TSEC Corporation

Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors’ Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TSEC Corporation

Opinion

We have audited the accompanying financial statements of TSEC Corporation (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph) the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public 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 based on our audits and the report of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Company's financial statements for the year ended December 31, 2023 is described as follows:

Validity of Sales from Customers Added to the Top Twenty Revenue-Contributing Section

The sales revenue from customers added to the top twenty revenue-contributing sections for the year ended December 31, 2023 was $2,364,565 thousand, which accounted for 28.69% of the Company's operating revenue, and is material to the Company's financial statements. Since management may be under pressure to achieve financial goals, the inherent risk of fraud in revenue recognition is high. Thus, we identified the risk of revenue recognition as a key audit matter. For the related accounting policies, refer to Note 4 of the financial statements.

We obtained an understanding of the Company's internal controls over sales transactions with customers added to the top twenty 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 of the transactions with customers added to the top twenty revenue-contributing sections and inspected 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 the customers added to the top twenty revenue-contributing sections is free from material misstatements.

Other Matter

Among the investments accounted for using the equity method, the financial statements of Yuan-Yu Solar Energy Co., Ltd. and NFC III Renewable Power Co., Ltd. were audited by other auditors. Therefore, the conclusions made regarding the amounts presented in the financial statements of investee companies in the aforementioned consolidated financial statements are based on the audit results of the other auditors. As of December 31, 2023, the investment balance in investee companies in the aforementioned accounted for $549,725 thousand, representing 4.6% of the total assets. The share of the equity method recognized for associated enterprises and joint ventures from January 1, 2023, to December 31, 2023, amounted to $39,055 thousand, accounting for 7.4% of the total comprehensive income.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on 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 financial statements.

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

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

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

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

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 financial statements for the year ended December 31, 2023 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 Cheng-Chuan Yu and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2024

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.

TSEC CORPORATION

BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,151,345	10	$ 825,478	7
Financial assets at amortized cost - current (Notes 4 and 8)	139,120	1	134,929	1
Notes receivable (Notes 4, 9 and 24)	83,894	1	-	-
Accounts receivable (Notes 4, 9 and 24)	1,477,993	12	1,164,930	11
Accounts receivable from related parties (Notes 4, 9, 24 and 31)	42,437	-	9,498	-
Other receivables (Notes 4 and 9)	2,640	-	15,449	-
Other receivables from related parties (Notes 4 and 31)	1,385	-	1,416	-
Current tax assets (Notes 4 and 25)	2,340	-	382	-
Inventories (Notes 4 and 10)	1,274,866	11	1,699,321	15
Other current assets (Notes 17 and 32)	81,077	1	153,666	2
Total current assets	4,257,097	36	4,005,069	36
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4 and 8)	55,388	1	123,282	1
Investments accounted for using the equity method (Notes 4, 12 and 32)	937,177	8	454,054	4
Property, plant and equipment (Notes 4, 5, 13 and 32)	5,943,366	50	5,442,722	49
Right-of-use assets (Notes 4 and 14)	16,216	-	10,770	-
Investment properties (Notes 4, 15 and 32)	9,012	-	163,159	1
Other intangible assets (Notes 4 and 16)	7,800	-	4,708	-
Deferred tax assets (Notes 4 and 25)	244,812	2	236,844	2
Other non-current assets (Notes 17, 28 and 32)	396,511	3	783,981	7
Total non-current assets	7,610,282	64	7,219,520	64
TOTAL	$ 11,867,379	100	$ 11,224,589	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18, 28 and 32)	$ 341,836	3	$ 856,613	8
Short-term bills payable (Notes 18, 28 and 32)	79,904	1	329,513	3
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	724	-	637	-
Financial liabilities for hedging - current (Notes 4 and 30)	-	-	218	-
Contract liabilities (Notes 4, 24 and 31)	90,007	1	117,745	1
Notes payable (Note 19)	23	-	24	-
Accounts payable (Note 19)	525,327	4	898,218	8
Other payables (Notes 20 and 28)	441,637	4	393,141	3
Lease liabilities - current (Notes 4, 14 and 28)	11,736	-	5,473	-
Current portion of long-term borrowings (Notes 18, 28 and 32)	491,150	4	218,604	2
Other current liabilities (Note 20)	17,862	-	7,569	-
Total current liabilities	2,000,206	17	2,827,755	25
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18, 28 and 32)	1,901,586	16	1,931,346	17
Provisions (Note 4)	25,021	-	17,140	-
Deferred tax liabilities (Notes 4 and 25)	1,899	-	628	-
Preferred stock liabilities (Notes 4, 22 and 28)	287,949	3	287,949	3
Lease liabilities - non-current (Notes 4, 14 and 28)	4,684	-	5,396	-
Guarantee deposits received (Notes 20 and 28)	-	-	3,705	-
Total non-current liabilities	2,221,139	19	2,246,164	20
Total liabilities	4,221,345	36	5,073,919	45
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 23)				
Share capital	5,127,967	43	4,762,967	42
Capital surplus	1,965,635	17	1,325,024	12
Retained earnings				
Legal reserve	23,373	-	4,632	-
Special reserve	171,049	1	41,685	-
Unappropriated earnings	528,910	5	187,411	2
Total retained earnings	723,332	6	233,728	2
Other equity	(170,900)	(2)	(171,049)	(1)
Total equity attributable to owners of the Company	7,646,034	64	6,150,670	55
TOTAL	$ 11,867,379	100	$ 11,224,589	100

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

(With Deloitte & Touche auditors’ report dated March 6, 2024)

TSEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 24 and 31)	$ 8,242,495	100	$ 9,005,063	100
OPERATING COSTS (Notes 10, 21 and 24)	6,978,100	85	8,328,524	92
GROSS PROFIT	1,264,395	15	676,539	8
UNREALIZED LOSS ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	5,329	-	2,425	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	155	-	50	-
REALIZED GROSS PROFIT	1,269,879	15	679,014	8
OPERATING EXPENSES (Notes 21, 24 and 31)				
Selling and marketing	110,181	1	104,289	1
General and administrative	300,280	4	233,540	3
Research and development	68,103	1	49,839	1
Expected credit loss (Note 9)	1,669	-	18,714	-
Total operating expenses	480,233	6	406,382	5
OTHER OPERATING INCOME AND EXPENSES (Note 24)	(325,143)	(4)	(24,541)	-
PROFIT FROM OPERATIONS	464,503	5	248,091	3
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 24)	(68,190)	(1)	(79,300)	(1)
Share of profit or loss of subsidiaries and associates accounted for using the equity method (Notes 4 and 12)	48,343	1	256	-
Interest income (Note 24)	23,094	-	6,434	-
Rental income (Note 31)	26,518	1	22,702	-
Other income (Note 31)	24,188	-	13,069	-
Foreign exchange loss, net (Note 24)	(375)	-	(20,382)	-
Gains or losses on financial assets and liabilities at fair value through profit or loss	2,667	-	(15,445)	-
Miscellaneous expenses	(283)	-	-	-
Total non-operating income and expenses	55,962	1	(72,666)	(1)

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TSEC CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX	$ 520,465	6	$ 175,425	2
INCOME TAX BENEFIT (Notes 4 and 25)	6,803	-	14,225	-
NET PROFIT FOR THE YEAR	527,268	6	189,650	2
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 23)	-	-	1,404	-
Gain (loss) on hedging instruments subject to basis adjustment (Note 23)	119	-	(218)	-
Share of other comprehensive loss of associates accounted for using the equity method	(24)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 25)	(44)	-	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)	(2)	-	794	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 25)	1	-	(159)	-
Other comprehensive income for the year, net of income tax	50	-	1,865	-
TOTAL COMPREHENSIVE INCOME	$ 527,318	6	$ 191,515	2
EARNINGS PER SHARE (Note 26)				
Basic	$ 1.07		$ 0.41	
Diluted	$ 1.04		$ 0.41	

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

(With Deloitte & Touche auditors' report dated March 6, 2024) (Concluded)

TSEC CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital (Note 23)			Retained Earnings (Note 23)			Other Equity (Note 23)			
	Shares (In Thousands)	Amount	Capital Surplus (Notes 23 and 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Equity
BALANCE AT JANUARY 1, 2022	445,797	$ 4,457,967	$ 800,321	$ -	$ -	$ 46,317	$ (869)	$ (174,284)	$ -	$ 5,129,452
Appropriation of 2021 earnings										
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
Compensation cost of employee share options (Notes 23 and 27)	-	-	21,442	-	-	-	-	-	-	21,442
Changes in percentage of ownership interests in investment accounted for using equity method (Note 23)	-	-	11	-	-	-	-	-	-	11
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 11 and 23)	-	-	-	-	-	(2,239)	-	2,239	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	189,650	-	-	-	189,650
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	635	1,404	(174)	1,865
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	189,650	635	1,404	(174)	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
Appropriation of 2022 earnings										
Legal reserve	-	-	-	18,741	-	(18,741)	-	-	-	-
Special reserve	-	-	-	-	129,364	(129,364)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(37,664)	-	-	-	(37,664)
Cash dividends from capital surplus	-	-	(12,555)	-	-	-	-	-	-	(12,555)
Issuance of ordinary shares for cash	36,500	365,000	624,150	-	-	-	-	-	-	989,150
Compensation cost of employee share options (Notes 23 and 27)	-	-	29,016	-	-	-	-	-	-	29,016
Basis adjustments to hedging instruments	-	-	-	-	-	-	-	-	99	99
Net profit for the year ended December 31, 2023	-	-	-	-	-	527,268	-	-	-	527,268
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(1)	(24)	75	50
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	527,268	(1)	(24)	75	527,318
BALANCE AT DECEMBER 31, 2023	512,797	$ 5,127,967	$ 1,965,635	$ 23,373	$ 171,049	$ 528,910	$ (235)	$ (170,665)	$ -	$ 7,646,034

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

(With Deloitte & Touche auditors' report dated March 6, 2024)

TSEC CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 520,465	$ 175,425
Adjustments for:		
Depreciation	880,361	591,358
Amortization	3,495	1,855
Expected credit loss recognized on accounts receivable	1,669	18,714
Net (gain) loss on fair value changes of financial instruments at fair value through profit or loss	(2,667)	15,445
Finance costs	68,190	79,300
Interest income	(23,094)	(6,434)
Shared-based payment expenses	29,016	21,442
Share of profit of investment accounted for using the equity method	(48,343)	(256)
Loss on disposal of property, plant and equipment	318,921	16,105
Write-down of inventories	69,196	97,900
Unrealized loss on transactions with subsidiaries and associates	(5,329)	(2,425)
Realized gain on transactions with subsidiaries and associates	(155)	(50)
Net unrealized gain on foreign currency exchange	(3,619)	(3,029)
Prepayments for equipment transferred to loss	4,000	8,436
Provisions for liabilities	7,881	2,445
Gains on modification of lease	(13)	-
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,754	(15,051)
Notes receivable	(83,894)	-
Accounts receivable	(314,749)	(429,168)
Accounts receivable from related parties	(32,939)	78,986
Other receivables	13,402	(1,546)
Other receivables from related parties	31	(1,220)
Inventories	355,259	(225,081)
Other current assets	68,589	89,572
Contract liabilities	(27,738)	(176,487)
Notes payable	(1)	24
Accounts payable	(366,463)	(97,912)
Other payables	7,376	38,062
Other current liabilities	10,293	1,141
Cash generated from operations	1,451,894	277,551
Interest received	22,501	5,094
Finance costs paid	(98,542)	(98,367)
Income tax paid	(1,895)	(283)
Net cash generated from operating activities	1,373,958	183,995

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TSEC CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	$ -	$ 7,504
Purchase of financial assets at amortized cost	-	(156,708)
Proceeds from sale of financial assets at amortized cost	63,328	-
Proceeds from sale of financial assets for hedging	(99)	-
Acquisition of associates	(432,000)	-
Payments for property, plant and equipment (Note 28)	(1,100,025)	(1,110,888)
Proceeds from disposal of property, plant and equipment	16,931	830
Increase in refundable deposits	-	(1,981)
Decrease in refundable deposits	8,438	-
Payments for other intangible assets	(6,587)	(2,309)
Dividends received from investments accounted for using equity method	28,828	2,138
Net cash used in investing activities	(1,421,186)	(1,261,414)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	257,641
Repayments of short-term borrowings	(514,777)	-
Proceeds from short-term bills payable	-	329,513
Repayments of short-term bills payable	(249,609)	-
Proceeds from long-term borrowings	425,200	894,000
Repayments of long-term borrowings	(182,414)	(1,297,458)
Repayments of guarantee deposits received	(3,705)	-
Repayments of the principal portion of lease liabilities	(11,390)	(11,753)
Dividends paid to owners of the Company	(50,219)	-
Proceeds from issuance of ordinary shares	989,150	808,250
Acquisition of additional interests in subsidiaries	(26,150)	(120,232)
Net cash generated from financing activities	376,086	859,961
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,991)	(5,662)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	325,867	(223,120)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	825,478	1,048,598
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,151,345	$ 825,478

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

(With Deloitte & Touche auditors' report dated March 6, 2024) (Concluded)

(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 financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 6, 2024.

3. APPLICATION OF NEW, AMENDED 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 "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

   Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be 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.

   Note 3: The amendments provide some transition relief regarding disclosure requirements.

   As of the date the financial statements were authorized for issue, the Company has assessed that the application of the above-mentioned standards and interpretations will not have a material impact on the Company's financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	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
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the above-mentioned standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries, and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, associates and joint ventures, the share of other comprehensive income of subsidiaries, and associates and the related equity items, as appropriate, in these parent company only financial statements.

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 financial statements are authorized for issue; and

3) Liabilities for which the Company 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. Foreign currencies

In preparing the individual financial statements of the Company, transactions in currencies other than the Company'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.

e. Inventories

Inventories consist of raw materials, finished goods, work in process and construction in process 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

The subsidiaries refer to entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. In addition, changes to the Company's other interests in the subsidiary are recognized based on the shareholding ratio.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company applies the equity method to its investments in affiliated companies.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that 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, that 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 Company 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 Company 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 Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent that interests in the associate are not related to the Company.

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.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. 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) Individually acquired

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

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 and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset 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 Company 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 Company 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 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, notes 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 asset that is not credit impaired on purchase or origination but has 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 and repurchase agreements collateralized by bonds 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 Company 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 Company’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 Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including accounts receivable) and lease receivables.

The Company always recognizes lifetime ECLs for accounts receivable. For all other financial instruments, the Company 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 Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the ECLs 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 Company considers the following situations as indications that a financial asset is in default (without taking into account any collateral held by the Company):

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 Company has reasonable and corroborative information to support a more lagged default criterion.

The Company 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 Company 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 difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and 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 Company 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 Company 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 Company 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 Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as 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 qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately 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 reclassification adjustments in the line items relating to the hedged item in the same period in which the hedged item affects profit or loss. If a hedge of a forecasted 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 included in the initial cost of the non-financial asset or non-financial liability.

The Company 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 was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are 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 Company’s obligations.

o. Revenue recognition

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

For contracts where the period between the date on which the Company 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 Company does not adjust the promised amount of consideration for the effects of a significant financing component.

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. When the goods are delivered to the customer's specific location or the goods have been delivered to the customer, the transaction price received is recognized as a contract liability.

Power plant sales

For contracts of power plant sales, the transaction price, after the right to use and the control of ownership of the power plant has been transferred to clients, is recognized as revenue when the construction is completed and acceptance and the property is transferred to the buyer.

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 Company assesses whether the contract is, or contains, a lease.

1) The Company 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 Company as lessee

The Company 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.

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 Company 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. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

s. 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.

t. 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 Company’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.

u. 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 Company 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 Company 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. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company'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.

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Property, plant and equipment

The board resolution considered that the introduction of advanced production lines for large-size products could replace some of the machinery and equipment of the Company, and after the assessment of the economic benefits and status of the machinery and equipment to be replaced, it is proposed to change the estimated service life of those machinery and equipment to reflect the actual service life and reasonably amortize costs to facilitate the provision of reliable and more relevant information. Therefore, the service life of some of the machinery and equipment is shortened, starting May 1, 2023. The change in estimate increases the depreciation expenses in 2023 by $167,653 thousand, which has been fully reflected in the Company's 2023 consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 609	$ 609
Checking accounts and demand deposits	691,014	674,244
Cash equivalents		
Time deposits with original maturities of 3 months or less	459,722	150,625
	$ 1,151,345	$ 825,478

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	
	2023	2022
Demand deposits	0.001%-1.45%	0.05%-1.05%
Time deposits with original maturities of 3 months or less	0.55%-5.65%	1.70%-4.70%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial liabilities - held for trading		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	$ 724	$ 637

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, 2023			
Buy	CNY/NTD	2024.01.10	CNY1,120/NTD4,923
	CNY/NTD	2024.01.10	CNY585/NTD2,572
	CNY/NTD	2024.01.10	CNY1,258/NTD5,520
	CNY/NTD	2024.01.10	CNY2,000/NTD8,759
	CNY/NTD	2024.01.10	CNY7,345/NTD32,245
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

The Company 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. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturities of more than 3 months	$ 85,344	$ 124,929
Restricted assets - bank deposits	53,776	10,000
	$ 139,120	$ 134,929
Non-current		
Restricted assets - bank deposits	$ 55,388	$ 123,282

As of December 31, 2023 and 2022, the interest rate range was 0.54%-5.65% and 0.2%-3.5% respectively.

The financial assets at amortized cost - restricted assets of Company were used as pledged deposits and reserve accounts for secured borrowings from banks, performance guarantee and borrowings for purchases. Refer to Note 32 for the details.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 83,894	$ -
Less: Allowance for impairment loss	-	-
	$ 83,894	$ -
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 1,498,053	$ 1,183,321
Less: Allowance for impairment loss	(20,060)	(18,391)
	$ 1,477,993	$ 1,164,930
Account receivable - related parties	$ 42,437	$ 9,498
Other receivables		
Interest receivable	$ 2,149	$ 1,556
Value-added tax rebate	-	8,415
Rent receivables	-	5,408
Others	491	70
	$ 2,640	$ 15,449

a. Notes receivable

The average credit period of notes receivable is 45-90 days.

The Company measures the loss allowance for notes receivable based on the lifetimes ECLs. The existing period ECLs are based on the past default records of the customer, and the economic situation of the industry. As of December 31, 2023 and 2022, the Company assessed that the notes receivable are not required to be recognized as ECLs.

The aging analysis of notes receivable based on the account journal date is as follows:

	December 31	
	2023	2022
1-60 days	$ 75,100	$ -
61-90 days	8,794	-
	$ 83,894	$ -

b. 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 Company 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 Company's credit risk was significantly reduced. The Company'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 Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs 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 GDP forecast and industry outlook. As the Company'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 Company's different customer base.

The Company 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 Company 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 (including related parties) based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	Over 121 Days	Individual Evaluation	Total
Expected credit loss rate	0.06%	4.27%	-	-		
Gross carrying amount	$ 1,518,539	$ 2,928	$ -	$ -	$ 19,023	$ 1,540,490
Loss allowance (Lifetime ECLs)	(911)	(126)	-	-	(19,023)	(20,060)
Amortized cost	$ 1,517,628	$ 2,802	$ -	$ -	$ -	$ 1,520,430

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	Over 121 Days	Individual Evaluation	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

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31 2023	2022
Balance, beginning of year	$ 18,391	$ 29,552
Add: Net remeasurement of loss allowance	1,669	18,714
Less: Amounts written off	-	(29,875)
Balance, end of year	$ 20,060	$ 18,391

c. Other receivables

The Company's other receivables are mainly comprised of tax refund receivable and interest receivable. The Company adopted a policy of dealing only with creditworthy counterparties. The Company 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, 2023 and 2022, the Company assessed that the expected credit loss rate of other receivables was 0%.

10. INVENTORIES

	December 31	
	2023	**2022**
Raw materials	$ 461,124	$ 958,385
Finished goods	701,846	539,952
Construction in progress	55,794	68,401
Work in process	56,102	132,583
	$ 1,274,866	$ 1,699,321

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

	For the Year Ended December 31	
	2023	**2022**
Cost of inventories sold	$ 6,892,804	$ 8,213,221
Inventories write-downs	69,196	97,900
Others	16,100	17,403
	$ 6,978,100	$ 8,328,524

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	**2022**
Non-current		
Domestic investments		
Unlisted shares		
Ordinary shares - Eversol Corporation	$ -	$ -

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.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 156,072	$ 128,432
Investments in associates	781,105	325,622
	$ 937,177	$ 454,054

a. Investments in subsidiaries

	December 31	
	2023	2022
Unlisted equity investments		
TSEC America, Inc.	$ 8,077	$ 8,071
Yunsheng Optoelectronics Co., Ltd. (Yunsheng)	481	478
Yunxing Optoelectronics Co., Ltd. (Yunxing)	481	478
Hou Chang Energy Co., Ltd. (Hou Chang Energy)	120,530	118,855
Changyang Optoelectronics Co., Ltd. (Changyang)	385	383
Heng Li Energy Co., Ltd. (Heng Li Energy)	80	80
TSECPV (HK) Limited	-	87
Yuan-Jin Energy Co., Ltd. (Yuan-Jin Energy)	26,038	-
	$ 156,072	$ 128,432

Proportion of ownership of subsidiaries is as follows:

	December 31	
	2023	2022
TSEC America, Inc.	100.00%	100.00%
Yunsheng	100.00%	100.00%
Yunxing	100.00%	100.00%
Hou Chang Energy	100.00%	100.00%
Changyang	80.00%	80.00%
Heng Li Energy	100.00%	100.00%
TSECPV (HK) Limited	100.00%	100.00%
Yuan-Jin Energy	90.00%	-

The nature of activities, principal places of business and countries information of Company registration of the above-mentioned subsidiaries, refer to Table 5 of Note 36.

On September 11, 2018, the Company resolved to liquidate and dissolve its subsidiary TSEC America, Inc. On March 6, 2024, TSEC America, Inc. has yet to execute its liquidation process.

In March 2022, the Company acquired all the equity interests of Heng Li Energy held by its subsidiary, Hou Chang Energy, with a consideration of $89 thousand in cash and ownership interest of 100%.

In June 2022, the Company increased the capital of its subsidiary, Houchang Energy Development Corporation, by $120,000 thousand, and its shareholding ratio remained unchanged.

In February 2023, the Company incorporated a subsidiary of Yuan-Jin Energy, which engaged in power development, transportation and sales of solar power generation systems with a consideration of $26,100 thousand and ownership interest of 90%. The establishment registration has been filed.

In November 2023 and September 2022, the Company increased the capital of its subsidiary, TSECPV (HK) LIMITED, by $50 thousand and $143 thousand, and its shareholding ratio remained unchanged.

For the years ended December 31, 2023 and 2022, the share of income or loss of subsidiaries using the equity method is recognized based on the financial statements of the subsidiaries audited during the same periods.

For the details on changes in investments accounted for using the equity method, refer to Statement 4.

b. Investments in associates

	December 31	
	2023	**2022**
Material associates		
Holdgood Energy Co., Ltd. (Holdgood)	$ 231,380	$ 231,410
Yuan-Yu Solar Energy Co., Ltd. (Yuan-Yu)	122,175	-
NFC III Renewable Power Co., Ltd. (NFC III)	427,550	-
Associates that are not individually material		
Yuan-Yu	-	94,212
	$ 781,105	$ 325,622

1) Aggregate information of material associates

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2023**	**2022**
Holdgood	45.49%	45.49%
Yuan-Yu	20.00%	-
NFC III	24.00%	-

The nature of activities, principal place of business and country information of company registration of the above-mentioned associates, refer to Note 36, Table 5 “Information on Investees”.

The Company uses equity method to associate associates above-mentioned.

In July 2023, the Company acquired 43,200 thousand ordinary shares of NFC III with an aggregate amount of $432,000 thousand in cash and ownership interest of 24%.

The financial information below was based on the associates' financial statements prepared under IFRS Accounting Standards and adjusted for equity-method accounting purpose.

Holdgood

	December 31	
	2023	**2022**
Current assets	$ 63,214	$ 23,544
Non-current assets	709,277	682,658
Current liabilities	(67,248)	(66,375)
Non-current liabilities	(212,530)	(135,999)
Equity	$ 492,713	$ 503,828
Proportion of the Company's ownership	45.49%	45.49%
Equity attributable to the Company	$ 224,135	$ 229,191
Unrealized intercompany transactions	7,245	2,219
Carrying amount	$ 231,380	$ 231,410

	For the Year Ended December 31	
	2023	**2022**
Operating revenue	$ 90,421	$ 41,122
Net profit for the year	$ 17,138	$ 31,691
Other comprehensive loss	(52)	(79)
Total comprehensive income for the year	$ 17,086	$ 31,612

Yuan-Yu

	December 31, 2023
Current assets	$ 191,432
Non-current assets	1,717,821
Current liabilities	(151,720)
Non-current liabilities	(1,139,810)
Equity	$ 617,723
Proportion of the Company's ownership	20%
Equity attributable to the Company	$ 123,545
Unrealized intercompany transactions	(1,370)
Carrying amount	$ 122,175

	For the Year Ended December 31, 2023
Operating revenue	$ 528,182
Net profit for the year	$ 209,318
Other comprehensive income	-
Total comprehensive income for the year	$ 209,318

NFC III

	December 31, 2023
Current assets	$ 203,725
Non-current assets	1,577,843
Current liabilities	(110)
Non-current liabilities	-
Equity	$ 1,781,458
Proportion of the Company's ownership	24%
Equity attributable to the Company	$ 427,550
Unrealized intercompany transactions	-
Carrying amount	$ 427,550

	For the Year Ended December 31, 2023
Operating revenue	$ -
Net loss for the year	$ (18,510)
Other comprehensive income	-
Total comprehensive loss for the year	$ (18,510)

2) Associates that are not individually material

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2023	2022
Yuan-Yu	-	20%

Aggregate information of associates that are not individually material:

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

Refer to Table 5 of Note 36 for the nature of activities, principal places of business and countries of incorporation of the associates. For details of investments accounted for using the equity method, refer to Statement 4.

The Company issued the equity of Yuan-Yu to a financial institution as collateral for Yuan-Yu's financing. Refer to note 32 for mortgage information.

Except for associates Yuan-Yu for the year ended December 31, 2022, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the associates' financial statements audited by the auditors for the same years. The Company has assessed that the situation mentioned above will not have a material impact.

13. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Company

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2023	$ 1,071,526	$ 3,477,828	$ 3,192,654	$ 24,917	$ 344,535	$ 530,800	$ 8,642,260
Additions	-	257,303	1,254,141	-	33,049	6,709	1,551,202
Disposals	-	-	(2,163,059)	(179)	(79,263)	-	(2,242,501)
Reclassification	(9,012)	798,278	6,701	-	-	(509,895)	286,072
Balance at December 31, 2023	1,062,514	4,533,409	2,290,437	24,738	298,321	27,614	8,237,033
Accumulated depreciation and impairment							
Balance at January 1, 2023	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Depreciation expense	-	167,053	663,714	40	31,199	-	862,006
Disposals	-	-	(1,829,056)	(179)	(77,414)	-	(1,906,649)
Reclassification	-	138,696	76	-	-	-	138,772
Balance at December 31, 2023	-	1,555,349	523,012	24,634	190,672	-	2,293,667
Carrying amount at December 31, 2023	$ 1,062,514	$ 2,978,060	$ 1,767,425	$ 104	$ 107,649	$ 27,614	$ 5,943,366
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

(Continued)

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
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

(Concluded)

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2023 and 2022.

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 improvements	5-20 years
Machinery	3-20 years
Office equipment	3 years
Miscellaneous equipment	3-15 years

Refer to Note 33 for details on the purchases of machines required for production and the significant commitments stated in the construction contracts.

Refer to Notes 18 and 32 for the carrying amounts of property, plant and equipment pledged by the Company to secure borrowings for the years ended December 31, 2023 and 2022.

Refer to Note 24. (I). for capitalized interest for the years ended December 31, 2023 and 2022.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 15,266	$ 10,770
Transportation equipment	950	-
	$ 16,216	$ 10,770

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 18,013	$ 11,911
Depreciation charge for right-of-use assets		
Buildings	$ 10,904	$ 10,657
Transportation equipment	604	543
Machinery	-	297
	$ 11,508	$ 11,497

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 11,736	$ 5,473
Non-current	$ 4,684	$ 5,396

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.33%-3.06%	2.33%-2.43%
Transportation equipment	3.06%	-

c. Material leasing activities and terms

The Company leases certain vehicles and buildings for the use of official vehicles, employee dormitories and offices with lease terms of 2 to 4 years. The Company 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	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 4,608	$ 6,493
Total cash outflow for leases	$ (16,498)	$ (18,733)

The Company's leases of certain parking space and employee dormitory qualify as short-term leases and leases of certain photocopiers qualify as low-value asset leases. The Company 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

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	$ -	$ 295,084	$ 295,084
Reclassification (Notes 1 and 2)	9,012	(295,084)	(286,072)
Balance at December 31, 2023	9,012	-	9,012
Accumulated depreciation			
Balance at January 1, 2023	-	131,925	131,925
Depreciation expenses	-	6,847	6,847
Reclassification (Notes 1 and 2)	-	(138,772)	(138,772)
Balance at December 31, 2023	-	-	-
Carrying amounts at December 31, 2023	$ 9,012	$ -	$ 9,012
Cost			
Balance at January 1, 2022 and December 31, 2022	$ -	$ 295,084	$ 295,084
Accumulated depreciation			
Balance at January 1, 2022	-	119,824	119,824
Depreciation expenses	-	12,101	12,101
Balance at December 31, 2022	-	131,925	131,925
Carrying amounts at December 31, 2022	$ -	$ 163,159	$ 163,159

Note 1: Reclassified from property, plant and equipment to investment property.

Note 2: Reclassified to property, plant and equipment.

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

Main buildings of plants	50 years
Plant improvements	3-20 years

The investment properties are leased out for 4 to 10 years, and the lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31	
	2023	2022
Year 1	$ 960	$ 43,705
Year 2	960	48,000
Year 3	960	48,000
Year 4	960	8,000
Year 5	960	-
Year 5 onwards	4,640	-
	$ 9,440	$ 147,705

In 2023 and 2022, the investment properties were not evaluated by an independent valuer but valued by the management of the Company using the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by cash flow analysis.

The fair value as appraised was as follows:

	December 31	
	2023	2022
Fair value	$ 20,050	$ 441,246

All of the Company's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 32.

There was no capitalized interest for the investment properties for the years ended December 31, 2023 and 2022.

16. OTHER INTANGIBLE ASSETS

	December 31	
	2023	2022
Computer software	$ 7,800	$ 4,708

	For the Year Ended December 31	
	2023	2022
Cost		
Balance at January 1	$ 54,004	$ 51,695
Additions	6,587	2,309
Balance at December 31	60,591	54,004
Accumulated amortization		
Balance at January 1	49,296	47,441
Amortization expense	3,495	1,855
Balance at December 31	52,791	49,296
Carrying amount at December 31	$ 7,800	$ 4,708

Computer software is amortized on a straight-line basis over 1-4 years.

Summary of amortization by function

	For the Year Ended December 31	
	2023	2022
Operating cost	$ 1,878	$ 1,048
Selling expenses	1,291	524
Management expenses	300	268
Research and development	26	15
	$ 3,495	$ 1,855

17. OTHER ASSETS - CURRENT AND NON-CURRENT

	December 31	
	2023	2022
Current		
Prepayments	$ 53,200	$ 114,485
Prepayments expenses	26,625	35,718
Others	1,252	3,463
	$ 81,077	$ 153,666
Non-current		
Prepayments for equipment (including capitalized interest)	$ 222,898	$ 601,930
Refundable deposits	173,613	182,051
	$ 396,511	$ 783,981

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Bank credit loans	$ 341,836	$ 856,613
Interest rate intervals		
Bank credit loans	2.39%-2.58%	2.21%-2.87%

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Mega Bills Finance Co., Ltd.	$ 30,000	$ 34	$ 29,966	2.168%	None
Taiwan Cooperative Bills Finance Corporation	30,000	34	29,966	2.168%	None
China Bills Finance Corporation	20,000	28	19,972	2.168%	None
	$ 80,000	$ 96	$ 79,904		

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		

Guarantees provided for the above-mentioned short-term bills payable are disclosed in Note 32.

c. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings		
Syndicated loans (including administration fee for syndicated loans)	$ 1,539,600	$ 1,334,154
Bank mortgage loans	490,731	815,796
Unsecured borrowings		
Bank borrowings	362,405	-
	2,392,736	2,149,950
Less: Current portion	(491,150)	(218,604)
Long-term borrowings	$ 1,901,586	$ 1,931,346
Interest rate intervals	1.60%-3.09%	1.35%-3.10%

1) Syndicated loans

a) In March 2023, the Company signed a syndicated loan agreement with a bank syndicate with Mega International Commercial Bank as the lead bank. The credit line is $1,909,600 thousand (including $1,573,600 thousand for the limit of Type A loan and $336,000 thousand for Type B loan), and the loan period is five years from the date the loan is first utilized. The principal of Type A loan should be paid off before the date the credit period expires. As for Type B loans, the 24-month period after the loan is first utilized is considered period 1, and the subsequent period is one month; the principal is divided into 48 installments, with the remaining principal being paid off in the last period. As of December 31, 2023, the balance of loans of Type A and Type B was $250,000 thousand and $336,000 thousand, respectively.

   During the course of the above-mentioned borrowings, the Company's financial statements are required to be in compliance with certain financial ratios. If any non-conformity with the agreed financial ratios occurs, the Company should make improvements to the agreement through cash capital increase or other means. Financial commitments are not deemed to have been breached if completed within the specified time period.

b) In November 2020, the Company signed a syndicated loan agreement with a bank syndicate with Taiwan Cooperative Bank as the lead bank. The credit line is $2,000,000 thousand (including $1,600,000 thousand for the limit of Type A loan and $400,000 thousand for the Type B loan), and the loan period is up to November 2025. The first installment shall be paid upon three months after the first drawdown, and the Company shall pay the following installments every three months in a total of 20 installments to pay off the principal of the loan. The Company shall repay 2% of the principal from the 1st to the 12th installments, 4% of the principal from the 13th to the 19th installments, and the remaining principal in the last installment. As of December 31, 2023, and 2022, the balances of the Type A loan were $966,000 thousand, $1,344,000 thousand, respectively. As of December 31, 2022, the balance of Type B loan was $200,000 thousand, which was recorded in short-term notes payable.

In the course of the duration of the above-mentioned borrowings, the Company's financial statements are required to be in compliance with certain financial ratios. In the event of a non-conformity with any of the financial ratios, the Company shall conduct capital increase in cash or make improvements by other means while paying compensation to the Company of banks in a lump sum at 0.20% of the outstanding balance of the loan drawn down. Also, the Company shall make improvements to meet the requirements of the agreement between the provision of the financial statements to the provision of the next first-half or annual financial statements. If the Company completes the improvement within said improvement period and meets the requirements of the agreement, the non-conformity shall not be deemed as a breach of the Company's financial commitment.

c) In February 2018, the Company entered into a syndicated credit agreement with a consortium led by Chang Hwa Commercial Bank. The credit line is $1,250,000 thousand (including $500,000 thousand for land financing under category A and $750,000 thousand for plant financing under category B). The borrowing period extends until February 2023. Commencing from the first utilization date, the repayment schedule is structured into seven periods. The first period spans 24 months from the initiation date, followed by subsequent periods every six months. During the first four periods, 5% of the principal is to be repaid in each installment, while in the fifth and sixth periods, 10% of the principal is to be repaid in each installment. The remaining principal is to be settled in the final period. This syndicated loans were repaid in advance in December 2022.

   In the course of the duration of the above-mentioned borrowings, the Company's financial statements must comply with certain financial ratios. In the event of a non-conformity with any of the financial ratios, the Company shall pay compensation to the credit limit management bank in accordance with the agreement while providing written documents on specific financial improvement measures immediately to the credit limit management bank. Also, the Company shall make improvements to meet the requirements of the agreement between the provision of the financial statements to the provision of the next first-half or annual financial statements. If the Company completes the improvement within said improvement period and meets the requirements of the agreement, the nonconformity shall not be deemed as a breach of the Company's financial commitment.

2) The contract period of the bank unsecured and secured borrowings is from 5 years 3 months to 7 years and the principal and interest are repaid monthly.

For guarantees provided by the Company for long-term borrowings, refer to Note 32.

19. NOTES AND ACCOUNTS PAYABLE

	December 31	
	2023	**2022**
Notes payable - operating	$ 23	$ 24
Accounts payable - operating	$ 525,327	$ 898,218

The average credit period for purchases was 60 to 115 days. The Company has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

20. OTHER PAYABLES

	December 31	
	2023	2022
Current		
Other payables		
Payables for salaries or bonuses	$ 172,033	$ 151,828
Payables for purchases of equipment	97,292	55,577
Payables for transportation and customs clearance	42,931	37,403
Payables for labor and health insurance	20,491	12,340
Payables for sales tax	21,705	11,123
Payables for environmental cost	6,302	9,232
Others	80,883	115,638
	$ 441,637	$ 393,141
Other liabilities		
Deferred revenue - government grants	$ 10,000	$ -
Others	7,862	7,569
	$ 17,862	$ 7,569
Non-current		
Other liabilities		
Guarantee deposits received	$ -	$ 3,705

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The Company 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	
	2023	2022
Operating costs	$ 35,611	$ 34,103
Operating expenses	5,862	5,720
	$ 41,473	$ 39,823

22. CONVERTIBLE PREFERRED STOCKS

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. Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands)	700,000	700,000
Shares authorized	$ 7,000,000	$ 7,000,000
Shares issued and fully paid (in thousands)	512,797	476,297
Shares issued	$ 5,127,967	$ 4,762,967

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. In addition, 25,895 thousand shares of The par value of the issued class A preferred share were issued. 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.

The Company issued 36,500 thousand ordinary shares with a par value of $10, for a consideration of $27.10 per share which increased the share capital issued and fully paid to $989,150 thousand and release shares increased to 512,797 thousand on August 2, 2023. The Company completed its registration on August 31, 2023.

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	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Premium from issuance of ordinary shares	$ 1,624,201	$ 991,729
Expired employee share options	14,372	6,233

	December 31	
	2023	2022
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in invested company accounted for using the equity method	$ 11	$ 11
<u>May not be used for any purpose</u>		
Preferred stock share options (Note 22)	327,051	327,051
	$ 1,965,635	$ 1,325,024

(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, 2023 and 2022 are as follows:

	Premium from Issuance of Ordinary Shares	Expired Employee Share Options	Preferred Stock Share Options	Changes in Percentage of Ownership Interest in Equity-method Investees	Total
Balance at January 1, 2022	$ 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 from 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
Issuance of ordinary shares	624,150	-	-	-	624,150
Recognized as cost of employee share options	20,877	8,139	-	-	29,016
Cash dividends distributed from capital surplus	(12,555)	-	-	-	(12,555)
Balance at December 31, 2023	$ 1,624,201	$ 14,372	$ 327,051	$ 11	$ 1,965,635

c. Retained earnings and dividends policy

Under the dividends 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 after the amendment, refer to employees' compensation and remuneration of directors in Note 24.(g).

In addition, in accordance with the dividends 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 appropriations of earnings for 2022 and 2021, which were approved by the shareholders in their meetings on May 24, 2023 and June 9, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	$ 18,741	$ 4,632
Special reserve	$ 129,364	$ 41,685
Cash dividends	$ 37,664	$ -
Cash dividends per share (NT$)	$ 0.075	$ -

On May 24, 2023, the Company's shareholders' meeting resolved to appropriation of cash dividends of $12,555 thousand, or $0.025 per share, distributed from the capital surplus - stock premium.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 6, 2024 was as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 52,727
Reversal of special reserve	$ (149)
Cash dividends	$ 215,477
Cash dividends per share (NT$)	$ 0.4

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held in May 2024.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (234)	$ (869)
Recognized for the year		
Exchange differences on the translation of foreign operations	(2)	794
Income tax relating to items that may be reclassified subsequently to profit or loss	1	(159)
Balance at December 31	$ (235)	$ (234)

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (170,641)	$ (174,284)
Recognized for the year		
Unrealized gain or loss - equity instruments	-	1,404
Cumulative unrealized gain or loss on equity instruments transferred to retained earnings due to disposal	-	2,239
Share from associates accounted for using the equity method	(24)	-
Balance at December 31	$ (170,665)	$ (170,641)

3) Gain or loss on hedging instruments

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (174)	$ -
Recognized for the year		
Gain (loss) on changes in the fair value of hedging instruments		
Foreign currency risk - foreign exchange forward contracts	119	(218)
Original carrying amount transferred to the hedged items		
Foreign currency risk - foreign exchange forward contracts	99	-
Related income tax	(44)	44
Balance at December 31	$ -	$ (174)

24. NET INCOME

a. Operating revenue

1) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 9)	$ 83,894	$ -	$ -
Accounts receivable (Note 9)	$ 1,477,993	$ 1,164,930	$ 754,026
Accounts receivable from related parties (Notes 9 and 31)	$ 42,437	$ 9,498	$ 88,484
Contract liabilities			
Sales of modules	$ 90,007	$ 117,745	$ 294,232

Refer to Note 9 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 Company'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	
	2023	2022
From contract liabilities at the beginning of the year		
Sales of modules	$ 109,380	$ 293,400

2) Details of revenue from contracts with customers

Refer to Statement 11 for further information about the details of revenue.

3) Partially completed contracts

	December 31	
	2023	2022
Sales of module		
From January 1, 2023 to December 31, 2023	$ -	$ 117,745
From January 1, 2024 to December 31, 2024	90,007	-
	$ 90,007	$ 117,745

b. Interest income

	For the Year Ended December 31	
	2023	2022
Cash in banks	$ 16,629	$ 2,021
Financial assets at amortized cost	5,250	3,871
Others	1,215	542
	$ 23,094	$ 6,434

c. Other operating income and expenses, net

	For the Year Ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment	$ (318,921)	$ (16,105)
Others	(6,222)	(8,436)
	$ (325,143)	$ (24,541)

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 862,006	$ 567,760
Right-of-use assets	11,508	11,497
Investment properties	6,847	12,101
Other intangible assets	3,495	1,855
	$ 883,856	$ 593,213
An analysis of depreciation by function		
Operating costs	$ 853,088	$ 565,085
Operating expenses	27,273	26,273
	$ 880,361	$ 591,358
An analysis of amortization by function		
Operating costs	$ 1,878	$ 1,048
Operating expenses	1,617	807
	$ 3,495	$ 1,855

Details of amortization expense of intangible assets allocated to individual line item are set out in Note 16.

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Generating rental income		
Depreciation expense	$ 6,847	$ 12,101
Tax expense	243	398
	$ 7,090	$ 12,499

f. Employee benefit expenses

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans (Note 21)	$ 41,473	$ 39,823
Share-based payments (Note 27)	29,016	21,442
Payroll expenses	1,007,454	965,852
Labor and health insurance expenses	111,288	100,500
Remuneration of directors	33,295	16,023
Other employee benefits	98,471	86,383
Total employee benefit expenses	$ 1,320,997	$ 1,230,023

(Continued)

	For the Year Ended December 31	
	2023	**2022**
An analysis of employee benefit expense by function		
Operating costs	$ 1,058,979	$ 1,029,214
Operating expenses	262,018	200,809
	$ 1,320,997	$ 1,230,023

(Concluded)

g. Compensation of employees and remuneration of directors

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 years ended December 31, 2023 and 2022 respectively, which were approved in the board of directors' meeting held on March 6, 2024 and March 8, 2023, were as follows:

	For the Year Ended December 31	
	2023	**2022**
Accrual rate		
Compensation of employees	5.58%	5.0%
Remuneration of directors	3.16%	3.5%
Amount		
Compensation of employees	$ 31,800	$ 9,586
Remuneration of directors	$ 18,000	$ 6,710

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 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	
	2023	**2022**
Foreign currency exchange gains	$ 54,539	$ 61,293
Foreign currency exchange losses	(54,914)	(81,675)
Net loss	$ (375)	$ (20,382)

i. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense	$ 77,031	$ 87,031
Interest on preferred stock liabilities	13,311	12,300
Finance costs	6,716	9,996
Interest on lease liabilities	500	487
Others	885	165
Less: Capitalized interest	(30,253)	(30,679)
	$ 68,190	$ 79,300

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	$ 30,253	$ 30,679
Capitalization rate	2.80%	2.64%

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax benefits are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Adjustments for prior years' tax	$ (63)	$ (44)
Deferred tax		
In respect of the current year	(6,740)	(14,181)
Income tax benefit recognized in profit or loss	$ (6,803)	$ (14,225)

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 520,465	$ 175,425
Income tax expense calculated at the statutory rate	$ 104,093	$ 35,085
Non-taxable income and nondeductible expenses in determining taxable income	(6,764)	926
Realized loss carryforwards	(108,920)	(42,717)
Unrecognized loss carryforwards	4,851	(7,475)
Adjustments for prior years' tax	(63)	(44)
Income tax benefit recognized in profit or loss	$ (6,803)	$ (14,225)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 1	$ (159)
Cash flow hedges	(44)	44
	$ (43)	$ (115)

c. Current tax assets

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 2,340	$ 382

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, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Loss carryforwards	$ 188,009	$ (4,851)	$ -	$ 183,158
Inventory write-downs	37,149	13,839	-	50,988
Impairment loss of property, plant and equipment	2,031	(1,937)	-	94
Loss on investments in subsidiaries and associates accounted for using the equity method	4,574	26	-	4,600
Allowance for losses	1,294	(530)	-	764
Provisions for liabilities	3,428	1,576	-	5,004
Unrealized gain on transactions with associates	130	(130)	-	-
Exchange differences on the translation of the financial statements of foreign operations	58	-	1	59
Unrealized loss on financial instruments	127	18	-	145
Loss on hedge instrument	44	-	(44)	-
	$ 236,844	$ 8,011	$ (43)	$ 244,812

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized foreign exchange gain	$ 628	$ 96	$ -	$ 724
Unrealized loss on transactions with associates	-	1,175	-	1,175
	$ 628	$ 1,271	$ -	$ 1,899

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Loss carryforwards	$ 180,534	$ 7,475	$ -	$ 188,009
Inventory write-downs	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 losses	4,167	(2,873)	-	1,294
Provisions for 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 instruments	-	-	44	44
	$ 223,392	$ 13,567	$ (115)	$ 236,844

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized foreign exchange gain	$ 1,242	$ (614)	$ -	$ 628

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

	December 31	
	2023	2022
Loss carryforwards	$ 1,481,538	$ 2,001,878
Deductible temporary differences		
Impairment loss of financial assets	$ 1,705	$ 1,705

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 24,607	2027
238,290	2028
89,609	2029
126,960	2030
$ 479,466	

g. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

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

Net Earnings for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share	$ 527,268	$ 189,650
Effect of potentially dilutive ordinary shares		
Interest on convertible preferred stocks, after tax	9,840	-
Earnings used in the computation of diluted earnings per share	$ 537,108	$ 189,650

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

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	491,497	460,169
Effect of potentially dilutive ordinary shares		
Convertible preferred stocks	25,895	-
Compensation of employee	1,131	289
Weighted average number of ordinary shares used in the computation of diluted earnings per share	518,523	460,458

The Company may settle the compensation of employees in cash or shares; therefore, the Company 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.

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Company issued ordinary shares for a capital increase in cash in July 2023 and 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 $29,016 thousand and $21,442 thousand, respectively. An increase in the same amount was recognized for capital surplus.

Information on employee share options was as follows:

	Grant Date	
	July 5, 2023	June 14, 2022
Fair value of options	$7.95 per share	$7.03 per share
Exercise price	$27.1 per share	$26.5 per share
Expected life	11 days	12 days
Share price volatility rate	40.00%	44.08%
Risk-free interest rate	0.9920%	0.6624%

28. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing and financing activities:

	For the Year Ended December 31	
	2023	2022
Cash paid for part of the cost of acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 1,551,202	$ 1,154,313
Net changes in prepayments for equipment	(409,384)	(24,524)
Net changes in payables for purchases of equipment	(41,715)	(15,257)
Effect of exchange differences	(78)	(3,644)
Cash paid	$ 1,100,025	$ 1,110,888

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Balance as of January 1, 2023	Cash Flows	Non-cash Changes				Balance as of December 31, 2023
			New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Others	
Short-term borrowings	$ 856,613	$ (514,777)	$ -	$ -	$ -	$ -	$ 341,836
Short-term bills payable	329,513	(249,609)	-	-	4,441	(4,441)	79,904
Long-term borrowings - current portion	218,604	(182,414)	-	454,960	-	-	491,150
Long-term borrowings	1,931,346	425,200	-	(454,960)	-	-	1,901,586
Guarantee deposits received	3,705	(3,705)	-	-	-	-	-
Lease liabilities	10,869	(11,390)	18,013	-	500	(1,572)	16,420
Preferred stock liabilities	287,949	-	-	-	-	-	287,949
	$ 3,638,599	($ 536,695)	$ 18,013	$ -	$ 4,941	($ 6,013)	$ 3,118,845

For the year ended December 31, 2022

	Balance as of January 1, 2022	Cash Flows	Non-cash Changes				Balance as of December 31, 2022
			New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Others	
Short-term borrowings	$ 598,972	$ 257,641	$ -	$ -	$ -	$ -	$ 856,613
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 received	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	$ 171,943	$ 11,911	$ -	$ 487	$ (487)	$ 3,638,599

29. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

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

30. 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 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, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives	$ -	$ 724	$ -	$ 724

December 31, 2022

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

There were no transfers between Levels 1 and 2 in 2023 and 2022.

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	$ -

4) Valuation techniques and assumption 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 2023	December 31 2022
Financial assets		
Financial assets at amortized cost (Note 1)	$ 3,127,815	$ 2,448,618
Financial liabilities		
Financial liabilities at FVTPL	724	637
Hedging instruments of financial liabilities	-	218
Financial liabilities at amortized cost (Note 2)	3,847,921	4,726,866

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

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (including current portion), short-term bills payable, trade payables, notes payable and other payables (excluding wage payable, labor and medical insurance, pension and sales tax), preferred stock liabilities and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include financial assets and liabilities at FVTPL, financial assets at FVTOCI, accounts receivable, accounts payable, short-term, long-term debt and lease liabilities etc. The Company's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company 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 Company 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 Company'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 Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company'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 Company'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 financial statements), refer to Note 35.

Sensitivity analysis

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

The following table details the Company'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 their adjusted 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 associated with New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ (1,122)	$ 2,191

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 Company to the U.S. dollar decreased during the current period, mainly due to the decrease in short-term borrowings denominated in U.S. dollars during the current period.

Hedge accounting

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

December 31, 2023

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (NTD1:USD)	Line Item	Carrying Amount Liabilities
Cash flow hedge						
Forecast sales - forward foreign exchange contracts	USD/NTD	USD867/NTD26,795	January18, 2023	$ 30.905	Financial liabilities for hedging	$ -
Forecast sales - forward foreign exchange contracts	USD/NTD	USD289/NTD8,817	April 25, 2023	30.507	Financial liabilities for hedging	-
Forecast sales - forward foreign exchange contracts	CNY/NTD	RMB6,690/NTD29,712	April 25, 2023	4.441	Financial liabilities for hedging	-

December 31, 2022

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (NTD1:USD)	Line Item	Carrying Amount Liabilities
Cash flow hedge						
Forecast sales - forward foreign exchange contracts	USD/NTD	USD867/NTD26,795	January18, 2023	$ 30.905	Financial liabilities for hedging	$ 218

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

For the year ended December 31, 2023

Comprehensive Income	Hedging Gains Recognized in OCI
Cash flow hedge	
Forecast sales (i) (ii)	$ 75

For the year ended December 31, 2022

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

i. The Company 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. For a reconciliation of hedge-related other equity, Note 23.

b) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial liabilities	$ 384,273	$ 628,331
Cash flow interest rate risk		
Financial assets	1,344,511	1,081,613
Financial liabilities	2,734,572	3,006,563

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's pretax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by $3,475 thousand and $4,812 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its long-term borrowings.

The Company's sensitivity to interest rate decreased during the period mainly due to the decrease in bank borrowings with variable interest rates.

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 Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company 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 Company uses available financial information and mutual transaction records to rate major customers. The Company continues to monitor the credit risk exposures and the credit ratings of their counterparties.

The Company's concentration of credit risk of 93.98% and 88.42% in total trade receivables as of December 31, 2023 and 2022, respectively, was related to the Company's ten largest customers.

3) Liquidity risk

The Company managed and maintained sufficient cash and cash equivalents to support the operations of the Company and mitigate the impact of fluctuations in cash flows with long-term borrowings of $425,200 thousand and $894,000 thousand in 2023 and 2022, respectively, and increased capital by $989,150 thousand and $808,250 thousand, respectively. The Company'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 Company'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 Company can be required to pay.

December 31, 2023

	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	$ 63,820	$ 308,605	$ 517,554	$ 2,003,208
Fixed interest rate liabilities	79,904	-	-	287,949
Non-interest bearing liabilities	383,863	273,746	87,887	-
Lease liabilities	1,003	2,006	9,029	4,756
	$ 528,590	$ 584,357	$ 614,470	$ 2,295,913

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5 -10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 12,038	$ 4,756	$ -	$ -	$ -

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	$ 281,155	$ 68,364	$ 842,648	$ 2,237,696
Fixed interest rate liabilities	229,720	99,793	-	287,949
Non-interest bearing liabilities	737,795	306,880	51,811	6,355
Lease liabilities	600	1,200	4,116	5,486
	$ 1,249,270	$ 476,237	$ 898,575	$ 2,537,486

Additional information about the 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	$ -	$ -	$ -

b) Liquidity and interest rate risk for derivative financial liabilities

The following table details the Company'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, 2023

	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	$ 54,021	$ -	$ -	$ -
Outflows	(54,745)	-	-	-
	$ (724)	$ -	$ -	$ -

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)	$ -	$ -	$ -

c) Financing facilities

	December 31	
	2023	**2022**
Unsecured bank loan facilities		
Amount used	$ 783,971	$ 1,297,409
Amount unused	1,563,214	394,292
	$ 2,347,185	$ 1,691,701
Secured bank overdraft facilities:		
Amount used	$ 2,817,600	$ 1,975,000
Amount unused	2,030,361	1,270,505
	$ 4,847,961	$ 3,245,505

31. TRANSACTIONS WITH RELATED PARTIES

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

a. The Company's related parties

Related Party	Relationship with the Company
Holdgood	Associate
Yuan-Yu	Associate
Hou Chang Energy	Subsidiary
Yuan-Jin Energy	Subsidiary

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Sales	Associates	$ 121,837	$ 188,155

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

c. Rental revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Rental revenue	Associates	$ 1,367	$ 465
	Subsidiaries	1,446	-
		$ 2,813	$ 465

The rent is based on the general market rate of the contract signed, and rent is collected on a monthly basis.

d. Other revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	2022
Other revenue	Associates		
	Yuan-Yu	$ -	$ 1,972
	Holdgood	1,648	1,277
		$ 1,648	$ 3,249

Other revenue refers to amounts charged to associates and power plant maintenance cleaning costs. The prices and payment terms of these transactions are subject to the terms outlined in the contracts.

e. Accounts receivable - related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Accounts receivable - related parties	Associates Holdgood	$ 42,437	$ 9,498

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, 2023 and 2022.

f. Other receivables - related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Other receivables - related parties	Associates		
	Yuan-Yu	$ -	$ 120
	Holdgood	1,385	1,296
		$ 1,385	$ 1,416

Receivables for power plant maintenance fees and rent.

g. Endorsements and guarantees provided by the company.

Related Party Category/Name	December 31 2023	December 31 2022
Associates		
Yuan-Yu	$ 120,000	$ 120,000
Subsidiaries		
Hou Chang Energy	245,000	-
	$ 365,000	$ 120,000

As of December 31, 2023 and 2022, the amount of the Company’s collateral provided for the above endorsements and guarantees was $122,175 thousand, and $94,212 thousand, respectively.

h. Contract liabilities

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Contract liabilities	Associates	$ 2,101	$ 685

i. Remuneration of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 61,685	$ 42,773
Post-employment benefits	648	575
Share-based payments	-	886
	$ 62,333	$ 44,234

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

32. 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	
	2023	2022
Land	$ 1,062,514	$ 425,279
Buildings	1,835,015	758,252
Machinery	357,474	319,266
Investment properties	9,012	92,093
Investments accounted for using the equity method	122,175	94,212
Financial assets at amortized cost	109,164	133,282
	$ 3,495,354	$ 1,822,384

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023 and 2022, significant commitments of the Company were as follows:

a. Commitments for construction contracts

	December 31	
	2023	2022
Purchased	$ 93,873	$ 458,897
To be purchased in the future	218,345	140,303
Total contract amount	$ 312,218	$ 599,200

b. Commitments for material purchasing contracts

	December 31	
	2023	2022
Purchased	$ 393,553	$ 586,901
To be purchased in the future	706,260	1,101,911
Total contract amount	$ 1,099,813	$ 1,688,812

c. Commitments for equipment purchasing contracts

	December 31	
	2023	2022
Purchased	$ 510,942	$ 386,646
To be purchased in the future	213,001	457,954
Total contract amount	$ 723,943	$ 844,600

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’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 financial statements) and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 11,465	30.705 (USD:NTD)	$ 352,033
Non-monetary items			
USD	263	30.705 (USD:NTD)	8,077
Financial liabilities			
Monetary items			
USD	10,734	30.705 (USD:NTD)	329,587

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
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

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Gains (Losses)	Exchange Rate	Unrealized Foreign Exchange Gains (Losses)
USD	31.155 (USD:NTD)	$ 4,017	29.805 (USD:NTD)	$ 2,919

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and 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 at least NT$300 million or 20% of the paid-in capital: Table 3 (attached)

   5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

   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 30

b. Information on investments: 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)

TSEC CORPORATION

GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 Year (Note 4)	Outstanding Guarantee at the End of the Year (Note 4)	Actual Amount Borrowed	Amount Guaranteed by Collateral	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 5)	Guarantee Given by Subsidiaries on Behalf of Parent (Note 5)	Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Relationship (Note 1)											
0	TSEC Corporation	Yuan-Yu	5	$ 1,529,207	$ 120,000	$ 120,000	$ 120,000	$ 122,175	1.57	$ 3,440,715	N	N	N	
		Hou Chang Energy	2	1,529,207	245,000	245,000	194,481	-	3.20	3,440,715	Y	N	N	

Note 1: The relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following five categories; fill in the number of categories each case belongs to:

a. A company with which it has business dealings.

b. The Company directly or indirectly holds more than 50% of the voting shares of the other company.

c. The other company directly or indirectly holds more than 50% of the voting shares of the Company.

d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. However, the restriction does not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

e. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding four subparagraphs.

Note 2: The total amount of the Company’s external endorsement guarantees shall not exceed 45% of the current net worth. The ceiling amount of endorsement guarantees to a single company is no more than 20% of the Company’s net worth, and no more than 30% of the Company’s net worth if it is to a single overseas affiliated company. The net value is based on the financial statements recently verified or audited by independent auditors.

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: “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

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(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, 2023				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
TSEC Corporation	Domestic unlisted ordinary shares							
	Eversol Corporation	-	Financial assets at 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.

TSEC CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Others	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount
TSEC Corporation	Marketable securities NFC III Renewable Power Co., Ltd.	Investments accounted for using the equity method	Capital increase in cash	Associate	-	$ -	43,200	$ 432,000	-	$ -	$ -	$ -	$ (4,450)	43,200	$ 427,550

TSEC CORPORATION

THE AMOUNT OF PURCHASE OR SALE OF GOODS WITH RELATED PARTIES REACHES NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Credit Period	Unit Price	Credit Period	Ending Balance	% of Total	
TSEC Corporation	Holdgood	Associate	Sales	$ 121,837	1.48	30-75 days	$ -	-	$ 42,437	2.65	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

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Other Items
				December 31, 2023	December 31, 2022	Number of Shares (Thousand 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	100.00	$ 8,077	$ 7	$ 7	(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	120,500	12,050	100.00	120,530	1,675	1,675	(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	80.00	385	3	2	(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	100.00	481	3	3	(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	100.00	481	3	3	(Notes 1 and 6)
	TSECPV (HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of power generation equipment and solar energy related products	250 (US$ 8,038)	200 (US$ 6,500)	-	100.00	-	(136)	(136)	(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	89	10	100.00	80	-	-	(Notes 1 and 6)
	Yuan-Jin Energy	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	26,100	-	2,610	90.00	26,038	(69)	(62)	(Notes 1 and 6)
	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	231,380	17,138	7,796	(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	20.00	122,175	209,318	43,505	(Notes 3, 5 and 7)
	NFC III Renewable Power Co., Ltd.	12F.-4, No. 89, Songren Rd., Xinyi Dist., Taipei City 110413, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	432,000	-	43,200	24.00	427,550	(18,510)	(4,450)	(Note 3)
Houchang 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	100.00	89	-	-	(Notes 1 and 6)
	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	100.00	89	-	-	(Notes 1 and 6)
Yuan-Jin Energy	Jin-jing Electric Power Co., Ltd.	No. 85, Guangfu N. Rd., Hukou Township, Hsinchu County 303036, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	28,024	-	2,810	100.00	27,873	(166)	(151)	(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 investments in associates accounted for using the equity method was calculated based on the financial statements reviewed by the other CPAs.

Note 4: The board of directors resolved to liquidate and dissolve the subsidiary TSEC America, Inc. on September 11, 2018. As of March 6, 2024, 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 has issued the equity of Yuan-Yu Solar Energy Co., Ltd. to a financial institution as collateral for Yuan-Yu Solar Energy Co., Ltd.’s financing. Refer to Note 32 for mortgage information.

TABLE 6

TSEC CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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 and preferred 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.

TSEC CORPORATION

STATEMENTS OF MAJOR ACCOUNTING ITEMS

TSEC CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash on hand		$ 609
Checking accounts		733
Demand deposits		
NTD		652,182
USD	US$1,151 thousand @30.705	35,353
CNY	RMB635 thousand @4.327	2,746
Cash equivalents		
Time deposits		459,722
		$ 1,151,345

TSEC CORPORATION

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Notes receivable	
Client E	$ 9,162
Client Y	8,794
Client Z	65,938
	$ 83,894
Accounts receivable	
Non-related parties	
Client V	$ 476,084
Client X	877,225
Others (Note)	144,744
	1,498,053
Less: Allowance for impairment loss	(20,060)
	$ 1,477,993
Related parties	
Hou Gu Energy Development Corporation	$ 42,437

Note: The amount from each individual client included under “others” does not exceed 5% of the total account balance.

STATEMENT 3

TSEC CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value (Note)
Raw materials	$ 535,816	$ 461,124
Finished goods	877,365	701,846
Construction in progress	55,794	55,794
Work in process	60,826	56,102
	1,529,801	$ 1,274,866
Less: Allowance for inventory valuation and obsolescence losses	(254,935)	
	$ 1,274,866	

Note: Net realizable value.

TSEC CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2023		Increase in Investment (Note 1)		Decrease in Investment (Note 2)		Profit or Loss from Investments (Notes 3 and 4)	Exchange Differences from Translation of Financial Statements of Associates Accounted for Using the Equity Method	Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Deferred Realized (Unrealized) Gross Profit	Balance, December 31, 2023			Net Assets Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					Number of Shares	%	Amount		
Subsidiaries															
TSEC America, Inc.	100,000	$ 8,071	-	$ -	-	$ -	$ 7	$ (1)	$ -	$ -	100,000	100.00	$ 8,077	$ 8,077	NA
Yunsheng Optoelectronics Corporation	50,000	478	-	-	-	-	3	-	-	-	50,000	100.00	481	481	NA
Yunxing Optoelectronics Corporation	50,000	478	-	-	-	-	3	-	-	-	50,000	100.00	481	481	NA
Houchang Energy Corporation	12,050,000	118,855	-	-	-	-	1,675	-	-	-	12,050,000	100.00	120,530	120,530	NA
Changyang Optoelectronics Corporation	40,000	383	-	-	-	-	2	-	-	-	40,000	80.00	385	385	NA
Hengli Energy Development Corporation	100,000	80	-	-	-	-	-	-	-	-	100,000	100.00	80	80	NA
TSECPV (HK) LIMITED	-	87	-	50	-	-	(136)	(1)	-	-	-	100.00	-	-	NA
Yuan-Yu Solar Energy Co., Ltd.	-	-	2,610,000	26,100	-	-	(62)	-	-	-	2,610,000	90.00	26,038	26,038	NA
Associates															
Holdgood Energy Corporation	21,380,350	231,410	-	-	-	(12,828)	7,796	-	(24)	5,026	21,380,350	45.49	231,380	224,135	NA
Yuan-Yu Solar Energy Co., Ltd.	12,000,000	94,212	-	-	-	(16,000)	43,505	-	-	458	12,000,000	20.00	122,175	123,545	Y
NFC III Renewable Power Co., Ltd.	-	-	43,200,000	432,000	-	-	(4,450)	-	-	-	43,200,000	24.00	427,550	427,550	NA
		$ 454,054		$ 458,150		$ (28,828)	$ 48,343	$ (2)	$ (24)	$ 5,484			$ 937,177	$ 931,302	

Note 1: The increase was due to the Company's new investments of 2,610,000 shares in an amount of $26,100 thousand in a subsidiary, Yuan-Yu Solar Energy Co., Ltd., additional investments in subsidiary of TSECPV (HK) LIMITED in an amount of $50 thousand, and a new investment of 43,200,000 shares in an amount of $432,000 thousand in an associate, NFC III Renewable Power Co., Ltd.

Note 2: The decrease was due to the cash dividends of $12,828 thousand and $16,000 thousand distributed by associates, Holdgood Energy Corporation and Yuan-Yu Solar Energy Co., Ltd., respectively.

Note 3: The investments in subsidiaries and associate Holdgood Energy Corporation were recognized based on the audited financial statements.

Note 4: The associates of Yuan-Yu Solar Energy Co., Ltd. and NFC III Renewable Power Co., Ltd. were recognized based on financial statements audited by other CPAs.

TSEC CORPORATION

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1	Increase During the Year (Note 1)	Decrease During the Year (Note 2)	Balance at December 31
Cost				
Buildings	$ 17,934	$ 16,459	$ 7,838	$ 26,555
Transportation equipment	-	1,554	-	1,554
	$ 17,934	$ 18,013	$ 7,838	$ 28,109

Note 1: The increase in right-of-use assets was due to the new leases.

Note 2: The decrease in right-of-use assets was due to the leases that have expired and were terminated early.

TSEC CORPORATION

STATEMENT OF CHANGE IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1	Increase During the Year	Decrease During the Year (Note)	Balance at December 31
Accumulated depreciation				
Buildings	$ 7,164	$ 10,904	$ 6,779	$ 11,289
Transportation equipment	-	604	-	604
	$ 7,164	$ 11,508	$ 6,779	$ 11,893

Note: For the reason for the decrease during the year, refer to Statement 5 of Note 2.

STATEMENT 7

TSEC CORPORATION

STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related parties	
Client A	$ 12,550
Client G	8,027
Client H	6,000
Client O	7,978
Client R	7,151
Others (Note)	46,200
	87,906
Related parties	
Holdgood Energy Development Corporation	2,101
	$ 90,007

Note: The amount of contract liabilities due to each individual under “others” does not exceed 5% of total account balance.

TSEC CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor I	$ 52,051
Vendor J	40,455
Vendor L	40,259
Vendor T	34,394
Vendor AA	36,591
Others (Note)	321,577
	$ 525,327

Note: The amount of accounts payable due to each individual vendor under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item Category	Item	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Buildings	Office and staff dormitory	2022.5.1-2027.9.30	2.33-3.06	$ 15,453	
Transportation equipment	Official vehicle	2022.10.24-2025.10.23	3.06	967	
				$ 16,420	

TSEC CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Creditor	Repayment Method	Annual Rate (%)	Amount Current Portion	Amount Non-current Portion	Collateral
Syndicated loan	Syndicated loan led by Taiwan Cooperative Bank	Note 1	3.09	$ 254,774	$ 704,620	Please refer to Note 32
Syndicated loan	Syndicated loan led by Mega International Commercial Bank	Note 2	1.60-2.72	49,000	531,206	Please refer to Note 32
				303,774	1,235,826	
Unsecured loan for the financing of machinery	Chang Hwa Commercial Bank	Term of contract is five years and three months from June 2023, repayment of principal and interest on a monthly basis	1.60	25,904	97,291	None
Unsecured loan for the financing of machinery	Chang Hwa Commercial Bank	Term of contract is six years from September 2022, repayment of principal and interest on a monthly basis	1.60	47,360	177,600	None
Secured loan for the financing of machinery	Taiwan Cooperative Bank	Term of contract is six years from October 2022, repayment of principal and interest on a monthly basis	1.60	3,000	11,250	None
Secured loan for the financing of machinery	Land Bank of Taiwan	Term of contract is seven years from October 2021, repayment of principal and interest on a monthly basis	2.10	36,977	126,332	Please refer to Note 32
Secured loan for the financing of machinery	Land Bank of Taiwan	Term of contract is five years and a half year from November 2022, repayment of principal and interest on a monthly basis	2.10	74,135	253,287	Please refer to Note 32
				187,376	665,760	
				$ 491,150	$ 1,901,586	

Note 1: The loan period ranges from November 2020 to November 2025. The first repayment should be made after 3 months from November 16, 2020, and the repayment of the loan should be made once every period for a total of 20 periods, where 1 period is equivalent to 3 months. In the first to twelfth periods, 2% of the principal should be repaid every period, in the thirteenth to nineteenth periods, 4% of the principal should be repaid, and the remaining amount is to be repaid in full on the maturity date of the loan.

Note 2: The principal of Type A loan should be paid off before the date when the credit period ends starting from October 13, 2023. As for Type B loans the 12-month period after the loan is first utilized is considered period 1 starting from June 15, 2023, and one month is a period afterward; the principal is divided into 48 installments, with the remaining principal being paid off in the final period.

TSEC CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Sales revenue		
Total sales revenue	Solar module sales	$ 8,528,555
	Power plant sales	133,896
	Sale of electricity	8,578
		8,671,029
Less: Sales returns and allowances		(428,534)
Operating revenue, net		$ 8,242,495

TSEC CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material costs	
Manufacturing costs	
Direct raw materials	
Balance, beginning of year	$ 995,537
Add: Raw materials purchased	3,952,893
Less: Raw materials, end of year	535,816
Transferred to manufacturing expenses	439,518
Transferred to operating expenses	7,508
	3,965,588
Direct labor	908,847
Manufacturing expenses	2,075,173
	6,949,608
Add: Work in process, beginning of year	137,415
Less: Work in process, end of year	60,826
	7,026,197
Add: Finished goods, beginning of year	683,707
Allowance for inventory write-downs	69,196
Less: Finished goods, end of year	877,365
Transferred to manufacturing expenses	52,040
Transferred to operating expenses	1,169
Transferred to power plant costs	30,364
	6,818,162
Power plant costs	
Add: construction in progress, beginning of year	68,401
Power plant engineering costs	113,198
Module costs transferred to power plant costs	30,364
Less: construction in progress, end of year	55,794
	156,169
Cost of sale of electricity	3,769
Operating costs	$ 6,978,100

TSEC CORPORATION

STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation expenses	$ 853,088
Indirect materials costs	266,184
Hydroelectric gas fees	297,503
Consumables	190,648
Personnel expenses	150,132
Others (Note)	317,618
	$ 2,075,173

Note: The amount of each item under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss	Total
Personnel expenses	$ 31,841	$ 209,184	$ 20,993	$ -	$ 262,018
Depreciation expenses	6,119	19,266	1,888	-	27,273
Delivery fee	44,910	20	105	-	45,035
Expected credit loss	-	-	-	1,669	1,669
Others (Note)	27,311	71,810	45,117	-	144,238
	$ 110,181	$ 300,280	$ 68,103	$ 1,669	$ 480,233

Note: The amount of each item under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF EMPLOYEES' BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee benefit expenses						
Payroll expenses	$ 848,180	$ 159,274	$ 1,007,454	$ 835,276	$ 130,576	$ 965,852
Labor and health insurance expenses	96,977	14,311	111,288	86,948	13,552	100,500
Pension costs	35,611	5,862	41,473	34,103	5,720	39,823
Remuneration of directors	-	33,295	33,295	-	16,023	16,023
Share-based payments	-	29,016	29,016	-	21,442	21,442
Others	78,211	20,260	98,471	72,887	13,496	86,383
	$ 1,058,979	$ 262,018	$ 1,320,997	$ 1,029,214	$ 200,809	$ 1,230,023
Depreciation	$ 853,088	$ 27,273	$ 880,361	$ 565,085	$ 26,273	$ 591,358
Amortization	$ 1,878	$ 1,617	$ 3,495	$ 1,048	$ 807	$ 1,855

Note 1: As of December 31, 2023 and 2022, the Company had 1,669 and 1,930 employees, respectively. There were 6 non-employee directors for both years.

Note 2:

a. Average labor costs for the years ended December 31, 2023 and 2022 were $774 thousand and $631 thousand, respectively. ("The total employee benefits expense - total director's remuneration"/"Headcount - The population of directors not concurrently serving as employees").

b. Average salary and bonus for the years ended December 31, 2023 and 2022 were $606 thousand and $502 thousand, respectively. ("The total employee's salary and bonus"/"Headcount - The population of directors not concurrently serving as employees").

Note 3: The average salary and bonus increased by 20.72% year over year. ("The average of employee's salary and bonus in current period - The average of employee's salary and bonus in the previous period"/The average of employee's salary and bonus in the previous period).

Note 4: The Company's compensation policies

Principles of the formulation of the Company's compensation policies

a. Employees' compensation: Employees' compensation mainly includes basic salary (including base salary and meal allowance), performance bonus, personal performance annual salary adjustment and year-end bonus, etc. Salaries are determined based on the market rate, job category, academic experience, professional knowledge and skills, and professional years of experience; salaries offered are better than the average market salary in the same industry.

b. Remuneration of managers is determined based on the Company's profitability and business strategy as well as the performance and contribution of the managers with reference to the market salary, and is reviewed by the compensation committee and submitted to the board of directors for approval.

c. Employees' bonuses: Bonuses are issued based on the Company's operating performance and the individual performance of the employees.

d. Annual salary adjustments: The Company conducts salary adjustments once a year to motivate the long-term development of employees, taking into consideration the overall economic environment, operating profit, employee performance appraisal results, with reference to the average market salary and overall salary adjustment situation of other companies in the same industry.

Employees' compensation and remuneration of directors

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