TSEC Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2022, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, TSEC Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TSEC CORPORATION

By

____

ELLICK LIAO
Chairman

March 8, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TSEC Corporation

Opinion

We have audited the accompanying consolidated financial statements of TSEC Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021 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.(collectively referred to as the "consolidated financial statements").

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, 2022 and 2021, 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 of IFRS (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards of Auditing of 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, 2022. 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 key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

Validity of Occurrence of Revenue from New Customers in the Top Ten Revenue-contributing Section

The sales revenue from new customers in the top ten revenue-contributing sections for the year ended December 31, 2022 was $3,091,645 thousand, which accounted for 34.33% of the Group's operating revenue and is material to the Group's consolidated financial statements. Since management may be under pressure to achieve financial goals, there is an increased inherent risk of fraud in revenue recognition. Thus, we identified the risk of revenue recognition related to the actual occurrence of the sales transactions with new customers in the top ten revenue-contributing sections as a key audit matter. For the related accounting policies, refer to Note 4 of the consolidated financial statements.

We obtained an understanding of the Group's internal controls over sales transactions with new customers in the top ten revenue-contributing sections and designed the corresponding audit procedures to confirm and assess the operating effectiveness of the related controls. We also performed substantive testing by selecting samples on the transactions with new customers in the top ten revenue-contributing sections and inspecting third-party shipping documents, the customers' receipts of delivery, cash payments and material sales returns after the reporting period. We confirmed that sales revenue from new customers in the top ten revenue-contributing sections are free from material misstatement.

Other Matter

We have also audited the parent company standalone financial statements of TSEC Corporation as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and 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, 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 Standards of Auditing of 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 Standards of Auditing of 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 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 audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Hai-Yueh Huang and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 applied in the Republic of China.

For the convenience of readers, the independent 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 independent auditors' report and consolidated financial statements shall prevail.

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 837,804	8	$ 1,057,382	10
Accounts receivable (Notes 4, 8 and 24)	1,164,930	10	754,026	7
Accounts receivable from related parties (Notes 4, 8, 24 and 32)	9,498	-	88,484	1
Other receivables (Notes 4 and 8)	15,449	-	12,418	-
Other receivables from related parties (Notes 4 and 32)	1,416	-	196	-
Current tax assets (Notes 4 and 25)	382	-	55	-
Inventories (Notes 4 and 9)	1,699,321	15	1,572,140	15
Other current assets (Notes 17 and 33)	298,529	3	244,163	3
Total current assets	4,027,329	36	3,728,864	36
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 10)	-	-	6,063	-
Investments accounted for using the equity method (Notes 4,12 and 33)	325,622	3	323,355	3
Property, plant and equipment (Notes 4, 13, 18 and 33)	5,442,722	48	4,873,104	48
Right-of-use assets (Notes 4 and 14)	10,770	-	10,356	-
Investment properties (Notes 4, 15 and 33)	163,159	1	175,260	2
Other intangible assets (Notes 4 and 16)	4,708	-	4,254	-
Deferred tax assets (Notes 4 and 25)	236,844	2	223,392	2
Other non-current assets (Notes 17, 29 and 33)	1,096,896	10	885,283	9
Total non-current assets	7,280,721	64	6,501,067	64
TOTAL	$ 11,308,050	100	$ 10,229,931	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 29 and 33)	$ 939,962	8	$ 598,972	6
Short-term bills payable (Notes 18, 29 and 33)	329,513	3	-	-
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	637	-	243	-
Financial liabilities for hedging - current (Notes 4 and 31)	218	-	-	-
Contract liabilities (Notes 4, 24 and 32)	117,745	1	294,232	3
Notes payable	24	-	-	-
Accounts payable (Note 19)	898,218	8	1,001,106	10
Other payables (Notes 20 and 29)	393,148	4	327,693	3
Lease liabilities - current (Notes 4, 14 and 29)	5,473	-	9,178	-
Current portion of long-term borrowings (Notes 18, 29 and 33)	218,604	2	412,623	4
Other current liabilities	7,579	-	6,428	-
Total current liabilities	2,911,121	26	2,650,475	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18, 29 and 33)	1,931,346	17	2,140,785	21
Provisions (Note 4)	17,140	-	14,695	-
Deferred tax liabilities (Notes 4 and 25)	628	-	1,242	-
Lease liabilities - non-current (Notes 4, 14 and 29)	5,396	-	1,533	-
Preferred stock liabilities - non-current (Notes 4 and 22)	287,949	3	287,949	3
Guarantee deposits received (Note 29)	3,705	-	3,705	-
Total non-current liabilities	2,246,164	20	2,449,909	24
Total liabilities	5,157,285	46	5,100,384	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	4,762,967	42	4,457,967	44
Capital surplus	1,325,024	12	800,321	8
Retained earnings				
Legal reserve	4,632	-	-	-
Special reserve	41,685	-	-	-
Unappropriated earnings	187,411	2	46,317	-
Total retained earnings	233,728	2	46,317	-
Other equity	(171,049)	(2)	(175,153)	(2)
Total equity attributable to owners of the Company	6,150,670	54	5,129,452	50
NON-CONTROLLING INTERESTS	95	-	95	-
Total equity	6,150,765	54	5,129,547	50
TOTAL	$ 11,308,050	100	$ 10,229,931	100

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

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24, 32 and 38)	$ 9,005,063	100	$ 6,157,192	100
OPERATING COSTS (Notes 9, 21 and 24)	8,328,524	92	5,745,928	93
GROSS PROFIT	676,539	8	411,264	7
UNREALIZED LOSS (GAIN) ON TRANSACTIONS WITH ASSOCIATES	2,425	-	(502)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	50	-	-	-
REALIZED GROSS PROFIT	679,014	8	410,762	7
OPERATING EXPENSES (Notes 21, 24 and 32)				
Selling and marketing	104,289	1	94,290	2
General and administrative	233,815	3	200,152	3
Research and development	49,839	1	44,555	1
Expected credit loss on accounts receivable (Note 8)	18,714	-	16,449	-
Total operating expenses	406,657	5	355,446	6
OTHER OPERATING INCOME AND EXPENSES (Note 24)	(24,542)	-	1,386	-
PROFIT (LOSS) FROM OPERATIONS	247,815	3	56,702	1
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 24)	(80,746)	(1)	(81,712)	(1)
Share of profit or loss of associates (Note 12)	1,956	-	(7,334)	-
Interest income (Note 24)	6,456	-	1,268	-
Rental income (Note 32)	22,702	-	22,230	-
Other income (Note 32)	13,069	-	15,233	-
Loss on disposal of investments, net (Notes 4, 12 and 28)	-	-	(975)	-
Foreign exchange gain, net (Note 24)	(20,382)	-	45,070	1
Losses on financial assets (liabilities) at fair value through profit or loss	(15,445)	-	(4,233)	-
Total non-operating income and expenses	(72,390)	(1)	(10,453)	-

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 175,425	2	$ 46,249	1
INCOME TAX BENEFIT (Notes 4 and 25)	14,225	-	1,453	-
NET PROFIT	189,650	2	47,702	1
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 23)	1,404	-	(342)	-
Gain or loss on hedging instruments subject to basis adjustment (Note 23)	(218)	-	-	-
Income tax relating to items that will not be reclassified to profit or loss (Note 25)	44	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 23)	794	-	(211)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	(159)	-	42	-
Other comprehensive income (loss) for the year, net of income tax	1,865	-	(511)	-
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 191,515	2	$ 47,191	1
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 189,650	2	$ 46,317	1
Non-controlling interests	-	-	1,385	-
	$ 189,650	2	$ 47,702	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 191,515	2	$ 45,756	1
Non-controlling interests	-	-	1,435	-
	$ 191,515	2	$ 47,191	1

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 26)				
Basic	$ 0.41		$ 0.10	
Diluted	$ 0.41		$ 0.10	

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

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company (Notes 23 and 27)											
	Share Capital			Retained Earnings			Other Equity					
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings (Accumulated Deficits)	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments	Gain (Loss) on Hedging Instruments	Total	Non-controlling Interests (Note 22)	Total Equity
BALANCE AT JANUARY 1, 2021	445,797	$ 4,457,967	$ 1,154,811	$ -	$ -	$ (681,541)	$ (700)	$ (173,892)	$ -	$ 4,756,645	$ 21,689	$ 4,778,334
Capital surplus used to offset accumulated deficits	-	-	(681,541)	-	-	681,541	-	-	-	-	-	-
Issuance of preferred stock for cash	-	-	327,051	-	-	-	-	-	-	327,051	-	327,051
Decrease in non-controlling interests, net	-	-	-	-	-	-	-	-	-	-	(23,029)	(23,029)
Net profit for the year ended December 31, 2021	-	-	-	-	-	46,317	-	-	-	46,317	1,385	47,702
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(169)	(392)	-	(561)	50	(511)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	46,317	(169)	(392)	-	45,756	1,435	47,191
BALANCE AT DECEMBER 31, 2021	445,797	4,457,967	800,321	-	-	46,317	(869)	(174,284)	-	5,129,452	95	5,129,547
Legal reserve	-	-	-	4,632	-	(4,632)	-	-	-	-	-	-
Special reserve	-	-	-	-	41,685	(41,685)	-	-	-	-	-	-
Issuance of ordinary shares for cash]	30,500	305,000	503,250	-	-	-	-	-	-	808,250	-	808,250
Recognition of employee share options by the Company (Notes 23 and 27)	-	-	21,442	-	-	-	-	-	-	21,442	-	21,442
Changes in capital surplus in investments in associates accounted for using the equity method (Note 23)	-	-	11	-	-	-	-	-	-	11	-	11
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 10 and 23)	-	-	-	-	-	(2,239)	-	2,239	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	189,650	-	-	-	189,650	-	189,650
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	635	1,404	(174)	1,865	-	1,865
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	189,650	635	1,404	(174)	191,515	-	191,515
BALANCE AT DECEMBER 31, 2022	476,297	$ 4,762,967	$ 1,325,024	$ 4,632	$ 41,685	$ 187,411	$ (234)	$ (170,641)	$ (174)	$ 6,150,670	$ 95	$ 6,150,765

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

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Gain (loss) before income tax	$ 175,425	$ 46,249
Adjustments for:		
Depreciation	591,358	522,765
Amortization	1,855	1,499
Expected credit loss (reversed) on accounts receivable	18,714	16,449
Net loss on fair value changes of financial instruments at fair value through profit or loss	15,445	4,233
Finance costs	80,746	81,712
Interest income	(6,456)	(1,268)
Shared-based payment expenses recognized	21,442	-
Share of loss (profit) of subsidiaries and associates	(1,956)	7,334
Loss (gain) on disposal of property, plant and equipment	16,105	(1,386)
Loss on disposal of associates	-	975
Loss on inventories valuation and obsolescence	97,900	44,629
Unrealized (loss) gain on transactions with associates	(2,425)	502
Realized gain on transactions with associates	(50)	-
Prepayments for equipment transferred to loss	8,436	-
Net gain on foreign currency exchange	(3,029)	(325)
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(15,051)	54,552
Accounts receivable	(429,168)	(88,502)
Accounts receivable from related parties	78,986	(13,878)
Other receivables	(1,546)	(5,060)
Other receivables from related parties	(1,220)	(26)
Inventories	(225,081)	(810,158)
Other current assets	80,062	(88,504)
Contract liabilities	(176,487)	247,524
Notes payable	24	-
Accounts payable	(97,912)	387,315
Other payables	38,061	162,115
Provisions	2,445	2,321
Other current liabilities	1,151	(4,592)
Cash generated from operations	267,774	566,475
Interest received	5,116	1,484
Finance costs paid	(99,813)	(67,103)
Income tax (paid) refunded	(283)	53
Net cash generated from operating activities	172,794	500,909

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	$ 7,504	$ -
Acquisition of associates (Note 12)	-	(208,000)
Loss of subsidiary control	-	(31,313)
Payments for property, plant and equipment (Note 29)	(1,300,521)	(927,707)
Proceeds from disposal of property, plant and equipment	830	1,769
Increase in refundable deposits	(1,981)	(130,841)
Decrease in other receivables	-	17,700
Payments for intangible assets	(2,309)	(4,317)
Increase in other financial assets	(156,708)	(48,578)
Dividends received	2,138	-
Net cash used in investing activities	(1,451,047)	(1,331,287)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	340,990	88,673
Increase in short-term bills payable	329,513	-
Decrease in short-term bills payable	-	(281,734)
Proceeds from long-term borrowings	894,000	211,698
Repayments of long-term borrowings	(1,297,458)	(476,901)
Proceeds from issuance of preferred stocks (Note 22)	-	615,000
Increase in guarantee deposits received	-	1,370
Repayments of the principal portion of lease liabilities	(11,753)	(16,137)
Proceeds from issuance of ordinary shares	808,250	-
Increase in non-controlling interests, net	-	117,780
Net cash generated from financing activities	1,063,542	259,749
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(4,867)	(3,843)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(219,578)	(574,472)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,057,382	1,631,854
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 837,804	$ 1,057,382

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

TSEC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

TSEC Corporation (the "Company") was incorporated on June 24, 2010. The Company is mainly engaged in the design, manufacture, construction and sale of solar cells, modules and power plants.

The Company's shares have been listed on the Taiwan Stock Exchange since October 1, 2015.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the Group, are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 8, 2022.

3. APPLICATION OF NEW, AMENDMENTS AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occurred on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assessed the possible impact that the application of other standards and interpretations did not have material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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 an 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 an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group 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 and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

See Note 11 and Table 5 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Company, transactions in currencies other than the entity’s functional currency (i.e., 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries and associates in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is not a subsidiary. Significant influence is the right to participate in the financial and operating policy decisions of the investee company instead of control or joint control of such policies.

The Group uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property, plant and equipment is shorter than its useful life, the asset is depreciated over its lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment property and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) 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 FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at amortized cost

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

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

ii) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable, accounts receivable from related parties, other receivables, other receivables from related parties, refundable deposits and other financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using 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 such a financial asset, except for:

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

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable and other receivables) and lease receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a 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 ECLs.

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

For internal credit risk management purposes, the Group considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. The financial asset is more than 120 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes 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 to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

m. Hedge accounting

The Group designates hedging instruments, which are derivatives in respect of cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualified as cash flow hedges are recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

n. Provisions

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

o. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of solar modules. Sales of solar modules are recognized as revenue when the goods are delivered to the customer's specific location or when the terms of the delivery have been fulfilled because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Power plant sales

As the power plant is being constructed over time, the Group recognizes revenue over time. The Group measures the progress of completion on the basis of the costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations.

Sale of electricity

Sales of electricity are recognized when the electricity generated is transmitted to a substation of Taiwan Power Company.

p. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) 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.

2) 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 by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. 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.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, 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.

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.

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Employee benefits

1) 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 services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

s. Share-based payment arrangements - employee share options

Equity-settled share-based payments granted to employees are measured at the fair value of the equity instruments at the grant date.

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

t. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities 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 are generally recognized for all deductible temporary differences and unused loss carryforwards 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, except where the Group 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 assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized 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 liabilities are settled or the assets are 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes 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 taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications/climate change and related government policies and regulations when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. 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 management of the Group evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 609	$ 589
Checking accounts and demand deposits	686,570	860,419
Cash equivalents		
Time deposits with original maturities of 3 months or less	150,625	196,374
	$ 837,804	$ 1,057,382

The market interest rate intervals of demand deposits and time deposits with maturities of 3 months or less at the end of reporting period were as follows:

	December 31	
	2022	**2021**
Demand deposits	0.05%-1.05%	0.001%-0.05%
Time deposits with original maturities of 3 months or less	1.70%-4.70%	0.20%-0.82%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial liabilities - held for trading		
Derivative financial instruments (not under hedge accounting)		
Foreign exchange forward contracts	$ 637	$ 243

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	**Maturity Date**	**Notional Amount (In Thousands)**
December 31, 2022			
Buy	USD/NTD	2023.01.10	USD1,000/NTD31,242
	USD/NTD	2023.01.10	USD790/NTD24,447
	USD/NTD	2023.01.10	USD1,000/NTD30,532
December 31, 2021			
Buy	USD/NTD	2022.01.28	USD424/NTD11,813
	USD/NTD	2022.04.11	USD892/NTD24,759
	USD/NTD	2022.04.15	USD896/NTD24,925

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The purpose of its financial hedging strategy is to hedge against most of the market price risk.

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2022	2021
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 1,183,321	$ 783,578
Less: Allowance for impairment loss	(18,391)	(29,552)
	$ 1,164,930	$ 754,026
Accounts receivable from related parties	$ 9,498	$ 88,484
Other receivables		
Value-added tax rebate	$ 8,415	$ 7,584
Rent receivables	5,408	3,724
Others	1,626	1,110
	$ 15,449	$ 12,418

a. Accounts receivable/Accounts receivable from related parties

The average credit period of accounts receivable is 30-75 days. No interest is charged on accounts receivable. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 Days	Individual Assessment	Total
Expected credit loss rate	0.30%	4.87%	-	-		
Gross carrying amount	$ 1,160,338	$ 13,458	$ -	$ -	$ 19,023	$ 1,192,819
Loss allowance (Lifetime ECLs)	(3,467)	(656)	-	-	(14,268)	(18,391)
Amortized cost	$ 1,156,871	$ 12,802	$ -	$ -	$ 4,755	$ 1,174,428

December 31, 2021

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.30%	-	-	100%	
Gross carrying amount	$ 844,789	$ -	$ -	$ 27,273	$ 872,062
Loss allowance (Lifetime ECLs)	(2,279)	-	-	(27,273)	(29,552)
Amortized cost	$ 842,510	$ -	$ -	$ -	$ 842,510

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

	For the Year Ended December 31	
	2022	2021
Balance, beginning of year	$ 29,552	$ 52,283
Add: Net remeasurement of loss allowance	18,714	16,449
Less: Amounts written off	(29,875)	(39,180)
Balance, end of year	$ 18,391	$ 29,552

Refer to Note 31.d for details of the Group's concentration of credit risk of receivables as of December 31, 2022 and 2021.

b. Other receivables

The Group adopted a policy of dealing only with creditworthy counterparties. The Group determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of December 31, 2022 and 2021, the Group assessed that the expected credit loss rate of other receivables was 0%.

9. INVENTORIES

	December 31 2022	December 31 2021
Raw materials	$ 958,385	$ 1,080,885
Finished goods	608,353	354,926
Work in process	132,583	136,329
	$ 1,699,321	$ 1,572,140

The nature of the cost of goods sold is as follows:

	December 31 2022	December 31 2021
Cost of inventories sold	$ 8,213,221	$ 5,686,242
Inventory write-downs	97,900	44,629
Others	17,403	15,057
	$ 8,328,524	$ 5,745,928

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31 2022	December 31 2021
Non-current		
Foreign investments		
Unlisted shares		
Preferred shares - SAGA Heavy Ion Medical Accelerator in Tosu	$ -	$ 6,063
Domestic investments		
Unlisted shares		
Ordinary shares - Eversol Corporation	-	-
	$ -	$ 6,063

For investment purposes, the Company disposed of its overseas equity in SAGA Heavy Ion Medical Accelerator in Tosu, Japan. The proceeds the Company received from the disposal of its overseas equity in July 2022 was $7,504 thousand. Therefore, the relevant other equity-FVOCI unrealized valuation loss of $2,239 was transferred to retained earnings.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

			Proportion of Ownership (%)	
			December 31	
Investor	**Investee**	**Nature of Activities**	**2022**	**2021**
TSEC Corporation	TSEC America, Inc. (Note 1)	Sales of solar related products	100.00	100.00
	Holdgood Energy Corporation (Note 2)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	-	(Note 2)
	Houxin Energy Corporation (Note 3)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	-	-
	Houchang Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Changyang Optoelectronics Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	80.00	80.00
	Yunsheng Optoelectronics Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Yunxing Optoelectronics Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	TSECPV (HK) LIMITED (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Hengli Energy Corporation (Note 6)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	-
Holdgood Energy Development Corporation (Note 2)	Changyang Optoelectronics Corporation (Note 4)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	(Note 2)	(Note 2)

(Continued)

			Proportion of Ownership (%)	
			December 31	
Investor	**Investee**	**Nature of Activities**	**2022**	**2021**
Hou Chang Energy Corporation (Note 5)	Hengyong Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00
	Hengli Energy Corporation (Note 6)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	-	100.00
	Yongli Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00

(Concluded)

a. On September 11, 2018, the Group resolved to liquidate and dissolve its subsidiary TSEC America, Inc. As of March 8, 2023, TSEC America, Inc. has yet to execute its liquidation process.

b. In December 2021, the Group subscribed for additional new shares of Holdgood Energy Development Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 45.49%, and lost control of Holdgood Energy Development Corporation, and reclassified the investment to investment in associate; refer to Notes 12 and 28 for details.

c. On May 7, 2021, the Group resolved to dissolve and liquidate its subsidiaries Houxin Energy Corporation and Shuohou Energy Corporation. As of December 31, 2022, the liquidation process had been completed.

d. The Group established TSECPV (HK) Limited as new subsidiary to engage in electricity research and development, operations, sales and related consulting services of solar energy generation systems. The registration of the new company was completed in February 2021.

e. The Company invested $120,000 thousand in the capital of its subsidiary Hou Chang Energy Corporation in June 2022, and the shareholding ratio unchanged.

f. The Company purchased the entire equity of Hengli Energy Corporation from its subsidiary Hou Chang Energy Corporation by $89 thousand in March 2022, the shareholding ratio was 100% after acquired.

   Refer to Note 37 of Table 5 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31	
	2022	**2021**
Material associates		
Holdgood Energy Development Corporation	$ 231,410	$ 216,939
Associates that are not individually material		
Yuan-Yu Solar Energy Co., Ltd.	94,212	106,416
	$ 325,622	$ 323,355

a. Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2022**	**2021**
Holdgood Energy Development Corporation	45.49%	45.49%

The nature, principal place of business and country information of Company registration of above-mentioned associate, refer to Note 37 of Table 5.

The Company using equity method to evaluate associate above-mentioned.

The summarized financial information below represents amounts shown in the associates' financial statement prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Holdgood Energy Development Corporation

	December 31	
	2022	**2021**
Current assets	$ 23,544	$ 155,577
Non-current assets	682,658	516,125
Current liabilities	(66,375)	(95,044)
Non-current liabilities	(135,999)	(99,766)
Equity	$ 503,828	$ 476,892
Proportion of the Group's ownership	45.49%	45.49%
The rights and interests of the Company	$ 229,191	$ -
Unrealized gains and losses on downstream transactions	2,219	-
Carrying amount	$ 231,410	$ 216,939

	For the Year Ended December 31	
	2022	2021
Operating revenue	$ 41,122	$ 20,246
Net profit for the year	$ 31,691	$ 3,526
Other comprehensive income	(79)	128
Total comprehensive income for the year	$ 31,612	$ 3,654

Holdgood Energy Development Corporation acquired 20,800 thousand shares of Yusheng Chuangneng Co., Ltd. for $208,000 thousand; the shareholding ratio was 49.4062%, and accounted for using the equity method.

b. Associates that are not individually material

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2022**	**2021**
Yuan-Yu Solar Energy Co., Ltd.	20%	20%

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2022	2021
The Group's share of:		
Loss from continuing operations	$ (12,460)	$ (7,334)
Other comprehensive income	-	-
Total comprehensive loss for the year	$ (12,460)	$ (7,334)

Refer to Note 37 of Table 5 for the nature of activities, principal places of business and countries of incorporation of the associates.
Refer to Note 33 for the merged company issued the equity of Yuanyu Company to the financial bank as collateral for Yuanyu Company's financing.

The share of profit or loss of the Group's associate accounted for using the equity method, Holdgood Energy Development Corporation, for the year ended December 31, 2022 and 2021 was based on the associate's audited financial statements for the same year, and Yuan-Yu Solar Energy Co., Ltd. was based on the financial statements that have not been audited by accountants; the management considered that if the financial statements were audited by accountants, the adjustment amount will not have a significant impact on the consolidated financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2022	December 31 2021
Land	$ 1,071,526	$ 1,071,526
Buildings	2,228,228	2,305,190
Machinery	1,504,376	1,387,558
Office equipment	144	483
Miscellaneous equipment	107,648	43,373
Construction in progress	530,800	64,974
	$ 5,442,722	$ 4,873,104

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2022	$ 1,071,526	$ 3,414,260	$ 3,236,862	$ 24,806	$ 263,933	$ 64,974	$ 8,076,361
Additions	-	30,149	543,612	160	81,147	499,245	1,154,313
Disposals	-	-	(587,820)	(49)	(545)	-	(588,414)
Reclassification	-	33,419	-	-	-	(33,419)	-
Balance at December 31, 2022	1,071,526	3,477,828	3,192,654	24,917	344,535	530,800	8,642,260
Accumulated depreciation and impairment							
Balance at January 1, 2022	-	1,109,070	1,849,304	24,323	220,560	-	3,203,257
Depreciation expense	-	140,530	409,860	499	16,871	-	567,760
Disposals	-	-	(570,886)	(49)	(544)	-	(571,479)
Balance at December 31, 2022	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Carrying amount at December 31, 2022	$ 1,071,526	$ 2,228,228	$ 1,504,376	$ 144	$ 107,648	$ 530,800	$ 5,442,722
Cost							
Balance at January 1, 2021	$ 1,071,526	$ 3,334,260	$ 3,217,957	$ 24,806	$ 249,551	$ 373	$ 7,898,473
Additions	-	56,833	452,233	-	15,835	108,676	633,577
Disposals	-	-	(224,397)	-	(1,453)	-	(225,850)
Reclassification	-	44,075	-	-	-	(44,075)	-
Loss of subsidiary control	-	(20,908)	(208,931)	-	-	-	(229,839)
Balance at December 31, 2021	1,071,526	3,414,260	3,236,862	24,806	263,933	64,974	8,076,361
Accumulated depreciation and impairment							
Balance at January 1, 2021	-	972,057	1,745,338	23,383	206,362	-	2,947,140
Depreciation expense	-	139,952	337,210	940	15,651	-	493,753
Disposals	-	-	(224,014)	-	(1,453)	-	(225,467)
Loss of subsidiary control	-	(2,939)	(9,230)	-	-	-	(12,169)
Balance at December 31, 2021	-	1,109,070	1,849,304	24,323	220,560	-	3,203,257
Carrying amount at December 31, 2021	$ 1,071,526	$ 2,305,190	$ 1,387,558	$ 483	$ 43,373	$ 64,974	$ 4,873,104

The Group unrecognized impairment losses in 2022 and 2021.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Building improvement	5-20 years
Machinery	3-20 years
Office equipment	3 years
Miscellaneous equipment	2-15 years

Refer to Note 34 for the details on the purchases of machines required for production and the significant commitments stated in the construction contracts.

Refer to Notes 18 and 33 for the carrying amounts of property, plant and equipment pledged by the Group to secure borrowings.

Refer to Note 24.h for capitalized interest for the years ended December 31, 2022 and 2021.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Buildings	$ 10,770	$ 9,516
Transportation equipment	-	543
Machinery	-	297
	$ 10,770	$ 10,356

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 11,911	$ 44,024
Loss of subsidiary control	$ -	$ (27,329)
Depreciation charge for right-of-use assets		
Buildings	$ 10,657	$ 14,268
Transportation equipment	543	1,505
Machinery	297	710
	$ 11,497	$ 16,483

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 5,473	$ 9,178
Non-current	$ 5,396	$ 1,533

Ranges of discount rates for lease liabilities were as follows:

	December 31	
	2022	2021
Buildings	2.33%-2.43%	2.43%-2.78%
Transportation equipment	-	2.94%
Machinery	-	2.78%

c. Material leasing activities and terms

The Group leases certain buildings for the use of offices and employee dormitories with lease terms of 3 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	$ 6,493	$ 2,447
Total cash outflow for leases	$ (18,733)	$ (19,699)

The Group's leases of certain parking space and staff dorm qualify as short-term leases and leases of certain photocopiers qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Buildings
Cost	
Balance at January 1, 2022 and December 31, 2022	$ 295,084
Accumulated depreciation	
Balance at January 1, 2022	119,824
Depreciation expenses	12,101
Balance at December 31, 2022	131,925
Carrying amount at December 31, 2022	$ 163,159
Cost	
Balance at January 1, 2021 and December 31, 2021	$ 295,084
Accumulated depreciation	
Balance at January 1, 2021	107,295
Depreciation expenses	12,529
Balance at December 31, 2021	119,824
Carrying amount at December 31, 2021	$ 175,260

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main building of plant	50 years
Plant improvement	3-20 years

The investment properties are leased out for 4 years, and the lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2022 and 2021, the maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2022	**2021**
Year 1	$ 43,705	$ 22,230
Year 2	48,000	3,705
Year 3	48,000	-
Year 4	8,000	-
	$ 147,705	$ 25,935

The fair value of the investment properties was not evaluated by independent qualified professional valuers in 2022. The Group management only adopted evaluation models commonly used by market participants, and measured by using Level 3 inputs, the evaluation is based on the cash flow method. In 2021, the fair value of investment properties is measured by the independent appraisal company Jingrui Real Estate Appraisers Associates using Level 3 input values at each balance sheet date. The evaluation adopted the comparative valuation method.

The fair value as appraised was as follows:

	December 31	
	2022	**2021**
Fair value	$ 441,246	$ 194,348

All of the Group's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 33.

There was no capitalized interest for the investment properties for the years ended December 31, 2022 and 2021.

16. OTHER INTANGIBLE ASSETS

	December 31	
	2022	**2021**
Carrying amount		
Computer software	$ 4,708	$ 4,254

	For the Year Ended December 31	
	2022	2021
Cost		
Balance at January 1	$ 51,695	$ 47,378
Additions	2,309	4,317
Balance at December 31	54,004	51,695
Accumulated amortization		
Balance at January 1	47,441	45,942
Amortization expense	1,855	1,499
Balance at December 31	49,296	47,441
Carrying amount at December 31	$ 4,708	$ 4,254

Computer software is amortized on a straight-line basis over 3-4 years.

17. OTHER ASSETS

	December 31	
	2022	2021
Current		
Prepayments	$ 114,485	$ 215,894
Prepayment expenses	35,828	24,656
Other financial assets - restricted assets	10,000	501
Other financial assets - Time deposit with initial duration of more than 3 months	124,929	-
Others	13,287	3,112
	$ 298,529	$ 244,163
Non-current		
Prepayments for equipment (capitalized interest included)	$ 791,563	$ 604,211
Other financial assets - restrict assets	123,282	101,002
Refundable deposits	182,051	180,070
	$ 1,096,896	$ 885,283

Other financial assets - restricted assets (current and non-current) were used as pledged deposits and reserve accounts for secured borrowings from banks, performance guarantee and borrowings for purchases. As of December 31, 2022 and 2021, the interest rate range was 0.2%-3.5% and 0.01%-0.82%, respectively; refer to Note 33 for the details.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Bank credit loans	$ 939,962	$ 598,972
Interest rate interval		
Bank credit loans	2.21%-2.87%	1.59%-2.25%

Guarantees provided for the above-mentioned short-term borrowings are disclosed in Note 33.

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Mega Bills Finance Co., Ltd.	$ 50,000	$ 103	$ 49,897	2.218%	Machinery
Mega Bills Finance Co., Ltd	50,000	60	49,940	2.288%	Machinery
Taiwan Cooperative Bills Finance Corporation	50,000	103	49,897	2.218%	Machinery
Taiwan Cooperative Bills Finance Corporation	50,000	60	49,940	2.288%	Machinery
International Bills Finance Corporation	30,000	32	29,968	2.288%	None
China Bills Finance Corporation	50,000	38	49,962	2.138%	None
China Bills Finance Corporation	50,000	91	49,909	2.138%	None
	$ 330,000	$ 487	$ 329,513		

December 31, 2021: None

Guarantees provided for the above short-term payable bills are disclosed in Note 33.

c. Long-term borrowings

	December 31	
	2022	2021
Secured borrowings		
Syndicated loans	$ 1,344,000	$ 2,462,890
Less: Syndicated borrowing administration fee	(9,846)	(14,439)
	1,334,154	2,448,451
Bank mortgage loans	815,796	104,957
	2,149,950	2,553,408
Less: Current portion	(218,604)	(412,623)
Long-term borrowings	$ 1,931,346	$ 2,140,785

1) Syndicated loans

a) In November 2020, the Group signed a syndicated loan contract led by Taiwan Cooperative Bank. The main purpose of the syndicated loan contract is to refinance the outstanding syndicated loans obtained from the syndicate of banks led by Chang Hwa Bank in September 2015 and the syndicate of banks led by Taiwan Cooperative Bank and Taiwan Business Bank in August 2016, as well as for supporting long term working capital needs. The total loan amount was $2,000,000 thousand, and the loan period is till November 2025. The first repayment is made 3 months after the date of initial drawdown (1st period), and subsequent repayments of the principal are made once every period (three months = 1 period), for a total of 20 periods. In the first to twelfth periods, 2% of the principal should be repaid, in the thirteenth to nineteenth periods, 4% of the principal should be repaid, and the remaining amount should be repaid in the last period. As of December 31, 2022 and 2021, the balance was $1,344,000 thousand and $1,472,000 thousand and the interest rate was 3.098% and 2.39%; as of December 31, 2022 the balance of short-term bills payable was $200,000 thousand and the interest rate was 2.218%-2.288%.

During the loan period, the Group should maintain the current ratio, net debt ratio, interest coverage ratio, and net value of tangible assets in accordance with the contract. If any of the aforementioned ratios was not fulfilled per the contract, the Group should try to improve the ratios by increasing cash capital through the issuance of shares or through other means, and should make a one-time payment of the utilized but unpaid loan amount to the managing bank. If from the date the financial statements were issued till the date the next semi-annual or annual financial statements were issued, improvements were made such that the required ratios are attained, the Group would be viewed as not in breach of the financial commitments of the contract.

b) In February 2018, the Group signed a syndicated loan contract led by Chang Hwa Bank. The syndicated loan is mainly used for financing the construction of the solar module factory and the purchase of equipment. The total loan amount was $1,250,000 thousand, and the loan period is till February 2023. The first repayment is made 24 months after the date of initial drawdown (1st period), and subsequent repayments of the principal are made once every period (six months = 1 period), for a total of 7 periods. In the first to fourth periods, 5% of the principal should be repaid, in the fifth and sixth periods, 10% of the principal should be repaid, and the remaining amount should be repaid in the last period. As of December 31, 2021, the balance was $990,890 thousand, respectively, and the interest rate was 2.30%; the syndicated loan contract has paid off in advance in December 2022.

During the loan period, the Group should maintain the current ratio, debt ratio, interest coverage ratio, net value of tangible assets and actual revenue according to the contract. If any of the aforementioned ratios were not fulfilled according to the contract, in addition to compensating Chang Hwa Bank, the Group should provide documents that show concrete evidence of improvements being made to the financial ratios to the managing bank immediately. If from the date the financial statements were issued till the date the next semi-annual or annual financial statements were issued, improvements were made such that the required ratios are attained, the Group would be viewed as not in breach of the financial commitments of the contract.

2) The contract period of the bank mortgage loan is from 3 years to 6 years and 6 month and the principal and interest are repaid monthly.

	December 31	
	2022	**2021**
Interest rate	1.35%-2.88%	1.35%-2.41%

For guarantees provided by the Group for long-term borrowings, refer to Note 33.

19. ACCOUNTS PAYABLE

	December 31	
	2022	2021
Accounts payable - operating	$ 898,218	$ 1,001,106

The average credit period for purchases was 60 to 90 days. The Group has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

20. OTHER PAYABLES

	December 31	
	2022	2021
Current		
Other payables		
Payables for salaries or bonuses	$ 151,828	$ 114,445
Payables for purchases of equipment	55,577	40,320
Payables for transportation and customs clearance	37,403	48,388
Payables for labor and health insurance	12,340	15,531
Payables for value-added tax	11,123	17,376
Payables for environmental cost	9,232	1,135
Payables for labor costs	7,655	7,030
Others	107,990	83,468
	$ 393,148	$ 327,693

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

Pension expenses for these defined contribution plans are classified under the following accounts:

	For the Year Ended December 31	
	2022	2021
Operating costs	$ 34,103	$ 27,181
Operating expenses	5,720	5,476
	$ 39,823	$ 32,657

22. CONVERTIBLE PREFERRED STOCK

On April 7, 2021, the Company's shareholders approved to issue 75,000 thousand shares of convertible preferred stock (Preferred A) with par value of $10 through private placement. On November 18, 2021, the Company's board of directors approved the issuance of 25,895 thousand shares of the Preferred A stock at a price of $23.75 per share. The Company collected the total amount of $615,000 thousand on December 2, 2021, and completed the registration of the share issuance. Subject to the conditions of the issuance, the preferred shares were split into preferred stock liability of $287,949 thousand (included in non-current liabilities) and conversion options of $327,051 thousand (included in capital surplus). The rights and obligations of the preferred stock in this issuance are as follows:

a. The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated unappropriated dividend shall be appropriated to class A preferred shares in the first priority. If there were no earnings or earnings that were not sufficient to be appropriated to class A preferred shares, the distributable earnings shall be appropriated to class A preferred shares. The dividend deficiency shall be made up in a profitable year or quarter subsequently in the first priority.

b. The annual dividend rate of class A preferred shares was 2% which was calculated at the issuance price per share and paid in cash, the ex-dividend date of the preferred dividend was authorized to be determined by the board of directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.

c. If the expected dividend distribution amount of common shares exceeds the dividend amount of class A preferred shares in the current year, the shareholders of class A preferred shares can participate in the distribution.

d. Except for the aforementioned dividend, the shareholders of class A preferred shares can participate in the appropriation of earnings and reserves to shareholders of common shares of preference shares

e. Class B preferred shares were promised to be transferred to common shares on the day following the third anniversary of the issue.

f. Class A preferred stock is non-voting, except during the preferred shareholders' meetings and on matters regarding the shareholders' rights and obligations.

g. When it comes to appropriate over common shares residual assets of the Company, class A preferred shares have priority preferred shares. However, the amount was limited to the issuance price plus the total amount of unpaid dividends.

h. The issuance period of class A preferred shares was no period, the shareholders of class A preferred shares did not have the right to demand the Company call back class A preferred shares. However, on the date after years of the issuance date, the Company can call back all or some of class A preferred shares at the actual issuance price in cash or other ways which were permitted by regulations. The rights and obligations of class A preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class A preferred shares, if the Company's shareholders resolve to appropriate dividends, the amounts of dividends which have to be the number of actual distribute d as of the date of call back will be calculated according to issuance days in the current year.

i. The preemptive rights for stockholders of class A preferred stocks are the same as those of common stocks when the Company increases its capital by issuing shares.

j. When class A preferred shares meet the condition of call back or mature in the issuance period, if the Company cannot call back all or some class A preferred shares due to force majeure or inscrutable fault of the Company, the rights of class A preferred shares which have not been called back will continue according to aforementioned issuance conditions until the Company calls back all the class A preferred shares. The dividends will be calculated according to the original annual rate and actual extension period, and the rights of class A preferred shares shall not be diminished according to the Company's articles of incorporation.

On March 7, 2022, the Company's board of directors resolved that the offering of the remaining 49,105 thousand shares will not be continued.

23. EQUITY

a. Share capital - ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	700,000	700,000
Shares authorized (in thousands of dollars)	$ 7,000,000	$ 7,000,000
Shares issued and fully paid (in thousands of shares)	476,297	445,797
Shares issued and fully paid (in thousands of dollars)	$ 4,762,967	$ 4,457,967

The par value of the issued ordinary shares is NT$10. Each share entitles its holder to the right to vote and to receive dividends. And released convertible preferred stock (Preferred A) through private placement 25,895 thousand shares, please refer to Note 22.

The Company issued 30,500 thousand ordinary shares with a par value of $10, for a consideration of $26.5 per share which increased the share capital issued and fully paid to $808,250 thousand and release shares increased to 476,297 thousand on July 13, 2022. The Company completed its registration on August 4, 2022.

Of the authorized capital, a total of 5,000 thousand shares should be reserved for employee share option certificates, which should be issued in batches in accordance with the resolution of the board of directors.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 991,729	$ 473,270
Expired employee share options	6,233	-
May be used to offset a deficit only		
Changes in percentage of ownership interest in invested company accounted for using the equity method	11	-

(Continued)

	December 31	
	2022	2021
<u>May not be used for any purpose</u>		
Preferred stock conversion rights (Note 22)	$ 327,051	$ 327,051
	$ 1,325,024	$ 800,321

(Concluded)

The capital surplus from shares issued in excess of par and donations could be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The movements in capital surplus for the years ended December 31, 2022 and 2021 are as follows:

	Employee Share Options	Capital Surplus	Preferred Stock Share Options	Other	Arising from changes in percentage of ownership interest in investments company accounted for using the equity method	Total
Balance at January 1, 2021	$ 1,103,781	$ 49,503	$ -	$ 1,527	$ -	$ 1,154,811
Offset accumulated deficits	(630,511)	(49,503)	-	(1,527)	-	(681,541)
Issuance of convertible preferred stock	-	-	327,051	-	-	327,051
Balance at December 31, 2021	473,270	-	327,051	-	-	800,321
Issuance of ordinary shares	503,250	-	-	-	-	503,250
Recognized as cost of employee share options	15,209	6,233	-	-	-	21,442
Changes in capital surplus in investments in associates accounted for using the equity method	-	-	-	-	11	11
Balance at December 31, 2022	$ 991,729	$ 6,233	$ 327,051	$ -	$ 11	$ 1,325,024

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's amended Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 24.f.

In addition, in accordance with the dividend policy as stated in the Company's Articles, dividends shall be distributed in an appropriate manner based on the Company's future capital budget and funding needs. Dividends shall be distributed in the form of cash or shares, with the percentage of cash dividends not less than 10% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The additional paid in capital of $681,541 thousand used to offset deficits in 2020 was approved in the shareholders' meeting on April 7, 2021.

The appropriations of earnings for 2021, which were proposed by the Company's shareholders meeting on June 9, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve	$ 4,632
Propose special reserve	$ 41,685

The appropriations of earnings for 2022, which were proposed by the Company's board of directors on March 8, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 18,741
Propose special reserve	$ 129,364
Cash dividends	$ 37,664
Cash dividend per dollar (NT$)	$ 0.075

The appropriation of earnings for 2022 will be resolved in the shareholders' meeting to be held in May 2023.

The board of directors held a meeting on March 8, 2023 and proposed the distribution of cash dividends, $0.025 per share, from capital surplus - stock issuance premium of NT$12,555 thousand. The distribution of cash dividends is subject to the resolution of the shareholders to be held in their meeting scheduled in May 2023.

d. Other equity items

1) Exchange differences on the translation of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (869)	$ (700)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	794	(211)
Income tax relating to items that may be reclassified subsequently to profit or loss	(159)	42
Balance at December 31	$ (234)	$ (869)

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (174,284)	$ (173,892)
Recognized for the year		
Unrealized gain - equity instruments	1,404	(392)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	2,239	-
Share from associates accounted for using the equity method	-	78
Empact of loss of subsidiary control (Note 28)	-	(78)
Balance at December 31	$ (170,641)	$ (174,284)

3) Gain (Loss) on Hedging Instruments

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ -	$ -
Recognized for the year		
Gain (loss) on changes in the fair value of hedging instruments		
Foreign currency risk - foreign exchange forward contracts	(218)	-
Related income tax	44	-
Balance at December 31	$ (174)	$ -

e. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 95	$ 21,689
Attributable to non-controlling interests		
Net profit for the year	-	1,385
Other comprehensive income for the year	-	50
Issue of ordinary shares for cash by non-controlling interests	-	117,780
Loss of subsidiary control by non-controlling interests	-	(140,809)
Balance at December 31	$ 95	$ 95

24. NET INCOME

a. Operating revenue

1) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 8)	$ 1,164,930	$ 754,026	$ 686,323
Accounts receivable from related parties (Note 32)	$ 9,498	$ 88,484	$ 74,606
Contract liabilities			
Sale of goods	$ 117,745	$ 294,232	$ 46,708

Refer to Note 8 for the explanation of accounts receivable generated from contracts.

The changes in the balance of contract liabilities primarily resulted from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year from the satisfaction of performance obligations of contract liabilities at the beginning of the year was summarized as follows:

	For the Year Ended December 31	
	2022	2021
From contract liabilities at the beginning of the year		
Sale of goods	$ 293,400	$ 35,817

2) Details of revenue from contracts with customers

Refer to Note 38 for further information about the details of revenue.

3) Partially completed contracts

	December 31	
	2022	2021
Sale of goods		
- from January 1 to December 31, 2022	$ -	$ 294,232
- from January 1 to December 31, 2023	117,745	-
	$ 117,745	$ 294,232

b. Interest income

	December 31	
	2022	2021
Cash in banks	$ 2,043	$ 1,204
Other current financial assets	837	11
Other non-current financial assets	3,034	39
Others	542	14
	$ 6,456	$ 1,268

c. Other operating income and expenses

	For the Year Ended December 31	
	2022	2021
(Loss) gain on disposal of property, plant and equipment	$ (16,105)	$ 1,386
Impairment loss of property, plant and equipment	(8,437)	-
	$ (24,542)	$ 1,386

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 567,760	$ 493,753
Right-of-use assets	11,497	16,483
Investment properties	12,101	12,529
Intangible assets	1,855	1,499
	$ 593,213	$ 524,264
An analysis of depreciation by function		
Operating costs	$ 565,085	$ 491,947
Operating expenses	26,273	30,818
	$ 591,358	$ 522,765
An analysis of amortization by function		
Operating costs	$ 1,048	$ 187
Selling and marketing expenses	524	29
General and administrative expenses	268	1,282
Research and development expenses	15	1
	$ 1,855	$ 1,499

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2022	2021
Generating rental income		
Depreciation expense	$ 12,101	$ 12,529
Tax expense	398	359
	$ 12,499	$ 12,888

f. Employee benefit expenses

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans (Note 21)	$ 39,823	$ 32,657
Share-based payments (Note 27)	21,442	-
Payroll expenses	965,852	758,296
Labor and health insurance expenses	100,500	78,817
Remuneration of directors and supervisors	16,023	11,546
Other employee benefits	86,383	69,486
Total employee benefit expenses	$ 1,230,023	$ 950,802
An analysis of employee benefit expense by function		
Operating costs	$ 1,029,214	$ 773,936
Operating expenses	200,809	176,866
	$ 1,230,023	$ 950,802

g. Compensation of employees and remuneration of directors and supervisors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors, after offsetting accumulated deficits, if any.

The compensation of employees and remuneration of directors for the year ended December 31, 2022 and 2021, which were approved in the board of directors' meeting held on March 8, 2023 and March 14, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	5%	5%
Remuneration of directors and supervisors	3.5%	3%

Amount

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees	$ 9,586	$ 2,392
Remuneration of directors and supervisors	$ 6,710	$ 1,440

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2022	**2021**
Foreign currency exchange gains	$ 61,293	$ 65,100
Foreign currency exchange losses	(81,675)	(20,030)
Net gain	$ (20,382)	$ 45,070

i. Finance costs

	For the Year Ended December 31	
	2022	**2021**
Interest expense	$ 88,057	$ 84,937
Interest on preferred stocks liabilities	12,300	-
Finance costs	9,996	9,394
Interest on lease liabilities	487	1,115
Others	585	1,238
Less: Capitalized interest	(30,679)	(14,972)
	$ 80,746	$ 81,712

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2022	**2021**
Capitalized interest	$ 30,679	$ 14,972
Capitalization rate	2.64%	2.48%

25. INCOME TAXES FROM CONTINUING OPERATIONS

a. Major components of income tax benefit recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
Adjustments for prior years	$ (44)	$ -
Deferred tax		
In respect of the current year	(14,181)	(1,453)
Income tax benefit recognized in profit or loss	$ (14,225)	$ (1,453)

A reconciliation of accounting profit and income tax benefit is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before tax from continuing operations	$ 175,425	$ 46,249
Income tax expense calculated at the statutory rate	$ 35,085	$ 9,250
Tax-exempt income	-	(23)
Nondeductible expenses in determining taxable income	926	1,536
Realized deductible temporary differences	(42,717)	(12,197)
Unrecognized loss carryforwards	(7,475)	-
Adjustments for prior years' current income tax	(44)	-
Adjustments for prior years' deferred income tax	-	(19)
Income tax benefit recognized in profit or loss	$ (14,225)	$ (1,453)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ (159)	$ 42
Cash flow hedges	44	-
	$ (115)	$ 42

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	$ 382	$ 55

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss carryforwards	$ 180,534	$ 7,475	$ -	$ 188,009
Allowance for inventory valuation losses	17,569	19,580	-	37,149
Impairment loss of property, plant and equipment	12,737	(10,706)	-	2,031
Loss on investments in subsidiaries and associates accounted for using the equity method	4,555	19	-	4,574
Allowance for bad debt	4,167	(2,873)	-	1,294
Refund liabilities	2,939	489	-	3,428
Unrealized gain on transactions with associates	625	(495)	-	130
Exchange differences on the translation of the financial statements of foreign operations	217	-	(159)	58
Unrealized loss on financial instruments	49	78	-	127
Loss on hedge instrument	-	-	44	44
	$ 223,392	$ 13,567	$ (115)	$ 236,844
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gains	$ 1,242	$ (614)	$ -	$ 628

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Loss of Subsidiary Control	Closing Balance
Deferred tax assets					
Temporary differences					
Loss carryforwards	$ 179,791	$ 1,065	$ -	$ (322)	$ 180,534
Allowance for inventory valuation losses	8,643	8,926	-	-	17,569
Impairment loss of property, plant and equipment	15,322	(2,585)	-	-	12,737
Loss on investments in subsidiaries and associates accounted for using the equity method	4,542	13	-	-	4,555
Allowance for bad debt	8,675	(4,508)	-	-	4,167
Refund liabilities	2,475	464	-	-	2,939
Unrealized gain on transactions with associates	336	289	-	-	625
Unrealized loss on financial instruments	293	(244)	-	-	49
Exchange differences on the translation of the financial statements of foreign operations	175	-	42	-	217
	$ 220,252	$ 3,420	$ 42	$ (322)	$ 223,392
Deferred tax liabilities					
Temporary differences					
Unrealized foreign exchange gains	$ 248	$ 994	$ -	$ -	$ 1,242
Property, plant and equipment accelerated depreciation	806	973	-	(1,779)	-
	$ 1,054	$ 1,967	$ -	$ (1,779)	$ 1,242

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2022	2021
Loss carryforwards	$ 2,003,476	$ 2,374,711
Deductible temporary differences		
Impairment loss of financial assets	$ 1,705	$ 1,705

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
$ 133,526	2027
238,290	2028
89,609	2029
126,960	2030
320	2032
$ 588,705	

Information on the above-mentioned unused loss carryforwards includes unused loss carryforwards which are not recognized in deferred income tax assets, which are as follows:

	December 31	
	2022	**2021**
Loss carryforwards		
Expiry in 2027	$ -	$ 92,062
Expiry in 2028	183,807	238,290
Expiry in 2029	89,609	89,609
Expiry in 2030	126,960	126,960
Expiry in 2032	320	-
	$ 400,696	$ 546,921

g. Income tax assessments

The income tax returns of the Group, Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, Houchang Energy Corporation, Hengyong Energy Corporation, Hengli Energy Corporation and Yongli Energy Corporation through 2020 have been assessed by the tax authorities, and there is no significant difference between the number of cases assessed and declared.

26. EARNINGS (LOSS) PER SHARE

The earnings (loss) and weighted average number of ordinary shares outstanding that were used in the computation of earnings (loss) per share were as follows:

Net Earnings for the Year

	For the Year Ended December 31	
	2022	**2021**
Earnings used in the computation of basic and diluted earnings per share	$ 189,650	$ 46,317

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2022	**2021**
Weighted average number of ordinary shares used in the computation of basic earnings per share	460,169	445,797
Effect of potentially dilutive ordinary shares		
Employee share options	289	58
Weighted average number of ordinary shares used in the computation of diluted earnings per share	460,458	445,855

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

As of December 31, 2022, the Group's outstanding preferred shares were not included in the calculation of weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share because the preferred stocks were not yet convertible to ordinary shares.

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Company issued ordinary shares for a capital increase in cash in June 2022, in which a portion of the shares is reserved for employees' subscription, and shared-based payment expenses calculated according to the Black-Scholes model amounted to $21,442 thousand. An increase in the same amount was recognized for capital surplus.

The employee share options were priced using the Black-Scholes model, and the inputs to the model are disclosed as follows:

	Grant Date
	June 14, 2022
Fair value of options	$7.03 per share
Exercise price	$26.5 per share
Expected life	12 days
Share price volatility rate	44.08%
Risk-free interest rate	0.6624%

28. DISPOSAL OF SUBSIDIARY - LOSS OF CONTROL DUE TO SUBSCRIPTION FOR ADDITIONAL NEW SHARES AT A PERCENTAGE DIFFERENT FROM EXISTING OWNERSHIP

In December 2021, the Group subscribed for additional new shares of Holdgood Energy Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest from 60.74% to 45.49%, and lost control. The investment was accounted for as associate.

a. Analysis of assets and liabilities on the date control was lost

	Holdgood Energy Corporation
Current assets	
Cash and cash equivalents	$ 31,313
Accounts receivable	1,062
Other current assets	5,202
Non-current assets	
Property plant and equipment	217,670
Investments accounted for using the equity method	208,336
Right-of-use assets	27,329
Prepayments for equipment	4,502
Deferred tax assets	322
Other non-current assets	57,966
Current liabilities	
Short-term bills payable	(22,421)
Accounts payable	(65,707)
Lease liabilities - current	(1,598)
Other current liabilities	(5,317)
Non-current liabilities	
Long-term borrowings	(71,941)
Deferred tax liabilities	(1,779)
Lease liabilities - non-current	(26,045)
Carrying amount	$ 358,894
Percentage before the subscription to additional shares at a rate different from its existing ownership	60.74%
Net assets disposed of	$ 217,992

b. Loss on disposal of subsidiary

	Holdgood Energy Corporation
Net assets disposed of	$ (217,992)
The difference between fair value of remaining equity investment and the premium and book value	216,939
Reclassification of other comprehensive income in respect of subsidiaries	78
Loss on disposals	$ (975)

Loss on disposal of subsidiary in 2021 included unrealized gain of $102 thousand.

29. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2022 and 2021, the Group entered into the following non-cash investing and financing activities:

	For the Year Ended December 31	
	2022	2021
Cash paid for part of the cost of acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 1,154,313	$ 633,577
Net increase in prepayments for equipment	165,109	298,546
Empact of loss of subsidiary control in prepayments for equipment	-	4,502
Net (decrease) increase in payables for purchase of equipment	(15,257)	(8,591)
Effect of foreign currency exchange differences	(3,644)	(327)
Cash paid	$ 1,300,521	$ 927,707

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Balance as of January 1, 2022	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Long-term Borrowings - Current Portion	Non-cash Changes: Amortization of Interest Expenses	Others	Balance as of December 31, 2022
Short-term borrowings	$ 598,972	$ 340,990	$ -	$ -	$ -	$ -	$ 939,962
Short-term bills payable	-	329,513	-	-	-	-	329,513
Long-term borrowings - current portion	412,623	(1,297,458)	-	1,103,439	-	-	218,604
Long-term borrowings	2,140,785	894,000	-	(1,103,439)	-	-	1,931,346
Guarantee deposits	3,705	-	-	-	-	-	3,705
Lease liabilities	10,711	(11,753)	11,911	-	487	(487)	10,869
Preferred stock liabilities	287,949	-	-	-	-	-	287,949
	$ 3,454,745	$ 255,292	$ 11,911	$ -	$ 487	$ (487)	$ 3,721,948

For the year ended December 31, 2021

	Balance as of January 1, 2021	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Long-term Borrowings - Current Portion	Non-cash Changes: Amortization of Interest Expenses	Non-cash Changes: Effect of Foreign Currency Exchange Differences	Others	Empact of Loss of Subsidiary Control	Balance as of December 31, 2021
Short-term borrowings	$ 514,431	$ 88,673	$ -	$ -	$ -	$ (4,132)	$ -	$ -	$ 598,972
Short-term bills payable	304,155	(281,734)	-	-	2,537	-	(2,537)	(22,421)	-
Long-term borrowings - current portion	379,434	(474,403)	-	512,909	-	-	-	(5,317)	412,623
Long-term borrowings	2,516,435	209,200	-	(512,909)	-	-	-	(71,941)	2,140,785
Guarantee deposits	2,335	1,370	-	-	-	-	-	-	3,705
Lease liabilities	10,467	(16,137)	44,024	-	1,115	-	(1,115)	(27,643)	10,711
Preferred stock liabilities	-	287,949	-	-	-	-	-	-	287,949
	$ 3,727,257	$ (185,082)	$ 44,024	$ -	$ 3,652	$ (4,132)	$ (3,652)	$ (127,322)	$ 3,454,745

30. CAPITAL 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 shareholders through the optimization of the debt and equity balance.

The Group will review the capital structure periodically according to the economic environment and business considerations. Based on the recommendations of the management, the Group will adjust the number of new shares issued or the amount of new debt issued in order to balance the overall capital structure.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values (or their fair values cannot be reliably measured).

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivatives	$ -	$ 637	$ -	$ 637
Financial liabilities for hedging				
Derivatives	$ -	$ 218	$ -	$ 218

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Overseas corporate unlisted shares	$ -	$ -	$ 6,063	$ 6,063
Financial liabilities at FVTPL				
Derivatives	$ -	$ 243	$ -	$ 243

There were no transfers between Levels 1 and 2 in 2022 and 2021.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 6,063
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	1,441
Disposal	(7,504)
Balance at December 31	$ -
Recognized in other gains and losses - unrealized	$ -

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 6,455
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	(392)
Balance at December 31	$ 6,063
Recognized in other gains and losses - unrealized	$ (392)

4) Valuation techniques and assumptions applied for Level 3 fair value measurement

The fair values of overseas unlisted corporate equity investments are estimated using the market approach with reference to the net value stated in the most recent financial statements of the investee company and based on the evaluation of similar companies and the operations of the investee company.

c. Categories of financial instruments

	December 31	
	2022	**2021**
<u>Financial assets</u>		
Financial assets at FVTPL		
Financial assets at amortized cost (1)	$ 2,460,944	$ 2,186,495
Financial assets at FVTOCI		
Equity instruments	-	6,063
<u>Financial liabilities</u>		
Financial liabilities at FVTPL	637	243
Financial liabilities for hedging	218	
Financial liabilities at amortized cost (2)	4,810,222	4,619,485

1) The balances include financial assets at amortized cost, which comprise cash, accounts receivable, accounts receivable - related parties, other accounts receivable (excluding tax refund receivable), other accounts receivable - related parties, refundable deposits (recognized as other non-current assets) and other financial assets - restricted (recognized as other current and non-current assets).

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes payable, trade and other payables (excluding wage payable, labor and medical insurance, pension and value-added tax), preferred stock liability and bonds issued.

d. Financial risk management objectives and policies

The Group's major financial instruments include financial assets measured at FVTPL, financial assets measured at FVTOCI, accounts receivable, accounts payable, and short-term, long-term debt and lease liabilities etc. The Group's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date (including monetary items denominated in non-functional currencies in the consolidated financial statements), refer to Note 36.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar.

The following table details the Group’s sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency (U.S. dollar). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit (loss) associated with New Taiwan dollar strengthening 5% against the U.S. dollar. For a 5% weakening of the New Taiwan dollar against the U.S. dollar, there would be an equal and opposite impact on pre-tax profit (loss) and the balances below would be negative.

	U.S. Dollar	
	USD:NTD	
	For the Year Ended December 31	
	2022	**2021**
Profit (loss)	$ 2,191	$ 26,796

This was mainly attributable to the exposure on outstanding bank deposits, other financial assets - restricted, short-term loans, receivables and payables denominated in U.S. dollars which were not hedged at the end of the reporting period.

The sensitivity of the Group to the U.S. dollar decreased during the current period, mainly due to the decrease in short-term loans in U.S. dollars during the current period.

Hedge accounting

The Group's hedging strategy is to enter into forward foreign exchange contracts to hedge the risk of exchange rate changes on foreign currency machine purchase contracts that are expected to occur in the future and are designated as cash flow hedges. When the forecasted purchases actually occur, a basis adjustment is made to the initial carrying amount of the hedged item.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e., the notional amount, life and underlying) of the forward foreign exchange contracts and their corresponding hedged items are the same, the Group performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. The Group compares changes in the fair value of forward foreign exchange contracts with changes in purchase costs to assess the effectiveness of the hedge.

The main source of hedge ineffectiveness in these hedging relationships is the effect of credit risks of the Group and the counterparty on the fair value of the forward exchange contracts. Such credit risks do not impact the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

The Group's exchange rate risk hedge information is summarized as follows:

December 31, 2022

Hedging Instrument	Currency	Notional Amount (thousand)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Liability
Cash flow hedge						
Forecast sales - forward exchange contracts	USD/NTD	USD867/NTD26,795	January 18, 2023	$ 30.905	Financial liabilities for hedging	$ 218

Hedged Item	Accumulated Gains or Losses on Hedging Instruments in Other Equity Continuing Hedges
Cash flow hedge	
Forecast sales (i)	$ (174)

Comprehensive Income	Hedging Losses Recognized in OCI
Cash flow hedge	
Forecast sales (i)(ii)	$ (174)

(i) The Group has entered into a forward exchange contract for the purchase of machinery and equipment to hedge the risk of exchange rate fluctuations from anticipated future purchase transactions, at which time the amount previously deferred in equity will be included in the carrying amount of machinery and equipment.

(ii) Refer to Note 23 for a reconciliation of hedge-related other equity.

b) Interest rate risk

The carrying amounts of the Group’s financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial liabilities	$ 628,331	$ 298,660
Cash flow interest rate risk		
Financial assets	1,093,939	1,157,639
Financial liabilities	3,089,912	3,152,380

Sensitivity analysis

The sensitivity analysis below was determined based on the Group’s exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit (loss) for the years ended December 31, 2022 and 2021 would have decreased/increased by $4,990 thousand and $4,987 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risk on its long-term borrowings.

The Group's interest rate sensitivity in this period is not much different from that in the previous period.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, is primarily equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group uses available financial information and mutual transaction records to rate major customers. The Group continues to monitor the credit risk exposures and the credit ratings of their counterparties.

The Group's concentration of credit risk of 88.42% and 66.31% in total trade receivables as of December 31, 2022 and 2021, respectively, was related to the Group's ten largest customers.

3) Liquidity risk

The Group managed and maintained sufficient cash and cash equivalents to support the operations of the Group and mitigate the impact of fluctuations in cash flows with long-term borrowings of $894,000 thousand and $131,942 thousand in 2022 and 2021, respectively; issued private placement preferred stock of $808,250 thousand and $615,000 thousand in 2022 and 2021. The Group's management supervised the use of bank financing quotas and ensures compliance with the terms of the loan contract.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its borrowings with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2022

	On Demand or Less than 1 Month	**1 Month - 3 Months**	**Over 3 Months to 1 Year**	**Over 1 Year**
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 281,350	$ 68,754	$ 926,374	$ 2,237,696
Fixed interest rate liabilities	229,720	99,793	-	287,949
Non-interest bearing liabilities	737,795	306,887	51,811	6,355
Lease liabilities	600	1,200	4,116	5,486
	$ 1,249,465	$ 476,634	$ 982,301	$ 2,537,486

Additional information about maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 5,916	$ 5,486	$ -	$ -	$ -

December 31, 2021

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 30,158	$ 328,287	$ 714,292	$ 2,288,536
Fixed interest rate liabilities	-	-	-	287,949
Non-interest bearing liabilities	375,409	361,474	442,273	-
Lease liabilities	1,238	2,475	5,335	1,544
	$ 406,805	$ 692,236	$ 1,161,900	$ 2,578,029

Additional information about maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 9,048	$ 1,544	$ -	$ -	$ -

b) Liquidity and interest rate risk for derivative financial liabilities

The following table details the Group’s liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Year
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 113,014	$ -	$ -	$ -
Outflows	(113,869)	-	-	-
	$ (855)	$ -	$ -	$ -

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Year
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 11,813	$ -	$ 49,684	$ -
Outflows	(11,895)	-	(49,845)	-
	$ (82)	$ -	$ (161)	$ -

c) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 1,380,758	$ 854,949
Amount unused	477,943	400,585
	$ 1,858,701	$ 1,255,534
Secured bank overdraft facilities:		
Amount used	$ 1,975,000	$ 2,977,200
Amount unused	1,465,505	771,600
	$ 3,440,505	$ 3,748,800

32. TRANSACTIONS WITH RELATED PARTIES

The terms of the transactions and the prices are negotiated separately, details of the transactions are disclosed below:

a. The Group's related parties

Related Party	Relationship with the Group
Holdgood Energy Development Corporation	Subsidiary before December 2021, associate after December 2021
Yuan-Yu Solar Energy Co., Ltd.	Associate

b. Operating revenue

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2022	2021
Sales	Associate	$ 188,155	$ 138,617

The prices and collection period of sales transactions are based on the contract, which are similar to those of other companies in general.

c. Rent revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Rent revenue	Associate	$ 465	$ -

The rent is determined according to the bargaining method, and the rent is charged on a monthly basis.

d. Other revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Other revenue	Associate/Yuan-Yu	$ 1,972	$ 1,540
	Associate/Holdgood	1,277	-
		$ 3,249	$ 1,540

Other revenue refers to amounts charged to associates and power plant maintenance cleaning costs.

e. Accounts receivable - associates

Line Item	Related Party Category/Name	December 31 2022	2021
Accounts receivable	Associate/Holdgood	$ 9,498	$ 64,886
	Associate/Yuan-Yu	-	23,598
		$ 9,498	$ 88,484

No collateral was received for outstanding accounts receivable - related parties. No allowance for bad debt was required for accounts receivable - related parties as of December 31, 2022. The Group provided allowance for bad debt of $16,053 thousand in 2021 because of the low possibility of receiving the outstanding accounts receivable - related party Yuan-Yu Solar Energy Co., Ltd.

f. Other receivables- associates

Line Item	Related Party Category/Name	December 31 2022	2021
Other receivables	Associate/Yuan-Yu	$ 120	$ 120
	Associate/Holdgood	1,296	76
		$ 1,416	$ 196

Receivables for general service fees and rent.

g. Contract liabilities

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Contract liabilities	Associate/Yuan-Yu	$ -	$ 10,647
	Associate/Holdgood	685	-
		$ 685	$ 10,647

h. Remuneration of key management personnel

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 42,773	$ 33,485
Post-employment benefits	575	432
Share-based payments	886	-
	$ 44,234	$ 33,917

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for import duties, bank borrowings, borrowings for the purchase of material, power plant business and other credit facilities:

	December 31 2022	December 31 2021
Land	$ 425,279	$ 1,071,526
Buildings	758,252	233,878
Machinery	319,266	494,300
Investment properties	92,093	149,155
Investments accounted for using equity method	94,212	-
Other financial assets - restricted assets (recognized as other current and non-current assets)	133,282	101,503
	$ 1,822,384	$ 2,050,362

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2022 and 2021, significant commitments of the Group were as follows:

a. Commitments for construction contracts

	December 31	
	2022	**2021**
Purchased	$ 458,897	$ 60,255
To be purchased in the future	140,303	374,895
	$ 599,200	$ 435,150

b. Commitments for material purchasing contracts

	December 31	
	2022	**2021**
Purchased	$ 586,901	$ 440,117
To be purchased in the future	1,101,911	1,276,532
	$ 1,688,812	$ 1,716,649

c. Commitments for equipment purchasing contracts

	December 31	
	2022	**2021**
Purchased	$ 386,646	$ 647,154
To be purchased in the future	457,954	383,884
	$ 844,600	$ 1,031,038

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On March 8, 2023, the board of directors of the Company resolved to appoint Mega International Commercial Bank Co., Ltd. to host 5-year syndicated loans and to provide land and buildings as collateral for the syndicated credit facility, with the total credit facility amounting to NT$1,736 million (including partial equivalent in U.S. dollars), subject to a 10% adjustment depending on the circumstances of the syndicate. The total amount of the loan will be adjusted within 10% depending on the circumstances of the credit syndicate.

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies (including monetary items that have been written off in a non-functional currency in the consolidated financial statements) and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 17,928	30.71 (USD:NTD)	$ 550,569
Non-monetary items			
USD	263	30.71 (USD:NTD)	8,071
Financial liabilities			
Monetary items			
USD	19,355	30.71 (USD:NTD)	594,392

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 20,688	27.68 (USD:NTD)	$ 572,090
Non-monetary items			
USD	264	27.68 (USD:NTD)	7,298
JPY	25,210	0.2405 (JPY:NTD)	6,063
Financial liabilities			
Monetary items			
USD	40,029	27.68 (USD:NTD)	1,108,003

The significant unrealized foreign exchange gains were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Gain	Exchange Rate	Unrealized Foreign Exchange Gain
USD	29.805 (USD:NTD)	$ 2,919	28.0090 (USD:NTD)	$ 5,421

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: Table 1 (attached)

3) Marketable securities held (excluding investments in subsidiaries): Table 2 (attached)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Table 3

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: Notes 7 and 31

10) Intercompany relationships and significant intercompany transactions: None

11) Information on investees (excluding investees in mainland China): Table 5 (attached)

c. Information on investments in mainland China: None

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder Table 6 (attached)

38. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of products delivered or services provided. The reportable segments of the Group are the solar module segment and other segments.

Solar module segment: provides manufacturing and after-sales services of solar module products.

a. Segment revenue and results

The following is an analysis of the Group's revenue and results from operations by reportable segment.

	Solar Module	Others	Eliminations	Total
For the year ended December 31, 2022				
Revenue from external customers	$ 8,843,083	$ 161,980	$ -	$ 9,005,063
Segment income	$ 210,496	$ 37,319	$ -	$ 247,815
For the year ended December 31, 2021				
Revenue from external customers	$ 6,131,140	$ 26,052	$ -	$ 6,157,192
Intersegment revenue	$ -	$ 117,021	$ (117,021)	$ -
Segment income	$ 43,226	$ 12,120	$ 1,357	$ 56,703

b. Segment total assets

	December 31	
	2022	2021
Solar modules	$ 11,005,233	$ 10,109,396
Others	302,817	120,535
Consolidated total assets	$ 11,308,050	$ 10,229,931

c. Geographical information

The Group operates principally in Asia.

The Group's revenue from external customers by location of operations is detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2022	2021
Asia	$ 8,989,304	$ 6,154,723
Europe	-	2,052
Others	15,759	417
	$ 9,005,063	$ 6,157,192

d. Information about major customers

Customers that individually accounted for at least 10% of the Group’s revenue and their respective sales revenues were as follows:

	For the Year Ended December 31	
	2022	**2021**
Customer F	$ 1,432,853	$ 707,147
Customer B	NA (Note)	626,145

Note: The amount of income did not reach 10% of the total income of the Group.

TSEC CORPORATION AND SUBSIDIARIES

GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Guarantor	Guarantee		Limit on Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Guaranteed During the Period (Note 4)	Outstanding Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	Amount Guaranteed by Collateral (Note 5)	Ratio of Accumulated Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Guarantee Limit (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries (Note 6)	Guarantee Given by Subsidiaries on Behalf of Parent (Note 6)	Guarantee Given on Behalf of Companies in Mainland China (Note 6)	Note
		Name	Relationship (Note 1)											
0	TSEC Corporation (the “Company”)	Yuan-Yu Solar Energy Co., Ltd.	Associate	$ 138,617	$ 120,000	$ 120,000	$ 120,000	$ 120,000	1.95	$ 138,167	N	N	N	

Note 1: Associates in which the Company holds 20% of ordinary shares directly.

Note 2: As for the amount of the Company's endorsement/guarantee provided to a single enterprise due to business dealings, the upper limit of the endorsement/guarantee provided shall be the same as the amount of the Company's purchases from or sales to said enterprises, whichever is higher, in the most recent year or the year before the endorsement/guarantee is provided.

Note 3: It is calculated according to the financial data of the company providing the endorsements/guarantees.

Note 4: The maximum balance of endorsements/guarantees for the current period and the balance of endorsement/guarantee, end of period, are the amounts approved by the board of directors.

Note 5: It is guaranteed by the endorsement guarantee of 12,000 thousand shares of Yuan-Yu Solar Energy Co., Ltd.'s stock held, with NT$10 per share, and the endorsement guarantee amount is $120,000 thousand.

Note 6: “Y” shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to subsidiary; endorsement/guarantee by subsidiary to the publicly listed parent; endorsement/guarantee to entity in mainland China.

TSEC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
TSEC Corporation (the "Company")	Domestic unlisted ordinary shares Eversol Corporation	-	Financial assets at fair value through other comprehensive income (FVTOCI)	62,591	$ -	2.23	$ -	-

Note: None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

TABLE 3

TSEC CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
TSEC Corporation	Houses and buildings	2021.08.26 (Note 1)	$ 323,000	$ 274,550	Engtown Construction Corporation	None	-	-	-	$ -	Engineering contracts	Plant	Note

Note 1: Date of signing of the contract.

Note 2: Because the unfinished project has not been completed and accepted, it has not been accounted for construction in progress as of December 31, 2022.

TSEC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Credit Period	Unit Price	Credit Period	Ending Balance	% of Total	
TSEC Corporation	Holdgood Energy Development Corporation	Associate	Sale	$ 125,990	1.4	30-75 days	-	-	$ 9,498	0.79	Note

Note: The Company transacts with Holdgood Energy Development Corporation directly and the relevant price and credit period are based on either the contract or by negotiations.

TSEC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		December 31, 2022			Net Income (Loss) of the Investee	Share of Profit	Other Items
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
TSEC Corporation	TSEC America, Inc.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of solar related products	$ 31,129 (US$ 1,000,000)	$ 31,129 (US$ 1,000,000)	100	100	$ 8,071	$ (24)	$ (24)	(Notes 1, 4 and 6)
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,500	500	12,050	100	118,855	(1,598)	(1,598)	(Notes 1 and 6)
	Changyang Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	400	400	40	80	383	1	1	(Notes 1 and 6)
	Yunsheng Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100	478	1	1	(Notes 1 and 6)
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100	478	1	1	(Notes 1 and 6)
	TSECPV (HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of solar related products	200 (US$ 6,500)	56 (US$ 2,000)	-	100	87	(72)	(72)	(Notes 1 and 6)
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	89	-	10	100	80	(9)	(9)	(Notes 1, 6 and 7)
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	213,804	213,804	21,380	45.49	231,410 (Note 5)	31,691	14,416	(Notes 2 and 5)
	Yuan-Yu Solar Energy Co., Ltd.	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,000	120,000	12,000	20	94,212 (Note 5.8)	(53,144)	(12,460)	(Notes 3, 5 and 8)
Hou Chang Energy Corporation	Hengyong Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100	89	-	-	(Notes 1 and 6)
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	100	-	-	-	-	-	(Notes 1, 6 and 7)
	Yongli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100	89	-	-	(Notes 1 and 6)

Note 1: The investment gains and losses of the subsidiaries accounted for using the equity method are calculated based on the financial statements that have been audited.

Note 2: The investment gains and losses of the associates accounted for using the equity method are calculated based on the financial statements that have been audited.

Note 3: The share of profit or loss of associate accounted for using the equity method are calculated based on the financial statements that have not been audited. The management consider that if the financial statements are audited by accountants, the adjustment amount will not have a significant impact.

Note 4: The board of directors resolved to liquidate and dissolve the subsidiary TSEC America, Inc. on September 11, 2018. As of March 8, 2023, TSEC America, Inc. has not completed the liquidation procedures.

Note 5: Carrying amount includes unrealized gross margin.

Note 6: Eliminated from the consolidated financial statements.

Note 7: The Company purchased the entire equity of Hengli Energy Corporation from its subsidiary Hou Chang Energy Corporation by $89 thousand in March 2022, and the shareholding ratio was 100% after acquisition.

Note 8: The Company issued the equity of Yuan Yu Company to the bank lender as collateral for Yuan Yu Company's financing in Note 33.

TSEC CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.