	Purchases	111,835	80 days after monthly billings	–
			1	Accounts payable	58,356	–	–
		Solar Green Materials Technology Co., Ltd.	1	Sales	37,703	90 days after monthly billings	–
1	Solaric Applied Material Technology (Cayman) Corp.	Precision Packaging Materials Corp.	2	Other receivables	42,720	–	–
2	Solar Green Materials Technology Co., Ltd.	Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	2	Sales	2,235,090	90 days after monthly billings	8%
			2	Purchases	86,634	180 days after monthly billings	–
			2	Revenue from provide technical services	20,545	–	–
			2	Accounts receivable	410,888	–	2%
			2	Other receivables	23,861	–	–

(Note 1) Significant inter-company transactions during the reporting period are not disclosed due to the same transactions but from opposite side, and the significant transaction amounts not exceeding $20 million are not disclosed ethier.

(Note 2) The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

1. Parent company is ‘0’.
2. The subsidiaries are numbered in order starting from ‘1’.

(Note 3) Relationship between transaction company and counterparty is classified into the following two categories; fill in the number of category each case belongs to, the transactions could be disclosed twice if the categories were labelled.

1. Parent company to subsidiary.
2. Subsidiary to subsidiary.

(Note 4) Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

(Note 5) The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates (USD : NTD 1 : 28.48 ； RMB : USD 1 : 0.1537) prevailing at the financial reporting date.

Solar Applied Material Technology Corporation

Information on investees

Year ended December 31, 2020

Table 7

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019 (Note 1)	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
Solar Applied Material Technology Corporation	Solar Applied Materials Technology (Singapore) Pte. Ltd.	Singpore	Service and material supply of electronic and petrochemical industries as well as recycle of precious metals	$ 15,828	$ 15,828	675,000	100.00	$ 6,302	$ 438	$ 438	Subsidiary
	Solar Applied Material Technology (Cayman) Corp.	Cayman Islands	Investment as well as import and export business	1,193,705	1,193,705	38,519,000	100.00	1,789,522	124,541	124,541	Subsidiary
	Solar Applied Materials USA, Inc.	America	Import and export business	8,735	8,735	6,300	100.00	7,336	-	-	Subsidiary
	Forever Reach International Co., Ltd.	Samoan Islands	Investment as well as import and export business	833,275	833,275	23,744,285	100.00	1,164,944	81,198	79,942	Subsidiary
	Gold Tech Precious Metals Co.,Ltd.	Taiwan	Importing and exporting as well as material trading and processing of precious metals	35,421	35,421	3,500,000	100.00	36,614	877	877	Subsidiary
	Precision Packaging Materials Corp.	Taiwan	Manufacturing of metal line products	171,738	171,738	1,000,000	100.00	9,649	7,462	7,412	Subsidiary
	Universal Inspection & Certification Technology Co., Ltd.	Taiwan	Services of non-destructive testing, systems management certification, environmental testing etc.	30,000	30,000	3,000,000	100.00	20,473	557	557	Subsidiary
	Htc & Solar Tech Service Limited	Taiwan	Cleaning, coating, reengineering and managing of components etc.	122,360	122,360	12,236,000	40.97	206,553	68,216	27,912	Subsidiary (Note 2)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019 (Note 1)	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
Solar Applied Material Technology Corporation	Asaka Solar Co., Ltd.	Japan	Importing and exporting as well as materials trading and processing of precious metals as well as electronic materials	$ 1,407	$ 1,407	490	49.00	$ 1,197	($ 46)	($ 22)	-
	Forcera Materials Co., Ltd.	Taiwan	Installation of semiconductor materials and equipment, importing and exporting of optoelectronic materials, electronic materials and general electric appliance	73,962	73,962	4,616,400	19.39	67,540	7,626	1,479	(Note 3)
Solar Applied Material Technology (Cayman) Corp.	Solaric Applied Material Technology (Cayman) Corp.	Cayman Islands	Investment as well as import and export business	1,182,453	1,182,453	41,518,700	100.00	1,770,579	116,738	(Note 4)	Subsidiary
Solaric Applied Material Technology (Cayman) Corp.	Solar International Technology (HK) Limited	Hong Kong	Investment as well as import and export business, recycle of targets and precious metals	1,167,480	1,167,480	40,992,974	100.00	1,427,696	132,429	(Note 4)	Subsidiary
Htc & Solar Tech Service Limited	Seiwa Technologies Asia Pte. Ltd.	Singpore	Manufacturing, trading and automation service of precision engineering parts	48,510	48,510	540,000	30.00	-	(13,128)	(Note 4)	-
	Htc & Solartech Service (Samoa) Corporation	Samoan Islands	Investment as well as import and export business	85,258	85,258	2,595,626	26.27	106,249	(32,832)	(Note 4)	-

(Note 1) The initial investment balance as of December 31, 2019.
(Note 2) The Company has control over Htc & Solar Tech Service Limited as it holds more than half seats in the Board of Directors of Htc & Solar Tech Service Limited.
(Note 3) The Company has significant influence over Forcera Materials Co., Ltd. as it holds one-fifth of seats in the Board of Directors of Forcera Materials Co., Ltd.
(Note 4) The disclosures of investment income (loss) recognised by the Company for the year ended December 31, 2020 are not required in accordance with the regulations.
(Note 5) The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates (USD : NTD 1 : 28.48；SGD : NTD 1 : 21.56) prevailing at the financial reporting date.

Solar Applied Material Technology Corporation

Information on investments in Mainland China

Year ended December 31, 2020

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	Manufacturing and selling of IC and photovoltaic sputtering targets for thin film, electroplating chemicals, specialty chemicals for automobile and electroplating processing	$ 1,053,760	Note 1	$ 1,053,760	$ -	$ -	$ 1,053,760	$ 134,388	100.00	$ 134,388	$ 1,445,915	$ -	—
Solar Green Materials Technology Co., Ltd.	Manufacturing of sputtering targets for thin film, alloy materials and recycle of precious metals	712,000	Note 2	737,749	-	-	737,749	78,660	100.00	78,260	1,104,249	-	—
Solar Applied Material Technology Shanghai Co., Ltd.	Trading of high-performance non-ferrous metals and alloy materials, metal products, chemical products and parts of mechanical equipment, etc.	-	Note 3	-	-	-	-	-	100.00	-	-	-	(Note 5)
Solar Applied Materials Technology (Chenzhou) corp.	Trading in silver slug, silver powder, and gold potassium cyanide businesses	14,240	Note 4	14,240	-	-	14,240	-	-	-	-	-	(Note 6)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 7)
Solar Applied Material Technology Corporation	$ 1,834,229	$ 1,960,279	$ 5,103,770

(Note 1) Through investing in Solar International Technology (HK) Limited in the third area, which then invested in the investee in Mainland China.
(Note 2) Through investing in Forever Reach International Co., Ltd. in the third area, which then invested in the investee in Mainland China.
(Note 3) Through investing in Solar Green Materials Technology Co., Ltd. in Mainland China, which then invested in the investee in Mainland China.
(Note 4) Through investing in Solar Applied Material Technology (Cayman) Corp. in the third area, which then invested in the investee in Mainland China.
(Note 5) Albeit incorporated as a limited company on December 31, 2020, the paid-in capital has not been collected in full as of December 31, 2020.
(Note 6) All the shares were sold in the second quarter of 2020.
(Note 7) Calculated based on 60% of the higher of net assets or consolidated net assets.
(Note 8) The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates (USD : NTD 1 : 28.48；RMB : USD 1 : 0.1537) prevailing at the financial reporting date.

Solar Applied Material Technology Corporation

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2020

Table 9

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	
Solar Chemical Applied Material Technology (Kun Shan) Co., Ltd.	($ 111,835)	(1)	$ -	—	($ 58,356)	(26)	$ -	—	$ -	$ -	—	$ -	Other income $11,877
Solar Green Materials Technology Co., Ltd.	37,703	—	-	—	13,473	1	-	—	-	-	—	-	—

(Note) The accounts denominated in foreign currencies are translated into New Taiwan dollars at spot exchange rates (USD : NTD 1 : 28.48；RMB : USD 1 : 0.1537) prevailing at the financial reporting date.

Solar Applied Material Technology Corporation

Major shareholders information

December 31, 2020

Table 10

Expressed in shares

Name of major shareholders	Number of shares held	Ownership Percentage
E-Sheng Steel Co., Ltd.	40,000,000	8.02%
Gerald Metals Sarl Investment account	39,500,000	7.92%

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form becaused of a different calculation basis.