Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries

Consolidated Financial Statements for the
Year Period Ended December 31, 2020 and 2019 and
Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To The Board of Directors and the Stockholders
Chung-Hsin Electric and Machinery Manufacturing Corp.

Opinion

We have audited the consolidated financial statements of Chung-Hsin Electric and Machinery Manufacturing Corp. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matters of the consolidated financial statements for the year ended December 31, 2020 are as follows:

<u>Engineering Revenue Recognition</u>

Key Audit Matters statements

Refer to the Note 4(20) to the accounting policy of revenues recognition.
The Group business included electric power engineering construction and design. Contract revenue should be recognized by reference to the stage of completion of the performance obligation over time. Performance obligation should be recognized by reference to the stage of completion of the contract activity. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract which are base on significant accounting estimation and judgment of management. The construction revenue has significant influence on financial statements. Therefore, the recognition of construction revenues is considered as a key audit matter by decision of CPA.

Key Audit procedures

By conducting the tests of controls, we obtained an understanding of the Group's recognition of construction revenues and of the design and implementation of related controls. We also perform corresponding audit procedures as follows:
1. Review the amount and estimate cost of matter contracts to confirm the accuracy of the information in the profit or loss on construction.
2. Test the accuracy of the construction listing on percentage of completion calculation and confirm the accuracy of the information in the accounting system.
3. Acquire the statements about the matter changing of construction, which is assessed by the corporation.

Other Matter

Certain investments which were accounted for under the equity method based on the financial statements of the investees were audited by other independent accountants. Our audit, insofar as it related to these companies' total assets were NT 1,826,502 thousands and NT 1,925,277 thousands, which represented 6.18% and 9.52% of the total consolidated assets as of December 31, 2020 and 2019, the related shares of net operating revenue from the associates in the amount of NT 1,363,325 thousands and NT 1,183,781 thousands, which represented 8.86% and 9.56% of the total consolidated net operating revenue for the years ended December 31, 2020 and 2019;

The investments accounted for under the equity method balance of NT 1,256,774 thousands and NT 711,660 thousands, which represented 4.25% and 3.52% of the total consolidated assets as of December 31, 2020 and 2019, the related shares of profit of associates and joint ventures accounted for using equity method in the amount of NT 150,035 thousands and NT 58,310 thousands, which represented 8.33% and 7.39% of the consolidated income from continuing operations before income tax for the years ended December 31, 2020 and 2019.

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of Chung-Hsin Electric and Machinery Manufacturing Corp. for the years ended December 31, 2020 and 2019, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Lin Chin Feng and Wu Meng Ta

Crowe (TW) CPAs
Republic of China
March 30, 2021

Notice to Reader

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

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

CHUNG-HSIN ELECTRIC AND MACHINERY MANUFACTURING CORPS. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF BALANCE SHEETS

DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS：				
Cash and cash equivalents (Note 6)	$ 1,160,714	4	$ 983,260	5
Current financial assets at fair value through profit or loss (Notes 6 and 8)	238,469	1	476,509	2
Current financial assets at amortised cost	143,711	-	-	-
Contract assets, current (Notes 6 and 7)	1,465,041	5	1,609,897	8
Notes receivable, net (Note 6)	94,126	-	66,431	-
Notes receivable due from related parties, net (Notes 6 and 7)	-	-	21,088	-
Accounts receivable, net (Note 6)	2,283,236	8	1,516,170	8
Accounts receivables-related parties (Notes 6 and 7)	7,656	-	28,713	-
Other accounts receivables, net	30,583	-	28,915	-
Other accounts receivables-related parties (Note 7)	90,322	-	59,819	-
Current tax assets	1,711	-	2,889	-
Inventory – manufactory (Note 6)	3,913,268	13	3,075,219	15
Inventory – Construction (Notes 6 and 8)	3,083,130	11	2,570,665	13
Prepayments (Notes 6 and 7)	908,507	3	547,441	3
Other current assets (Note 8)	486,162	2	289,137	2
Total current assets	13,906,636	47	11,276,153	56
NONCURRENT ASSETS：				
Non-current financial assets at fair value through profit or loss (Note 6)	217,933	1	282,366	1
Non-current financial assets at fair value through other comprehensive income (Note 6)	98,273	-	-	-
Investments accounted for using equity method (Note 6)	1,470,523	5	912,119	5
Property, plant and equipment (Notes 6, 7 and 8)	9,226,449	31	4,461,786	22
Right-of-use assets (Note 6)	2,925,456	10	2,076,356	10
Investment property, net(Notes 6 and 8)	527,191	2	533,441	3
Intangible property (Note 6)	383,457	1	39,226	-
Deferred income tax assets (Note 6)	275,000	1	96,384	-
Guarantee deposits paid (Note 8)	156,128	1	154,086	1
Other noncurrent assets (Note 6 and 8)	354,189	1	389,632	2
Total noncurrent assets	15,634,599	53	8,945,396	44
TOTAL ASSETS	$ 29,541,235	100	$ 20,221,549	100

	December 31, 2020		December 31, 2019	
LIABILITIES AND SHAREHOLDERS' EQUITY	Amount	%	Amount	%
CURRENT LIABILITIES：				
Short-term debts (Notes 6 and 7)	$ 926,830	3	$ 718,945	4
Short-term notes and bills payable (Note 6)	76,425	-	14,980	-
Current financial liabilities at fair value through profit or loss (Note 6)	10,200	-	-	-
Contract liabilities, current (Notes 6 and 7)	2,787,611	10	3,133,100	15
Notes payable	32,422	-	9,047	-
Accounts payable	3,038,697	10	1,164,495	6
Accounts payable - related parties (Note 7)	16,380	-	16,608	-
Other payables (Note 6)	889,086	3	716,310	4
Other payables-related parties (Note 7)	950	-	1,410	-
Current tax liabilities	430,485	2	95,189	-
Provisions, current (Note 6)	62	-	170,525	1
Lease liabilities, current (Note 6)	933,589	3	962,258	5
Current portion of long-term liabilities (Note 6)	999,200	3	700,000	3
Other current liabilities	22,783	-	27,188	-
Total current liabilities	10,164,720	34	7,730,055	38
NONCURRENT LIABILITIES：				
Bonds payable (Note 6)	1,422,555	5	-	-

CHUNG-HSIN ELECTRIC AND MACHINERY MANUFACTURING CORPS. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF BALANCE SHEETS

DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
ASSETS	Amount	%	Amount	%
Long-term debts (Note 6)	4,912,967	17	3,452,417	17
Deferred income tax liabilities (Note 6)	340,804	1	340,753	2
Lease liabilities, noncurrent (Note 6)	1,659,788	6	804,221	4
Other noncurrent liabilities (Notes 6 and 7)	136,855	-	78,852	-
Total noncurrent liabilities	8,472,969	29	4,676,243	23
Total liabilities	18,637,689	63	12,406,298	61
Equity attributable to owners of parent				
Common stock (Note 6)	4,761,343	16	4,200,000	21
Capital surplus (Note 6)	1,455,475	5	421,024	2
RETAINED EARNINGS (Note 6)				
Legal reserve	1,203,581	4	1,143,143	6
Special reserve	858,940	3	858,940	4
Unappropriated earnings	1,948,855	6	1,048,760	5
Total retained earnings	4,011,376	13	3,050,843	15
Other equity(Note 6)	538,980	2	21,698	-
Treasury shares (Notes 6 and 8)	(116,880)	-	(116,880)	-
Total Equity attributable to owners of parent	10,650,294	36	7,576,685	38
Non-controlling interests (Note 6)	253,252	1	238,566	1
Total equity	10,903,546	37	7,815,251	39
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 29,541,235	100	$ 20,221,549	100

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

CHUNG-HSIN ELECTRIC AND MACHINERY MANUFACTURING CORPS. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
In Thousands of New Taiwan Dollars, Except Earnings Per Share

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 6 and 7)	$ 15,390,789	100	$ 12,377,516	100
OPERATING COST (Notes 6 and 7)	(12,105,150)	(79)	(10,312,001)	(83)
GROSS PROFIT	3,285,639	21	2,065,515	17
OPERATING EXPENSES (Notes 6 and 7)				
Marketing expenses	(405,162)	(3)	(428,941)	(3)
General and administrative expenses	(919,694)	(6)	(832,286)	(7)
Research and development expenses	(241,839)	(1)	(195,208)	(2)
Expected credit impairment losses (gains)	2,029	-	46,198	-
Total operating expenses	(1,564,666)	(10)	(1,410,237)	(12)
OPERATING INCOME	1,720,973	11	655,278	5
NON-OPERATING INCOME AND EXPENSES				
Interest income (Notes 6 and 7)	12,803	-	19,326	-
Other income (Notes 6 and 7)	102,620	1	123,837	1
Other incomes and losses (Note 6)	(133,650)	(1)	(62,174)	(1)
Financial cost (Notes 6 and 7)	(74,584)	-	(53,322)	-
Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6)	173,643	1	106,084	1
Total non-operating income and expenses	80,832	1	133,751	1
PROFIT BEFORE INCOME TAX	1,801,805	12	789,029	6
INCOME TAX (Note 6)	(250,504)	(2)	(150,241)	(1)
PROFIT	1,551,301	10	638,788	5
OTHER COMPREHENSIVE INCOME (Note 6)				
Items that may not be reclassified to profit or loss				
Gains (losses) on remeasurements of defined benefit plans	(50,548)	-	(8,968)	-
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(54,705)	(1)	-	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method	565,863	4	-	-
Components of other comprehensive income that will be reclassified to profit or loss				
Exchange differences on translation	9,654	-	(84,733)	(1)
Share of other comprehensive income of associates and joint ventures accounted for using equity method	-	-	96,277	1
Total other comprehensive income	470,264	3	2,576	-
Total comprehensive income	$ 2,021,565	13	$ 641,364	5
Profit (loss), attributable to:				
Owners of parent	$ 1,527,368	10	$ 635,299	5
Non-controlling interests	23,933	-	3,489	-
	$ 1,551,301	10	$ 638,788	5
COMPREHENSIVE INCOME				
Owners of parent	$ 1,994,102	13	$ 645,919	5
Non-controlling interests	27,463	-	(4,555)	-
	$ 2,021,565	13	$ 641,364	5
EARNINGS PER SHARE (Note 6)				
Basic earnings per share	$ 3.59		$ 1.55	
Diluted earnings per share	$ 3.40		$ 1.55	

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

CHUNG-HSIN ELECTRIC AND MACHINERY MANUFACTURING CORPS. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			RETAINED EARNINGS				OTHER EQUITY						
	Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total Retained earnings	Exchange differences on translating foreign operations	Unrealized gain (loss) on Financial assets at fair value through other comprehensive incomes	Total Other equity	Treasury stock	Total Equity attributable to owners of Parent	Non-controlling interests	Total Equity
BALANCE, JANUARY 1, 2019	$ 4,200,000	$ 410,300	$ 1,088,659	$ 858,678	$ 918,861	$ 2,866,198	$ (132,290)	$ 134,400	$ 2,110	$ (116,880)	$ 7,361,728	$ 254,082	$ 7,615,810
Effect of retrospective application	-	-	-	-	(21,686)	(21,686)	-	-	-	-	(21,686)	(657)	(22,343)
BALANCE, JANUARY 1, 2019 AS RESTATED	4,200,000	410,300	1,088,659	858,678	897,175	2,844,512	(132,290)	134,400	2,110	(116,880)	7,340,042	253,425	7,593,467
APPROPRITATION AND DISTRIBUTION OF RETAINED EARNIGS													
Legal reserve	-	-	54,484	-	(54,484)	-	-	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(420,000)	(420,000)	-	-	-	-	(420,000)	-	(420,000)
PROFIT FOR THE PERIOD	-	-	-	-	635,299	635,299	-	-	-	-	635,299	3,489	638,788
OTHER COMPREHENSIVE INCOME	-	-	-	-	(8,968)	(8,968)	(76,689)	96,277	19,588	-	10,620	(8,044)	2,576
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	-	-	-	-	626,331	626,331	(76,689)	96,277	19,588	-	645,919	(4,555)	641,364
Adjustments of capital surplus for company’s cash dividends received by subsidiaries	-	9,039	-	-	-	-	-	-	-	-	9,039	-	9,039
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(10,304)	(10,304)
Other	-	1,685	-	262	(262)	-	-	-	-	-	1,685	-	1,685
BALANCE, DECEMBER 31, 2019	4,200,000	421,024	1,143,143	858,940	1,048,760	3,050,843	(208,979)	230,677	21,698	(116,880)	7,576,685	238,566	7,815,251
APPROPRITATION AND DISTRIBUTION OF RETAINED EARNIGS													
Legal reserve	-	-	60,438	-	(60,438)	-	-	-	-	-	-	-	-
Common stock cash dividends	-	-	-	-	(504,000)	(504,000)	-	-	-	-	(504,000)	-	(504,000)
Due to recognition of equity component of convertible bonds (preference share) issued	-	68,614	-	-	-	-	-	-	-	-	68,614	-	68,614
Changes in equity of associates and joint ventures accounted for using equity method	-	451	-	-	-	-	-	-	-	-	451	-	451
PROFIT FOR THE PERIOD	-	-	-	-	1,527,368	1,527,368	-	-	-	-	1,527,368	23,933	1,551,301
OTHER COMPREHENSIVE INCOME	-	-	-	-	(50,548)	(50,548)	6,124	511,158	517,282	-	466,734	3,530	470,264
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	-	-	-	-	1,476,820	1,476,820	6,124	511,158	517,282	-	1,994,102	27,463	2,021,565
Conversion of convertible bonds	561,343	939,167	-	-	-	-	-	-	-	-	1,500,510	-	1,500,510
Adjustments of capital surplus for company’s cash dividends received by subsidiaries	-	10,815	-	-	-	-	-	-	-	-	10,815	-	10,815
Changes in ownership interests in subsidiaries	-	12,640	-	-	(12,317)	(12,317)	-	-	-	-	323	-	323
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(12,777)	(12,777)
Other	-	2,764	-	-	30	30	-	-	-	-	2,794	-	2,794
BALANCE, DECEMBER 31, 2020	$ 4,761,343	$ 1,455,475	$ 1,203,581	$ 858,940	$ 1,948,855	$ 4,011,376	$ (202,855)	$ 741,835	$ 538,980	$ (116,880)	$ 10,650,294	$ 253,252	$ 10,903,546

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

CHUNG-HSIN ELECTRIC AND MACHINERY MANUFACTURING CORPS. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	$ 1,801,805	$ 789,029
Adjustments to reconcile profit (loss):		
Depreciation	1,591,546	1,686,180
Amortization	143,016	167,299
Expected credit impairment losses (gains)	(2,029)	(46,198)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	127,118	(89,960)
Interest expenses	74,584	53,322
Interest income	(12,803)	(19,326)
Dividend income	(31,345)	(86,358)
Share of (profit) loss of associates and joint ventures accounted for using equity method	(173,643)	(106,084)
Loss (Gain) on disposal of property, plant and equipment	(1,655)	26,048
Loss (Gain) on disposal of investment	(123,231)	(1,831)
Impairment loss on financial assets	-	78,090
Impairment loss on non-financial assets	22,131	-
Other adjustments to reconcile profit (loss)	(942)	42,031
Net changes in operating incomes and losses which do not affect cash flows	1,612,747	1,703,213
Net changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	285,698	(13,602)
(Increase) Decrease in contract assets	141,917	(768,083)
(Increase) Decrease in notes receivable	(27,695)	18,911
(Increase) Decrease in notes receivable - related parties	21,088	(11,185)
(Increase) Decrease in accounts receivables	(764,212)	164,860
(Increase) Decrease in accounts receivable - related parties	34,211	44,118
(Increase) Decrease in other accounts receivables	(16,699)	1,057
(Increase) Decrease in other accounts receivable - related parties	(26,427)	9,941
(Increase) Decrease in inventory	(1,403,422)	(1,203,449)
(Increase) Decrease in prepayments	(361,066)	307,902
(Increase) Decrease in other current assets	(197,025)	43,742
Net cash provide by (used in) operating assets	(2,313,632)	(1,405,788)
(Decrease) Increase in contract liabilities	(345,489)	228,813
(Decrease) Increase in notes payable	23,375	3,211
(Decrease) Increase in accounts payable	1,874,202	73,069
(Decrease) Increase in accounts payable - related parties	(228)	168
(Increase) Decrease in other accounts receivables	183,638	133,502
(Increase) Decrease in other accounts receivable - related parties	(460)	(689)
(Decrease) Increase in provisions	(170,463)	116,097
(Decrease) Increase in other current liabilities	(4,405)	10,959
(Decrease) Increase in net defined benefit liability	(39,770)	-
Net cash provide by (used in) operating liabilities	1,520,400	565,130
Net changes provide by (used in) operating assets and liabilities	(793,232)	(840,658)
Total Adjustments	819,515	862,555
Cash provided by (used in) operating activities	2,621,320	1,651,584
(Increase) Decrease in other accounts receivables	12,719	20,100
(Increase) Decrease in other accounts receivable - related parties	88,151	145,093
(Increase) Decrease in inventory	(43,782)	(33,666)
(Increase) Decrease in prepayments	(92,721)	(116,757)
(Increase) Decrease in other current assets	2,585,687	1,666,354
Cash received for interest	12,719	20,100
Cash received for dividend	88,151	145,093
Cash paid for interest	(43,782)	(33,666)
Cash received (paid) for Income tax	(92,721)	(116,757)
Net cash provide by (used in) operating activities	2,585,687	1,666,354

(Continued)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(161,116)	-
Acquisition of financial assets at amortised cost	(141,460)	-
Net cash flow from acquisition of subsidiaries	(350,420)	-
Proceeds from capital reduction of investments accounted for using equity method	112,500	-
Proceeds from non-current assets as held for sale	22,433	-
Acquisition of property, plant and equipment	(5,111,365)	(408,798)
Proceeds from disposal of property, plant and equipment	57,734	3,613
Increase in guarantee deposits paid	(2,042)	-
Decrease in guarantee deposits paid	-	23,745
Acquisition of Intangible assets	(2,727)	(3,711)
Acquisition of right-of-use assets	(103,945)	(90,687)
Increase in long-term lease receivables	(580)	(16,250)
Increase in other noncurrent assets	(119,905)	(149,428)
Other investment activities	(2,510)	1,206
Net cash provide by (used in) investing activities	(5,803,403)	(640,310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term debts	207,885	-
Decrease in short-term debts	-	(1,510,895)
Increase in short-term bonds payable	61,500	-
Decrease in short-term bonds payable	-	(1,304,500)
Issuing bonds	3,001,020	-
Increase in long-term debts	1,760,400	3,505,000
Increase in guarantee deposit received	4,031	6,899
Payment of lease liabilities	(1,160,722)	(1,295,215)
Increase in other noncurrent liabilities	35,499	21,561
Cash Dividends Paid	(504,000)	(420,000)
Change in non-controlling interests	(9,247)	(18,348)
Other financing activities	2,765	2,204
Net cash provided by (used in) financing activities	3,399,131	(1,013,294)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(3,961)	(15,951)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	177,454	(3,201)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	983,260	986,461
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,160,714	$ 983,260

(Concluded)

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

CHUNG-HSIN ELECTRIC AND MACHINERY MANUFACTURING CORPS.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

The Corporation

Chung-Hsin Electric and Machinery Manufacturing Corp. (the Corporation), a Republic of China (R.O.C.) corporation, registered in Chung Ho city of New Taipei City, main business operated at No. 25, Wen-Te Rd., Lo Shan Tsun, Guishan Dist., Taoyuan city.

(a)The Corporation starts in May, 1956 as name in Chung-Hsin factory before and reorganizes to Chung-Hsin Electric and Machinery Manufacturing Corps. in 1962.

(b)The Corporation is engaged mainly in manufacturing equipments and machinery for power supplying, transmission and distribution; power automation system; generators, air conditioning; incinerator, ash recycling plant; pollution prevent project; turn key project for power supply and control, wind power generator, hydro power generator; producing and trading wireless and microwave communication product; parking management and constructing automatic parking facility, sale and rental residence and building ; manufacturing and marking of large gantry 5-Axis machining center; manufacturing and selling of pneumatic-operated and medium voltage switchgear equipments ; production and manufacture of aerospace components, OLED, precision machining for components and semiconductor components. The principal operating activities of the Corporation’s subsidiaries are described in Note 4(3).

(c)The common shares of the Corporation have been listed on Taiwan Stock Exchange since March 8, 1994.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

The consolidated financial statements were approved by the board of directors and authorized for issue on March 30, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of adoption of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) in issue and endorsed by the Financial Supervisory Commission, R.O.C. (FSC):

The IFRSs endorsed and issued by the FSC in 2020 were listed below:

New Standards, Amendments And Interpretations		Effective Date of IASB
Amendments of IFRS 3	Definition of a Business	January 1, 2020
Amendments of IAS 1 and IAS 8	Definition of Material	January 1, 2020
Amendments of IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	January 1, 2020
Amendments of IFRS 16	Covid-19 - Related Rent Concessions	June 1, 2020(Note)

Note: The FSC allows companies to earlier apply from January 1, 2020.

Except for the following, the application of the IFRSs endorsed and issued into effect by the FSC did not have a significant effect on the Corporation’s accounting policies:

A. Amendments of IAS 1 and IAS 8, “Definition of Material”

The Corporation starts apply the amendments from January 1, 2020. The Corporation changes the material threshold to “could reasonably be expected to influence the users”, adjusts the disclosure of financial statements, and deletes the non-material information that may obscure material information.

B. Amendments of IFRS 16, “Covid-19 - Related Rent Concessions”

The Corporation has applied the practical expedient to COVID-19 related rent concessions from January 1, 2020. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic. The related accounting policies please refer to Note 4. Since the rent concessions in the aforementioned circumstances begin in 2020, the retrospective application of this amendment will not affect the retained earnings on January 1, 2020.

Before adopt this amendment, the Corporation should assess the aforementioned rent concessions is a lease modification or not; if yes, the Corporation should apply the lease modification.

(2) The impact of the Group has not applied the IFRSs in issue and endorsed by FSC:

The IFRSs endorsed by the FSC for application starting from 2021 were listed below:

New Standards, Amendments And Interpretations		Effective Date of IASB
Amendments to IFRS 4	Extension of the Temporary Exemption from Applying IFRS 9	June 25, 2020(Effective immediately upon promulgation)
Amendments of IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2	January 1, 2021(Note)

Note: The Group shall apply these amendments prospectively beginning on or after January 1, 2021.

The application of the above new, revised or amended standards and interpretations will not have material impact on the Group’s financial statements.

(3)The IFRSs issued by IASB but not endorsed by FSC

The IFRSs issued by IASB but not endorsed by FSC were listed below:

New Standards, Amendments And Interpretations		Effective Date of IASB (Note 1)
Amendments of IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Effective date to be determined by IASB
IFRS 17	Insurance Contracts	January 1, 2023
Amendments of IFRS 17		January 1, 2023
Amendments of IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments of IAS 16	Property, Plant and Equipment – Proceeds before Intended Use	January 1, 2022 (Note 2)
Amendments of IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	January 1, 2022 (Note 3)
Amendments of IFRS 3	Reference to the Conceptual Framework	January 1, 2022 (Note 4)
Annual Improvements to IFRS Standards 2018-2020		January 1, 2022 (Note 5)
Amendments of IAS 1	Disclosure of Accounting Policies	January 1, 2023
Amendments of IAS 8	Definition of Accounting Estimates	January 1, 2023

Note 1: Unless otherwise stated, the above new standards, amendments and interpretations are effective for annual periods beginning on or after the date mentioned.

Note 2: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 3: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 4: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 5: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

The Group is assessing the potential impact of the new standards and amendments above continuously. The related impact will be disclosed when the Group completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the notes listed. The summary of significant accounting policies listed below is consistent adopted in all reporting periods.

(1) Compliance statement

The consolidated financial statements have been prepared in accordance with Rules Governing the Preparation of Financial Statements by Securities Issuers (Regulations) and IFRSs as endorsed by FSC.

(2) Basis of preparation

Except for the financial instruments and net defined benefit assets which are measured at the fair value of plan assets less the present value of the defined benefit obligation that are measured at fair value, these consolidated financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The preparation of consolidated financial statements that comply with IFRSs in issue and endorsed by FSC, which requires the use of some important accounting estimates. In the process of applying the Group's accounting policies, management also requires the use of its judgment, involving highly judged or complex items, or involving major assumptions in financial reporting and the estimated items, please refers to Note 5.

(3)Basis of consolidation

A. The basis for the consolidated financial statements:

a. The Group includes all subsidiaries in the consolidated financial statement. Subsidiaries refer to individuals (including structural individuals) controlled by the Group. When the Group is exposed to the right to change the remuneration of the individual or the remuneration rights for such variation, and the ability to affect such remuneration through the power of the individual, the Group controls the individual. Subsidiaries are included in the consolidated financial report from the date the Group obtains control, and are not included in the consolidated financial report when the Group loses control.

b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Corporation and its subsidiaries are eliminated in consolidated financial statements. The accounting policies of the subsidiaries have been adjusted as necessary, consistent with the policies adopted by the Group.

c. The components of profit and loss and other comprehensive income are attributed to Corporation and non-controlling interests； total comprehensive income attributed to the Corporation and non-controlling interests, even though non-controlling becomes loosed.

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

e. When the Group lose control of a subsidiary, a profit or loss is calculated as the difference between (i) the Group remeasures any investment retained in the former subsidiary at its fair value; (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of.

B. The subsidiaries in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019
Chung-Hsin Electric And Machinery Manufacturing Corps.	CHEM USA CORP.	Selling and assembly of note book computers	100.00%	100.00%
	CHENG-HSIN Engineering & Services CO.,LTD.	Environmental protection incinerator set up and maintenance Electric power and monitor equipment Plan, design and maintenance for electricity, water and fire fighting system of building and factory	100.00%	100.00%
	Etrovision technology Co., Ltd.	Electric equipment installment Automatic control equipment Communication engineering TV-KU channel and C channel installment	99.99%	99.99%
	CHEM Corp.	Export and import goods	100.00%	100.00%
	Sunrise investment Corp.	General investment	100.00%	100.00%
	Global - Entech Co., Ltd.	Air pollution sample testing Waste water and environmental water testing Noise testing Evaluation of environmental affection	99.98%	99.98%
	Tone-zoom industry Co., Ltd.	Intensified fiber plastic material and product Bathing equipment Industrial plastic product	58.04%	58.04%
	Bao-Sheng Global Co., Ltd.	Manufacture machinery equipment Lift installation Automation control equipment and traffic mark Parking business management, etc.	100.00%	100.00%
	FinData Technology Corp.	Software Design Services, Data Processing Services, Digital Information Supply Services	100.00%	100.00%
	Chung- Hsin Energy Tech. Inc.	Manufacturing machinery for generating, transmitting and distributing electric power and fuel cells; energy technology services.	100.00%	100.00%
	Tian Cin Energy Co., Ltd.	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	86.46% (Note1)	50.00%
	Tian Peng Energy Co., Ltd.	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	85.32% (Note1)	50.00%
	Tian Chong Energy Co., Ltd.	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	85.99% (Note1)	50.00%
	ME Energy Systems Limited	Power EQU, engineering & parking management services	100.00%	100.00%
	Tian Fu Energy Co., Ltd.	Investment consultants and energy technology services, etc.	52.42% (Note1)	—
CHENG-HSIN Engineering & Services CO.,LTD.	San - feng construction Co., Ltd.	Civil engineering, construction, water conservancy, contract management industry	100.00%	100.00%
	Wha Dun Building Management Service Co., Ltd.	Apartment managing services and consulting, etc.	100.00%	100.00%
	Accumis System Technologies Inc.	Optical and precision equipment manufacturing and software information services	— (Note2)	100.00%
San - feng construction Co., Ltd.	Tian Fu Energy Co., Ltd.	Investment consultants and energy technology services, etc.	47.58% (Note1)	—
Tian Fu Energy Co., Ltd.	Tian Cin Energy Co., Ltd.	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	13.26% (Note1)	—
	Tian Peng Energy Co., Ltd.	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	14.39% (Note1)	—
	Tian Chong Energy Co., Ltd.	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	13.73% (Note1)	—
CHEM Corp.	CHEM POWER Corp.	Export and import goods	100.00%	100.00%
	CHEM Power Limited	Export and import goods	100.00%	100.00%
	CHEM J-V Limited	Export and import goods	100.00%	100.00%
CHEM POWER Corp.	Chemly power equipment Corp.	Manufacturing machinery for generating, transmitting and distributing electric power	100.00%	100.00%
CHEM Power Limited	Chung - Hsin Power Systems (Jiangsu) Corp.	220kV~550kV high voltage GIS/GCB assembly and manufacturing.	100.00%	100.00%
	Nantong Shengyi precision machinery Co.	Processing tanks, plates, over 1.5M of conductors and various machinery parts	50.00%	50.00%
	Shannxi baoji Yong - shin Ltd.	Aluminum alloy casting and related machinery manufacturing	69.12%	69.12%
	Jiangsu Chung - Hsin Precision Machinery Co., Ltd.	Alloy casting and precision manufacturing Parking equipment & parts manufacturing	99.17%	99.17%
	Chem-tech (Shang hai) Corp.	International trade	100.00%	100.00%
	Chung-Hsin Power Systems (Shenyang) Inc.	Manufacturing ultra high voltage gas insulated switchgear for power transmission	100.00%	100.00%

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019
		and distribution Aluminum casting and precision machinery manufacturing and selling		
Chem-tech (Shang-hai) Corp.	Zhen xing parking management Co., Ltd.	Parking business management	— (Note2)	100.00%
CHEM J-V Limited	Jiangsu Fumei Landscape & Real Estate Development Co., Ltd.	Resort development and management	100.00%	100.00%
H2 Power Tech, Inc.	H2 Power Tech, LLC.	Technical services, licensing and equipment sales	100.00%	100.00%
ME Energy Systems Limited	H2 PowerTech,Inc.	Holding company	100.00%	100.00%
	EGME Energy Ecosystems(India) Private Limited	To promote, own, acquire, erect, construct, establish, maintain, improve, manage, devise, develop, manufacture, install, commission, alter, carry on, control, take on backup power services, fuel cells equipment projects, telecom towers or other facilities of generation back power services of green energy and their sales and distribution	99.99%	99.99%
	CHEM Fuel Cell (M) SDN. BHD.	To promote Fuel cells, Microgrid and their sales	100.00%	100.00%
	CHEM ME ENERGY SYSTEMS HOLDINGS (PTY) Ltd.	Holding company for manufacturing, sales and service related to fuel cell generators and other generation and energy storage systems.	100.00%	100.00%
CHEM ME ENERGY SYSTEMS HOLDINGS (PTY) Ltd.	CHEM ENERGY SA (PTY) LTD.	Manufacturing and Sales of fuel generators, battery charging services, power generating services, fuel service and parts and maintenance thereof.	100.00%	100.00%

Note 1: Acquired in this period due to cash capital increase.

Note 2: Liquated in this period.

C. Subsidiaries not included in the consolidated financial statements: none.

D. The significant non-controlling interests' information of subsidiaries: none.

(4) Foreign currency

The financial statements of each individual group entity are prepared using their functional currencies base on their currency of main economical environment. The consolidated statements are prepared using the functional currency New Taiwan dollars of the Corporation as the expression currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income.

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

Current assets are assets held for trading purposes and assets expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

The electricity power and engineering construction business cycle is longer than one year. Its related assets and liabilities are classified as current or noncurrent by normal business cycle.

(6) Cash equivalents

Cash and cash equivalents consist of cash on hand, bank deposit, demand deposits and short-term are readily convertible to known amount of cash; and subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities of the Group is meet one of financial instruments' contract, are recognized in consolidated balance sheets.

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

A. Financial assets

Financial assets transactions on a regular way purchase or sale are recognized and derecognized using trade date accounting.

(A) Categories of financial assets

The Group has held categories of financial assets are including financial assets at fair value through profit or loss, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income.

a. Financial asset at fair value through profit or loss

Financial assets at fair value through profit or loss are including mandatorily at fair value through profit or loss or financial assets designated as at fair value through profit or loss. Mandatorily at fair value through profit (loss) includes equity instrument investment that the Group does not designate to measure at fair value through other comprehensive profit (loss), and debt instruments that are not measured as amortised cost or fair value through other comprehensive profit or loss investment.

Financial assets at fair value through profit or loss are recognized at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss. These profit or loss are not including any dividends or interests (including receivable of invest in first year). The method of adoption in fair value pleases refer to Note 12(2).

b. Financial assets at amortized cost

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

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

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

Financial assets at amortized cost equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

(b) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

c. Investments in equity instruments at fair value through other comprehensive income

The Group investment is not held for trading and the non-merger acquirer recognizes contingent price of equity instrument investment can make an irrevocable election at initial recognition to measure it at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity.

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

(B) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for accounts receivables, contract assets and lease receivable. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(C) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another party.

On derecognition of a financial asset at AC, the difference between the carrying amount and the consideration received that had been recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

B. Equity Instruments

Equity instruments issued by the Group are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

Equity instrument is the any contracts issued by the Group's residual interest after assets less liabilities. The Group issues equity instrument and recognized with acquirement price less direct issuable cost.

The Group reacquires the Group's equity instruments recognized and derecognized under equity. The Group purchase, disposal, issue or write-down their equity instruments do not recognize in profit or loss.

C. Financial liabilities

(A) Subsequently measured

Financial liabilities are subsequently measured at amortized cost using the effective interest method, except the conditions as follows:

Financial liabilities at fair value through profits and losses

Financial liabilities at fair value through profits and losses are including held for trading and designated as at fair value through profit and loss. Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

(B) 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. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognized in profit or loss.

D. Convertible bond

The Group issues the compound financial instruments, convertible bonds, based on substance of the contract and definition of financial liabilities and equity instruments to classify into financial liabilities and equity at initial recognition, respectively.

On initial recognition, the fair value of liability component is estimated using the prevailing market interest rate for similar nonconvertible instruments. Before conversion option is exercised or the maturity date, it is measured at AC based on the effective interest rate. The embedded non-equity derivatives instruments of liability component are measured at fair value.

To classify in conversion options of equity is equal to full fair value of compound instruments minus the residual amount of the fair value of the separately determined liability component, which recognized as equity after deduct the influence of income tax without subsequent measurement. When the conversion option is exercised, its related liability component and the amount of equity are transferred to capital and capital reserve-issue premium. If the conversion option of the convertible bond has not been executed on the maturity date, the amount recognized in equity will be transferred to the capital reserve-issue premium. The transaction costs related to the issuance of convertible bonds are allocated to the liability of the instrument (as the carrying amount of the liability) and the equity component (as the equity) in proportion to the total price allocated.

(8) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss. The derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(9)Hedge Accounting

Cash flow hedge

The Group designates partial of hedging instrument (Forward foreign exchange contract) for avoiding foreign currency exchange rate risk arising from expected transactions that are highly likely to happen. The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. When the forecast transaction actually occurs and is recognized, the amount initial recognized in other comprehensive gains and losses is transferred from equity to the original cost of the hedged item. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

The Group only roll forward suspends the hedging accounting when a hedging instrument expires, or is sold, cancelled or executed or a hedge no longer meets the criteria for hedge accounting.

(10)Inventories

The inventory of manufactory comprises raw materials, materials, finished goods and work in progress. At the end of year, inventories are evaluated at the lower of cost and net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value should be based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses. The cost is determined using the monthly weighted-average method except from equipments and machinery for power supplying, transmission and distribution produced by orders. These inventories cost is determined using the specific method.

The inventory of construction comprises real estate as held for sale, construction in progress and prepayment for land purchases and so on. Contract costs are expensed as incurred. Transactions are recorded based on Completed Contract Method. Prepayment for land purchases will be classified land held for construction site as acquisition of ownership, and then reclassified to construction in progress as active development. The requirements of the interests (borrowing costs) that should be capitalized during the period of active development or start of construction until finished.

(11) Investments Accounted for Using Equity Method - Associates

Associates are all entities over which the Group has significant influence but not belong to subsidiaries or joint ventures. Significant influence means has rights of financial and operation decision but not control or join control to investee.

Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income.

In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group'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 Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized 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. The above adjustment is debit capital surplus exceeds the amount of capital surplus, and then the excess shall be reduced to retain earnings.

When the Group's share of losses in an associates equals or exceeds its interest in the associate, including carrying amount in investment of associates under equity method and net investment portfolio to an associates in other long-term equity by the Group, is stop to recognize loss. The Group recognizes further losses when legal obligation, constructive obligation and the payment for associates happened.

If the total of the fair values of the consideration of acquisition and any non-controlling interest in the acquire as well as the acquisition-date fair value of any previous equity interest in the acquire is higher than the fair value of the Group's share of the identifiable net assets acquired, the difference is recorded as goodwill; if less than the fair value of the Group's share of the identifiable net assets acquired, the difference is recognized directly in profit or loss.

The Corporation assess at carrying amount (including Goodwill) of investment where there is an indication to compare recoverable amount (the higher of an asset's fair value less costs to sell or value in use) with carrying amount for impairment test. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

Upon loss of significant influence over an associate, the Group stops to use equity method and remeasure any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. The Group loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate on the same basis as would be required if the relevant assets or liabilities were disposed of.

Gains or losses on sales from intercompany transactions between the Group is recognized in consolidated financial statement when intercompany transaction are realized through transaction with third parties.

(12)Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment to measure, cost includes directly attributable to the acquisition or build assets incremental cost. Properties in the course of construction for production are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. Any change is accounted for as a change in estimate from the date of the change.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

(13)Leases

The Group assesses whether the contract is (or includes) a lease on the commencement date of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

i. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Except for the right-of-use assets that meet the definition of investment property, right-of-use assets are presented on a separate line in the consolidated balance sheets.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments less any lease incentives received. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Group has COVID-19 rent concessions from lessor to adjust rental expense before June 30, 2021. These concessions have no substantive changes to other terms and conditions of the leases. The Group has elected the practical expedient for above rent concessions and has not assessed whether these rent concessions are a lease modification. The Group recognized the gain from changes in lease payments arising from the rent concessions. The Group recognized the gain from lease payment decreased or concessions happened in the periods under right-of-use assets depreciation, and relatively decrease lease liabilities.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

ii. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as finance or an operating lease. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

Under finance leases, the lease payments included fixed payments and variable lease payments that depend on an index or a rate. The net investment in the leases is the sum of the present value of the lease receivable and the unguaranteed residual value, plus the initial direct cost, and is expressed as the finance lease receivable. The Group aims to allocate finance income over the lease term on a systematic and rational basis term, based on a pattern reflecting a constant periodic rate of return on the Group’s net investment in the lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

(14)Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are also including the land without design of held purpose.

An investment property is stated initially at its cost, including transaction costs and measured subsequently using the cost model.

Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(15)Intangible Assets

A. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method. After the date of acquisition, goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

B. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with IAS 8.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

(16) Impairment of Non-Financial Assets

The Group assesses the recoverable amounts at the end of reporting date whether there is an indication that asset may be impaired. An impairment loss is recognized 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 and value in use. A previously recognized impairment loss is reversed only if there has been disappear of impairment situation. The reversal should not exceed its impairment loss had been recognized in prior years.

(17) Provisions

Provisions recognition is the consideration of the risks and uncertainties of the obligations. It is the best estimate of the required expenditure on the obligation to pay off on the balance sheet date.

Loss contract

Loss contract when it is expected that the cost of fulfilling the contractual obligation exceeds the expected economic benefit of the contract, the present obligation to recognize the loss contract is provisions.

(18) Employee benefits

(A) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(B)Retirement benefits

a. Defined contribution retirement benefit plans

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

b. Defined benefit plan

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Employees' and directors' remuneration

Employees' remuneration and directors' remuneration are recognized 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.

d. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Corporation's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Corporation recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

(19) Treasury Shares

The subsidiaries held the Corporation's shares, and recognized the acquired cost as treasury shares. The write-off the share of loss of associates and joint ventures accounted for using equity method and adjust capital surplus – treasury share transactions as the dividends paid by the Corporation.

(20)Revenue Recognition

The Group identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied. 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, the Group does not adjust any of the transaction prices for the financing components.

(A)Sale of goods

Revenue from the sale of goods is mainly comes from sales of electricity power products. The Group recognized revenue when a customer obtains control of promised goods, at which time the goods are delivered to the customer's specific location and performance obligation is satisfied. Advance receipts for goods before delivery are recognized as contract liabilities.

When the Group provides material for processing, the control of the ownership of the processed products is not transferred, so the revenue is not recognized when the materials were supplied.

Sales of real estate within the scope of normal business receive fixed transaction prices in phases and recognize contract liabilities. After considering the major financial components, income is recognized when each real estate is completed and delivered to the buyer.

(B)Offer of services and maintenances

The Group offers services and maintenances such as parking management and electricity power system maintenance and overhaul.

As the customer obtains and consumes the compliance benefits at the same time, revenue from offer of services and maintenances is recognized when services are provided.

(A)Construction revenue

During the construction process, the Group recognized construction revenue based on the stage of completion of the construction contract. The Group gradually recognized contract assets during the construction process and converted them into accounts receivable upon billing. The excess of the construction money received over revenue recognized the

difference is presented as contract liability. The engineering retention retained by the customer under the terms of the contract is intended to ensure that the Group completes all contractual obligations. The engineering retention is recognized as contract assets before the compliance of the Group is completed.
If the outcome of a performance obligation can not be estimated reliably, construction revenue is only recognized within the expected recoverable cost of satisfying the performance obligation.

(20)Borrowing Cost
Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.
Specifies that the amount of borrowing costs eligible for capitalization on a qualifying asset is the actual borrowing costs incurred less any investment income earned on the temporary investment of such borrowings.
Borrowings are recognized in current expenses except above conditions.

(21)Income Tax
Income tax expense represents the sum of the tax currently payable and deferred tax.

A. Current tax
The tax currently payable is based on taxable profit for the year. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.
According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.
Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision

B. Deferred tax
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.
Deferred tax liabilities are generally recognized for all taxable temporary differences.
Deferred tax assets, such as temporary differences, loss carry forward or expenditure of R&D, are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.
Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Corporation and its subsidiaries is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. At the end of each reporting period, an entity reassesses unrecognized deferred tax assets. The entity recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.
Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in

the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

C. Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The key judgments, estimations and assumptions are discussed below when the Group prepare the consolidated financial statements.

(1) Critical Judgments adopted by the accounting policies

A. Judgment made on the business model of classification of financial assets

Based on the reflected common administrative level for achieving specific business goals by the groups of financial assets, the Group assesses the business models where the financial assets belong. This assessment requires consideration for all relevant evidence, including ways to measure performances of the assets, risks that would affect performances, and the method to determine compensation to the related managers, and utilization of judgments is also required. The Group continuously evaluates if its judgments for the business model is appropriate or not and monitors and understand if the disposals of the financial assets measured at amortized cost or the debt instrument investments measured at fair value through other comprehensive income are consistent with goals of the business model. If it is discovered that the business model has been altered, the Group would postpone the adjustment to the classification of the financial assets acquired subsequently under IFRS 9.

B. Revenue recognition

The Group identifies the specified goods or services to be provided to the customer whether the Group controls identified goods or services before that good or service is transferred to the customer to determine it is a principal or an agent under IFRS 15. If it is identified to be the principal of the transaction, the net amount of the transaction is recognized as revenues.

If there is one of following conditions, the Group is the principal:

(A)The Group acquired the goods or assets control from other party before goods or assets are transferred to the customer; or

(B)The Group has the other service provider of control power to transfer to the customer; or

(C)The Group control goods or services provided by the other party and combine other goods or services to transfer to the customer.

The indicators used to assist in determining whether the Group controls a specified goods or services before transferring it to a customer include (but are not limited to):

a. The Group has primary responsibility for the good or service meeting customer specifications.

b. The Group has inventory risk in or after transferring to the customer.

c. The Group has discretion in establishing the price for the specified good or service.

C. Judgments on Lease Terms

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions covered by the optional periods, and the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within the control of the Group occurs.

(2) Critical accounting estimates and assumptions

A. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgments in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

B. Impairment of tangible and intangible assets

When assessing the impairment of tangible and intangible assets, the Group will use their subjective judgment and take into account the status of the assets to determine the useful life and any profit and loss which will be generated by specific asset group. Any changes in accounting estimates arising from changes in economic situation and the Group's strategy may cause significant impairment in the future.

C. Realization of deferred income tax assets

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realisability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

D. Construction contracts

Construction contracts are according with service concession arrangement. The contract revenue and cost should be recognized by reference to the stage of completion of the contract activity. The stage of completion of a contract is measured by the proportion of contract costs incurred for work performed to date to the estimated total costs for the contract. Under IFRS 15, contract revenue should include the revenue arising from variations from the original contract work, claims and incentive payments that are agreed by the customer and can be measured reliably.

As the estimated total cost and contract items are assessed and judged by the management for the nature of the different projects, the expected amount of contract, the duration, the works and the work, etc., it may affect the calculation of the percentage of completion and the profit and loss of the project.

E. Fair value measurement and evaluation process

For Level 3 fair value measurement on equity investments, the Group determines the estimated fair value by selecting appropriate valuation methods primarily based on investees' financial positions, operation results and recent financing activities, the market transaction prices of the similar investments, market conditions and the required discount factors. As such, the estimated fair value may be different from the actual disposal price in the future. The Group reassesses the fair value measurement quarterly based on the market conditions to ensure the appropriateness of the fair value measurement.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31,2020	December 31,2019
Cash on hand	$ 4,348	$ 5,861
Turnover cash	9,505	8,920

	December 31,2020	December 31,2019
Cash in transit	—	211
Bank Deposit	1,146,861	968,268
	$ 1,160,714	$ 983,260

(A) The financial institutions of the Group have good credit. The Group has business with numbers of financial institutions to diversify credit risk. The probability of breach of contract is expected to be low.

(B) As of December 31, 2020 and 2019, the Group's bank deposit were used as collaterals for purchasing raw materials, engineering contracts, trust of advance in real estate and loans and listed as restricted assets. Please refer to Note 8.

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

	December 31,2020	December 31,2019
Financial assets - current		
Mandatorily at fair value through profit or loss		
Listed Stock	$ 7,672	$ 89,901
Beneficiary certificate	230,797	256,865
Financial products	—	129,743
	$ 238,469	$ 476,509
Financial assets - noncurrent		
Mandatorily at fair value through profit or loss		
Listed Stock	$ 188,878	$ 282,366
Financial products	29,055	—
	$ 217,933	$ 282,366
Financial liabilities - current		
Held for trading - Convertible bonds call options and put options	$ 10,200	$ —

As of December 31, 2020 and 2019, financial assets held for trading was used as collaterals for bank loan. Please refer to Note 8.

(3) Hedging Financial Instruments

The Group entered into forward foreign exchange contracts to avoid some of the foreign currency exchange rate risks that are highly probable arising from forecast transactions. Accounting to the market conditions, the Group adjusts hedging ratio not exceeding 100%.

The hedging ineffectiveness of the hedging relationship is mainly due to the impact of the counterparty's credit risk on the fair value of the forward foreign exchange contract.

There are no other sources of hedging ineffectiveness during the hedging period.

The hedging information of exchange rate risk was as follows:

Hedging Instruments／Hedged Items	Increase (Decrease) in Value Used for Calculating Hedge Ineffectiveness	
	2020	2019
Hedging Instruments		
Forward foreign exchange contracts	$ —	$ 114
Hedging Instruments		
Forecast transactions	$ —	$ (114)

(4) Financial assets at fair value through other comprehensive income or loss

	December 31,2020	December 31,2019
Noncurrent		
Equity Instruments		
Equity	$ 98,273	$ —

The Group invests in unlisted shares companies for medium and long-term strategic purposes and expects to make profits through long-term investments. The management of the Group believes that if short-term fair value fluctuations of these investments are included in profit or loss, it is inconsistent with the above-mentioned long-term investment plan. Therefore, they choose to designate these investments as fair value through other comprehensive incomes or losses.

(5) Notes receivable, net

	December 31,2020	December 31,2019
Notes receivable		
From Operating activities	$ 94,126	$ 66,431
Less: allowance for impairment loss	—	—
	94,126	66,431
Notes receivable - related parties	—	21,088
	$ 94,126	$ 87,519

A. As of December 31, 2020 and 2019, the Group has no notes receivable overdue.

B. As of December 31, 2020 and 2019, notes receivable did not server as collaterals for bank loan.

(6) Accounts receivable, net

	December 31,2020	December 31,2019
Current:		
Accounts receivable	$ 2,321,057	$ 1,554,860
Less: allowance for impairment loss	(40,394)	(42,926)
	2,280,663	1,511,934
Lease payments receivables	5,529	7,912
Less: unearned finance income	(2,956)	(3,676)
	2,573	4,236
Accounts receivable, net	2,283,236	1,516,170
Accounts receivable – related parties	12,399	46,605
Less: allowance for impairment loss	(4,743)	(17,892)
Accounts receivable – related parties, net	7,656	28,713
Current subtotal	2,290,892	1,544,883
Non-current:		
Lease payments receivables	87,022	115,030
Less: unearned finance income	(25,504)	(31,132)
Non-current subtotal	61,518	83,898
	$ 2,352,410	$ 1,628,781

Finance leases of lease payments receivables were as follows:

	December 31,2020	December 31,2019
Undiscounted lease payments		
Year 1	$ 5,529	$ 7,912
Year 2	5,529	7,912
Year 3	5,529	7,912
Year 4	5,529	7,912
Year 5	5,529	7,912
Over 5 years	64,906	83,382
	92,551	122,942
Less: unearned finance income	(28,460)	(34,808)
Lease investment, net	$ 64,091	$ 88,134
Current	$ 2,573	$ 4,236

	December 31,2020	December 31,2019
Non-current	61,518	83,898
	$ 64,091	$ 88,134

A. The Group signed the power supply contract of the solar power generation equipment is finance leased, and the average financing period is 20 years.

B. The Group applies the approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for Finance leases of lease payments receivables. As of the balance sheet date, there is no finance lease receivable overdue. In the meanwhile, the Group considers the past default record of the counterparty and the future development of the relevant industry of the lease object. The Group believes that the above mention of finance lease receivables has not impairment.

The Group applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using the past experience of the debtor. Therefore, the expected credit loss rate is based on the overdue days of accounts receivable.

The following table details the loss allowance of trade receivables.

	Not overdue	Overdue 1~180 days	Overdue over 181 days	Total
December 31, 2020				
Expected credit loss rate		0%～50%	50%～100%	
Total Book Value	$ 2,289,416	$ 58,471	$ 49,660	$ 2,397,547
Less: Loss allowance	—	(2,682)	(42,455)	(45,137)
Amortized cost	$ 2,289,416	$ 55,789	$ 7,205	$ 2,352,410
December 31, 2019				
Expected credit loss rate		0%～50%	50%～100%	
Total Book Value	$ 1,614,089	$ 23,093	$ 52,417	$ 1,689,599
Less: Loss allowance	(1,472)	(11,211)	(48,135)	(60,818)
Amortized cost	$ 1,612,617	$ 11,882	$ 4,282	$ 1,628,781

The movements of the loss allowance of other receivables were as follows:

	For the Years ended December 31, 2020		
	Accounts receivable	Other receivable	Contract asset
Balance, beginning of period	$ 60,818	$ 24,729	$ —
Increase on impairment loss for the period	2,732	14,924	2,939
Reversal on impairment loss for the period	(18,739)	(3,885)	—
Write off on impairment loss for the period	(82)	—	—
Effect of exchange rate changes	408	50	—
Balance, end of period	$ 45,137	$ 35,818	$ 2,939

	For the Years ended December 31, 2019		
	Accounts receivable	Other receivable	Contract asset
Balance, beginning of	$ 123,880	$ 20,888	$ 8,639

	For the Years ended December 31, 2019		
period			
Increase on impairment loss for the period	22,778	3,885	—
Reversal on impairment loss for the period	(64,222)	—	(8,639)
Write off on impairment loss for the period	(19,497)	—	—
Effect of exchange rate changes	(2,121)	(44)	—
Balance, end of period	$ 60,818	$ 24,729	$ —

Related credit risk management and assessment methods please refer to Note 12(2).

As of December 31, 2020 and 2019, accounts receivable did not server as collaterals for bank loan.

(7) Inventories-manufactory, net

	December 31,2020	December 31,2019
Raw materials	$ 1,044,512	$ 1,151,412
Semi-finished goods	328,322	226,044
Work in process	1,387,502	1,162,130
Finished goods	1,058,981	427,801
Supplies	—	28
Finished goods - purchased	63,924	82,432
Materials in transit	30,027	25,372
	$ 3,913,268	$ 3,075,219
Inventory as collateral	None	None

The profits and losses derived from cost of good sold for the period were as follows:

	For the Years ended December 31, 2020	2019
Cost of inventory sold	$ 3,155,742	$ 3,036,820
Loss on obsolete and slow-moving	163,354	17,678
Loss on disposal of inventory	35,353	3,818
Loss on physical inventory	(6)	2,147
	$ 3,354,443	$ 3,060,463

(8) Inventories – Construction

	December 31, 2020	December 31, 2019
Building as Held for sale		
No94, 95, Chung Shan section	$ 415	$ 415
No 138, Dunhua S. section	2,721,645	—
	2,722,060	415
Land held for construction site		
Chengzhong section	242,956	242,956
Building in construction		
Fuxing section	—	2,128,830
Chenggong section	118,114	116,940
	118,114	2,245,770
Prepayments for Land		
Fuxing section	—	81,524
	$ 3,083,130	$ 2,570,665

A. The Corporation had singed contracts with owners of land in Fuxing section city project and Chenggong section (Sanchongpu section), Sanchong Dist., New Taipei City city project to construct residential buildings.

B. On May 11, 2020, the Corporation signed a co-construction contract with “CHAINQUI Construction Development Co., Ltd.” to construct commercial and residential buildings in

the form of co-construction distribution.
In order to participate in the development, the Corporation pledged the Land of Chengzhong section to Jushengsheng Construction Co., Ltd. The Corporation also signed a trust contract with Pauguo Real Estate Management Corporation (Pauguo), registered the trust of land ownership to Pauguo, and entrusted him with the related affairs of trust property. As December 31, 2020, because the project had been changed, the Corporation write off the collaterals of land and taken back the property of land.

C. For the years ended December 31, 2020 and 2019, the interest expense capitalized amount was $12,134 thousand and $13,655 thousand, respectively; and the capitalized interests' ratio range was 0.72%~0.96% and 0.84%~0.96%, respectively.

D. As of December 31, 2020 and 2019, Inventories Construction servers as collaterals for bank loan, please refer to Note 8.

(9) Prepayments

	December 31, 2020	December 31, 2019
Prepaid rental	$ 13,176	$ 19,103
Other prepaid expense	75,594	20,465
Prepayments for purchasing materials	211,193	201,974
Withholding tax	39,808	18,045
Prepayments for construction	558,808	273,172
Prepayments for investments	9,860	—
Others	68	14,682
	$ 908,507	$ 547,441

(10) Investments accounted for under the equity method

Investment in associates:

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
Associates are not individually material				
Guang-hsin Co., Ltd.	$ 613,334	24.29%	$ 247,849	24.29%
Sheng-yuan investment Corp.	616,752	29.33%	281,942	29.33%
Fumei Development Co., Ltd. (Note 1)	—	—	203,163	45.00%
Li-Xiang Technology Co., Ltd. (Note 2)	—	40.00%	—	40.00%
Nomura Chung-Hsin Machinery Corporation (Note 2)	—	49.00%	—	49.00%
Nantong L-S metal forming Co., Ltd	142,255	25.00%	131,800	25.00%
Wuxi Hengchi Chem switchgear Co., Ltd.	38,096	45.00%	33,291	45.00%
San He Guo Rui Electric Limited Company	33,398	49.00%	35,368	49.00%
Shenzhen Wu You Chou Technology Services Ltd. (Note 3)	—	—	—	40.57%
MIC Ltd.	26,688	40.00%	35,959	40.00%
	1,470,523		969,372	
Less: accumulative impairment losses	—		(57,253)	
	$ 1,470,523		$ 912,119	

Note 1: Disposal in this period.
Note 2: To reclassify in other non-current liabilities.
Note 3: Liquidated in this period.

Certain investments accounted for under the equity method were audited by other independent accountants.

(A) Aggregate information of associates that are not individually material:

	For the Years ended December 31, 2020	2019
Proportionate interest from associates		
Year of Income	$ 173,643	$ 106,084
Other comprehensive income (loss) from associates	568,354	86,752
Total comprehensive income (loss)	$ 741,997	$ 192,836

(B) For the years ended December 31, 2020 and 2019, the Group conducted evaluation and impairment test for investments accounted for under the equity method. The result recognized losses on impairment of investment were $0 thousands and $57,253 thousands, respectively. The discount ratio used to impairment test both was 0.90%.

(11) Property, plant and equipment

	December 31, 2020	December 31, 2019
Assets used by the Group	$ 9,226,449	$ 4,453,904
Assets subject to operating leases	—	7,882
	$ 9,226,449	$ 4,461,786

Assets used by the Group

For the Years ended December 31, 2020

	Land	Buildings	Machinery	Transportation	Others	Unfinished construction and Equipment to be tested	Total
Cost							
Beginning Balance of period	$ 1,511,122	$ 3,346,120	$ 3,206,582	$ 102,588	$ 663,235	$ 233,276	$ 9,062,923
Additions	8,491	22,894	301,349	10,111	114,122	5,517,382	5,974,349
Disposals	(15,594)	(5,371)	(119,749)	(7,456)	(25,229)	(8,393)	(181,792)
Reclassifications	—	463	1,169	—	879	(778,853)	(776,342)
Transfers to operating leases assets	4,131	18,166	—	—	—	—	22,297
Effect of exchange rate changes	—	11,519	15,376	218	1,959	(1,122)	27,950
End Balance of period	$ 1,508,150	$ 3,393,791	$ 3,404,727	$ 105,461	$ 754,966	$ 4,962,290	$ 14,129,385
Accumulated depreciation and impairment loss							
Beginning Balance of period	$ —	$ (1,935,655)	$ (2,145,813)	$ (75,557)	$ (451,994)	$ —	$ (4,609,019)
Depreciation	—	(102,626)	(169,235)	(8,277)	(77,038)	—	(357,176)
Disposals	—	1,671	85,458	5,281	24,910	—	117,320
Impairment loss	—	(20,185)	(1,943)	—	(3)	—	(22,131)
Transfers to operating leases assets	—	(14,846)	—	—	—	—	(14,846)
Effect of exchange rate changes	—	(6,434)	(9,108)	(196)	(1,346)	—	(17,084)
End Balance of period	$ —	$ (2,078,075)	$ (2,240,641)	$ (78,749)	$ (505,471)	$ —	$ (4,902,936)
Net Balance	$ 1,508,150	$ 1,315,716	$ 1,164,086	$ 26,712	$ 249,495	$ 4,962,290	$ 9,226,449

For the Years ended December 31, 2019

	Land	Buildings	Machinery	Transportation	Others	Unfinished construction and Equipment to be tested	Total
Cost							
Beginning Balance of period	$ 1,515,253	$ 3,538,455	$ 2,991,175	$ 99,825	$ 594,437	$ 67,845	$ 8,806,990
Additions	—	9,406	336,778	7,486	110,435	193,047	657,152
Disposals	—	(148,434)	(70,753)	(3,765)	(33,900)	—	(256,852)
Reclassifications	—	416	(69)	—	(1,553)	(8,830)	(10,036)
Transfers to operating leases assets	(4,131)	(18,166)	—	—	—	—	(22,297)
Effect of exchange rate changes	—	(35,557)	(50,549)	(958)	(6,184)	(18,786)	(112,034)
End Balance of period	$ 1,511,122	$ 3,346,120	$ 3,206,582	$ 102,588	$ 663,235	$ 233,276	$ 9,062,923
Accumulated depreciation and impairment loss							
Beginning Balance of period	$ —	$ (1,982,450)	$ (2,094,815)	$ (72,141)	$ (436,565)	$ —	$ (4,585,971)

	For the Years ended December 31, 2019						
	Land	Buildings	Machinery	Transportation	Others	Unfinished construction and Equipment to be tested	Total
Depreciation	—	(110,873)	(147,773)	(7,695)	(51,731)	—	(318,072)
Disposals	—	124,906	66,500	3,538	32,246	—	227,190
Transfers to operating leases assets	—	14,415	—	—	—	—	14,415
Effect of exchange rate changes	—	18,347	30,275	741	4,056	—	53,419
End Balance of period	$ —	$ (1,935,655)	$ (2,145,813)	$ (75,557)	$ (451,994)	$ —	$ (4,609,019)
Net Balance	$ 1,511,122	$ 1,410,465	$ 1,060,769	$ 27,031	$ 211,241	$ 233,276	$ 4,453,904

Assets subject to operating leases

	For the Years ended December 31, 2020		
	Land	Buildings	Total
Cost			
Beginning Balance of period	$ 4,131	$ 18,166	$ 22,297
From assets used by the Group	(4,131)	(18,166)	(22,297)
Ending Balance of period	$ —	$ —	$ —
Accumulated depreciation and impairment loss			
Beginning Balance of period	$ —	$ (14,415)	$ (14,415)
Depreciation	—	(431)	(431)
From assets used by the Group	—	14,846	14,846
Ending Balance of period	$ —	$ —	$ —
Net Balance	$ —	$ —	$ —

	For the Years ended December 31, 2019		
	Land	Buildings	Total
Cost			
Beginning Balance of period	$ —	$ —	$ —
From assets used by the Group	4,131	18,166	22,297
Ending Balance of period	$ 4,131	$ 18,166	$ 22,297
Accumulated depreciation and impairment loss			
Beginning Balance of period	$ —	$ —	$ —
From assets used by the Group	—	(13,897)	(13,897)
Depreciation	—	(518)	(518)
Ending Balance of period	$ —	$ (14,415)	$ (14,415)
Net Balance	$ 4,131	$ 3,751	$ 7,882

The Group lease land and buildings by operating lease. The lease period is 10 years. The operating lease has ended in October 2020 due to capacity considerations.

(A)Depreciation is calculated on a straight-line basis over estimated useful lives as follows:

Buildings	
Main buildings	35 to 50 years
Electrical and Mechanical Construction, etc.	15 to 30 years
Other	5 to 10 years
Machinery	2 to 10 years
Transportation	3 to 6 years
Others	3 to 15 years

(B)As of December 31, 2020 and 2019, property, plant and equipment for guarantee and mortgage, please refer to Note 8.

(C)For the years ended December 31, 2020 and 2019, the interest expense capitalized amounts the interest expense capitalized amounts both were $0 thousands.

(D)For the years ended December 31, 2020 and 2019, the impairment loss amounts were $22,131 thousands and $0 thousands.

(12)Lease arrangements

A. Right-of-use assets

	For the Years ended December 31, 2020			
	Land	Buildings	Transportation	Total
Cost				
Beginning Balance of period	$ 3,288,089	$ 58,116	$ 20,442	$ 3,366,647
Additions	2,146,775	122,763	9,411	2,278,949
Disposals	(729,392)	(52,650)	(3,717)	(785,759)
Effect of exchange rate changes	3,041	(915)	—	2,126
End Balance of period	$ 4,708,513	$ 127,314	$ 26,136	$ 4,861,963
Accumulated depreciation				
Beginning Balance of period	$ (1,261,871)	$ (19,860)	$ (8,560)	$ (1,290,291)
Depreciation	(1,198,421)	(19,952)	(9,316)	(1,227,689)
Disposals	551,793	27,992	3,357	583,142
Effect of exchange rate changes	(357)	(1,312)	—	(1,669)
End Balance of period	$ (1,908,856)	$ (13,132)	$ (14,519)	$ (1,936,507)
Net Balance	$ 2,799,657	$ 114,182	$ 11,617	$ 2,925,456

	For the Years ended December 31, 2019			
	Land	Buildings	Transportation	Total
Cost				
Beginning Balance of period	$ —	$ —	$ —	$ —
Adjustment on initial application of IFRS 16	2,588,153	81,982	14,441	2,684,576
Additions	959,012	13,416	7,259	979,687
Disposals	(248,943)	(35,486)	(1,258)	(285,687)
Effect of exchange rate changes	(10,133)	(1,796)	—	(11,929)
End Balance of period	$ 3,288,089	$ 58,116	$ 20,442	$ 3,366,647
Accumulated depreciation				
Beginning Balance of period	$ —	$ —	$ —	$ —
Additions	(1,331,359)	(20,956)	(9,543)	(1,361,858)
Disposals	68,969	525	983	70,477
Effect of exchange rate changes	519	571	—	1,090
End Balance of period	$ (1,261,871)	$ (19,860)	$ (8,560)	$ (1,290,291)
Net Balance	$ 2,026,218	$ 38,256	$ 11,882	$ 2,076,356

B. Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	$ 933,589	$ 962,258
Noncurrent	$ 1,659,788	$ 804,221

Ranges of discount rates for lease liabilities are 0.96%～1.90%.

C. Material lease-in activities and terms

The Group leases certain lands or buildings for the use of plants and offices with original lease terms of 1 to 5 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent. As of December 31, 2020 and 2019, the right-of-use assets did not have impairment sight, therefore the Group did not conducted impairment test.

The Group has rent concessions from lessor due to serious economic implications of COVID-19 in 2020. The lessor agree decrease rent without any conditions. The Group has recognized aforementioned rent concessions $136,056 thousand under deduction of depreciation of right-of-use assets.

D. Other lease information

The Group has elected to apply the recognition exemption which qualifies as short-term leases or low-value asset leases did not recognize right-of-use assets and lease liabilities for these leases. The related expenses information was as follows:

	For the Years ended December 31,	
	2020	2019
Expenses relating to short-term leases or low-value asset leases	$ 79,339	$ 115,290
Total cash outflow for leases	$ 1,240,061	$ 1,410,505

(13) Investment property

	For the Years ended December 31, 2020		
	Land	Buildings	Total
Cost			
Beginning Balance of period	$ 391,808	$ 393,715	$ 785,523
Ending Balance of period	$ 391,808	$ 393,715	$ 785,523
Accumulated depreciation and impairment loss			
Beginning Balance of period	$ —	$ (252,082)	$ (252,082)
Depreciation	—	(6,250)	(6,250)
Ending Balance of period	$ —	$ (258,332)	$ (258,332)
Net Balance	$ 391,808	$ 135,383	$ 527,191

	For the Years ended December 31, 2019		
	Land	Buildings	Total
Cost			
Beginning Balance of period	$ 391,808	$ 393,715	$ 785,523
Ending Balance of period	$ 391,808	$ 393,715	$ 785,523
Accumulated depreciation and impairment loss			
Beginning Balance of period	$ —	$ (245,832)	$ (245,832)
Depreciation	—	(6,250)	(6,250)
Ending Balance of period	$ —	$ (252,082)	$ (252,082)
Net Balance	$ 391,808	$ 141,633	$ 533,441

(A) Depreciation is calculated on a straight-line basis over estimated useful lives as 8 to 50 years.

(B) Rental revenue and direct operating costs / expenses are shown below:

	For the Years ended December 31,	
	2020	2019
Rental revenue from the investment property	$ 24,157	$ 23,439
Direct operating costs / expenses	(12,631)	(11,339)
	$ 11,526	$ 12,100

(C) The lease terms for the investment property expire between 1 year and 5 years. The lessee had not bargain purchase options as expired lease agreements. As of December 31, 2020 and 2019, the guarantee deposits received for operating leases were $4,172 thousands and $3,290 thousands, respectively.

(D) The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2020	December 31, 2019
Not later than one year	$ 20,786	$ 12,938
Later than one year but not later than five years	18,669	11,651
Over five years	2,581	3,277
	$ 42,036	$ 27,866

(E)The fair value of the investment property held by the Corporation as at December 31, 2020 and 2017 was $993,708 thousand and $942,738 thousand which was revalued by independent valuers. Valuations at December 31, 2019 were made using the evidences of trading price in real estate market. There were not significant changes in basic assumptions with December 31, 2017.

(F)As of December 31, 2020 and 2019, Investment property was used as collaterals for bank loan. Please refer to Note 8.

(14)Intangible assets

For the Years ended December 31, 2020	Patent	Goodwill	Expertise	Other	Total
Cost					
Beginning Balance of period	$ 17,592	$ 30,923	$ 135,489	$ 4,202	$ 188,206
Additions	–	350,420	–	2,727	353,147
Effect of exchange rate changes	(630)	–	1,613	–	983
Ending Balance of period	$ 16,962	$ 381,343	$ 137,102	$ 6,929	$ 542,336
Accumulated amortisation and impairment					
Beginning Balance of period	$ (8,986)	$(20,836)	$(115,606)	$(3,552)	$(148,980)
Amortisation	(1,720)	–	(6,538)	(424)	(8,682)
Effect of exchange rate changes	263	–	(1,480)	–	(1,217)
Ending Balance of period	$ (10,443)	$(20,836)	$(123,624)	$(3,976)	$(158,879)
Net balance	$ 6,519	$ 360,507	$ 13,478	$ 2,953	$ 383,457

For the Years ended December 31, 2019	Patent	Goodwill	Expertise	Other	Total
Cost					
Beginning Balance of period	$ 14,216	$ 30,923	$ 140,864	$ 4,202	$ 190,205
Additions	3,712	–	–	–	3,712
Effect of exchange rate changes	(336)	–	(5,375)	–	(5,711)
Ending Balance of period	$ 17,592	$ 30,923	$ 135,489	$ 4,202	$ 188,206
Accumulated amortisation and					
Beginning Balance of period	$(6,969)	$ –	$(113,367)	$(3,151)	$(123,487)
Amortisation	(2,130)	–	(6,829)	(401)	(9,360)
Impairment loss	–	(20,836)	–	–	(20,836)
Effect of exchange rate changes	113	–	4,590	–	4,703
Ending Balance of period	$(8,986)	$(20,836)	$(115,606)	$(3,552)	$(148,980)
Net balance	$ 8,606	$ 10,087	$ 19,883	$ 650	$ 39,226

(15)Other noncurrent assets

	December 31, 2020	December 31, 2019
Prepayment for equipment	$ 50,926	$ 49,673
Deferred Expense	217,168	217,292
Long-term lease payments receivables	61,518	83,898
Net defined benefit assets	—	26,569
Other	24,577	12,200
	$ 354,189	$ 389,632

(16)Short-term debts

	December 31, 2020	December 31, 2019
Loan without security :		
Bank overdraft	$ 47,973	$ 5,084
Credit borrowing	751,357	674,887
	799,330	679,971
Guaranteed loan :		
Bank borrowings	127,500	38,974
	$ 926,830	$ 718,945
Range of interest rate	0.5814%～1.90%	0.6258%～2.7355%
Collateral	Refer to Note 8	Refer to Note 8

(17)Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Dah Chung Bills	$ —	$ 10,000
Ta Ching Bills	50,000	—
Grand Bills	—	5,000
Mega Bills	26,500	—
Less: unamortized discount	(75)	(20)
	$ 76,425	$ 14,980
Range of interest rate	0.72%～1.05%	0.49%～0.93%
Collateral	None	None

(18)Other payables

	December 31, 2020	December 31, 2019
Other payables	$ 10,769	$ 39,781
Accrued expenses	878,317	676,529
	$ 889,086	$ 716,310

(19)Provisions

	December 31, 2020	December 31, 2019
Loss contracts	$ 62	$ 170,525

Movements of provisions were as follows:

	For the Years ended December 31,	
	2020	2019
Balance, beginning of period	$ 170,525	$ 54,428
Addition (Reduction)	(170,463)	116,097
Balance, end of period	$ 62	$ 170,525

When the Group is expected that the cost of fulfilling the contractual obligation exceeds the expected economic benefit of the contract, the present obligation to recognize the loss contract is provisions.

(20)Bonds payable

	December 31, 2020	December 31, 2019
The second domestic unsecured convertible bonds	$ 1,500,000	$ —
Less：Discount on bonds payable	(77,445)	—

$ 1,422,555	$ –

Relevant information on first domestic unsecured convertible bonds issued by the Corporation is as follows:

(A) The Corporation raised and issued the first domestic unsecured convertible bond, which was approved by the competent authority. The total issue amount is 1,500,000 thousands. The coupon rate is 0%. The issuance period is 5 years. The period is from January 16, 2020 to January 16, 2025. Convertible bonds are settled in cash at once as the maturity of the bond.

(B) The bondholders of convertible bonds may request the Corporation to convert the convertible bonds into the Corporation's common stock during at any time from the next day after the three months (April 17, 2020) of issuance of the convertible bonds to the maturity date, except for the period of cessation of transfer according to the regulations or laws. The rights and obligations of the converted common stocks are the same as those of the common stocks.

(C) The Corporation will change the conversion price due to the anti-dilution clause, and the conversion price will be adjusted according to the pricing model specified in the conversion method. From September 18, 2020, the conversion price of bonds was adjusted from $27.7 to $26.7 per share.

(D) From the next day of the month of the Corporation's issuance (April 17, 2020) to the forty days before the end of the issuance period (December 7, 2024), if the conversion price reaches 30% (inclusive) at that time or the outstanding balance of the convertible bonds is less than 10% of the original total issuance, the Corporation may recover all of its bonds in cash at the per value of the bonds.

(E) According to the regulations of the conversion method, all convertible bonds recovered (including bought back from the securities companies' business offices), repaid or converted will be cancelled, no longer sold or issued, and the conversion rights attached will be eliminated together.

(F) Convertible bondholders may ask the Corporation to buy back at the face value plus interest compensation on the date of issuance of three years of maturity (January 16, 2023) and four years of maturity (January 16, 2024). The interest compensation is 100.75% of face value of convertible bond upon 3 years from issue date and 101.00% of face value of convertible bond upon 4 years from the issue date.

(G) The Convertible bond is including liability and equity component. The effective interest rate of the liability component is initially recognized 1.248%. The equity component is recognized under capital surplus – share option.

Proceeds from issuing bonds (minus transaction costs 5,116 thousand)	$ 1,500,134
Equity component	(80,424)
Financial liability at fair value through profit and loss - current	(9,900)
Liability component on issue date	1,409,810
Interest calculated at the effective interest rate of 1.248%	90,190
Convertible bond converted into common stock	(1,500,000)
Liability component on December 31, 2020	$ –

(H) As of December 31, 2020, the convertible bondholders have converted all the convertible bonds into 56,134 thousand shares.

Relevant information on second domestic unsecured convertible bonds issued by the Corporation is as follows:

(A) The Corporation raised and issued the second domestic unsecured convertible bond, which was approved by the competent authority. The total issue amount is 1,500,000 thousands. The coupon rate is 0%. The issuance period is 5 years. The period is from December 17, 2020 to December 17, 2025. Convertible bonds are settled in cash at once as the maturity of the bond.

(B) The bondholders of convertible bonds may request the Corporation to convert the convertible bonds into the Corporation's common stock during at any time from the next day after the three months (March 18, 2021) of issuance of the convertible bonds to the maturity date, except for the period of cessation of transfer according to the regulations or laws. The rights and obligations of the converted common stocks are the same as those of the common stocks.

(C) The Corporation will change the conversion price due to the anti-dilution clause, and the conversion price will be adjusted according to the pricing model specified in the conversion method. From December 31, 2020, the conversion price of bonds was $61.4 per share.

(D) From the next day of the month of the Corporation's issuance (March 18, 2021) to the forty days before the end of the issuance period (November 7, 2025), if the conversion price reaches 30% (inclusive) at that time or the outstanding balance of the convertible bonds is less than 10% of the original total issuance, the Corporation may recover all of its bonds in cash at the per value of the bonds.

(E) According to the regulations of the conversion method, all convertible bonds recovered (including bought back from the securities companies' business offices), repaid or converted will be cancelled, no longer sold or issued, and the conversion rights attached will be eliminated together.

(F) Convertible bondholders may ask the Corporation to buy back at the face value plus interest compensation on the date of issuance of three years of maturity (December 17, 2023) and four years of maturity (December 17, 2024). The interest compensation is 100.75% of face value of convertible bond upon 3 years from issue date and 101.00% of face value of convertible bond upon 4 years from the issue date.

(G) The Convertible bond is including liability and equity component. The effective interest rate of the liability component is initially recognized 1.075%. The equity component is recognized under capital surplus – share option.

Proceeds from issuing bonds (minus transaction costs 5,114 thousand)	$	1,500,886
Equity component		(68,615)
Financial liability at fair value through profit and loss - current		(10,350)
Liability component on issue date		1,421,921
Interest calculated at the effective interest rate of 1.075%		634
Liability component on December 31, 2020	$	1,422,555

(21) Long-term debts

(A) Long-term notes and bills payable

	December 31, 2020	December 31, 2019
Mega Bills	$ 850,000	$ 788,500
International Bills	500,000	300,000
Dah Chung Bills	300,000	200,000
China Bills	500,000	300,000
Taiwan Bills	306,000	230,000
Grand Bills	400,000	300,000
Cooperative Bill	300,000	200,000
Less: unamortized discount	(1,233)	(583)
	$ 3,154,767	$ 2,317,917
Range of interest rate	0.40%～0.902%	0.60%～0.902%
Collateral	Refer to Note 8	Refer to Note 8

(B) Long-term debts

	December 31, 2020	December 31, 2019
Guaranteed loan :		
Bank borrowings	$ 2,757,400	$ 1,834,500

Less: Current portion of long-term liabilities	(999,200)	(700,000)
	$ 1,758,200	$ 1,134,500
Range of interest rate	0.518%~1.75%	1.05%~1.18%
Collateral	Refer to Note 8	Refer to Note 8

(22)Other noncurrent liabilities

	December 31, 2020	December 31, 2019
Net defined benefit liability	$ 12,443	$ —
Guarantee deposit received	30,789	26,758
Equity Investment Credit Balance	15,996	8,301
Custody funds	75,962	42,128
Other	1,665	1,665
	$ 136,855	$ 78,852

(23)Post-employment benefits plans

(A)Defined contribution plans

The employees who were subject to the Labor Standard Law prior to July 1, 2005 were allowed to choose to be subject to the pension mechanism under the Labor Pension Act with their seniority as of July 1, 2005 retained or continue to be subject to the pension mechanism under the Labor Standards Law. The Corporation and its domestic subsidiaries have a defined contribution pension plan in accordance with the Labor Pension Act (LPA), covering all regular employees with R.O.C. nationality. Under the LPA, the Corporation and its domestic subsidiaries makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages at the Bureau of Labor Insurance.

The total expense recognized in profit or loss in consolidated statements of comprehensive income of $71,021 thousands and $67,769 thousands for the years ended December 31, 2020 and 2019.

(B)Defined benefit plans

The Corporation has a defined benefit plan under the Labor Standards Law that is operated by the government. Under the defined benefit plan, provide benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. The Corporation contributes an amount equal to 2% ～ 15% of salaries paid each month to a pension fund. The fund is administered by the pension fund monitoring committee and deposited in the Bank of Taiwan. Before the end of each year, the Corporation assesses the balance in the Funds. If the amount of the balance in the Funds is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Funds are operated and managed by the government's designated authorities; as such, the Corporation does not have any right to intervene in the investments of the Funds.

The pension expenses in respect of these defined benefit plans were as follows:

	For the Years ended December 31,	
	2020	2019
Current service cost	$ 5,166	$ 6,225
Net Interest cost	(203)	(248)
Recognized as profit or loss	4,963	5,977
Remeasurements		
Return on plan assets, excluding amounts included in net interest	(22,646)	(22,073)
Actuarial (Gain) Loss from changes in financial assumptions	18,091	6,637
Actuarial (Gain) Loss from experience adjustments	55,103	24,404
Recognized in Other comprehensive	50,548	8,968

	For the Years ended December 31,	
	2020	2019
income or loss		
	$ 55,511	$ 14,945

The pension expenses for the period were as follows:

	For the Years ended December 31,	
	2020	2019
Operating cost	$ 2,548	$ 3,088
Marketing expenses	1,202	1,387
General and administrative expenses	573	754
Research and development expenses	640	748
	$ 4,963	$ 5,977

The amounts included in the consolidated statement of balance sheets for the Group's obligations in respect of its defined benefit plans were as follows:

	For the Years ended December 31,	
	2020	2019
Present value of defined benefit obligation	$ 689,570	$ 640,080
Fair value of plan assets	(677,127)	(666,649)
Net defined benefit (asset) liability	$ 12,443	$(26,569)

Movements in the present value of the defined benefit obligations were as follows:

	For the Years ended December 31,	
	2020	2019
Balance at beginning of period	$ 640,080	$ 621,076
Current service cost	5,166	6,225
Interest cost	3,957	4,767
Benefits paid from plan assets	(32,827)	(23,029)
Remeasurement		
Actuarial (Gain) Loss from financial assumptions	18,091	6,637
Actuarial (Gain) Loss from Experience adjustments	55,103	24,404
Balance at end of year	$ 689,570	$ 640,080

Movements in the fair value of the plan assets were as follows:

	For the Years ended December 31,	
	2020	2019
Balance at beginning of period	$ 666,649	$ 647,767
Interest income	4,160	5,015
Benefits paid from plan assets	(32,827)	(23,029)
Contribution by employer	16,499	14,823
Remeasurement		
Return on plan assets, excluding amounts included in net interest	22,646	22,073
Balance at end of year	$ 677,127	$ 666,649

(C)The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions of the actuarial valuation were as follows:

	Measurement Date	
	December 31, 2020	December 31, 2019
Discount rate	0.25%	0.65%
Expected rate of salary increase	0.30%	0.30%

The weighted average duration of the defined benefit obligation is 6.71 years.

The impact on the present value of the defined benefit obligation as a result of reasonable changes in key assumptions occurring as follows:

	The impact on the present value of the defined benefit obligation	
	December 31, 2020	December 31, 2019
Discount rate		
0.25% increase	$(11,400)	$(10,999)
0.25% decrease	$ 11,721	$ 11,318

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

(D)Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

Investment risk: The pension funds are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the government's designated authorities or under the mandated management. However, under the Labor Standards Law, the rate of return on assets shall not be less than the average interest rate on a two-year time deposit published by the local banks and the government is responsible for any shortfall in the event that the rate of return is less than the required rate of return.

Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

(E)The Corporation expects to make contributions of $14,120 thousands to the defined benefit pension plans after December 31, 2020.

(24)Equity

(A) Common stock

	December 31, 2020	December 31, 2019
Authorized shares (in thousands)	750,000	750,000
Authorized capital	$ 7,500,000	$ 7,500,000
Outstanding shares(in thousands)	476,134	420,000
Outstanding common stocks	$ 4,761,343	$ 4,200,000

The Corporation issued common shares at $10.00 par value and each share has the rights to dividends and to vote.

As of December 31, 2020, the convertible bondholders have executed conversion of first convertible bond into 56,134 thousands shares. The registration of all changes has been completed.

(B) Capital surplus

	December 31, 2020	December 31, 2019
Additional paid-in capital arising from bond conversion	$ 939,167	$ —
Treasury stock transactions	426,405	415,590
Convertible bonds stock option	68,614	—
Other	21,289	5,434
	$ 1,455,475	$ 421,024

The capital surplus arising from paid-in capital in excess of par value (including the excess of the issuance price over par value on issuance of common stocks, premium on convertible bonds and treasury stock transactions) 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 Corporation has no accumulated deficit. The amount of capital surplus to be capitalized mentioned above should be fixed the ratio of capital in each year.

(C) Retained earning

In accordance with the Corporation's articles of incorporation, when allocating the net profits for each fiscal year, the Corporation shall set aside the following items accordingly: A. To pay taxes; B. To cover accumulated losses, if any; C. To appropriate 10% legal reserve unless the total legal reserve accumulated has already reached the amount of the Corporation's authorized capital; D. To recognize or reverse special reserve return earnings; E. The board of directors shall propose allocation ratios for any remainder profit after withholding the amounts under subparagraphs A to D above plus any unappropriated retained earnings of previous years based on the dividend policy set forth in the Article and propose such allocation ratio at the shareholders' meeting.

As part of a high-technology industry and as a growing enterprise, the Corporation considers its operating environment, industry developments, and long-term interests of stockholders as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the stock or cash dividends to be paid. Cash dividends to be distributed should not be less than 50% ~ 80% of the total amount of dividends to be distributed on each year.

The legal reserve may be used to offset a deficit, or be distributed as dividends in cash or stocks for the portion in excess of 25% of the paid-in capital if the Corporation incurs no loss.

Pursuant to existing regulations, the Corporation is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012, the Corporation adjusts all cumulative translation adjustments about $226,678 thousands and unrealized revaluations increment about $632,000 thousands to special reserve for the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of 2019 were agreed by stockholders' meeting on June 22, 2020. The appropriations of 2018 were agreed by stockholders' meeting on June 27, 2019.

The appropriations and dividends per share were as follows:

	Appropriation of		Dividends Per Share (NT$)	
	2019	2018	2019	2018
Legal reserve	$ 60,438	$ 54,484		
Cash dividends	$ 504,000	$ 420,000	$ 1.2	$ 1.0

The appropriations of 2020 were agreed by the board of directors' meeting on March 30, 2021. The appropriations and dividends per share were as follows:

	Appropriation of	Dividends Per Share (NT$)
	2020	2020
Legal reserve	$ 146,453	
Cash dividends	$ 1,047,495	$ 2.2

The appropriations of 2020 are to be presented for approval in the shareholders' meeting in June 28, 2021.

Information on the appropriations agreed by the board of directors' meeting and stockholders' meeting are available on the Market Observation Post System website of the Taiwan Stock Exchange.

(D) Other equity items

	For the Years ended December 31, 2020		
	Exchange differences on translating of foreign operations	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at beginning of period	$ (208,979)	$ 230,677	$ 21,698
Exchange differences on	6,124	—	6,124

	For the Years ended December 31, 2020		
	Exchange differences on translating of foreign operations	Unrealized gains (losses) on financial assets at FVTOCI	Total
translating of foreign operations			
Changes on financial assets at FVTOCI	—	(54,705)	(54,705)
Proportionate interest from associates and joint ventures under equity method	—	565,863	565,863
Balance at end of period	$ (202,855)	$ 741,835	$ 538,980

	For the Years ended December 31, 2020		
	Exchange differences on translating of foreign operations	Unrealized gains (losses) on financial assets at FVTOCI	Total
Balance at beginning of period	$ (132,290)	$ 134,400	$ 2,110
Exchange differences on translating of foreign operations	(76,711)	—	(76,711)
Proportionate interest from associates and joint ventures under equity method	—	96,277	96,277
Other	22	—	22
Balance at end of period	$(208,979)	$ 230,677	$ 21,698

(E) Treasury shares

In thousands shares

	For the Years ended December 31, 2020			
Reason for reacquisition	Shares at beginning of period	Additions	Disposals	Shares at end of period
Subsidiaries' Held	9,039	—	—	9,039

In thousands shares

	For the Years ended December 31, 2019			
Reason for reacquisition	Shares at beginning of period	Additions	Disposals	Shares at end of period
Subsidiaries' Held	9,039	—	—	9,039

The subsidiaries held the shares of the Corporation were as follows:

	Shares (in thousands)	Amount	Fair Value
December 31, 2020：			
CHENG-HSIN Engineering & Services CO.,LTD.	2,772	$ 31,340	$ 148,588
Sunrise investment Corp.	6,267	85,540	335,885
		$ 116,880	$ 484,473

December 31, 2019：

	Shares (in thousands)	Amount	Fair Value
CHENG-HSIN Engineering & Services CO.,LTD.	2,772	$ 31,340	$ 67,364
Sunrise investment Corp.	6,267	85,540	152,276
		$ 116,880	$ 219,640

(F) Non-controlling interests

	For the Years ended December 31, 2020	2019
Balance at beginning of period	$ 238,566	$ 254,082
Adjustment on initial application of IFRS 16	—	(657)
Balance at beginning of period (IFRS 16)	238,566	253,425
Attributable to Proportionate non-controlling interests :		
Profit (Loss) for the period	23,933	3,489
Exchange differences on translating of foreign operations	3,530	(8,044)
Increase (decrease) on non-controlling interests	(12,777)	1,500
Other	—	(11,804)
Balance at end of period	$ 253,252	$ 238,566

(25)Operating revenue

	For the Years ended December 31, 2020	2019
Sales revenue	$ 4,335,227	$ 3,974,949
Rental revenue	40,413	37,630
Service revenue	1,961,009	2,025,968
Construction revenue	1,618,090	—
Engineering revenue	5,791,091	4,653,939
Professional revenue	6,889	8,128
Maintenance revenue	1,474,940	1,442,092
Other operating revenue	163,130	234,810
	$ 15,390,789	$ 12,377,516

(A)Disaggregation of revenue from contracts with customers

For the Years ended December 31, 2020：

	By operating segments			
	Electricity Power	Service	Engineering and other	Total
The timing of revenue recognition				
The revenue recognized at a point in time	$ 3,304,269	$ 37,809	$ 2,774,369	$ 6,116,447
The revenue recognized over time	5,081,049	3,240,667	952,626	9,274,342
	$ 8,385,318	$ 3,278,476	$ 3,726,995	$ 15,390,789

For the Years ended December 31, 2019：

	By operating segments				
	Electricity Power	Engineering	Service	Other	Total
The timing of revenue recognition					
The revenue recognized at a point in time	$ 2,917,731	$ 346,557	$ 3,025	$ 942,445	$ 4,209,758

For the Years ended December 31, 2019：

	By operating segments				
	Electricity Power	Engineering	Service	Other	Total
The revenue recognized over time	4,200,359	1,900,710	2,027,410	39,279	8,167,758
	$ 7,118,090	$ 2,247,267	$ 2,030,435	$ 981,724	$ 12,377,516

(B) Contract balances

	December 31, 2020	December 31, 2019
Contract assets		
Construction	$ 1,277,407	$ 1,386,363
Offer of services and maintenances	146,584	161,190
Others	43,989	62,344
Less: Loss allowance	(2,939)	—
Contract assets－current	$ 1,465,041	$ 1,609,897
Contract liabilities		
Sale of goods	$ 319,237	$ 139,475
Sale of real estate	190,606	491,355
Construction	2,220,671	2,445,688
Others	57,097	56,582
Contract liabilities－current	$ 2,787,611	$ 3,133,100

The changes in the contract liability balances primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment. Other major changes were as follows:

	For the Years ended December 31,	
	2020	2019
Contract assets		
Level of completion measures change	$(117,229)	$ 594,653
Contract liabilities		
Level of completion measures change	$(182,070)	$(249,565)

The Group recognized in revenue from the beginning balance of contract liabilities was as follows:

	For the Years ended December 31,	
	2020	2019
Beginning balance of contract liabilities		
Sale of goods	$ 35,592	$ 12,574
Offer of services and maintenances	43,298	33,137
	$ 78,890	$ 45,711

(26) Interest income

	For the Years ended December 31,	
	2020	2019
Bank deposits	$ 9,793	$ 15,901
Other	3,010	3,425
	$ 12,803	$ 19,326

(27) Other income

	For the Years ended December 31,	
	2020	2019
Dividend income	$ 31,345	$ 86,358
Other	71,275	37,479
	$ 102,620	$ 123,837

(28) Other gains and losses

	For the Years ended December 31,	
	2020	2019
Gain (Loss) on disposal of property, plant and equipment	$ 1,655	$ (26,048)

	For the Years ended December 31,	
	2020	2019
Gain on disposal of investment	122,283	860
Gain on Lease modification	1,073	82
Net currency exchange gains (losses)	(33,452)	(6,072)
Net gains (losses) on financial assets (liabilities) at fair value through profit or loss	(127,118)	89,960
Other expenditure	(75,960)	(42,866)
Impairment loss	(22,131)	(78,090)
	$ (133,650)	$ (62,174)

(29)Finance costs

	For the Years ended December 31,	
	2020	2019
Interest expenses	$ (68,798)	$ (46,961)
Interest expenses of lease liabilities	(17,920)	(20,016)
Capitalisation of interest	12,134	13,655
	$ (74,584)	$ (53,322)

(30)Expenses by nature

	For the Years ended December 31, 2020			For the Years ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salary	$ 1,142,717	$ 973,945	$ 2,116,662	$ 1,062,896	$ 845,584	$ 1,908,480
Labor & health insurance	110,565	49,086	159,651	104,302	45,921	150,223
Pension	66,768	17,598	84,366	57,836	22,148	79,984
Others	74,840	63,032	137,872	70,494	55,372	125,866
Depreciation	1,514,761	76,785	1,591,546	1,613,665	72,515	1,686,180
Amortization	131,608	11,408	143,016	150,783	16,516	167,299
	$ 3,041,259	$ 1,191,854	$ 4,233,113	$ 3,059,976	$ 1,058,056	$ 4,118,032

(A)The Corporation shall distribute greater than 1% of current year's profit as Employees' bonus and less than 3% of current year's profit as remuneration to directors and supervisors after offsetting the cumulative losses, if any. The Corporation recognized accrued employees' compensation was $17,938 thousand and $7,990 thousand for the year periods ended December 31, 2020 and 2019, respectively. The Corporation recognized accrued remuneration to directors was $35,877 thousand and $15,981 thousand for the year periods ended December 31, 2020 and 2019, respectively. These accrued based on aforementioned ratio 1% ~2%. According to changes in Accounting Estimates, the differences between these amounts and the amounts proposed in the following year are adjusted for in the year of the proposal.

(B)The appropriations of 2020 and 2019 were agreed in the meeting of board of directors on March 30, 2021 and March 27, 2020, respectively. The employees' compensation and remuneration to directors and supervisors were as follows:

	For the Year Ended December 31,			
	2020		2019	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Appropriations	$ 17,938	$ 35,877	$ 7,990	$ 15,981

There was no difference between the aforementioned amounts of the employees' compensation approved in the board of directors' meetings, and the amounts recognized in the financial statements.

Information on the compensation to employees and directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

(31) Income tax

(A) Components of income tax expense:

	For the Years ended December 31, 2020	2019
Current tax:		
Current tax on profits for the period	$ 439,697	$ 144,568
Income tax adjustments on prior years	(10,628)	13,647
Deferred tax:		
Temporary differences	(178,565)	(7,974)
Total income tax expense recognized in profit or loss	$ 250,504	$ 150,241

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Years ended December 31, 2020	2019
Profit before income tax	$ 1,801,805	$ 789,029
Income tax payable calculated by Statutory tax rate	$ 427,346	$ 239,192
Adjustment to effect of tax:		
Permanent income tax difference effect	128,322	(75,701)
Exemption income	(80,754)	(7,689)
Loss carry forward	(28,877)	(18,188)
Income tax credits	(13,938)	(5,451)
Basic Tax payable	3,332	—
Additional tax on un-appropriated earnings	2,045	2,618
Income tax adjustments on prior years	(10,628)	13,647
Land Value Increment Tax	2,040	—
Adjustments on other income tax	181	9,787
Net differences on deferred income tax	(178,565)	(7,974)
Income tax expense recognized in profit or loss	$ 250,504	$ 150,241

The corporate income tax rate in the R.O.C. was 20% in 2018. In addition, the rate of the corporate unappropriated earnings was 5%. Taxes generated in other jurisdictions are calculated based on the applicable tax rate in each jurisdiction.

Under the amendment to the R.O.C Statute of Industrial Innovation in July, 2019, the amounts of unappropriated earnings in 2018 and thereafter used for building or purchasing specific assets or technologies can qualify for deduction when computing the income tax on unappropriated earnings. When calculating the undistributed earnings tax, the Group only deducts the amount of capital expenditure that has actually been reinvested.

(B) Deferred income tax assets or liabilities as result of temporary differences

The Years ended December 31, 2020：

Deferred income tax assets	Balance at Beginning of Year	Recognized in Profit or Loss	Balance at End of Year
Temporary differences			
Unrealized reduce inventory to market	$ 77,386	$ 35,637	$ 113,023
Unrealized loss from disposal of property, plant and equipment	10,976	(10,976)	—
Unrealized deferred sales profit	—	155,413	155,413
Other	8,022	(1,458)	6,564
	$ 96,384	$ 178,616	$ 275,000
Deferred income tax liabilities			
Temporary differences			

Deferred income tax assets	Balance at Beginning of Year	Recognized in Profit or Loss	Balance at End of Year
Property, plant and equipment	$ 286,075	$ －	$ 286,075
Exchange differences on translating foreign operations	54,621	－	54,621
Others	57	51	108
	$ 340,753	$ 51	$ 340,804

The Years ended December 31, 2019：

Deferred income tax assets	Balance at Beginning of Year	Recognized in Profit or Loss	Balance at End of Year
Temporary differences			
Unrealized reduce inventory to market	$ 74,229	$ 3,157	$ 77,386
Unrealized loss from disposal of property, plant and equipment	11,275	(299)	10,976
Others	5,099	2,923	8,022
	$ 90,603	$ 5,781	$ 96,384
Deferred income tax liabilities			
Temporary differences			
Property, plant and equipment	$ 286,075	$ －	$ 286,075
Exchange differences on translating foreign operations	54,621	－	54,621
Others	2,250	(2,193)	57
	$ 342,946	$(2,193)	$ 340,753

(C) Information of unrecognized deferred income tax assets / liabilities associated with investments

	December 31, 2020	December 31, 2019
Unrecognized as deferred income tax assets		
Temporary differences associated with investments in subsidiaries	$ 60,363	$ 63,198
Unrecognized as deferred income tax liabilities		
Temporary differences associated with investments in subsidiaries	$ 119,306	$ 108,852

(D) Information about unused loss carryforward

As of December 31, 2020, the information on loss carryforward was as follows:

Expiry Year	Remaining Carrying
2023~2025	$ 545,054

(E) Income tax assessed and approved situations

The Corporation income tax return filings through 2017 had been assessed and approved by tax authority. The balances of the income tax credit had been assessed and approved by tax authority in each year were adjustment.

(32) Earnings per share (EPS)

	For the Years ended December 31,	
	2020	2019
Basic EPS ($):		

	For the Years ended December 31,	
	2020	2019
Basic EPS ($):		
Income attributable to owners of parent	$ 1,527,368	$ 635,299
Weighted average number of ordinary shares in issue used in calculating basic EPS (in thousands)	424,902	410,961
Basic EPS ($) after tax	$ 3.59	$ 1.55

	For the Years ended December 31,	
	2020	2019
Diluted earnings per share:		
Income attributable to owners of parent	$ 1,527,368	$ 635,299
Assumed conversion of all dilutive potential ordinary share:		
Effect shares on convertible bonds	507	—
Income attributable to ordinary shareholders of the parent plus assumed conversion of dilutive potential ordinary shares	$ 1,527,875	$ 635,299
Weighted average number of ordinary shares in issue used in calculating basic EPS (in thousands)	424,902	410,961
Weighted average number of ordinary shares of convertible bonds (in thousands)	24,430	—
Income attributable to weighted average number of ordinary shareholders of the parent plus assumed conversion of dilutive potential ordinary shares (in thousands)	449,332	410,961
Diluted EPS ($) after tax	$ 3.40	$ 1.55

(33)Reconciliation of Liabilities from Financing Activities

For the Years ended December 31, 2020：

			Non-cash changes	
	January 1, 2020	Cash Flows	Others	December 31, 2020
Short-term debts	$ 718,945	$ 207,885	$ —	$ 926,830
Short-term bonds payable	14,980	61,500	(55)	76,425
Lease liabilities	1,766,479	(1,160,722)	1,987,620	2,593,377
Bonds payable	—	3,001,020	(1,578,465)	1,422,555
Long-term liabilities (including Current portion of long-term liabilities)	4,152,417	1,760,400	(650)	5,912,167
Guarantee deposit received	26,758	4,031	—	30,789
Total liabilities from Financing Activities	$ 6,679,579	$ 3,874,114	$ 408,450	$ 10,962,143

For the Years ended December 31, 2019：

			Non-cash changes	
	January 1, 2019	Cash Flows	Others	December 31, 2019
Short-term debts	$ 2,229,840	$(1,510,895)	$ —	$ 718,945
Short-term bonds payable	1,318,506	(1,304,500)	974	14,980
Lease liabilities	2,365,928	(1,295,215)	695,766	1,766,479
Long-term liabilities(including the Current portion of long-term liabilities)	647,939	3,505,000	(522)	4,152,417
Guarantee deposit received	19,859	6,899	—	26,758
Total liabilities from Financing Activities	$ 6,582,072	$(598,711)	$ 696,218	$ 6,679,579

7. RELATED PARTY TRANSACTIONS

(1) Related party name and their relationship with the Corporation

Name of related parties	Relationship with the Group
Guang-hsin Co., Ltd. (Guang-hsin)	Associates
Sheng-yuan Investment Corp. (Sheng-yuan)	Associates
Li-Xiang Technology Co., Ltd.(Li-Xiang)	Associates
Nomura Chung-Hsin Machinery Corporation (Nomura Chung-Hsin)	Associates
Wuxi Hengchi Chem switchgear Co., Ltd. (Wuxi Hengchi)	Associates
Nantong L-S Metal Forming Co., Ltd. (Nantong L-S)	Associates
Integrated Manufacturing & Services Co., Ltd. (Integrated M&S)	Associates
Chung Chia International Investment Co., Ltd. (Chung Chia)	Other related parties
Yoshimoto Trading Co., ltd (Yoshimoto)	Other related parties
Director, supervisor, general manager and vice Manager	Key management

(2) Trading transactions

A. Sales revenue

	For the Years ended December 31,	
	2020	2019
Associates	$ 13,128	$ 52,494
Other related parties	51,578	52,700
	$ 64,706	$ 105,194

The transactions between the Group and related companies were based on mutually agreed terms.

B. Purchase

	For the Years ended December 31,	
	2020	2019
Associates	$ 48,642	$ 62,072
Other related parties	16,652	16,016
	$ 65,294	$ 78,088

The Group purchased from above mentioned associated and related parties were based on mutually agreed terms.

C. Property transactions

(A) Acquisition of property, plant and equipment

	Acquisition Price	
	For the Years ended December 31,	
	2020	2019
Associates	$ –	$ 19,500

(B) Disposal of property, plant and equipment

The associates have an agreement with the Corporation to co-construction urban renewal, and use the land in the Fuxing section of Da'an district, Taipei city to acquire about 44 square meters of building in 2020.

D. Other

(A) Cost / Expenses attributable

	For the Years ended December 31,	
	2020	2019
Associates	$ 5,870	$ 3,204
Other related parties	85	7
	$ 5,955	$ 3,211

(B) Other income

	For the Years ended December 31, 2020	For the Years ended December 31, 2019
Associates	$ 2,737	$ 4,269
Other related parties	56	349
	$ 2,793	$ 4,618

E. Contract Assets

	December 31, 2020	December 31, 2019
Associates	$ 1,154	$ —

F. Notes receivable

	December 31, 2020	December 31, 2019
Associates		
Wuxi Hengchi	$ —	$ 21,088

G. Accounts receivable, net

	December 31, 2020	December 31, 2019
Associates	$ 2,438	$ 24,008
Other related parties	5,218	4,705
	$ 7,656	$ 28,713

H. Accounts payable

	December 31, 2020	December 31, 2019
Associates	$ 12,689	$ 15,018
Other related parties	3,691	1,590
	$ 16,380	$ 16,608

I. Others accounts receivable / payable

(A) Others receivable (excluding loans to related parties)

	December 31, 2020	December 31, 2019
Associates	$ 472	$ 1,219

(B) Others payable-other

	December 31, 2020	December 31, 2019
Associates	$ 950	$ 1,410

J. Prepayments

	December 31, 2020	December 31, 2019
Associates	$ 32,708	$ 48,564

K. Contract Liabilities

	December 31, 2020	December 31, 2019
Associates	$ 25	$ —

L. Guarantee deposit received

	December 31, 2020	December 31, 2019
Associates	$ —	$ 320

M. Financial Provided - Other receivable

	December 31, 2020	December 31, 2019
Associates		
Guang-hsin	$ 43,550	$ 43,550
Li-Xiang	12,500	12,500
Nomura Chung-Hsin	33,800	2,550
	$ 89,850	$ 58,600
Range of Interest rate	1.20%～2.50%	1.20%～2.50%

	Interest Income For the Years ended December 31, 2020	Interest Income For the Years ended December 31, 2019
Associates	$ 1,392	$ 1,062

N.Financial Provided - Short-term debts

	December 31, 2020	December 31, 2019
Associates	$ —	$ 23,074
Range of Interest rate	1.70%～1.90%	2.00%～2.15%

	Interest expenses	
	For the Years ended December 31,	
	2020	2019
Associates	$ 500	$ 461

O.Dividend income (deduction of investment accounted under the equity method)

	For the Years ended December 31,	
	2020	2019
Associates		
Guang-Hsin	5,679	5,054
Sheng Yuan	12,903	8,258
Fumei	20,344	9,477
	$ 38,926	$ 22,789

(3) Key management compensation

	For the Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 67,581	$ 41,667
Post-employment benefits	1,013	990
	$ 68,594	$ 42,657

8. PLEDGED ASSETS

Assets (book values) were pledged for bank loans, trust of advance in Real Estate or engineering guarantee as follows:

	December 31, 2020	December 31, 2019
Time deposits	$ 263,441	$ 256,120
Deposit with bank	140,639	43,441
Financial assets at FVTPL	—	141,075
Land held for construction site	—	242,956
Property, plant and equipment	120,435	122,309
Investment property	527,191	431,023
Treasury shares	306,190	65,914
Guarantee deposit paid	156,128	154,086
	$ 1,514,024	$ 1,456,924

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

Except as note disclosured, the Group has other significant contract commitments and contingencies were as follows:

(A) The Group had commitments for engineering contracts guaranteed for a certain period of time after equipments or project completed, delivered and accepted by customers.

(B) As of December 31, 2020 and 2019, amounts of significant engineering contracts under construction signed were \$19,212,337 thousands and \$16,896,295 thousands; and payments made were \$12,789,986 thousands and \$10,401,839 thousands according to the progress of contracts.

(C) As of December 31, 2020 and 2019, the unused letters of credit listed as follows:

Expressed in thousands

Currency	December 31, 2020	December 31, 2019
USD	1,013	110
Japanese Yen	31,447	22,194
Euro	1,475	16

(D) As of December 31, 2020 and 2019, the guarantees of significant engineering contracts pledged by banks were as follows:

	December 31, 2020	December 31, 2019
Bank of Taiwan	$ 1,548,962	$ 1,232,320
Hua Nan Commercial Bank	1,488,973	1,126,702
First Bank	66,046	90,224
DBS Bank	14,420	—
Union Bank of Taiwan	118,336	32,290
Mega International Commercial Bank Co., Ltd	746,392	1,023,017
Yuanta Bank	61,046	34,737
Land Bank of Taiwan	115,000	148,650
Shanghai Commercial & Savings Bank, Ltd.	424,944	221,879
Bank of Panhsin	37,616	4,455
The Export-Import Bank of the ROC	6,541	6,541
	$ 4,628,276	$ 3,920,815

(E) As of December 31, 2020 and 2019, the Group issued notes as guarantee for bank borrowing were $32,375,407 thousands and $18,402,774 thousands, respectively.

(F) As of December 31, 2020 and 2019, the Group endorsed as guarantees for other companies including related parties were NTD $190,534 thousands and NTD $242,956 thousands, respectively.

(G) The Corporation had been bid for engineer project of Linyuan plant of CPC Corporation, and signed the contract on April 18, 2000. The Corporation had been completed this project and be accepted by CPC. However, CPC arbitrarily deducted $23,716 thousands from the payment to the Corporation because CPC claimed the Corporation delayed the power generation project, and rejected additional construction payment $15,630 thousands because CPC disagreed this additional construction payment. The Corporation sued CPC for the deduction and requested payment $47,530 thousands with interest. Lawsuits under processing were listed as follows:

A. According the first judgment of the court, CPC should pay the Corporation $40,964 thousands. CPC did not accept the judgment and appealed the case. The second judgment overruled the amount exceeding $27,980 thousands. Both CPC and the Corporation appealed the case.

B. According the second judgment of the court, CPC should pay the Corporation $1,645 thousands and overruled the rest.

C. Both CPC and the Corporation appealed the case. CPC should pay the Corporation a $1,645 thousands was sure and the rest under processing of Taiwan Supreme court.

D. The Taiwan Supreme court had judgment that CPC Corporation should pay the Corporation other $8,144 thousands with interest and rejected the arbitration request of the Corporation on September 29, 2016. Both CPC and the Corporation appealed the case. Judgment No. 466 of the Supreme Court on 2017, abandoned the original trial that is not conducive to the part of the Corporation, sent back to the High Court more trial, and overruled the CPC Corporation’s appeal. So the judgment No. 113 on 2012 was sure. Other requests of the Corporation were tried by the Taiwan Supreme court.

10. SIGNIFICANT CATASTROPHE

None.

11. SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimisation of the debt and equity balance. The Group adopts prudent risk management strategy and performs audit on a regular basis. The capital structure of the Group is determined according to the business development strategies and operational requirements.

(2) Financial instruments

(A) Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Measured at FVTPL		
Mandatorily at FVTPL	$ 456,402	$ 758,875
Measured at FVTOCI	98,273	—
Measured at amortised cost (Note 1)	4,445,752	3,241,941
	$ 5,000,427	$ 4,000,816
Financial liabilities		
Measured at FVTPL	$ 10,200	$ —
Measured at amortised cost (Note 2)	12,346,301	6,820,970
	$ 12,356,501	$ 6,820,970

Note 1: The amount includes cash and cash equivalents, notes and accounts receivable (including related parities), other receivables (including related parities), guarantee deposits paid, lease receivables, restricted assets and other financial loans and receivables measured at amortized cost.

Note 2: The amount includes short-term debts, short-term bonds payable, notes and accounts payable (including related parities), other payables (including related parities), long-term debts, guarantee deposit received and obligations under leases measured at amortized cost.

(B) Fair value of financial instruments

a. Measured without using fair value

The Group's measured at amortized cost of financial assets / loans and receivables and financial liabilities had carrying values that very close to their fair values.

b. Measured by using fair value

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
3. Level 3 inputs are unobservable inputs for the asset or liability.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value:

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Fair value on a recurring basis				
Financial assets at FVTPL				
Listed stocks	$ 7,672	$ —	$ —	$ 7,672
Unlisted stocks	—	—	188,878	188,878

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Beneficiary certificate	230,797	–	–	230,797
Financial products	–	29,055	–	29,055
	$ 238,469	$ 29,055	$ 188,878	$ 456,402
Financial liabilities at FVTPL				
Call / Put option of convertible bond	$ –	$ 10,200	$ –	$ 10,200
FVTOCI Financial assets				
Unlisted stocks	$ –	$ –	$ 98,273	$ 98,273

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Fair value on a recurring basis				
Financial assets at FVTPL				
Listed stocks	$ 89,901	$ –	$ –	$ 89,901
Unlisted stocks	–	–	282,366	282,366
Beneficiary certificate	256,865	–	–	256,865
Financial products	–	129,743	–	129,743
	$ 346,766	$ 129,743	$ 282,366	$ 758,875

The Group held financial assets and liabilities measured at fair value on a recurring basis were no transfers between Level 1 and Level 2 for the years ended December 31, 2020 and 2019.

Reconciliation of Level 3 fair value measurements of financial instruments

The financial assets measured at Level 3 fair value were equity investments classified as financial assets at FVTPL and equity instruments at FVTOCI. Reconciliations for the year of 2020 and 2019 were as follows:

	For the Years ended December 31,	
	2020	2019
Balance at beginning of period	$ 282,366	$ 243,503
Increase for the period	161,116	1,900
Disposal for the period	(3,224)	(7,676)
Recognized in profit (loss)	(90,207)	44,556
Recognized in other comprehensive income	(54,705)	–
Effect of exchange rate changes	(8,195)	83
Balance at end of period	$ 287,151	$ 282,366

c. Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active and liquid markets are determined with reference to quoted market prices;
- The call / put option of convertible bonds adopt the binomial tree model to estimate the fair value. The significant observable input value used is stock price volatility.

- The financial assets and liabilities without active and liquid markets are determined with estimate of fair value by market method. That based on past financial activities, value of similar companies, technique development of company and its expectations of market development and so on.
- Derivatives Instruments were evaluated based on evaluation models accepted by market users such as Discount method and option pricing model. Forward exchange contracts are measured using forward exchange rates that are derived from quoted market prices.

(C) Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

The important financial activities are reviewed by Board of Directors and Audit Committees in accordance with procedures required by relevant regulations or internal controls. The Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters and investment of excess liquidity.

A. Market risk

The Group's activities expose it to foreign exchange risk and interest risk, etc. The Group used some of derivative instruments for management there risk.

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. To manage their foreign exchange risk, the Group use forward foreign exchange contracts for hedge. These derivative instruments used could help to reduce the effects on foreign exchange, but it can not remove all effects on foreign exchange.

The Corporation has no hedge for investments in foreign operations due to these are strategic investment.

Sensitive analyses of foreign exchange risk are calculated for foreign currency items on the end of reporting date.

The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31,2020		December 31,2019	
(foreign currencies : function currency)	Foreign Currency (In Thousands)	Exchange Rate	Foreign Currency (In Thousands)	Exchange Rate
Financial assets				
Monetary items				
USD: NTD	8,432.90	28.48	6,703.24	29.98
RMB: NTD	15,509.19	4.3549	21,992.31	4.3036
USD: RMB	4,755.78	6.5398	3,867.94	6.9662
JPY: NTD	477,118.21	0.2763	313,321.83	0.2760
Euro: NTD	1,814.29	35.02	1,531.86	33.59
Non-monetary items				
USD: NTD	80,403.98	28.48	80,310.96	29.98
Financial liabilities				
Monetary items				
USD: NTD	1,784.45	28.48	187.98	29.98
RMB: NTD	108.70	4.3549	—	4.3036
USD: RMB	1,307.76	6.5398	1,424.05	6.9662

(foreign currencies : function currency)	December 31,2020 Foreign Currency (In Thousands)	Exchange Rate	December 31,2019 Foreign Currency (In Thousands)	Exchange Rate
JPY: NTD	56,692.32	0.2763	57,671.59	0.2760
Euro: NTD	95.11	35.02	59.56	33.59

When the new Taiwan dollars are upvaluation with foreign currency about 1%, the incomes are decreased $5,310 thousands and $4,138 thousands, respectively for the years ended December 31, 2020 and 2019. When the new Taiwan dollars are devaluation with foreign currency about 1%, its impact amount is the negative amount of the same amount.

Interest rate risk

Interest rate risk is the risk in changes of fair value on financial instruments due to market interest ratio changed. Interest rate risk arises from deposits with banks and long-term or short-term debts.

Sensitive analyses of interest rate risk are determined with exposure interest risk on the end of reporting date and all other variables were held constant. When the interest ratios are increase / decrease 1 yard, the incomes are decreased $5,333 thousands and $1,464 thousands, respectively for the years ended December 31, 2020 and 2019.

Other Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available for sale or at fair value through profit or loss. All of material equity investment should be approved by director of board.

Sensitive analyses of price risk in equity instruments are calculated in changes of fair value on the end of reporting date. When the value of equity instruments are increase / decrease 5%, the incomes are increased $11,982 thousands and $20,478 thousands, respectively for the years ended December 31, 2020 and 2019.

B. Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. Credit risk arises from receivables from operating activities and deposits with banks, fixed revenues investments and other financial instruments from investing activities. The credit risk of operating and financial are managed individually.

Operating credit risk

The Group has set up the processes about credit risk management for maintenance the quality of accounts receivables.

Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The Group will use instruments for increasing credit at appropriate time, such as prepayments for purchasing; collateral and guarantee etc. for reduce the credit risk.

As of December 31, 2020 and 2019, the accounts receivables of customers that are more than 10% of consolidated operating revenues are base on consolidated accounts receivables are 14% and 23%, respectively. Others accounts receivables are not material for centralized credit risk.

Financial credit risk

The finance department of the Group is responsible for measurement and monitor in credit risk of deposit with bank and other financial instruments. For banks and financial institutions, only independently rated parties with investing grade, corporation organization and governments are accepted. Therefore, there are not material credit risks.

Liquidity risk Management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring the use of loan credits and the compliance to loan contracts.

The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date the Group can be required to pay.

	December 31, 2020				
	Less Than 1 Year	Between 2 Year and 3 Years	Between 4 Years and 5 Years	Over 5 Years	Total
Non derivatives financial liabilities:					
Short-term debts	$ 926,830	$ —	$ —	$ —	$ 926,830
Short-term bonds payable	76,425	—	—	—	76,425
Accounts and notes payable (including related parties)	3,087,499	—	—	—	3,087,499
Other accounts payable (including related parties)	890,036	—	—	—	890,036
Lease liabilities	933,589	973,367	291,134	395,287	2,593,377
Current portion of long-term liabilities	999,200	—	—	—	999,200
Bonds payable	—	—	1,422,555	—	1,422,555
Long-term debts	—	4,912,967	—	—	4,912,967
	$ 6,913,579	$ 5,886,334	$ 1,713,689	$ 395,287	$ 14,908,889

	December 31, 2019				
	Less Than 1 Year	Between 2 Year and 3 Years	Between 4 Years and 5 Years	Over 5 Years	Total
Non derivatives financial liabilities:					
Short-term debts	$ 718,945	$ —	$ —	$ —	$ 718,945
Short-term bonds payable	14,980	—	—	—	14,980
Accounts and notes payable (including related parties)	1,190,150	—	—	—	1,190,150
Other accounts payable (including related parties)	717,720	—	—	—	717,720
Lease liabilities	962,258	615,783	121,292	67,146	1,766,479
Current portion of long-term liabilities	700,000	—	—	—	700,000
Long-term debts	—	3,452,417	—	—	3,452,417
	$ 4,304,053	$ 4,068,200	$ 121,292	$ 67,146	$ 8,560,691

13. ADDITIONAL DISCLOSURES

(1)Significant transactions information and (2) Information on investees:

(A)Financing provided: attached table 1.

(B)Endorsement/guarantee provided: attached table 2.

(C)Marketable securities held: attached table 3.

(D)The cumulative buying or selling amount of one specific security exceeding of $300 million or 20 percent of the paid-in capital: attached table 4.

(E)Acquisition of individual real estates at costs exceeding of $300 million or 20% of the paid-in capital: None.

(F)Dispose of individual real estates at costs exceeding of $300 million or 20% of the paid-in capital: None.

(G)Total purchase from or sale to related parties amounting to exceeding of $100 million or 20% of the paid-in capital: attach table 5.

(H)Receivables from related parties amounting to exceeding of $100 million or 20% of the paid-in capital: attach table 6.

(I)Derivative financial transactions: Please refer to Note 6(3).

(J)Intercompany relationships and significant transactions: attach table 7.

(K)Names, locations, and related information of investees over which the company exercises significant influence: attach table 8.

(3)Information of investment in China

(A)Names, main businesses, total paid-in capital, method of investment, investment out / in flows, percentage of ownership, investment profit (loss) of this period, Book value, accumulated amount of investment income remitted back to Taiwan and upper limit on investment in China. (Table 9)

(B)Significant inter-company transactions, price, credit term, unrealized profit or loss and other related information for understanding the effect of investment in China. (Table 7)

(4) Information of major shareholders: attach table 11.

14. SEGMENT FINANCIAL INFORMATION

(1) Operation segment

The reportable segment as follows.

1.Electricity power：The segment was engaged in manufactures electricity equipment and various types of substation construction etc.

2.Service：The segment was be entrusted the management and operation of public and private parking lot.

3. Engineering and other：The segment provides engineering contraction which integrates water and electricity, fire control system etc.

(2) The segment financial information please refers to attach table 10.

(3) The financial information of geographical areas: The Group has not any significant foreign operation segments.

(4)The information of foreign sales areas:

For the years ended December 31, 2020 and 2019, the information of foreign sales areas was as follows:

	For the Years ended December 31,	
	2020	2019
Japan	$ 446,590	$ 393,055
United States	609,127	673,646
China	399,864	436,580
Other (including bonded areas)	607,426	511,374
	$ 2,063,007	$ 2,014,655

(5) The information of major customers:

For the years ended December 31, 2020 and 2019, the information of major customers whose revenues amounted to 10% or more of consolidation revenues was as follows:

	For the Years ended December 31,			
	2020		2019	
	Amount	%	Amount	%
Customer A	$ 5,162,846	33.55	$ 4,125,652	33.33

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Financing provided details
For the Years Ended December 31, 2020
In Thousands of New Taiwan Dollars

Attached table 1

No	Financing company's name	Counter party	Financial statement account	Related Party	Maximum balance for the period	Ending balance (2)	Amounts of loan (3)	Interest Rate (%)	Type of financing (1)	Transaction amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Financing company's financing amount limit
													Item	Value		
0	Chung-Hsin Electric and Machinery Manufacturing Corp	CHEM ENERGY SA PROPRIETARY LIMITED	Other Receivable	Yes	46,675	46,140	46,140	－	1	46,140	Business Dealings	－	－	－	(12) 46,140	(12) 2,130,059
		EGME ENERGY ECOSYSTEMS (INDIA) PRIVATE LIMITED	Other Receivable	Yes	6,055	6,055	6,055	－	1	6,055	Business Dealings	－	－	－	(12) 6,055	(12) 2,130,059
		San-feng construction Co., Ltd.	Other Receivable	Yes	100,000	100,000	－	1.10%	2	－	Operation needed	－	Note	100,000	(11) 2,000,000	(4) 4,260,118
		Tian Chong Energy Co., Ltd.	Other Receivable	Yes	200,000	200,000	－	1.10%	2	－	Operation needed	－	－	－	(11) 2,000,000	(4) 4,260,118
		Tian Peng Energy Co., Ltd.	Other Receivable	Yes	200,000	200,000	－	1.10%	2	－	Operation needed	－	－	－	(11) 2,000,000	(4) 4,260,118
		Tian Cin Energy Co., Ltd.	Other Receivable	Yes	100,000	100,000	－	1.10%	2	－	Operation needed	－	－	－	(11) 2,000,000	(4) 4,260,118
1	CHENG-HSIN Engineering & Services CO.,LTD	Etrovision technology Co., Ltd.	Other Receivable	Yes	20,000	－	－	1.55%~1.80%	2	－	Operation needed	－	－	－	(7) 45,000	(4) 279,459
		Wei-Chi Precision Co., Ltd.	Other Receivable	No	3,500	3,427	3,427	3.00%	2	－	Operation needed	3,427	Check	4,030	(7) 45,000	(4) 279,459
		Li-Xiang Technology Co., Ltd.	Other Receivable	Yes	12,500	12,500	12,500	1.80%~2.50%	2	－	Operation needed	－	Check	12,500	(7) 45,000	(4) 279,459
		San-feng construction Co., Ltd.	Other Receivable	Yes	45,000	45,000	－	1.60%	2	－	Operation needed	－	－	－	(7) 45,000	(4) 279,459
2	Sunrise investment Corp.	Guang-Hsin engineering & services Co., Ltd.	Other Receivable	Yes	45,000	45,000	43,550	1.20%~1.50%	2	－	Operation needed	－	Note	45,000	(7) 45,000	(4) 250,359
		Shengyi electric and machinery Co.	Other Receivable	No	10,000	10,000	10,000	1.60%~1.80%	2	－	Operation needed	－	Note	30,000	(7) 45,000	(4) 250,359
		Etrovision technology Co., Ltd.	Other Receivable	Yes	45,000	45,000	22,792	1.20%	2	－	Operation needed	－	－	－	(7) 45,000	(4) 250,359
		Nomura Chung-Hsin machinery Corporation	Other Receivable	Yes	39,000	39,000	33,800	1.20%	2	－	Operation needed	－	Note	39,000	(7) 45,000	(4) 250,359
		Sheng Yuan investment Corp.	Other Receivable	Yes	30,000	30,000	－	1.20%	2	－	Operation needed	－	Note	30,000	(7) 45,000	(4) 250,359
3	San-feng construction Co., Ltd.	FinData Technology Corp.	Other Receivable	Yes	55,000	55,000	55,000	1.50%~1.55%	2	－	Operation needed	－	Note	55,000	(8) 100,000	(5) 276,482
		Nomura Chung-Hsin machinery Corporation	Other Receivable	Yes	5,000	－	－	1.00%	2	－	Operation needed	－	－	－	(8) 100,000	(5) 276,482
4	CHEM Corp.	Chemly power equipment Corp.	Other Receivable	Yes	45,375	14,240	14,240	1.50%	2	－	Operation needed	－	－	－	(6) 208,002	(4) 832,009
		Chung-Hsin Power Systems Corp.	Other Receivable	Yes	90,750	－	－	1.50%	2	－	Operation needed	－	－	－	(6) 208,002	(4) 832,009
		Archers Systems Co., Ltd.	Other Receivable	No	2,390	2,250	2,250	5.00%	2	－	Operation needed	2,250	Note	2,460	(6) 208,002	(4) 832,009
5	Chemly power equipment Corp.	Chem-tech (Shang-hai) Corp.	Other Receivable	Yes	6,970	4,354	4,354	1.50%	2	－	Operation needed	－	－	－	(9) 31,658	(4) 42,211
		Chung-Hsin Power Systems (Shenyang) Inc.	Other Receivable	Yes	13,069	13,065	13,065	1.60%	2	－	Operation needed	－	－	－	(9) 31,658	(4) 42,211

		Jiangsu Fumei Landscape & Real Esta Development Co., Ltd.	Other Receivable	Yes	8,713	8,710	8,710	1.50%	2	–	Operation needed	–	–	–	(9) 31,658	(4) 42,211
6	CHEM J-V Limited	Chung-Hsin Power Systems Corp.	Other Receivable	Yes	43,564	13,065	13,065	1.50%	2	–	Operation needed	–	–	–	(10) 47,526	(4) 126,735
7	CHEM Power Limited	Chung-Hsin Power Systems (Shenyang) Inc.	Other Receivable	Yes	90,750	85,440	72,339	0.50%~1.50%	2	–	Operation needed	–	–	–	(6) 164,237	(4) 656,947
		Jiangsu Fumei Landscape & Real Esta Development Co., Ltd.	Other Receivable	Yes	13,065	13,065	–	1.50%	2	–	Operation needed	–	–	–	(6) 164,237	(4) 656,947

(1)Type of financing: 1 business dealings 2 necessary for short term financing.
(2)The amounts of finance were approved by resolution of directors.
(3)The actual amounts of loan happened.
(4)Not exceeding 40% of the net equity current period.
(5)Not exceeding 50% of the net equity current period.
(6)Finance of single company limited to the whole year business transaction amount of latest year. Short-term financing did not exceeding 10% of the net equity current period.
(7)Not exceeding NT$ 45,000 thousands for each counter party.
(8)Not exceeding NT$ 100,000 thousands for each counter party.
(9)Not exceeding 30% of the net equity current period
(10)Not exceeding 15% of the net equity current period for each counter party.
(11) Not exceeding NT$2,000,000 thousands for each counter party.
(12)Finance of single company limited to the whole year business transaction amount of latest year. Short-term financing did not exceeding 20% of the net equity current period or the amount of business dealings. The amount of business dealings is the higher of purchase or sales.

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Endorsement / Guarantee provide
For the Years Ended December 31, 2020
In Thousands of New Taiwan Dollars, except as otherwise indicated

Attached table 2

No	Endorsement / guarantee Provider	Endorsement / guarantee for		Amount limit on each endorsement / guarantee (2)	Maximum balance of endorsement / guarantee during the period	Ending balance of endorsement / guarantee	Amount limit on each endorsement / guarantee	Endorsement / guarantee amount backed by property	Accumulated amount of endorsement / guarantee to net equity (%)	Maximum endorsement / guarantee amount allowed (1)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements /guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Name	Relation										
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Chung-Hsin Power Systems (shengyang) Inc.	2	15,975,441	39,325 US (1,300thousands)	37,024 US (1,300thousands)	37,024 US (1,300thousands)	37,024	0.35%	21,300,588	Yes	No	Yes
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Global-Entech Co., Ltd.	2	15,975,441	30,000	30,000	8,253	30,000	0.28%	21,300,588	Yes	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	CHENG-HSIN Engineering & Services CO.,LTD	2	15,975,441	1,000,000	1,000,000	96,046	1,000,000	9.39%	21,300,588	Yes	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	San-feng construction Co., Ltd.	2	15,975,441	360,000	360,000	327,901	360,000	3.38%	21,300,588	Yes	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Wha Dun Building Management Service Co., Ltd.	2	15,975,441	10,000	10,000	1,752	10,000	0.09%	21,300,588	Yes	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Bao-Sheng Global Co.,Ltd.	2	15,975,441	460,000	460,000	196,383	460,000	4.32%	21,300,588	Yes	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Tian Chong Energy Co., Ltd.	2	15,975,441	5,597,587	5,597,587	100,572	102,000	52.56%	21,300,588	Yes	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Tian Peng Energy Co., Ltd.	2	15,975,441	4,223,898	4,223,898	77,698	100,000	39.66%	21,300,588	Yes	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Tian Cin Energy Co., Ltd.	2	15,975,441	214,000	214,000	—	—	2.01%	21,300,588	Yes	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Matian Optoelectronics Co., Ltd.	1	15,975,441	95,180	95,180	95,180	—	0.89%	21,300,588	No	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Tagumo Technology Co., Ltd.	1	15,975,441	95,354	95,354	95,354	—	0.90%	21,300,588	No	No	No
0	Chung-Hsin Electric and Machinery Manufacturing Corp.	Jushengsheng Construction Co., Ltd.	1	15,975,441	242,956	—	—	194,100	—	21,300,588	No	No	No
					Total 12,368,300	Total 12,123,043	Total 1,036,163		113.83%				
1	CHENG-HSIN Engineering & Services CO.,LTD	San-feng construction Co., Ltd.	3	(3)2,130,059	48,000	48,000	40,000	—	(5) 0.45%	(4) 5,325,147	No	No	No
1	CHENG-HSIN Engineering & Services CO.,LTD	Chung-Hsin Electric and Machinery Manufacturing Corp.	4	(3)2,130,059	131	—	—	—	(5) —	(4) 5,325,147	No	Yes	No
1	CHENG-HSIN Engineering & Services CO.,LTD	Bao-Sheng Global Co.,Ltd.	3	(3)2,130,059	14,256	—	—	—	(5) —	(4) 5,325,147	No	No	No
2	San-feng construction Co., Ltd.	Chung-Hsin Electric and Machinery Manufacturing Corp.	4	(3)2,130,059	146,248	—	—	—	(6) —	(4) 5,325,147	No	Yes	No

(1)Not exceeding 2 times of the Corporation’s current year net equity.
(2)Not exceeding 1.5 times of the Corporation’s net equity for each company. Exclude the entity which the corporation owned 90% of voting shares directly or indirectly and the guarantee amount could not exceed 10% of the

Corporation's net equity. However, the companies that the Corporation directly or indirectly holds 100% of the voting shares are not limited to this.
(3)Not exceeding 20% of the parent company's current year net equity for each entity.
(4)Not exceeding 50% of the parent company's current year net equity.
(5)The percentage of accumulate endorsement and guarantee amount of CHENG-HSIN Engineering & Services CO., LTD.
(6)The percentage of accumulate endorsement and guarantee amount of San-feng construction Co., Ltd.
(7)Provide notes as a guarantee.
(8)The relative between Endorsement / Guarantee providing are as follows: a. business between companies; b. direct investment exceeding 50% of the subsidies; c. investment exceeding 50% of the subsidies by parent and its other subsidies; d. direct investment exceeding 90% of parent company by the company and its subsidies; e. taking insurances to each other under engineering contract; f. shareholder's guarantee by shares of the company due to common investment relationship; g. in the same industry, the Consumer Protection Law provides performance guarantees and joint guarantees for pre-sale house sales contracts.

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Marketable securities held (excluding subsidiaries and associates)
December 31, 2020
In Thousands of New Taiwan Dollars, except as otherwise indicated

Attached table 3-1

Holding company / Type of marketable security	Name of marketable security	Relation with the Company	Financial statement account	Ending balance				Remark
				Shares	Book value	(%)	Market value (Note)	
The Corporation	Stock							
	Pacific construction Co., Ltd.	–	Financial assets at FVTPL – current	770,124	7,671	0.20%	7,671	
	Ascent solar	–	Financial assets at FVTPL – current	8,400	2	–	2	
	Beneficiary Certificate							
	Schroder International Selection Fund Emerging Markets A Accumulation	–	Financial assets at FVTPL – current	100,000.00	4,569		4,569	
	Subtotal				12,242		12,242	
	Stock							
	Powerchip Technology Corporation	–	Financial assets at FVTPL – noncurrent	675,197	–	0.05%	–	
	Powerchip Semiconductor Manufacturing Corp	–	Financial assets at FVTPL – noncurrent	1,236,531	18,459	0.04%	18,459	
	Quan-you technology Co., Ltd	–	Financial assets at FVTPL – noncurrent	1,200,000	–	–	–	Preferred stock
	Xian-han Co., Ltd.	–	Financial assets at FVTPL – noncurrent	8,373,688	42,268	19.94%	42,268	
	Cotech engineering Corp	–	Financial assets at FVTPL – noncurrent	2,093,191	–	2.62%	–	
	Subtotal				60,727		60,727	
CHENG-HSIN Engineering & Services CO.,LTD	Stock							
	Chung-hsin E&M manufacturing Corp.	Parent company	Financial assets at FVTOCI – noncurrent	2,772,162	148,588	0.58%	148,588	2,712,500 shares as collateral
	Cotech engineering Corp.	–	Financial assets at FVTPL – noncurrent	3,924,926	–	4.91%	–	
	Beneficiary Certificate							
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	6,923,872.00	94,010		94,010	
	Subtotal				242,598		242,598	
Wha Dun Building Management Service Co., Ltd.	Beneficiary Certificate							
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	694,041.30	9,423	–	9,423	
Global-Entech Co., Ltd.	Beneficiary Certificate							
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	1,107,479.00	15,037	–	15,037	
Chung- Hsin Energy Tech. Inc.	Beneficiary Certificate							
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	350,652.40	4,761	–	4,761	
Tian Chong Energy Co., Ltd.	Beneficiary Certificate							
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	825,909.30	11,214	–	11,214	
Tian Peng Energy Co., Ltd.	Beneficiary Certificate							
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	487,375.00	6,617	–	6,617	
Tian Cin Energy Co., Ltd.	Beneficiary Certificate							
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	687,452.30	9,334	–	9,334	
Tian Fu Energy Co., Ltd.	Beneficiary Certificate							
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	295,013.50	4,006	–	4,006	
CHEM Corp.	Equity							
	Ably Enterprise Limited	–	Financial assets at FVTPL – noncurrent	US 9,969	214	19.94%	214	
CHEM J-V Limited	Equity							
	Toko electric (Suzhou) Co., Ltd.	–	Financial assets at FVTPL – noncurrent	US 1,048,000	26,206	18.99%	26,206	
	Hitachi (Suzhou) EHV Switchgear Corp.	–	Financial assets at FVTPL – noncurrent	US 500,000	–	2.50%	–	
	Subtotal				26,206		26,206	

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Marketable securities held (excluding subsidiaries and associates)
December 31, 2020
In Thousands of New Taiwan Dollars, except as otherwise indicated

Attached table 3-2

Holding company / Type of marketable security	Name of marketable security	Relation with the Company	Financial statement account	Ending balance				Remark
				Shares	Book value	(%)	Market value (Note)	
ME ENERGY SYSTEMS LIMITED	Stock							
	ELEMENT ONE LLC	–	Financial assets at FVTPL – noncurrent	428,572	–	19.65%	–	
	Equity							
	Shanghai Shunhua New Energy System Co., Ltd.	–	Financial assets at FVTOCI – noncurrent	US 5,371,416	98,273	6.62%	98,273	
Sunrise investment Corp.	Beneficiary Certificate							
	Franklin Templeton SinoAm AI Hi-Tech Fund	–	Financial assets at FVTPL – current	490,000.00	5,071	–	5,071	
	Fu Hua Youli Currency Fund	–	Financial assets at FVTPL – current	4,916,539.70	66,755	–	66,755	
	Stock							
	Chung-hsin E&M manufacturing Corp.	Parent company	Financial assets at FVTOCI – non current	6,266,514	335,885	1.32%	335,885	3,000,000 shares as collateral
	Zhengyu technology engineering Co., Ltd.	–	Financial assets at FVTPL – noncurrent	3,256,550	52,326	13.92%	52,326	
	Hwa-sheng venture capital Co., Ltd.	–	Financial assets at FVTPL – noncurrent	6,579	656	4.17%	656	
	Kaohsiung rapid transit Co., Ltd.	–	Financial assets at FVTPL – noncurrent	2,572,127	27,086	0.92%	27,086	
	NEXTLINK Inc.	–	Financial assets at FVTPL – noncurrent	6,522,129	9,564	9.03%	9,564	
	An Qing Innovation Investment Co., Ltd.	–	Financial assets at FVTPL – noncurrent	1,557,000	12,100	3.37%	12,100	
	Subtotal				509,443		509,443	
Nantong Shengyi precision machinery Co.	Financial products such as fixed profits of RMB, etc	–	Financial assets at FVTPL – current	–	29,055	–	29,055	

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries

The cumulative buying or selling amount of one specific security exceeding of $300 million or 20 percent of the paid-in capital
December 31, 2020
In Thousands of New Taiwan Dollars, except as otherwise indicated

Attached table 4

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship			Acquisition		Disposal					
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount
San-feng construction Co., Ltd.	Tian Fu Energy Co., Ltd.	Investment using equity method	Non-related party	None	–	–	14,160,000	(3) 490,388	–	–	–	–	14,160,000	490,388
The Corporation	Tian Peng Energy Co., Ltd.	Investment using equity method	–	Subsidiary	50,000	(1) –	(2) 67,374,520	(3) 346,271	–	–	–	–	67,424,520	346,271
The Corporation	Tian Chong Energy Co., Ltd.	Investment using equity method	–	Subsidiary	50,000	(1) –	(2) 92,778,760	(3) 532,979	–	–	–	–	92,828,760	532,979

(1) Under other non-current liability.
(2) The increase on shares was cause by participating in cash capital increase for the period.
(3) The acquisition in the period includes cash capital increase, share of (profit) loss of associates and joint ventures accounted for using equity method and related equity adjustments.

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Purchase from or sale to related parties amounting exceeding $100 million or 20% of the Company paid-in capital
For the Years Ended December 31, 2020
In Thousands of New Taiwan Dollars

Attached table 5

Company Name	Related Party	Nature of Relationships	Transaction Details				Differences in transaction terms compared to third party transactions		Notes/Accounts Receivable (Payable)		Remark
			Purchase/ Sales	Amount	Percentage of total purchase or sales	Credit term	Unit Price	Credit term	Balance	Percentage of total Notes/Accounts Receivable (Payable)	
The Corporation	Tian Cin Energy Co., Ltd.	Investment using equity method	Sales	449,194	2.55%	—	—	—	Accounts receivable 187,118 Contract assets 98,952	3.92% —	
The Corporation	Tian Chong Energy Co., Ltd.	Investment using equity method	Sales	2,656,853	15.09%	—	—	—	Accounts receivable 1,302,731 Contract assets 505,111	27.26% —	
The Corporation	Tian Peng Energy Co., Ltd.	Investment using equity method	Sales	2,301,254	13.07%	—	—	—	Accounts receivable 1,258,296 Contract assets 429,356	26.33% —	
The Corporation	Bao-Sheng Global Co., Ltd.	Investment using equity method	Purchases	128,959	1.06%	—	—	—	Accounts payable 17,862	0.66%	
The Corporation	Chung-Hsin Power Systems Corp.	Investment using equity method	Purchases	144,216	1.18%	—	—	—	—	—	
The Corporation	Jiangsu Chung-Hsin Precision Machinery Co., Ltd.	Investment using equity method	Purchases	186,805	1.52%	—	—	—	Accounts payable 2,381	0.09%	

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Receivables from related parties amounting to exceeding of $100 million or 20% of the paid-in capital
December 31, 2020
In Thousands of New Taiwan Dollars

Attached table 6

Company Name	Related Party	Nature of Relationships	Ending balance of accounts receivable	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Corporation	Tian Cin Energy Co., Ltd.	Investment using equity method	Accounts receivable 187,118 Contract assets 98,952	3.19	—	—	—	—
The Corporation	Tian Chong Energy Co., Ltd.	Investment using equity method	Accounts receivable 1,302,731 Contract assets 505,111	2.77	—	—	—	—
The Corporation	Tian Peng Energy Co., Ltd.	Investment using equity method	Accounts receivable 1,258,296 Contract assets 429,356	2.51	—	—	583,973	—

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries

Intercompany relationships and significant transactions

For the Years Ended December 31, 2020

In Thousands of New Taiwan Dollars

Attached table 7-1

No (1)	Company name	County party	Nature of relationship (2)	Intercompany Transaction			
				Financial statement item	Amount (over 10 million)	Term	Percentage of consolidate total gross sale or total assets(%)(3)
0	The Corporation	Chem Energy SA (Pty) Ltd.	1	Other Receivables	46,140	5	0.16%
0	The Corporation	Chem Energy SA (Pty) Ltd.	1	Sales	26,211	4	0.17%
0	The Corporation	H2 PowerTech, LLC.	1	Cost and Expense	142,701	4	0.93%
0	The Corporation	CHEM J-V Limited	1	Sales	49,012	4	0.32%
0	The Corporation	Tian Cin Energy Co., Ltd.	1	Account Receivables	187,118	4	0.63%
0	The Corporation	Tian Cin Energy Co., Ltd.	1	Contract Assets	98,952	4	0.33%
0	The Corporation	Tian Cin Energy Co., Ltd.	1	Sales	298,686	4	1.94%
0	The Corporation	Tian Cin Energy Co., Ltd.	1	Engineering revenue	150,507	4	0.98%
0	The Corporation	Tian Chong Energy Co., Ltd.	1	Account Receivables	1,302,731	4	4.41%
0	The Corporation	Tian Chong Energy Co., Ltd.	1	Contract Assets	505,111	4	1.71%
0	The Corporation	Tian Chong Energy Co., Ltd.	1	Sales	1,804,506	4	11.72%
0	The Corporation	Tian Chong Energy Co., Ltd.	1	Engineering revenue	852,335	4	5.54%
0	The Corporation	Tian Chong Energy Co., Ltd.	1	Other Receivables	13,486	4	0.05%
0	The Corporation	Tian Peng Energy Co., Ltd.	1	Account Receivables	1,258,296	4	4.26%
0	The Corporation	Tian Peng Energy Co., Ltd.	1	Contract Assets	429,356	4	1.45%
0	The Corporation	Tian Peng Energy Co., Ltd.	1	Sales	1,579,683	4	10.26%
0	The Corporation	Tian Peng Energy Co., Ltd.	1	Engineering revenue	721,559	4	4.69%
0	The Corporation	Chung-Hsin Power Systems (Shenyang) Inc.	1	Purchases	14,343	4	0.09%
0	The Corporation	Chung-Hsin Power Systems Corp.	1	Sales	20,276	4	0.13%
0	The Corporation	Chung-Hsin Power Systems Corp.	1	Purchases	144,216	4	0.94%
0	The Corporation	Jiangsu Chung-Hsin Precision Machinery Co., Ltd.	1	Purchases	190,311	4	1.24%
0	The Corporation	Jiangsu Chung-Hsin Precision Machinery Co., Ltd.	1	Contract liabilities	26,119	4	0.09%
0	The Corporation	Bao-Sheng Global Co., Ltd.	1	Service Revenues	11,228	4	0.07%
0	The Corporation	Bao-Sheng Global Co., Ltd.	1	Cost and Expense	157,452	4	1.02%
0	The Corporation	Bao-Sheng Global Co., Ltd.	1	Accounts Payable	17,862	4	0.06%
0	The Corporation	Etrovision technology Co., Ltd.	1	Cost and Expense	10,261	4	0.07%
1	CHENG-HSIN Engineering & Services CO.,LTD	San-feng construction Co., Ltd.	3	Notes Receivable	58,974	6	0.20%
1	CHENG-HSIN Engineering & Services CO.,LTD	San-feng construction Co., Ltd.	3	Engineering Cost	13,814	6	0.09%
1	CHENG-HSIN Engineering & Services CO.,LTD	Wha Dun Building Management Service Co., Ltd.	3	Maintenance Cost	12,032	6	0.08%
2	San-feng construction Co., Ltd.	FinData Technology Corp.	3	Other Receivables	55,576	5	0.19%
3	Sunrise investment Corp.	Etrovision technology Co., Ltd.	3	Other Receivables	23,144	5	0.08%
4	Chem Corp. Samoa	Chemly power equipment Corp.	3	Other Receivables	14,583	5	0.05%
5	CHEM J-V Limited	Chung-Hsin Power Systems Corp.	3	Other Receivables	13,251	5	0.04%
5	CHEM J-V Limited	Nantong Shengyi precision machinery Co.	3	Account Receivables	44,796	6	0.15%
5	CHEM J-V Limited	Nantong Shengyi precision machinery Co.	3	Sales	49,012	6	0.32%
6	Chemly power equipment Corp.	Chung-Hsin Power Systems (Shenyang) Inc.	3	Other Receivables	13,234	5	0.04%
7	Jiangsu Chung-Hsin Precision Machinery Co.,Ltd.	Nantong Shengyi precision machinery Co.	3	Purchases	27,235	6	0.18%
7	Jiangsu Chung-Hsin Precision Machinery Co.,Ltd.	Nantong Shengyi precision machinery Co.	3	Accounts Payable	17,406	6	0.06%

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Intercompany relationships and significant transactions
For the Years Ended December 31, 2020
In Thousands of New Taiwan Dollars

Attached table 7-2

No (1)	Company name	County party	Nature of relationship (2)	Intercompany Transaction			
				Financial statement item	Amount (over 10 million)	Term	Percentage of consolidate total gross sale or total assets(%)(3)
8	Chung-Hsin Power Systems (Shenyang) Inc.	Yongxing casting Co., Ltd.	3	Purchases	14,730	6	0.10%
8	Chung-Hsin Power Systems (Shenyang) Inc	Chung-Hsin Power Systems Corp.	3	Sales	10,492	6	0.07%
9	CHEM Power Limited	Chung-Hsin Power Systems (Shenyang) Inc	3	Other Receivables	73,749	5	0.25%

(1)Inter Company transaction information：1. Parent company is represented by 0. 2. Subsidiaries are represented by sequel numbers.
(2)Transaction relationship：1. Parent to subsidiaries 2.Subsidiaries to Parents 3.Subsidiaries to Subsidiaries
(3)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.
(4)Transaction terms were agreed by both parties.
(5)Financing with related parties are processed according to the regulations and rules accordingly.
(6)Sale/purchase terms and price were agreed by both parties.

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland china)

For the Years Ended December 31, 2020

In Thousands of New Taiwan Dollars, except as otherwise indicated

Attached table 8-1

Investor	Investee	Location	Business	Original investment		Ending balance			Profit (loss) of investee in this period	Investment profit/loss recognized in this period	Remark	
				Ending balance	Beginning balance	Share	%	Book value				
The Corporation	CHEM USA CORPORATION	USA	Selling and assembly of note book and computers	34,753	34,753	1,300,000	100.00%	55,856	375	375	Exchange differences on translating foreign operations $(2,937)	Subsidiary
	Guang-Hsin engineering & services Co., Ltd.	Taiwan	1. Telecommunication equipment wholesale, retail and installment 2. Communication engineering 3. Computer equipment installment 4. Information software service	33,120	33,120	5,678,623	24.29%	613,334	412,859	100,285	Unrealized gain of financial assets $270,428 Cash Dividend $(5,679)	—
	Sunrise investment Corp.	Taiwan	General investment	262,000	262,000	33,955,200	100.00%	290,016	17,939	17,939	Treated as treasury stock $(335,881) Unrealized gain of financial assets $183,609 Stock Dividend $77,552	Subsidiary
	CHENG-HSIN Engineering & Services CO.,LTD	Taiwan	1. Environmental protection incinerator set up and maintenance 2.Electric power and monitor equipment 3. Plan, design and maintenance for electricity, water and fire fighting system of building and factory	150,006	150,006	47,272,341	100.00%	544,957	66,278	66,278	Treated as treasury stock $(148,588) Unrealized gain of financial assets $81,224 Unrealized gains and losses of intercompany transactions $60,262 Recognize changes in subsidiary equity $5,761 Stock Dividend $91,187	Subsidiary
	Global-Entech Co., Ltd.	Taiwan	1. Air pollution sample testing 2. Waste water and environmental water testing 3. Noise testing 4. Evaluation of environmental affection	15,869	15,869	1,699,705	99.98%	25,937	1,716	1,716	Cash Dividend $(2,210)	Subsidiary
	Tone-zoom industry Co., Ltd.	Taiwan	1. Intensified fiber plastic material and product 2. Bathing equipment 3. Industrial plastic product	20,995	20,995	1,680,000	58.04%	52,504	(1,677)	(974)	—	Subsidiary
	Sheng-yuan investment Corp.	Taiwan	General investment	53,397	53,397	8,954,496	29.33%	616,752	178,221	52,278	Unrealized gain of financial assets $295,435 Cash Dividend $(12,903) Stock Dividend $3,527	—
	Etrovision technology Co., Ltd.	Taiwan	1. Electric equipment installment 2. Automatic control equipment 3. Communication engineering 4. TV-KU channel and C channel installment	115,006	50,006	8,000,598	99.99%	20,061	14,895	14,886	Cash capital increased $65,000	Subsidiary
	Chem Corp. Samoa	Samoa	Holding company	2,976,037	3,171,217	90,856,648	100.00%	2,065,010	101,095	101,095	Exchange differences on translating foreign operations $22,578 Unrealized gains and losses of intercompany transactions $(5,065) Refund from capital reduction $(195,180)	Subsidiary
	Bao-Sheng Global Co.,Ltd.	Taiwan	Manufacture machinery equipment, lift installation, automation control equipment, traffic mark and parking management, etc.	93,000	93,000	10,000,000	100.00%	159,250	63,112	63,112	—	Subsidiary

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland china)

For the Years Ended December 31, 2020

In Thousands of New Taiwan Dollars, except as otherwise indicated

Attached table 8-2

Investor	Investee	Location	Business	Original investment		Ending balance			Profit (loss) of investee in this period	Investment profit/loss recognized in this period	Remark	
				Ending balance	Beginning balance	Share	%	Book value				
	Li-Xiang Technology Co., Ltd	Taiwan	Import and export trade about Rail industry, electronic control system, slope away from the coating liquid	6,670	6,670	667,000	40.00%	–	(5,899)	(2,360)	Credit balance of Investment under equity method $3,561	–
	Fumei Development Co., Ltd.	Taiwan	Rent and selling buildings, real estate and so on.	–	140,256	–	–	–	20,811	9,365	Refund from capital reduction $(112,500) Cash Dividend $(20,344) Disposal for the period $(22,431)	–
	Nomura Chung-Hsin Machinery Corporation	Taiwan	Manufacture machinery, other equipment and internation trade	20,874	20,874	2,087,400	49.00%	–	(10,889)	(5,335)	Credit balance of Investment under equity method $12,435	–
	FinData Technology Corp.	Taiwan	Software Design Services, Data Processing Services, Digital Information Supply Services	60,000	60,000	2,000,000	100.00%	–	(11,223)	(11,223)	Credit balance of Investment under equity method $52,449	Subsidiary
	ME ENERGY SYSTEMS LIMITED	Hong Kong	Power EQU, engineering & parking management services	243,613	213,992	7,900,000	100.00%	133,582	(3,861)	(3,861)	Invest for the period $29,621 Exchange differences on translating foreign operations $(13,517) FVTOCI financial assets $(54,705) Unrealized gains and losses of intercompany transactions $(1,229)	Subsidiary
	Chung- Hsin Energy Tech. Inc.	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and fuel cells; energy technology services.	5,000	5,000	500,000	100.00%	4,821	(155)	(155)	–	Subsidiary
	Tian Cin Energy Co., Ltd.	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	209,467	500	20,946,720	86.46%	146,268	(3,829)	(1,958)	Cash capital increased $208,967 Unrealized gains and losses of intercompany transactions $(58,614) Did not participate in the cash increase based on the shareholding ratio $(1,444)	Subsidiary
	Tian Peng Energy Co., Ltd.	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	674,245	500	67,424,520	85.32%	346,271	(5,340)	(3,587)	Cash capital increased $673,745 Unrealized gains and losses of intercompany transactions $(319,555) Did not participate in the cash increase based on the shareholding ratio $(1,054)	Subsidiary
	Tian Chong Energy Co., Ltd.	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	928,288	500	92,828,760	85.99%	532,979	(10,784)	(6,917)	Cash capital increased $927,788 Unrealized gains and losses of intercompany transactions $(379,827) Did not participate in the cash increase based on the shareholding ratio $(2,703)	Subsidiary
	Tian Fu Energy Co., Ltd. (Tian Fu)	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	156,000	–	15,600,000	52.42%	154,890	(6,462)	(872)	Invest for the period $156,000 Recognize changes in subsidiary equity $(238)	Subsidiary

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland china)

For the Years Ended December 31, 2020

In Thousands of New Taiwan Dollars, except as otherwise indicated

Attached table 8-3

Investor	Investee	Location	Business	Original investment		Ending balance			Profit (loss) of investee in this period	Investment profit/loss recognized in this period	Remark	
				Ending balance	Beginning balance	Share	%	Book value				
CHENG-HSIN Engineering & Services CO.,LTD	San-feng construction Co., Ltd.	Taiwan	Civil engineering, construction, water conservancy, contract management industry	411,939	211,939	53,200,000	100.00%	558,377	1,392	Note1	Cash capital increased $200,000 Stock Dividend $32,000	Subsidiary
	Wha Dun Building Management Service Co., Ltd.	Taiwan	Apartment managing services and consulting, etc.	10,000	10,000	1,652,632	100.00%	25,132	7,878	Note1	Stock Dividend $3,166	Subsidiary
	Accumis System Technologies Inc.	Taiwan	Optical and precision equipment manufacturing and software information services	–	15,930	–	100.00%	–	(99)	Note1	Liquidated for the period	–
San-feng construction Co., Ltd.	Tian Fu Energy Co., Ltd. (Tian Fu)	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	490,000	–	14,160,000	47.58%	490,388	(6,462)	Note1	Invest for the period $490,000	–
Tian Fu Energy Co., Ltd. (Tian Fu)	Tian Cin Energy Co., Ltd.	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	32,134	490	3,213,420	13.26%	31,585	(3,829)	Note1	Cash capital increased $31,644	–
	Tian Peng Energy Co., Ltd.	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	113,690	490	11,368,980	14.39%	112,912	(5,340)	Note1	Cash capital increased $113,200	–
	Tian Chong Energy Co., Ltd.	Taiwan	Manufacturing machinery for generating, transmitting and distributing electric power and energy technology services.	148,176	490	14,817,600	13.73%	146,613	(10,784)	Note1	Cash capital increased $147,686	–
Sunrise investment Corp.	U.S.Technical Consultants Inc.	USA	Aerospace Equipment Manufacturing	22	22	5,310	22.27%	–	(15,719)	–	Accumulated Impairment loss $(22)	–
CHEM Corp.	CHEM Power Corp.	Samoa	Holding company	349,434	349,434	US10,742,824.04	100.00%	105,527	(920)	Note1	–	Subsidiary
	CHEM J-V Limited	Hong Kong	Holding company	382,936	382,936	US12,644,500.00	100.00%	316,837	(35,717)	Note1	Cash Dividend $(37,950)	Subsidiary
	CHEM Power Limited	Hong Kong	Holding company	2,570,519	2,570,519	US78,224,615.70	100.00%	1,642,367	109,499	Note1	–	Subsidiary
H2 Power Tech, Inc.	H2 Power Tech, LLC.	USA	Technical services, licensing and equipment sales	15,100	15,100	US 500,000.00	100.00%	18,577	9,128	Note1	–	Subsidiary
CHEM J-V Limited	MICT international Ltd.	Hong Kong	Holding company	48,308	48,308	3,600,000	40.00%	26,688	(23,833)	Note1	–	–
ME ENERGY SYSTEMS LIMITED	H2 Power Tech, INC.	USA	Holding company	3,564	3,564	50	100.00%	18,577	9,128	Note1	–	Subsidiary
	EGME ENERGY ECOSYSTEMS (INDIA) PRIVATE LIMITED	India	To promote, own, acquire, erect, construct, establish, maintain, improve, manage, devise, develop, manufacture, install, commission, alter, carry on, control, take on backup power services, fuel cells equipment projects, telecom towers or other facilities of generation back power services of green energy and their sales and distribution	6,401	6,401	US 205,527.15	99.99%	687	(1,322)	Note1	–	Subsidiary
	CHEM FUEL CELL (M) SDN.BHD.	Malaysia	To promote Fuel cells, Micro grid and their sales	6,253	6,253	824,002	100.00%	3,535	(1,377)	Note1	–	Subsidiary
	CHEM ME ENERGY SYSTEMS HOLDINGS (PTY) Ltd.	South Africa	Holding company for manufacturing, sales and service related to fuel cell generators and other generation and energy storage systems.	45,815	45,815	2,000 (US 1,500,000)	100.00%	28,522	(10,172)	Note1	–	Subsidiary
CHEM ME ENERGY SYSTEMS HOLDINGS (PTY) Ltd.	CHEM ENERGY SA (PTY) LTD.	South Africa	Manufacturing and Sales of fuel generators, battery charging services, power generating services, fuel service and parts and maintenance thereof.	45,815	21,429	13,000 (US 1,500,000)	100.00%	28,501	(10,310)	Note1	Invest for the period $24,386	Subsidiary

Note 1：The share of profits/losses of the investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Information of investment in mainland China
For the Years Ended December 31, 2020
In Thousands of New Taiwan Dollars, except as otherwise indicated

Attached table 8

Investee	Main businesses	Total paid-in capital	Method of investment (1)	Accumulated outflow of investment from Taiwan as of beginning balance	Investment flows		Accumulated outflow of investment from Taiwan as of ending balance	Net Income (Losses) of the Investee Company	Percentage of ownership	Investment profit (loss) of this period recognized (2)	Book value	Accumulated inward remittance of Earnings as of ending balance
					Outflow	In flow						
Chem-tech (Shang-hai) Corp.	Importing and exporting trading	174,178 (US5,400,000)	(b)	130,662 (US4,125,220.53)	—	—	130,662 (US4,125,220.53)	(420) US(14,188.61)	100.00%	(420) US(14,188.61)	12,644 US443,950.03	—
Zhen xing parkig management Co., Ltd.	Parking affair management	39,145 (US1,238,487.94)	(c)	—	—	—	—	(13) US(420.29)	—	(13) US(420.29)	—	Liquidated for the period
Chemly Power equipment Corp.	Manufacturing machinery for generating, Transmitting and distributing electric power	318,310 (US9,800,000)	(b)	318,310 (US9,799,284.34)	—	—	318,310 (US9,799,284.34)	(920) US(31,091.76)	100.00%	(920) US(31,091.76)	105,527 US3,705,310.53	—
Wuxi Hengchi Chem Switchgear Co., Ltd.	GIS assembly and manufacturing	185,963 (US5,575,982.58)	(b)	81,329 (US2,403,148.34)	—	—	81,329 (US2,403,148.34)	9,644 US326,046.90	45.00%	4,340 US146,721.11	38,096 US1,337,648.09	—
Jiangsu Chung-Hsin Precision Machinery Co., Ltd.	Aluminum alloy tank, tube and accessories manufacturing and casting	950,804 (US29,268,000)	(b)	966,640 (US29,750,000)	—	—	966,640 (US29,750,000)	47,759 US1,614,562.96	99.17%	47,361 US1,601,111.74	908,249 US31,890,752.88	—
Shannxi baoji Yong-shin Ltd.	Aluminum alloy tank, tube and accessories manufacturing and casting	10,694 (US326,130.09)	(b)	6,979 (US213,000)	—	—	6,979 (US213,000)	334 US11,274.90	69.12%	231 US7,793.21	16,691 US586,048.07	—
Nantong L-S metal forming Co., Ltd.	Aluminum Alloy tank, tube and accessories manufacturing and casting	113,889 (US3,630,200)	(b)	14,982 (US 453,800)	—	—	14,982 (US 453,800)	107,825 US3,645,195.56	25.00%	26,956 US911,298.89	142,255 US4,994,885.44	—
Toko electric (Suzhou) Co., Ltd.	Manufacturing and selling potential transformer	183,154 (US5,520,000)	(b)	33,523 (US1,048,000)	—	—	33,523 (US1,048,000)	—	18.99%	—	26,206 US865,457.10	Evaluated by FVTPL - noncurrent
Chung-Hsin Power Systems Corp.	220kv~550kv high voltage GIS/GCB assembly and manufacturing	598,772 (US18,000,000)	(b)	598,772 (US18,000,000)	—	—	598,772 (US18,000,000)	40,310 US1,362,748.15	100.00%	40,310 US1,362,748.15	264,348 US9,281,867.74	—
Chung-Hsin Power Systems (Shenyang) Inc.	Manufacturing and selling high voltage GIS/GCB, aluminum casting and related equipments.	596,455 (US18,000,000)	(b)	487,636 (US14,679,315.53) (4)	—	—	487,636 (US14,679,315.53) (4)	928 US31,369.52	100.00%	928 US31,369.52	54,467 US1,912,449.22	—
Nantong Shengyi precision machinery Co.	Processing tank, conductors and various machinery parts	331,907 (US10,000,000)	(b)	165,755 (US5,000,000)	—	—	165,755 (US5,000,000)	48,553 US1,641,427.08	50.00%	24,277 US820,713.54	196,847 US6,911,754.20	—
Hitachi (Suzhou) EHV Switchgear Corp	69KV-1100KV kv high voltage switch board, assembly and manufacturing	633,000 (US20,000,000)	(b)	16,455 (US500,000)	—	—	16,455 (US500,000)	—	2.50%	—	—	Reclassified as held for sale for the period
San-he Kwok Shui Electric Co.	Manufacturing machinery for generating, Transmitting and distributing electric power	92,695 (US2,950,485.95)	(b)	45,221 (US1,435,539.87)	—	—	45,221 (US1,435,539.87)	(4,803) US(162,375.27)	49.00%	(2,353) US(79,563.88)	33,398 US1,172,677.14	—
Jiangsu Fumei Landscape & Real Estate Development Co., Ltd.	Resort development and management	296,700 (US10,000,000)	(b)	296,700 (US10,000,000)	—	—	296,700 (US10,000,000)	(37,392) US(1,264,109.23)	100.00%	(37,392) US(1,264,109.23)	44,791 US1,572,708.74	—
Shenzhen Wu You Chou Technology Services Ltd.	Development, pushing, service and Consultant on software or hardware of computer business	34,901 (US1,090,668)	(c)	—	—	—	—	1 US42.56	—	—	—	Liquidated for the period
Integrated Manufacturing & Services Co., Ltd.	Development of special equipment for solar cell production, manufacture of optical engine, lighting source, projection screen, high definition projection cathode-ray tube and micro display module, and production, cleaning and regeneration of new electrical device	215,740 (US7,000,000)	(c)	—	—	—	—	(23,823) US(805,363.69)	40.00%	(9,529) US(322,145.48)	24,773 US869,830.86	—
Shanghai Shunhua	R & D and sales of on-board	274,071	(b)	—	161,116	—	161,116	—	6.62%	—	98,273	Evaluated by

New Energy System Co., Ltd.	hydrogen supply systems for fuel cell vehicles and hydrogen supply basic equipment, design, construction and operation services of hydrogen refueling stations.	(US9,623,274.41) (5)			(US5,371,416)		(US5,371,416)				US3,450,588.20	FVTOCI - noncurrent

Accumulated investment in China as of December 31, 2020	Investment amounts authorized by investment commission, MOEA	Upper limit on investment authorized by investment commission, MOEA (3)
3,341,264 (US$103,291,790.82)	3,640,623 (US$ 112,608,296.58)	6,390,176

(1) Methods of investment:
   (a) Remit through third area to invest in China.
   (b) Through the company set up in third area and then reinvest in China.
   (c) Through investment to set up company then invest in China.
   (d) Other method.

(2)Investment profit and loss were recognized based on the audited financial statements of each reportable entity.
(3)Calculated based on 60% of net equity value of the Corporation as of December 31, 2020.
(4)The Corporation used US$3,600,000 as professional technology fee to invest in Chung-Hsin Power Systems (shengyang) Inc. indirectly and owned 100.00% of the investee’s shares.
(5)Converted at the exchange rate on December 31, 2020.

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
Operating Segment Information
For Years Ended December 31, 2020 and 2019

Express in thousands of New Taiwan dollars

Attached table 10-1

For Years Ended December 31, 2020

	Electricity Power	Service	Engineering and Other	Adjustment and elimination	Total
Revenue					
External customer	$ 8,385,319	$ 3,278,474	$ 3,726,996	$ —	$ 15,390,789
Inter-segment	6,140,620	222,066	32,488	(6,395,174)	—
Total revenue	$ 14,525,939	$ 3,500,540	$ 3,759,484	$(6,395,174)	$ 15,390,789
Segment profit	$ 1,015,544	$ 213,197	$ 488,134	$ 4,098	$ 1,720,973
Interest revenue					12,803
Interest expense					(74,584)
Investment profit and loss					200,152
Non-operating profit and loss					(35,408)
Impairment					(22,131)
Profit before income tax					$ 1,801,805
Depreciation and amortization	$ 313,228	$ 1,380,535	$ 40,799	$ —	$ 1,734,562
Assets					
Segment assets	$ 15,301,949	$ 2,806,586	$ 5,478,536	$ —	$ 23,587,071
Investment under equity method					1,470,523
Deferred income tax					275,000
Others					4,208,641
Total assets					$ 29,541,235
Capital expenditure	$ 5,014,481	$ 34,388	$ 62,496	$ —	$ 5,111,365

Express in thousands of New Taiwan dollars

Attached table 10-2

For Years Ended December 31, 2019

	Electricity Power	Engineering	Service	Other	Adjustment and elimination	Total
Revenue						
External customer	$ 7,118,090	$ 2,247,267	$ 2,030,436	$ 981,723	$ —	$ 12,377,516
Inter-segment	710,871	37,917	204,247	9,379	(962,414)	—
Total revenue	$ 7,828,961	$ 2,285,184	$ 2,234,683	$ 991,102	$(962,414)	$ 12,377,516
Segment profit	$ 573,889	$ 173,643	$(45,836)	$(101,816)	$ 55,398	$ 655,278
Interest revenue						19,326
Interest expense						(53,322)
Investment profit and loss						283,261
Non-operating profit and loss						(37,424)
Impairment						(78,090)
Profit before income tax						$ 789,029
Depreciation and amortization	$ 266,981	$ 11,621	$ 1,506,526	$ 68,351	$ —	$ 1,853,479
Assets						
Segment assets	$ 8,572,401	$ 1,045,999	$ 2,218,373	$ 4,206,889	$ —	$ 16,043,662
Investment under equity method						912,119
Deferred income tax						96,384
Others						3,169,384
Total assets						$ 20,221,549
Capital expenditure	$ 354,262	$ 7,015	$ 31,114	$ 16,407	$ —	$ 408,798

Note
1. The Group uses the income before tax from operations as the measurement for segment profit and the basis of performance assessment.
2. The accounting policies of operating segment are the same with others.

Chung-Hsin Electric and Machinery Manufacturing Corp. and Subsidiaries
INFORMATION ON MAJOR SHAREHOLDERS
December 31, 2020

Attached table 11

Shareholders	Shares	
	Total Shares Owned (In Thousands)	**Ownership Percentage (%)**
Sheng Yuan investment Corp.	35,195	7.39
Guang-Hsin engineering & services Co., Ltd.	24,815	5.21

Note 1: The main shareholder information in this table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery of the company non-physical registration (including treasury shares) is more than 5%. As for the share capital recorded in the Corporation's financial report and the number of shares actually delivered by the Corporation non-physical registration, may be different due to the calculation basis different.

Note 2: The above information, if the shareholder delivers the shareholding to the trust, it will be disclosed by the individual trustee who opened the trust account. As for shareholders' declaration of insider shareholdings that hold more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their shareholdings plus their delivery of trusts and shares that have the right to make decisions on trust property. Please refer to Market Observation Post System website for information on insider equity declaration.