Stock Code: 6443

TSEC Corporation
The Annual Report, 2022

Printed on April 30, 2023

Inquiry for Annual Report/MOPS: http://mops.twse.com.tw

I. Name, Title, Telephone and Email of Spokesperson and Deputy Spokesperson

Spokesperson:

Name: Chiang, Zhi-Hao

Title: Vice President

Contact Number: (02)2912-2199

Email: ir@tsecpv.com

Deputy Spokesperson

Name: Liao, Wei-Ran

Title: Senior Vice President

Contact Number: (02) 2912-2199

Email: ir@tsecpv.com

II. Address and Telephone of Headquarter, Subsidiaries, and Plants:

Headquarter:

Address: 8F, No. 225, Beixin Rd., Sec. 3, Xindian District, New Taipei City

Tel: (02) 2912-2199

Plants:

Address: No. 85, Guang Fu N. Rd., Hukou Country, Hsinchu County

Tel: (03) 696-0707

Address: No. 335-12, Daxi Rd., Pingtung City, Pingtung County

Tel: (08)753-6899

III. Name, Address, Website and Telephone of Institution for stock transfer

Name: Stock Affairs Agency Department, First Securities Inc.

Website: http://www.ftsi.com.tw/

Address: 5F, No. 22, Section 1, Chang'an East Road, Taipei City

Tel: (02)2563-5711

IV. Name, Accounting Firm, Address, Website and Telephone of CPAs on the Recent Year Financial Statements

Name of CPAs: Alice Huang and Connie Chen

Accounting Firm: Deloitte Taiwan

Address: 20F, No. 100, Sungren Rd., Xinyi District, Taipei City

Website: http://www.deloitte.com.tw

Tel: (02)2725-9988

V. Overseas Listings and Access to the Listing Information: Nil.

VI. Company Website: http://www.tsecpv.com/

Table of Contents

ONE. Letter to Shareholders

TSEC Corporation
2022 Business Report

I. 2022 Business Results

1. Achievements of Business Plan

Since the successful transformation in 2018, TSEC's business strategy has been changed to focus on domestic module sales. TSEC brand awareness and product sales continue to lead the peers in Taiwan's optoelectronics market. In 2022, the installation progress of Taiwan's solar farm was slightly higher than that in 2021. The main contribution of installation came from public land and private fishery-solar farm hybrid projects. Although it is roughly in line with the government's promotion of green energy in recent years, the overall installation speed of solar energy systems is behind the expectations of the Bureau of Energy. The main reason is that it takes time from development to actual construction. To take fishery-solar farm hybrid projects as an example. It takes about 2 to 3 years from land development, acquisition of an installation permit, and construction to grid connection. In 2022, the main source of the Company's sales profit comes from small and medium-sized project sites. Large-scale projects tend to be intermediate- and long-term orders. With the fluctuations in exchange rates and chip prices month to month, we tend to bear bigger risks dealing with large-scale project sites. Major operating strategies in 2022 include:

(1) Completed deployment of M6 and introduced the new production line of M10

At present, most peer solar cell/module manufacturers have not yet completed product transformation, and still rely on G1/M6 production lines. The international market has begun to incorporate the use of larger-sized M10 and G12 wafers since 2020, and since both G1 and M6 wafers come from the same crystal-pulling furnace, the market generally believes that there may be problems with the supply of wafers by the end of 2023. We have taken the initiative to put M6 into mass production to replace the production G1 in response to market demand since 2022. At the end of Q3, we also brought in the latest generation of M10 battery/module equipment to cope with changes in the global market.

(2) Strengthen the collaborative relationship with major international manufacturers

In 2020, TSEC Corporation began its collaboration with major international firms in battery testing, and the collaboration lasted almost 2 years. We actively change the test specifications from G1 to the newer M10 battery. Beside this, because some clients in the international market are concerned with the issue of over-reliance on manufacturers in China, they have begun to send their personnel to visit our facilities starting Q4 2022 after the pandemic slowed down and discuss product specifications and shipments.

(3) Reduced bank lending rates, and completed the first phase of the private placement to strengthen the financial structure

In order to continuously improve the financial structure, reduce the dependence on bank loans, and increase the proportion of our own working capital, we successfully completed the cash capital increase in July 2022. We raised an amount of NT$808,250 thousands, and the paid-in capital after the fundraising was NT$5,021,915 thousands. The fundraising was based on the amount of loans intended to be repaid and the rate of loans, it is expected that the interest expenditure saved from 2022 and 2023 are NT$2,728 thousands and NT$12,670 thousands, respectively.

We are now actively cultivating the Taiwan market. Under the guidance of the government's green energy policy, large-scale project sites have continued to emerge, production and sales are relatively stable, and the average production and sales success rate is almost more than 90%. In 2022, however, the cost of large-scale project sites was affected by costs of raw materials and exchange rates, and the continuous rise of prices in upstream partners in the first three quarters caused us to turn in less-than-expected results. After the exchange rates and chip prices stabilized, the increase in sales volume helped turn Q4 into the best quarter in 2022 in terms of profit.

2. Budget implementation: According to the current laws and regulations, the Company does not disclose the 2022 financial budget.
3. Financial income and expenses and profitability analysis (IFRS) (1) Financial income

Unit: NT$thousand

Item/Year	2021	2022
Pre-tax net income	46,249	175,425
Net cash generated by operating activities (outflow)	500,909	172,794
Net cash used in investing activities	(1,331,287)	(1,451,047)
Net cash inflow used in financing activities	259,749	1,063,542
Effect of exchange rate changes on cash and cash equivalents	(3,843)	(4,867)
Net outflow of cash and cash equivalents	(574,472)	(219,578)
Beginning of the year cash and cash equivalents	1,631,854	1,057,382
End-of-year cash and cash equivalents	1,057,382	837,804

(2) Profitability analysis

Unit: %

Item/Year	2021	2022
Return on assets	1.06	2.28
Return on shareholders' equity	0.96	3.36
Operating Income to paid-in capital ratio	1.27	5.20
Profit margin	0.77	2.11
After-tax earnings per share (NT$)	0.10	0.41

4. Status on research and development

The Bureau of Energy of the Ministry of Economic Affairs has organized nomination of high-quality solar products (Taiwan Excellent PV Awards) since 2013, and the Company has won awards for 8 consecutive years (2014 to 2021). In response to the domestic VPC demand, we are committed to improving the production quality of monocrystalline v-cells, while taking into consideration the improvements to conversion efficiency and yield, in order to optimize the manufacturing process and reduce production costs. We have developed the multi-busbar (MBB) technology, thereby improving battery efficiency. We have actively developed various niche solar cell products, such as those used in space in response to the needs of low-orbit satellites. We have also conducted studies on spectral dispersion to develop solar cell products with an appearance that has lower visual stimulation. For the space environment, we have developed technologies to manufacture solar cells with a passivation surface that can withstand high radiation. In addition, we have introduced equipment for large-sized batteries and M10-sized batteries to increase the total battery wattage. Regarding the output wattage of 108-cell, 120-cell, 132-cell and 144-cell M10 modules, we have also introduced new materials to optimize the module packaging, further increasing the output wattage of modules.

II. Summary of **2023** Business Plan

1. Business Guidelines

In order to achieve the goals of energy transition and build Taiwan into a safe, clean and sustainable smart energy island, Executive Yuan launched the Green Energy Technology Industry Innovation Promotion Plan 2.0. in 2021. The plan has four major visions, "Green energy promotion", "Industry development", "Technological innovation" and "Green finance". The relevant policies under the four topics of energy conservation, energy creation, energy storage and system integration adopt strategies to further coordinate energy use and develop market resilience in order to make Taiwan the Asia-Pacific Green Energy Center. In response to the government's policy on green energy and carbon reduction, TSEC, as the largest photovoltaic manufacturer in Taiwan, has formulated six operating goals for 2023, including market, production, procurement, quality, R&D, and finance, to build cohesion of employees for the achievement of the goals.

2. Expected sales and its basis: The Company has not disclosed the 2023 financial forecasts.

3. Important manufacturing and sales policies

(1) Full implementation of product differentiation

In response to the changes in mainstream battery/module products in the international market, TSEC has taken the lead in introducing a new generation of production lines in Taiwan which can manufacture larger sizes of M10 and G12 wafers. A few Taiwanese manufacturers have recently begun to update their production lines, but being ahead in the learning curve, we have the first-mover advantage with our products. Taking the current average output efficiency of M10 batteries as an example, we have improved it to 23%, which can greatly increase the return on investment at project sites. They are now able to stand out from the existing products of other manufacturers, and the advantages of the products will benefit our overall profitability.

(2) Increase capacity utilization and reduce production costs with economies of scale

Maintaining the capacity utilization rate above 80% will help further reduce production costs and lead the industry.

(3) Improve procurement pricing power

In Q2 2022, we were affected by the shortage of material supply caused by the pandemic overseas. Fortunately, the problems with material procurement only lasted one to 2 months. The main reason was that our production management and purchase units were able to plan to cope with the ever-changing international market, and maintain a good relationship with our suppliers. We are already the leader in Taiwan's optoelectronics manufacturing industry in terms of production capacity, and we have a relatively strong presence with our upstream suppliers. With the expansion of our production capacity, our materials units should be able to develop more confidence in negotiating for more competitive prices with our upstream suppliers and maintain good partnerships.

(4) Strive for the highest market share in Taiwan's module market and continue to expand overseas markets.

We are already the leader in Taiwan's solar optoelectronics manufacturing in terms of production capacity of the latest products, and our market share of modules sold has increased from 25% in 2020 to more than 35% now. 2024 will be the year of the presidential election in Taiwan, and the government's efforts in accelerating the promotion of solar energy are expected to continue unabated. Our large-scale orders in progress will help us further increase our market share. In addition, with the international turmoil, Taiwanese manufacturers are relatively a good option for overseas markets, so TSEC will not be absent in the international market, and has conducted numerous international partnerships and certifications, waiting to show its strengths.

III. Future Development Strategies

TSEC will continue to focus on improving product quality and promoting streamlined management. It will conduct diversified developments in terms of product strategy. From solar power generation, communication applications to energy storage systems, these options will be the key pillars in the Company's medium and long-term product development strategy. Other than product planning, more attention was paid to ESG and corporate governance internationally than in the past. On the one hand, the Company will continue to implement corporate governance policies, enhance and improve the performance of operation management, to shape and deepen corporate governance culture. The goal is not lower than the second level of corporate governance evaluation; on the other hand, a carbon risk and carbon asset management system will be established to meet the ultimate goal of carbon neutrality. For the carbon footprints generated by related units, products, services and other activities, the management will be established for inquiry, carbon reduction and offset, and thus the sustainable development of a low-carbon environment is promoted.

IV. Impact of the Competitive Environment, Regulatory Environment, and Macroeconomic Environment

The competition in 2023 will be much more complicated than that in 2022, including the competition from imports of overseas modules, the transition from old to new products, the impact of global inflation and rising interest rates, and the supply and demand of Taiwan's optoelectronics market. The relevant analysis is carried out as follows:

1. Competition from imports of modules made overseas

   The government launched the optoelectronic pioneer VPC program in 2016, providing a protective umbrella for photovoltaic and batteries, effectively preventing overseas manufacturers from entering the Taiwanese market through unfair competition.

2. Transition from old to new products

   In 2022, the international optoelectronics market was dominated by PERC monocrystalline cells M10 (182mm side length) and G12 (210mm side length). Taiwan has the most complete lines of wafer cell/module products to supply the world, while other manufacturers tend to focus on the specifications of G1 (158.75mm side length) and M6 (166mm side length) chip. As most Taiwanese manufacturers modify their machinery for manufacturing, from the original G1 to M6, the performance is lower than that of brand-new machinery, so many of them are deliberately offering a reduced price per watt to compete for the market in Taiwan. We are facing the pain of transitioning from old to new generations of products with M10. The main reasons are that there is price competition from older products, and the lack of familiarity with new products in the market. These all go to show that we must make corresponding adjustments in our marketing strategy.

3. Opportunities in Taiwan’s photovoltaic and energy storage markets

According to the estimation of the on-grid capacity of photovoltaic systems in 2022, there is still room for improvement for the goal of 20GW in 2025. The number of on-grid photovoltaic systems in 2023 should be at least 3.3 GW, and the government will definitely be more active with installation in the next three years. In addition to the photovoltaic market, the government has begun to push for the strengthening of the resilience of domestic power systems in the last 2 years in response to the development of renewable energy, further expanding the goal of energy storage installations.

V. Conclusion

For 2023, the Company will continue to make every effort to increase its domestic market share of modules and continue to develop project sites to meet the domestic demand, and then expand into the overseas market to live up to the expectation of all shareholders.

Best wishes to all valued shareholders.

TSEC Corporation

Chairman: Wei Jen Investment Co Ltd.
Representative: Liao Kuo-Jung

President: Cheng-Jen Hung

Accounting Manager: Wei-Che, Chang

April 30, 2023

Two. Company Profile

I. Date of establishment: June 24, 2010

II. Company History

(I) In the most recent fiscal years and up to the annual report publication date, any merger and acquisition: Nil.

(II) In the most recent fiscal years and up to the annual report publication date, the status of strategic investments in affiliated enterprises: please refer to "Eight. Special items to be included: I. Information related to the company's affiliates."

(III) In the most recent fiscal years and up to the annual report publication date, any restructure: Nil.

(IV) In the most recent fiscal years and up to the annual report publication date, any instances in which a major quantity of shares belonging to directors, supervisors, or shareholders holding greater than a 10% stake in the company is transferred or otherwise changes hands: Nil.

(V) In the most recent fiscal years and up to the annual report publication date, any change in managerial control; any material change in operating methods or type of business; and any other matters of material significance that could affect shareholders' equity: Nil.

(VI) Other Information:

Key milestones of the Company are the followings:

Date	Key Milestones
June 2010	Foundation of the Company, with the capital of NT$ 600 million
July 2010	Plant construction commenced in Hsinchu Industrial Zone
October 2010	The first capital increase in cash of 2010 for NT$ 2.45 billion
February 2011	Beam raising for the plant
February 2011	Entering the syndicated credit contract with 7 banks including Chang Hua Bank, for NT$ 3.5 billion
March 2011	The first capital increase in cash of 2011 for NT$ 550 million
April 2011	Employment Contribution Award, from the Presidential Office
June 2011	Trial mass production of the first production line
August 2011	Completion of the plant. The total space of level floors is 75,375 m^2 (or 22,801 pings)
August 2011	Products passed the "RoHS/SVHC" test
August 2011	Official mass production
September 2011	Certified with ISO 9001
December 2011	Certified with ISO 14001
December 2011	Certified with OHSAS 18001
December 2011	The first solar power station was built on the roof top of the plant, and connected to Taipower in parallel
March 2012	Established the solar power station subsidiary, Formosa Sun Energy Corp.
June 2012	Entered the long-term collaborative development and sales agreement with a major Japanese solar vendor, Company S
August 2012	The first capital increase in cash of 2012 for NT$ 300 million
October 2012	Certified with ISO 14064 of greenhouse gas qualification
February 2013	Qualified with PAS 2050 Product Carbon Footprint
April 2013	Pass the review of the development of new leading product by the Industrial Development Bureau with the "quasi-monocrystalline solar cell with high efficiency"
May 2013	Operation started to be profitable. The operating margin led the most peers in Taiwan

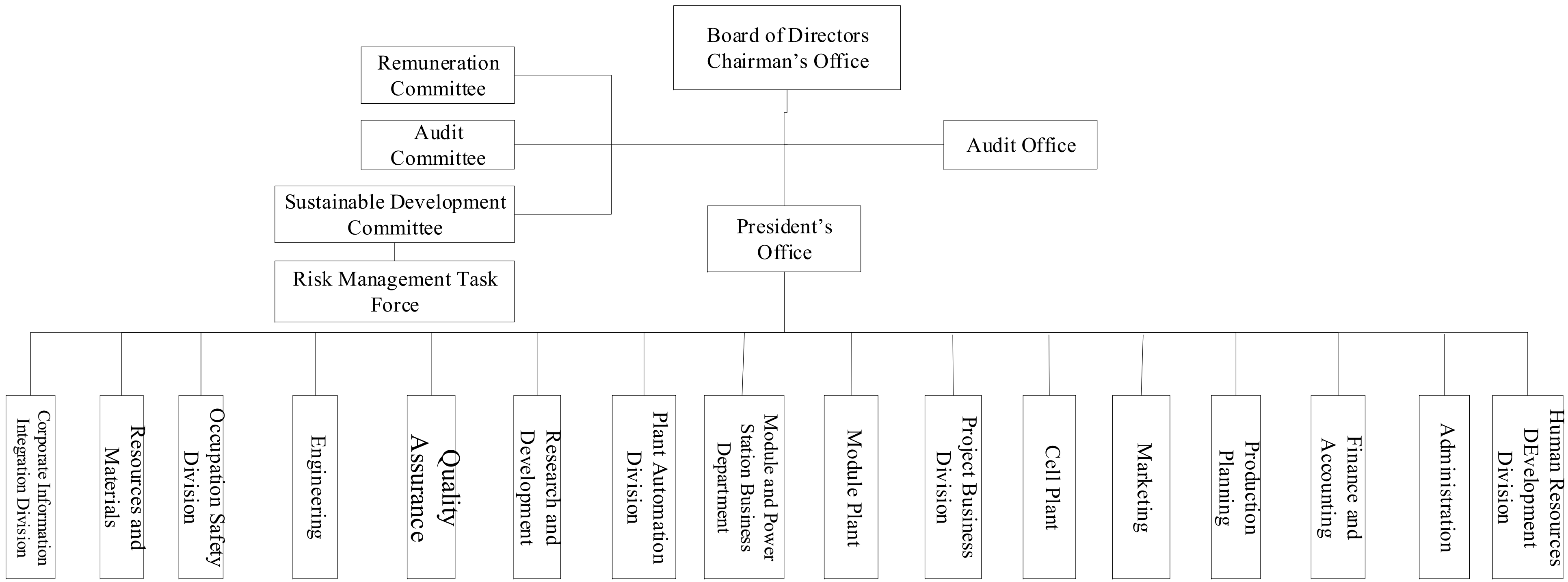
July 2013	Entered the subsidy agreement with the Industrial Development Bureau for the "Product Development Project of Quasi-Monocrystal Solar Cell"
November 2013	Shares became publicly listed
November 2013	Awarded as the "Excellent Service Unit of the Collaboration Organization for the National Labor Safety and Health Community, 2012"
March 2014	Won the "Implementation Award of Environmental" by British Standards Institution (BSI)
May 2014	Ranked 517th in the domestic manufacturing industry for 2013 by Commonwealth Magazine; and the 13rd fastest grower in the manufacturing industry
May 2014	Recognized as the "Excellent Vendor of Safety and Health in Hsinchu Industrial Zone, 2014" by the competent authority
June 2014	Completion of new share conversion for capital decrease. After the capital decrease, the paid-up capital was NT$ 3.003 billion
July 2014	The first capital increase in cash of 2014 for NT$ 150.15 million
September 2014	Shares registered with TPEx
September 2014	The cell and module product won the "Golden Energy Award" from the Bureau of Energy, Ministry of Economic Affairs
November 2014	Certified with ISO 50001 for energy management system
November 2014	Ranked 24th among the "Technology Fast 500, APAC" and 2nd in Taiwan by Deloitte & Touche.
December 2014	Entered PERC/HJT development agreement with Company D in the U.S.
February 2015	Obtained the Opinion to High Technology Business from the Industrial Development Bureau (IDB)
March 2015	Ranked 433rd in the domestic manufacturing industry for 2014 by Commonwealth Magazine
June 2015	Obtained the approval letter for listing from Stock Exchange
September 2015	Entering the syndicated credit contract with 8 banks including Chang Hua Bank, for NT$ 2.07 billion
October 2015	Publicly listed (Stock code: 6443)
October 2015	The first capital increase in cash of 2015 for NT$ 365.4 million
October 2015	The cell and module product won the "Golden Energy Award" from the Bureau of Energy, Ministry of Economic Affairs for the second time
May 2016	Ranked 378th in the domestic manufacturing industry for 2015 by Commonwealth Magazine
June 2016	The capital increase in cash of 2016 for NT$ 750 million
August 2016	Entering the syndicated credit contract with 7 banks including Cooperative Bank, for NT$ 1 billion
December 2016	The cell and module product won the "Golden Energy Award" from the Bureau of Energy, Ministry of Economic Affairs for the third time
December 2015	Won the 13th National Innovation Award
April 2017	The Pingtung Plant commenced construction
April 2017	Ranked 353rd in the domestic manufacturing industry for 2016 by Commonwealth Magazine
November 2017	The capital increase in cash of 2017 for NT$ 525 million
December 2017	The cell and module product won the "Golden Energy Award" from the Bureau of Energy, Ministry of Economic Affairs for the fourth time
February 2018	Entering the syndicated credit contract with 8 banks including Chang Hua Bank, for NT$ 1.25 billion
April 2018	Commission ceremony for the Pingtung module plant
May 2018	Pingtung Branch was founded

December 2018	The Pingtung plant was certified with ISO 14001, OHSAS 18001, and TOSHMS
September 2019	The capital increase in cash of 2019 for NT$ 650 million
November 2020	Entering the syndicated credit contract with 10 banks including Cooperative Bank, for NT$ 2 billion
December 2020	Entering the syndicated credit contract with ten banks including Cooperative Bank, for NT$ 667.8 million
December 2021	Complete the capital increase of 2021 via private placement, for NT$615 million.
July 2022	The capital increase in cash for NT$ 808 million

Three. Corporate Governance Report

I. Organizational system:

(I) Organizational Structure



(II) Business Operated by Each Key Function

Key Function	Key Business Duties
Audit Office	In charge of audit operations, including the establishment and implementation of the Company's internal audit system; monitoring of subsidiaries' audit operation, while assessing and document the assessment of the implementation of internal audit system, and report such in writing to the Board of Directors and supervisors at least semi-annually.
Administration	(I) General affairs, administration, and management of fixed assets. (II) Formulation and implementation of strategies in connection to the recruitment, employment, development and retaining of human resources. (III) Staff administration, remuneration and benefits management. (IV) Review and control of the legal documents. (V) Compliance, legal consultancy, and management of the Company's seals.
Finance and Accounting	(I) Deployment and management of financial resources. (II) Fundraising and application. (III) Short-term wealth management, long-term investments, and receivable/payable accounts handling. (IV) Calculation of costs and accounting transaction handling. (V) Planning and implementations of budgets and settlements. (VI) Stock affairs handling. (VII) Supervision and handling of cashier's operation. (VIII) Handling the deduction/exemption of various taxes.
Marketing	(I) Formulation of marketing strategies and promotion of marketing campaigns. (II) Production of the Company introduction, product catalogues, and marketing tools, as well as website maintenance and gift preparation. (III) Planning and implementation of business training to enhance competitiveness. (IV) Check of data of clients' equipment, and surveys and analyses of customer satisfaction. (V) Collection and analyses of market and new product intelligences for the sales department to strengthen sales competitiveness. (VI) Facilitation for establishment and maintenance of good relations with suppliers and media. (VII) Facilitation for control over the inventory and unmarketable products. (VIII) Handling product inspections, environmental labels, energy saving, and test reports. (IX) Formulation (amendment) of related regulations.
Production Planning	(I) Scheduling production, planning and implementation of manufacturing resources. (II) Import/export operations for raw materials and finished products warehouse management. (III) Analysis of production costs and assessment of benefits of new manufacturing process. (IV) Planning and locating spaces in plants and machines.
Project Business Division	(I) Formulation and implementation of global sales strategies for the products. (II) Development of clients and maintenance of client relations for the products. (III) Formulation and implementation of strategic marketing campaigns for the products. (IV) Planning and implementation of new product marketing. (V) Introduction of technologies for clients and after services. (VI) Reflection and handling customers' complaints. (VII) Research of market intelligence and industrial movement. (VIII) Management of clients' orders and documents. (IX) Management of de-inventory of finished products. (X) Coordination and arrangement of shipments to clients. (XI) Tracking the sales payments and statistics. (XII) Establishment of product technical specifications
Key Function	Key Business Duties
Module and	(I) Establishing the development goals and strategies of the business department.

Power Station Business Department	(II) Establishing the overall operational mechanism and controlling the operational performance.
	(III) Promotion of the “7 day cycle” system for the production/sales of cell-module.
	(IV) Introduction of the “accountability center system.”
	(V) Supervising each accountability center’s basic operations to achieve the operational goals.
	(VI) Formulation and control of the progresses of projects.
	(VII) Implementation of the documents to be signed and archiving management.
	(VIII) Maintenance of key seals.
	Module Plant
	(I) Production of the solar modules required by the sales department.
	(II) Promotion of JIT and establishment of minimum inventory system.
	(III) Achieving various operating goals.
	(IV) Promotion of JIT and establishment of minimum inventory system.
	(V) Establishing and maintaining good customer relations.
	Module Business Department (I) Achieving various operating goals.
	(II) Establishing and maintaining good customer relations.
	(III) Sales management of module products.
	(IV) Maintenance and services of module products.
	(V) Management of procurement, sales, and warehouse for module products.
	(VI) Propose and bid the business related to power station building.
	(VII) Implementation the HR policies and cultivation of talents.
	(VIII) Formulation (amendment) of related regulations.
	EPC Engineering
	(I) Building solar power stations.
	(II) Implementation of long-term maintenance, operation, and service for power stations.
	(III) Implementation the HR policies and cultivation of talents.
	(IV) Establishing and maintaining good customer relations.
	(V) Management of procurement, sales, and warehouse for the materials of power stations .
	(VI) Formulation (amendment) of related regulations.
Research and Development	(I) R&D of high-performance solar cells. (II) Development and optimization of new manufacturing process technologies for solar cells. (III) Planning of new technology mass production and improvement of yield rate. (IV) Testing and assessing new materials and machines. (V) Discussion of literatures regarding solar energy and the positioning strategies for patents. (VI) Researches on the integration of up- and downstream academic and industry technologies in the solar energy industry. (VII) Formation, execution, and tracking of new product development plans. (VIII) Establish the specifications for new products.

Cell Plant	(I) Planning and implementation of manufacturing and production process for solar cells. (II) Improvement of product yield rate, efficiency, electrical properties, appearance, and manufacturing process. (III) Analysis of abnormality during the manufacturing process. (IV) Assessing, installing, maintaining, servicing and improving the production equipment for better capacity. (V) Planning the capacity and achieving the production volume objective. (VI) Controlling the manufacturing costs for better competitiveness. (VII) Regulating the production conditions, personnel examination, and configurating and maintaining the production programs.
Quality Assurance	(I) Quality monitor of raw materials, manufacturing process, and finished products, and the packaging in products. (II) Assessment and management of raw material suppliers and quality improvement. (III) Planning, establishing, and managing the lab reliability verifications. (IV) Support the verifications of new products and materials. (V) Monitoring and managing the routine ongoing Reliability test (ORT) of products. (VI) Leading the analyses and reports related to handling of customers' feedbacks, complaints of abnormality. (VII) Planning and implementation of calibrations of measuring instruments. (VIII) Controlling documents in the document centers, and ensuring the effectiveness and adequacy of ISO documents. (IX) Leading the establishment and verification of quality management system such as ISO 9001. (X) Leading the internal and external audits, as well as the quality improvement activities such as correction and prevention of abnormality. (XI) EPC construction, quality audit and improvement of case fields, to ensure the quality of case fields. (XII) Quality assurance of product for better customer satisfaction.
Engineering	(I) Designing, planning, and executing the new construction and expansion of plants. (II) Operation, maintenance, and services of the factory affair supplying system. (III) Promotion and implementation of energy-saving and carbon reduction. (IV) Implementation and audit of environmental business. (V) Training and promotion of environmental education.

Occupation Safety	(I) Implementation and audit of health and safety. (II) Training and promotion of health and safety. (III) Management and supervision of contractors’ health and safety. (IV) Establishment of occupational safety and health system, and implementation of external filing operations.
Resources and Materials	(I) Procuring pursuant to various SOPs. (II) Proposing the annual procurement and cost-saving plans, and implementing to achieve the goals. (III) Obtaining the most favorable and competitive prices and procurement terms from suppliers. (IV) Development and management of suppliers. (V) Follow-up and management of supply orders and the invoicing. (VI) Establishing detailed delivery agreements with suppliers. (VII) Controlling and assessing the transactions with suppliers, their cooperation, quality and delivery schedules.
Plant Automation	(I) Establishing smart plants via data integration, process integration, and information integration, for better production effects and plant management efficiency. (II) Establishing the connection platform for machines in plants for data integration. (III) Establishing the production execution platform for process integration. (IV) Establishing the production and yield rate analysis platform for information integration,
Corporate Information Integration	(I)Facilitation to the management of operational process information, and supports to the internal control governance and process efficiency (II) Facilitation to the management of production process information, for better production effects and plant management efficiency. (III) Facilitation to the establishment and production of various managerial benchmarks and reports/statements as references for decision-making. (IV) Installation, maintenance, management of information equipment in the Company; formulation and drill of disaster recovery process. (V) Establishing the information cycle; formulation and implementation of data and IP security protective strategies. (VI) Establishment and maintenance of manufacturing automation. (VII) Establishment and maintenance of production statements.

II. Information on the company's directors, supervisors, president, assistant presidents, deputy assistant presidents, and the supervisors of all the company's divisions and branch units:

(I) Directors and supervisors

1. Directors and supervisors

March 26, 2023; Share; %

Designation	Nationality or place of registration	Name	Name/Age	Date on election or inauguration	Term	Date when first elected	Shareholding when elected: Number of common stock shares / Number of preferred stock shares	Shareholding when elected: Shareholding Ratio (%)	Current shareholding: Number of common stock shares / Number of preferred stock shares	Current shareholding: Shareholding Ratio (%)	Shareholding of spouses and children of minor age: Number of common stock shares / Number of preferred stock shares	Shareholding of spouses and children of minor age: Shareholding Ratio (%)	Shareholding through nominees: Number of common stock shares / Number of preferred stock shares	Shareholding through nominees: Shareholding Ratio (%)	Major education and industry background	Concurrent positions in the Company and in companies	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship: Designation	Name	Relation	Remarks
Chairman	Republic of China	Wei Jen Investment Co Ltd.	-	2022.06.09	3 years	2010.10.12	4,525,538	1.015%	2,800,327	0.588%	0	0.00%	–	–	MBA, the University of Tennessee President, Gintech Energy Corporation Chairman, Huxen Corporation. Vice President, CITI and ABN AMRO	Independent Director, Aurora Corporation; Director, An Chuang Industrial Corporation; Director, Wei Jen Investment Co Ltd.; Chairman, Holdgood Energy Co., Ltd.; Chairman, Hou Chang Energy Corporation; Chairman, Hengyoung Energy Co., Ltd.; Chairman, Heng Li Energy Corporation; Chairman, Youngli Energy Co., Ltd.; Chairman, Yunxing Optoelectronics Corporation; Chairman, Yunsheng Optoelectronics Corporation; Chairman, Zangyang Optoelectronics Corporation; Chairman, Yuanjin Energy Co., Ltd.	Director Representative	Liao Wei-Ran	Father-son	–
							0	0.000%	0	0.000%	0	0.00%	–	–						
	Republic of China	Representative: Liao Kuo-Ron	Male 71~80				728,557	0.163%	0	0.000%	0	0.00%	–	–						
							0	0.000%	7,524	0.002%	31,789	0.01%	–	–						

Director	Republic of China	An Chuang Industrial Corporation	-	2022.06.09	3 years	2011.6.30	43,099	0.010%	45,328	0.010%	0	0.00%	—	—	Master, New York State University Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	Director, Wei Jen Investment Co Ltd.; Chairman, An Chuang Industrial Corporation; Director, Yuan-Yu Solar Energy Co., Ltd.; Director, Hou Chang Energy Corporation; Director, Heng Li Energy Corporation; Director, Hengyoung Energy Co., Ltd.; Director, Youngli Energy Co., Ltd.; Director, Zangyang Optoelectronics Corporation; Director, Yunsheng Optoelectronics Corporation; Director, Yunxing Optoelectronics Corporation; Director, TSECPV (HK) LIMITED; Director, Yuanjin Energy Co., Ltd.	Director Representative	Liao Kuo-Jung	Father-son	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
	Republic of China	Representative: Liao Wei-Jan	Male 41~50				290,623	0.061%	100,588	0.021%	124,264	0.03%								
							0	0.000%	0	0.000%	0	0.00%	—	—						
Director	Republic of China	Cheng Hsi Investment Corporation	-	2022.06.09	3 years	2013.6.20	1,762,919	0.395%	1,561,542	0.328%	0	0.00%	—	—	EMBA, National Taiwan University	President, Formosan Rubber Group Inc.; Director, Cheng Hsi Investment Corporation; Chairman, Rueifu Development Co., Ltd.; Director Rueifu Investment Co., Ltd.; Director, Shanxiajian Joint Venture Co., Ltd.; Director, Rueifu International Co., Ltd.; Director, Yu Ji Venture Capital Corporation	—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
	Republic of China	Representative: Hsu Cheng-Ji	Male 61~70				0	0.000%	0	0.000%	0	0.00%	—	—			—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
Director	Republic of China	Yu Sheng Energy Corporation	-	2022.06.09	3 years	2021.04.07	20,000	0.004%	20,000	0.004%	0	0.00%	—	—	Bachelor, Tamkang University; Chief of Production Business Department and Marketing Department, Formosan Rubber Group Inc.; Deputy Assistant President, Head of Project, Audit	Chairman, Yu Sheng Energy Corporation	—	—	—	—
							17,684,210	68.293%	17,684,210	68.293%	0	0.00%	—	—						
	Republic of China	Representative: Liu Weng-Cheng	Male 61~70				0	-	0	0.000%	0	0.00%	—	—			—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						

															Head, Xiwei Optoelectronics Co., Ltd. Advisor, Formosan Rubber Group Inc.					
Director	Republic of China	National Development Fund, Executive Yuan	-	2022.06.09	3 years	2022.06.09	0	0.000%	424,720	0.089%	0	0.00%	—	—	Graduate School of Law, Soochow University; Deputy Executive Secretary/Section Head, Investment Commission, MOEA. Specialized Commissioner, Vice Director, Department of Commerce, MOEA	Advisor, National Development Council	—	—	—	—
							8,210,526	31.707%	8,210,526	31.707%	0	0.00%	—	—						
	Republic of China	Representative: Yang Shu-Ling	Male 61~70				0	-	0	0.000%	0	0.00%	—	—			—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
Director (Note 1)	Republic of China	Farglory International Investment Corporation	-	2021.04.07	3 years	2021.04.07	8,908,244	1.998%	0	0.000%	0	0.00%	—	—	Ph.D. in Finance, Wang Yanan Institute for Studies in Economics, Xiamen University; Master in Information Science, School of Computing and Information, University of Pittsburgh, Pennsylvania, USA; MBA, Business School, University of Pittsburgh, Pennsylvania, USA	Vice President, Investment and Development Division, Headquarter Administration Division, Farglory Group	—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
	Republic of China	Representative: Lin Li-Chiang	Male 41~50				0	-	0	0.000%	0	0.00%	—	—			—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
Independent Director	Republic of China	Lin Gu-Tong	Male 61~70	2022.06.09	3 years	108.03.29	0	-	0	0.000%	0	0.00%	—	—	MBA, The University of Tennessee Chairman, Deloitte Taiwan	Independent Director, TAIRX, INC.; Independent Director, Yi Shin Textile Industrial Co., Ltd.; Independent Director, INNOPHARMAX INC.	—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
Independent Director	Republic of China	Cheng Hsien-Chih	Male 61~70	2022.06.09	3 years	2022.06.09	0	-	0	0.000%	0	0.00%	—	—	National Cheng Kung University; President, YARK TECHNOLOGY CO., LTD.; President for the	ORIENTAL UNION CHEMICAL CORP. Indepen dent Director	—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						

															Greater China Area, Department of Electronics and Communications, Global Business President, Microelectronic Integrated Circuit Department, and Chairman of Taiwan Branch, DuPont					
Independent Director	Republic of China	Shen Chien-Ju	Female 41~50	2022.06.09	3 years	2022.06.09	0	-	0	0.000%	0	0.00%	—	—	Master in Chemical Engineering, National Taiwan University; Sales Manager for Southeast Asia and Taiwan, DuPont Taiwan	Person in Charge of the Asia-Pacific Region, US CHASM High-tech Materials Company Limited	—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
Independent Director (Note 1)	Republic of China	Wu Chia-En	Male 61~70	2019.03.29	3 years	2014.4.28	18,837	0.004%	0	0.000%	0	0.00%	—	—	Ph.D. in Economics, University of Rochester; Associate Professor and Dean of Department of International Business, Yu Da University of Science and Technology ; Full-time Associate Professor, Department of Finance, National Chengchi University; Part-time Associate Professor of Department of Public Finance and Taxation, Takming University of Science and Technology	—	—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						
Independent Director (Note 1)	Republic of China	Chiang Huai-De	Male 61~70	2019.03.29	3 years	2014.4.28	—	-	0	0.000%	0	0.00%	—	—	Ph.D. in Mechanic Engineering, University of Minnesota, the U.S.	—	—	—	—	—
							0	0.000%	0	0.000%	0	0.00%	—	—						

															Research fellow of Energy Policy Research Center, ITRI Vice Director, Office of Renewable Energy Promotion Project, Bureau of Energy, Ministry of Economic Affairs Leader, Clean Energy Technology Team, Energy and Resources Laboratory, ITRI Development Engineer, Textron Lycoming, the U.S. Assistant to Technology Consultant, General Electric, the U.S.					

Note 1: Dismissed upon re-election on June 9, 2022

2. Major Shareholders of Juridical Person Shareholder:

March 26, 2023; Share; %

Name of juridical person shareholder	Major shareholders of juridical person shareholder	Shareholding proportion
Wei Jen Investment Co Ltd.	Liao-Wang Li-Hui	52.38%
	Chien Shu-Yin	1.19%
	Liao Wei-Ran	22.62%
	Liao Wei-Ren	23.81%
An Chuang Industrial Corporation	Liao Wei-Ran	99.00%
	Liao Wei-Ren	1.00%
Yu Sheng Energy Corporation	Holdgood Energy Co., Ltd.	49.41%
	BRAVE C&H SUPPLY CO., LTD	19.00%
	Giga Solar Material Corporation	14.25%
	WAFERING TECHNOLOGY CORPORATION	11.88%
	ENGTOWN CONSTRUCTION CORPORATION	2.85%
	Cheng Hsi Investment Corporation	2.38%
	Ke Chan-Yu	0.23%
	Chien Ming-Shu	0.00%
	Chien Chiu-Fang	0.00%
	Wang Hsueh-Ying	0.00%
Cheng Hsi Investment Corporation	Yang Hsun-Wen	0.20%
	Hsu Cheng-Chi	99.50%
	Yang Chin-Hai	0.05%
	Hsu Cheng-Tsai	0.10%
	Yang-Yeh Chia-Chih	0.05%
	Yang Chih-Wen	0.05%
	Yang Chang-Wen	0.05%
National Development Fund, Executive Yuan	(N/A)	

3. Major Shareholders of Corporate Shareholders Whose Major Shareholders are Corporate Shareholders:

April 30, 2023; Share; %

Name of the juristic person	Major shareholder of corporation
Holdgood Energy Co., Ltd.	Wei Jen Investment Co Ltd. 47.47%; TSEC Corporation 45.49%; Cheng Hsi Investment Corporation 4.26%; Liao-Wang Li-Hui 1.26%; Deguang Education Investment Co., Ltd. 0.28%; Chien, Shu-Ying 0.22%; Cheng, Chen-Kuo 0.28%; He, Hao 0.18%; Liu, Li-Ping 0.1%
BRAVE C&H SUPPLY CO., LTD	Tsai, Fu-Te 5.94%; Chen, Kan-Fu 4.35%; Changyu Industrial Co., Ltd 2.29%; Yu Pai-Tang 2.21%; Chung, Jui-Chiao 1.99%; Longbang Co., Ltd. 1.90%; Jincheng Co., Ltd. 1.74%; Wu Pao-Ming 1.18%; Wang, Yu-Fang 1.14%; Lien Cheng-Chiang 1.07%
Giga Solar Material Corporation	Gigastorage Corporation 39.15%; Hungyang Venture Capital Co., Ltd. 10.54%; Tengxi Investment Co., Ltd 6.18%; Invesco Solar ETF held in custody by the HSBC 3.22%; WAFERING TECHNOLOGY CORPORATION 0.66%; SNC Investment Account operated by BNP under the custody of Citi 0.61%; JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds 0.55%; JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds 0.54%; Chunru Investment Co., Ltd. 0.44%; Jufeng Global Investment Co., Ltd. 0.40%
WAFERING TECHNOLOGY CORPORATION	Gigastorage Corporation 100%
ENGTOWN CONSTRUCTION CORPORATION	Lin Kun-Jung 26%; Liu Jui-Yen 24.5%; Lin Yi-Chen 17.7%; Liu Yi-Ting 15%; Ting Yun-Lan 11%; Lin Man-Tang 0.3%; Chan Pao-Chu 5.5%
Cheng Hsi Investment Corporation	Hsu Cheng-Chi 99.50%; Yang Hsun-Wen 0.20%; Hsu Cheng-Tsai 0.10%; Yang Chin-Hai 0.05%; Yang-Yeh Chia-Chih 0.05%; Yang Chih-Wen 0.05%; Yang Chang-Wen 0.05%

4. Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors:

Name \ Qualification		Professional qualification (Note 1)	Experience	Independence status (Note 1)	Number of other companies in which also concurrently serving as an independent director.
Chairman	Liao Kuo-Ron	Possessing 5-year or more work experience required for the Company's business; MBA, The University of Tennessee; currently serves as the Chairman of the Company; not having any circumstance set forth in Article 30 of the Company Act.	The University of Tennessee MBA President, Gintech Energy Corporation Chairman, Huxen Corporate Vice President, CITI and ABN AMRO	(3)(4)(5)(6)(7)(8)(9)(11)	1
Director	Liao Wei-Ran	Possessing 5-year or more work experience required for the Company's business; Master, New York State University, currently serves as Senior Vice President of the Company; not having any circumstance set forth in Article 30 of the Company Act.	Master, New York State University Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	(3)(4)(5)(6)(7)(8)(9)(11)	0
Director	Lin Li-Chiang (Note 2)	Possessing 5-year or more work experience required for the Company's business; Ph.D., Wang Yanan Institute for Studies in Economics, Xiamen University; currently serves as Deputy Assistant President, Investment and Development Division, Headquarter Administration Division, Farglory Group; not having any circumstance set forth in Article 30 of the Company Act.	Ph.D., Wang Yanan Institute for Studies in Economics, Xiamen University Master in Information Science, School of Computing and Information, University of Pittsburgh, Pennsylvania, the U.S. MBA, Business School, University of Pittsburgh, Pennsylvania, the U.S. Deputy Assistant President, Investment and Development Division, Headquarter Administration Division, Farglory Group	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Director	Liu Weng-Cheng	Possessing 5-year or more work experience required for the Company's business; graduated from Tamkang University; currently serves as Chairman of Yu Sheng Energy Corporation; not having any circumstance set forth in Article 30 of the Company Act.	Bachelor, Tamkang University Chairman, Yu Sheng Energy Corporation Chief of Production Business Department and Marketing Department, Formosan Rubber Group Inc. Deputy Assistant President, Head of Project, Audit Head, Xiwei Optoelectronics Co., Ltd. Advisor, Formosan Rubber Group	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Director	Hsu Chen-Ji	Possessing 5-year or more work experience required for the Company's business; EMBA, National Taiwan University; currently serves as Director and President of Formosan Rubber Group; not having any circumstance set forth in Article 30 of the Company Act.	EMBA, National Taiwan University Director and President of Formosan Rubber Group Inc. Chairman, Ruifu Development	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	1

Independent Director	Wu Chia-En (Note 2)	Possessing 5-year or more work experience required for the Company's business; Ph.D., University of Rochester, the U.S.; served as Associate Professor and Dean of the Department of International Business, and Full-time Associate Professor of the Department of International Trading, Yu Da University of Science and Technology; Full-time Associate Professor, Department of Public Finance, NCCU, and Part-time Associate Professor of Department of Public Finance and Taxation, Takming University of Science and Technology; not having any circumstance set forth in Article 30 of the Company Act.	Ph.D., University of Rochester, the U.S. Associate Professor and Dean of Department of International Business, Yu Da University of Science and Technology Full-time Associate Professor of Department of International Trading, Yu Da University of Science and Technology Full-time Associate Professor, Department of Public Finance, NCCU Part-time Associate Professor of Department of Public Finance and Taxation, Takming University of Science and Technology	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director	Chiang Huai-De (Note 2)	Possessing 5-year or more work experience required for the Company's business; Ph.D. in Mechanic Engineering, University of Minnesota, the U.S.; served as the Vice Director, Office of Renewable Energy Promotion Project, Bureau of Energy, Ministry of Economic Affairs; not having any circumstance set forth in Article 30 of the Company Act.	PhD in Mechanic Engineering, University of Minnesota, the U.S. Research fellow of Energy Policy Research Center, ITRI Vice Director, Office of Renewable Energy Promotion Project, Bureau of Energy, Ministry of Economic Affairs Leader, Clean Energy Technology Team, Energy and Resources Laboratory, ITRI Development Engineer, Textron Lycoming, the U.S. Assistant to Technology Consultant, General Electric, the U.S.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director	Lin Gu-Tong	Possessing 5-year or more work experience required for the Company's business; MBA, The University of Tennessee, and holder of CPA license; served as Chairman, Deloitte Taiwan; and none of the conditions under Article 30 of the Company Act.	MBA, The University of Tennessee Bachelor, Department of Accounting, NCCU Chairman, Deloitte Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	3
Director	Yang Shu-Ling	With 5 years or more of experience required for the Company's business; Master of Law, Soochow University; currently serves as an advisor at the National Development Council; and none of the conditions under Article 30 of the Company Act.	Master of Law, Soochow University Deputy Executive Secretary/Section Head, Investment Commission, MOEA. Specialized Commissioner, Vice Director, Department of Commerce, MOEA	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0

Independent Director	Cheng Hsien-Chih	With 5 years or more of experience required for the Company's business; graduated from the National Cheng Kung University; currently serves as Independent Director of ORIENTAL UNION CHEMICAL CORP.; and none of the conditions under Article 30 of the Company Act.	National Cheng Kung University President, YARK TECHNOLOGY CO., LTD. President for the Greater China Area, Department of Electronics and Communications, Global Business President, Microelectronic Integrated Circuit Department, and Chairman of Taiwan Branch, DuPont Independent Director, SCI Pharmtech, Inc. Supervisor, Sunny Pharmtech Inc.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1
Independent Director	Shen Chien-Ju	With 5 years or more of experience required for the Company's business; Master in Chemical Engineering, National Taiwan University; Current Person in Charge of the Asia-Pacific Region, US CHASM High-tech Materials Company Limited; and none of the conditions under Article 30 of the Company Act.	Master in Chemical Engineering, National Taiwan University; Sales Manager for Southeast Asia and Taiwan, DuPont Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0

Note 1: When any of the following conditions is met for each director during the 2 years prior to and during their tenure.

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisors of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent Company, subsidiary, or another subsidiary of the parent that is compliant with Securities and Exchange Act or local laws).

(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.

(4) Not a manager listed in (1), or a spouse, second-degree relative or closer or third-degree direct relative or closer to any personnel listed in (2) or (3).

(5) Not a director, supervisor, or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or appoints a director/supervisor representative in the Company according to Paragraph 1 or 2, Article 27 of the Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiaries of the parent Company that is compliant with the Act or local laws).

(6) Not a director, supervisors or employee of any other Company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(7) Does not assume concurrent duty as Chairman, President or equivalent role, and is not a director, supervisors or employee of another Company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any Company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).

(9) Not a professional who provides audit service, or commercial, legal, financial, accounting or consultation services for an accumulated sum of less than NT$500,000 in the last 2 years, to the Company or its affiliate, nor is an

owner, partner, director, supervisors or manager, or the spouse of any of the above, of a sole proprietorship, partnership, Company, or organization that provides such services to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Not a spouse or relative of second degree or closer to any other directors.

(11) Does not meet any of the conditions stated in Article 30 of the Company Act.

(12) Not elected as a government or corporate representative, as described in Article 27 of the Company Act.

Note 2: Dismissed upon re-election at the end of tenure on June 9, 2022.

5. Diversity and independence of the Board of Directors:

(1) Diversity of the Board of Directors:

To enhance corporate governance, while promoting the healthy development for the composition and structure of the Board of Directors, the “Policy on Diversification of Membership of the Board of Directors” under Paragraph 3, Article 22 of the Company’s is adjusted for the “Corporate Governance Best Practice Principles” amended in 2020. The policy sets forth that the composition of the Board of Directors shall be determined by taking operating structure, directions of business development, and trends of future development into consideration, while assessing various diversification aspects, for example, basic qualifications and values (e.g. age, gender, nationality, and culture), professional background (e.g. law, accounting, industry, finance, marketing or technology), professional skills, and industry experience. The members shall generally possess the knowledge, skills, and attainments required for performing duties in order to fulfill the ideal goal of corporate governance.

- Implementation of the Board members’ diversity:

Core items of diversity / Name of Director	Basic conditions										Professional knowledge and skills					
	Nationality	Gender	Concurrently serves as the Company’s employee	Age				Years having served as Independent Director			Industry	Commerce	Accounting	Finance	Law	Marketing
				Under 50	51-60	61-70	71 above	Under 3 years	4-6 years	7-9 years						
Liao Kuo-Ron	Republic of China	Male	ˇ				ˇ				ˇ	ˇ		ˇ		ˇ
Liao Wei-Ran	Republic of China	Male	ˇ	ˇ							ˇ	ˇ		ˇ		ˇ
Hsu Chen-Ji	Republic of China	Male				ˇ						ˇ				ˇ
Liu Weng-Cheng	Republic of China	Male				ˇ						ˇ				ˇ
Yang Shu-Ling	Republic of China	Female			ˇ										ˇ	
Cheng Hsien-Chih	Republic of China	Male				ˇ		ˇ			ˇ	ˇ				ˇ
Shen Chien-Ju	Republic of China	Female		ˇ				ˇ			ˇ	ˇ				ˇ
Lin Gu-Tong	Republic of China	Male				ˇ			ˇ			ˇ	ˇ	ˇ		

(2) Independence of the Board of Directors:

The current Board of Directors consists of 8 directors, including three independent directors; the board members possess abundant experience and expertise in the industry, commerce, accounting, finance, law and marketing. Additionally, to maintain the independence of the Board of Directors, the target is to have at least one-third of board members as independent directors (currently 37.5%) - all independent directors may not serve more than 3 terms in a row (currently one is serving the second term while the other 2 are serving the first term), and no more than a quarter of the board members are spouses or relatives within the 2nd degree of kinship to each other (currently 25%). Also, to implement the gender equality of the composition of the Board of Directors, at least one female director is needed (currently 2 and 1 of them is an independent director).

(II) President, assistant presidents, deputy assistant presidents, and the supervisors of all the company's divisions and branch units:

March 26, 2023; Share; %

Designation	Nationality	Name	Gender	Date inaugurated	Shareholding: Number of common stock shares / Number of preferred stock shares	Shareholding: Shareholding Ratio (%)	Shareholding of spouses and children of minor age: Number of common stock shares / Number of preferred stock shares	Shareholding of spouses and children of minor age: Shareholding Ratio (%)	Shareholding through nominees: Number of common stock shares / Number of preferred stock shares	Shareholding through nominees: Shareholding Ratio (%)	Major education and industry background	Concurrent positions in the Company and in companies	Spouse or relatives within the second degree of kinship or closer acting as: Designation	Spouse or relatives within the second degree of kinship or closer acting as: Name	Spouse or relatives within the second degree of kinship or closer acting as: Relation	Remarks
President	Republic of China	Hung, Chen-Ren	Male	2012.07.05	934	0.000%	33,000	0.007%	–	–	Ph.D. in Chemistry, University of Missouri-Rolla Vice President, Powertec Energy Deputy Assistant President, Resources and Materials, Gintech Energy Corporation	–	–	–	–	–
					0	0.000%	0	0.000%	–	–						
Senior Executive Vice President	Republic of China	Liao Wei-Ran	Male	2010.11.01	100,588	0.021%	124,264	0.026%	–	–	Master, New York State University Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	Director, Wei Jen Investment Co Ltd.; Chairman, An Chuang Industrial Corporation; Director, Yuan-Yu Solar Energy Co., Ltd.; Director, Hou Chang Energy Corporation; Director, Heng Li Energy Corporation; Director,	Chairman	Liao Kuo-Ron	Father-son	–
					0	0.000%	0	0.000%	–	–						

												Hengyoung Energy Co., Ltd.; Director, Youngli Energy Co., Ltd.; Director, Zangyang Optoelectronics Corporation; Director, Yunsheng Optoelectronics Corporation; Director, Yunxing Optoelectronics Corporation; Director, TSECPV (HK) LIMITED; Director, Yuanjin Energy Co., Ltd.				
Vice President	Republic of China	Chiang, Chih-Hao	Male	2017.11.01	43,460	0.009%	453	0.000%	—	—	Master, National Chiao Tung University Head of Technology Information Department, Gintech Energy Corporation Manufacturing Department, SMIC Automation Department, TSMC	—	—	—	—	—
					0	0.000%	0	0.000%	—	—						
Vice President	Republic of China	Wang, Liang-Kai	Male	2010.08.02	2,242	0.000%	36,278	0.008%	—	—	Master, National Taiwan University of Science and Technology Deputy Director, Technology, Gintech Energy Corporation Manager of Product Marketing, KLA-Tencor Corp.	—	—	—	—	—
					0	0.000%	0	0.000%	—	—						

											Manager of Quality Assurance, Sheng-Bao Electronic Chemical Technology Corporate					
Vice President	Republic of China	Wu Chuan-Chieh	Male	2010.07.21	50,736 0	0.011% 0.000%	0 0	0.000% 0.000%	— —	— —	Master, Tamkang University Head of Technology and Production Department, Resources, Gintech Energy Corporation Manager of Administration Department, Aiko International Deputy Manager, IE Department, TSMC	—	—	—	—	—
Deputy Assistant President	Republic of China	Cheng, Chen-Kuo	Male	2010.07.26	228,495 0	0.048% 0.000%	0 0	0.000% 0.000%	— —	— —	Law and Business School, National Chung Hsing University Head of Legal Department, Gintech Energy Corporation Director, Legal Office, Aurora Group	Supervisor, Holdgood Energy Co., Ltd.	—	—	—	—
Vice President	Republic of China	Yu Cheng-Yeh	Male	2017.09.18	15,000 0	0.003% 0.000%	0 0	0.000% 0.000%	— —	— —	Ph D., Graduate Institute of Electronic, National Taiwan University Chief Engineer, R&D Department, TSMC Manager, Technology Research and Development Department, Gintech Energy Corporation	Director, Hou Chang Energy Corporation	—		—	—
Deputy Assistant President, (Note 1 and Note 2)	Republic of China	Chen, Tai-An	Male	2018.08.13	0 0	0.000% 0.000%	0 0	0.000% 0.000%	— —	— —	Master in Accounting, Fu Jen University Head of Accounting Section, Chimei Communication Deputy Head, Deloitte Taiwan	Director, Holdgood Energy Co., Ltd.; Director, Hou Chang Energy Corporation; Supervisor,	—	—	—	—

												Heng Li Energy Corporation; Supervisor, Hengyoung Energy Co., Ltd.; Supervisor, Youngli Energy Co., Ltd.; Supervisor, Zangyang Optoelectronics Corporation; Supervisor, Yunsheng Optoelectronics Corporation, Ltd.; Supervisor, Yunxing Optoelectronics Corporation.				
Deputy Assistant President,	Republic of China	Kang, Jen-He	Male	2022.05.01	0 0	0.000% 0.000%	0 0	0.000% 0.000%	– –	– –	Master in Chemistry, National Tsing Hua University Vice Director, Production Department, Gintech Energy Corporation Assistant Manager, R&D Department, Gigastorage Corporation	–	–	–	–	–
Deputy Assistant President,	Republic of China	Hsiao, Chao-Ming	Male	2022.05.01	0 0	0.000% 0.000%	0 0	0.000% 0.000%	– –	– –	Master in Industrial Engineering and Administration, Yuan Ze University Deputy Manager, Department of Resources and Materials, Gintech Energy Corporation Deputy Manager, Procurement Department, ProMOS Technologies, Inc.	–	–	–	–	–

Deputy Assistant President,	Republic of China	Kuo Chun-Hung	Male	2022.05.01	5,893	0.001%	2,740	0.001%	–	–	Master in Information Management, National Chiao Tung University Vice Director, Factory Integration and Automation Office, Gintech Energy Corporation Manager, Department of Customer Information Service, United Microelectronics Corporation	–	–	–	–	–
					0	0.000%	0	0.000%	–	–						
Finance Head	Republic of China	Li Ming-Hua	Female	2019.12.27	4,000	0.001%	0	0.000%	–	–	National Chung Hsing University Deputy Manager, Finance Section, An-Shin Food Services Co., Ltd.	–	–	–	–	–
					0	0.000%	0	0.000%	–	–						
Accounting Head (Note 1)	Republic of China	Chang Li-Ling	Female	2021.05.08	0	0.000%	0	0.000%	–	–	Bachelor, Department of Accounting, National Dong Hwa University Chief Accountant, Caremed Supply, Inc.	–	–	–	–	–
					0	0.000%	0	0.000%	–	–						
Accounting Head (Note 2)	Republic of China	Chang Wei-Che	Male	2022.03.08	0	0.000%	0	0.000%	–	–	Bachelor in Accounting, Tamkang University Manager, Deloitte Taiwan	–	–	–	–	–
					0	0.000%	0	0.000%	–	–						

Note 1: The head of accounting Chang, Li-Ling resigned on November 8, 2022; the Board of Directors assigned Chen, Tai-An as the new head of accounting.
Note 2: On March 8, 2023, the Board of Directors assigned Chang, Wei-Che as the new head of accounting and Chen, Tai-An was discharged from the post of head of accounting.

III. Remunerations to Directors, Audit Committee, President, and Vice Presidents in the Recent Year (2022)

1. Remuneration to directors and independent directors (the name and how the remuneration is paid shall be disclosed separately)

Unit: NT$thousand; %

Designation	Name	Remunerations to directors								Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from concurrently servings as employees								Sum of A, B, C, D, E, F, and G as a percentage of net income after tax		Remuneration from investees other than subsidiaries
		Wages (A)		Pension upon retirement (B)		Compensation for Director (C)		Service Expense (D)				Wages, bonuses, special allowances, etc. (E)		Pension upon retirement (F)		Employee Compensation (G)						
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		Companies included in the financial statements		The Company	Companies included in the financial statements	
																Cash Amount	Share Amount	Cash Amount	Share Amount			
Chairman	Weiren Investment Limited Representative: Liao Kuo-Ron	1,266	1,266	–	–	1,491	1,491	25		2,782 (1.47%)	2,782 (1.47%)	7,152	7,152	–	–	20	–	20	–	9,954 (5.25%)	9,954 (5.25%)	–
Director	An Chuang Industrial Corporation Representative: Liao Wei-Jan	1,034	1,034	–	–	746	746	30		1,810 (0.95%)	1,810 (0.95%)	3,858	3,858	108	108	20	–	20	–	5,796(3.06 %)	5,796(3.06 %)	–
Director (Note)	Farglory International Investment Corporation Representative: Lin Li-Chiang	584	584	–	–	325	325	30		939 (0.50%)	939 (0.50%)	–	–	–	–	–	–	–	–	939 (0.50%)	939 (0.50%)	–
Director	Yu Sheng Energy Corporation Representative: Liu Weng-Cheng	1,034	1,034	–	–	746	746	30		1,810 (0.95%)	1,810 (0.95%)	–	–	–	–	–	–	–	–	1,810 (0.95%)	1,810 (0.95%)	–
Director	Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji	1,034	1,034	–	–	746	746	30		1,810 (0.95%)	1,810 (0.95%)	–	–	–	–	–	–	–	–	1,810 (0.95%)	1,810 (0.95%)	–
Independent Director (note)	Wu Chia-En	1,120	1,120	–	–	325	325	120		1,565 (0.83%)	1,565 (0.83%)	–	–	–	–	–	–	–	–	1,565 (0.83%)	1,565 (0.83%)	–
Independent Director (note)	Chiang Huai-De	1,173	1,173	–	–	325	325	120		1,618 (0.85%)	1,618 (0.85%)	–	–	–	–	–	–	–	–	1,618 (0.85%)	1,618 (0.85%)	–
Independent Director	Lin Gu-Tong	1,137	1,137	–	–	746	746	120		2,003 (1.06%)	2,003 (1.06%)	–	–	–	–	–	–	–	–	2,003 (1.06%)	2,003 (1.06%)	–
Director	National Development Fund, Executive Yuan	408	408	–	–	420	420	–	–	828 (0.44%)	828 (0.44%)	–	–	–	–	–	–	–	–	828 (0.44%)	828 (0.44%)	–
Director	National Development Fund, Executive Yuan Representative: Yang Shu-Ling	43	43	–	–	–	–	–	–	43 (0.02%)	43 (0.02%)	–	–	–	–	–	–	–	–	43 (0.02%)	43 (0.02%)	–
Independent Director (note)	Cheng Hsien-Chih	500	500	–	–	420	420	–	–	920 (0.49%)	920 (0.49%)	–	–	–	–	–	–	–	–	920 (0.49%)	920 (0.49%)	–
Independent Director (note)	Shen Chien-Ju	500	500	–	–	420	420	–	–	920 (0.49%)	920 (0.49%)	–	–	–	–	–	–	–	–	920 (0.49%)	920 (0.49%)	–

1. Please state the remuneration policies, systems, standards and packages for independent directors, and the connection of the factors, such as responsibilities, risk and spent hours, with the amount of remuneration: The remuneration to the Company's independent directors receive fixed monthly remunerations bas the "Procedures for Management of Remunerations and Compensations to Directors and Managerial Officers."

2. Other than the remuneration disclosed in said table, the remuneration received by any of the Company's directors for providing services to the parent, any companies included in the financial statement, or investees, e.g. as an advisor other than employee in the most recent year: Nil

Note: The Company re-elected directors at the end of their term on June 9, 2022. Directors Farglory International, Wu Chia-En, and Chiang Huai-De retired at the end of their term. The National Development Fund under the Executive Yuan, Cheng Hsien-Chih and Shen Chien-Ju were elected and inaugurated on the same day.

Range of Remunerations

Unit: NT$Thousand; Thousand Shares

Range of Remunerations Paid to Each Director of the Company	Name of Director			
	Sum of foregoing three items (A+B+C)		Sum of foregoing 7 items (A+B+C+D+E+F+G)	
	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements
Below NT$ 1,000,000	National Development Fund, Executive Yuan Representative: Yang Shu-Ling; Farglory International Investment Corporation Representative: Lin Li-Chiang, Shen Chien-Ju, Cheng Hsien-Chih	National Development Fund, Executive Yuan Representative: Yang Shu-Ling; Farglory International Investment Corporation Representative: Lin Li-Chiang, Shen Chien-Ju, Cheng Hsien-Chih	National Development Fund, Executive Yuan Representative: Yang Shu-Ling; Farglory International Investment Corporation Representative: Lin Li-Chiang, Shen Chien-Ju, Cheng Hsien-Chih	National Development Fund, Executive Yuan Representative: Yang Shu-Ling; Farglory International Investment Corporation Representative: Lin Li-Chiang, Shen Chien-Ju, Cheng Hsien-Chih
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	Weiren Investment Limited Representative: Liao Kuo-Ron An Chuang Industrial Corporation Representative: Liao Wei-Jan, Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji ;Yu Sheng Energy Corporation Representative: Liu Weng-Cheng, Lin Gu-Tong, Wu Chia-En, Chiang Huai-De	Weiren Investment Limited Representative: Liao Kuo-Ron An Chuang Industrial Corporation Representative: Liao Wei-Jan Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji ;Yu Sheng Energy Corporation Representative: Liu Weng-Cheng, Lin Gu-Tong, Wu Chia-En, Chiang Huai-De	Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji ;Yu Sheng Energy Corporation Representative: Liu Weng-Cheng, Lin Gu-Tong, Wu Chia-En, Chiang Huai-De	Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji ;Yu Sheng Energy Corporation Representative: Liu Weng-Cheng, Lin Gu-Tong, Wu Chia-En, Chiang Huai-De
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	–	–	–	–
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	–	–	–	–
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	–	–	An Chuang Industrial Corporation Representative: Liao Wei-Jan Weiren Investment Limited Representative: Liao Kuo-Ron	An Chuang Industrial Corporation Representative: Liao Wei-Jan Weiren Investment Limited Representative: Liao Kuo-Ron
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	–	–	–	–
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	–	–	–	–
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	–	–	–	–
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	–	–	–	–
Over 100,000,000 (inclusive)	–	–	–	–
Total	11 persons	11 persons	11 persons	11 persons

2. Remuneration to supervisors: The Company has established the Audit Committee and hence it is not applicable.

3. Remunerations to President and Vice Presidents

(1) Approach to disclose name individually

Unit: NT$thousand; Share; %

Designation	Name	Wages (A)		Pension upon retirement (B)		Bonus and special expenditure (C)		Employee Compensation (D)				Sum of A, B, C, and D as a percentage of net income after tax (%)		Compensation Paid to Directors from the Parent Company or an Invested Company Other than the Company's Subsidiary
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		Companies included in the financial statements		The Company	Companies included in the financial statements	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
President	Hung Chen-Ren	4,870	4,870	108	108	–	–	20	–	20	–	4,998 (2.64%)	4,998 (2.64%)	–
Senior Vice President	Liao Wei-Ran	3,858	3,858	108	108	–	–	20	–	20	–	3,986 (2.10%)	3,986 (2.10%)	–
Vice President	Chiang Zhi-Hao	3,355	3,355	108	108	–	–	20	–	20	–	3,483 (1.84%)	3,483 (1.84%)	–
Vice President	Wang Liang-Kai	3,456	3,456	108	108	–	–	20	–	20	–	3,584 (1.89%)	3,584 (1.89%)	–
Vice President	Yu Cheng-Ye	2,385	2,385	108	108	–	–	20	–	20	–	2,513 (1.33%)	2,513 (1.33%)	–
Vice President	Wu Chuan-Jie	3,101	3,101	108	108	–	–	20	–	20	–	3,229 (1.70%)	3,229 (1.70%)	–

Range of Remunerations

Range of Remunerations Paid to President and Vice Presidents	Names of President and Vice Presidents	
	The Company	Companies included in the financial statements (E)
Below NT$ 1,000,000	—	—
$1,000,000 (inclusive) ~ $2,000,000 (exclusive)	—	—
$2,000,000 (inclusive) ~ $3,500,000 (exclusive)	Chiang Chih-Hao, Yu Cheng-Yeh, Wang Liang-Kai, Wu Chuan-Chieh	Chiang Zhi-Hao, Yu Cheng-Ye, Wang Liang-Kai, Wu Chuan-Jie
$3,500,000 (inclusive) ~ $5,000,000 (exclusive)	Liao Wei-Ran	Liao Wei-Ran
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	Hung Chen-Ren	Hung Chen-Ren
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	—	—
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	—	—
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	—	—
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	—	—
Over 100,000,000 (inclusive)	—	—
Total	6 persons	6 persons

*The remunerations disclosed in the table is different from the income-tax context. The table is for disclosure only but not for the tax purpose.

(2) Top 5 Executives with the Highest Remunerations

December 31, 2022; Unit: NT$thousand

Designation	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from investees other than subsidiaries
		The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company		Companies included in the financial statements		The Company	Companies included in the financial statements	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
President	Hung Chen-Ren	4,870	4,870	108	108	–	–	20	–	20	–	4,998 (2.64%)	4,998 (2.64%)	–
Senior Vice President	Liao Wei-Ran	3,858	3,858	108	108	–	–	20	–	20	–	3,986 (2.10%)	3,986 (2.10%)	–
Vice President	Chiang, Zhi-Hao	3,355	3,355	108	108	–	–	20	–	20	–	3,483 (1.84%)	3,483 (1.84%)	–
Vice President	Wang Liang-Kai	3,456	3,456	108	108	–	–	20	–	20	–	3,584 (1.89%)	3,584 (1.89%)	–
Vice President	Wu Chuan-Jie	3,101	3,101	108	108			20	–	20	–	3,229 (1.70%)	3,229 (1.70%)	

4. Managers receiving employee bonus and state of distribution:

December 31, 2022; Unit: NT$thousand

職稱	姓名	股票金額	現金金額	總計	總額占稅後純益(%)
President	Hung Chen-Ren	0	239	239	0.13%
Senior Vice President	Liao Wei-Ran				
Vice President	Chiang, Zhi-Ha				
Vice President	Wang Liang-Kai				
Vice President	Wu Chuan-Jie				
Vice President	Yu Cheng-Yeh				
Deputy Assistant President	Cheng, Chen-Kuo				
Deputy Assistant President	Chen, Tai-An				
Deputy Assistant President	Kang, Jen-He				
Deputy Assistant President	Hsiao, Chao-Ming				
Deputy Assistant President	Kuo Chun-Hung				
Finance Head	Li Ming-Hua				
Accounting Head	Chang Wei-Che				

(IV) Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

1. Analysis of the proportion of total remuneration paid to the Company's directors, Audit Committee, President and Vice President by the Company and all the companies listed in the consolidated financial statements in the most recent 2 years to the Net Income After Tax in the Parent Company-only or Standalone Financial Statements

Unit: NTD thousand

Item / Designation	2021				2022			
	Total		Percentage to net income after tax (%)		Total		Percentage to net income after tax (%)	
	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements
Director	6,000	6,000	13.0%	13.0%	10,107	10,107	5.3%	5.3%
Audit Committee	3,855	3,855	8.3%	8.3%	5,916	5,916	3.1%	3.1%
President and Vice Presidents	15,984	15,984	34.5%	34.5%	28,211	28,211	14.9%	14.9%

2. Remuneration payment policies, standards and packages for the directors, the Audit Committee, the President, and Vice Presidents, remuneration establishment procedures, and the correlation with management efficacy and risks in the future

(1) Remuneration policies, standards and packages

The remunerations to directors are handled pursuant to the Company's Articles of Incorporation and the "Procedures for Management of Remunerations and Compensations to Directors and Manager." Remunerations may be broke down as remunerations to directors, service fees, and compensations to directors. The remunerations to president and vice presidents may be broke down to wages, bonus, and employee compensations. The remunerations are approved by the Chairman, with the authorization from the Board of Directors, pursuant to the Company's regulations related to remunerations.

(2) Remuneration Establishment Procedure

Pursuant to the Company's Articles of Incorporation, if the Company is profitable in the fiscal year, it shall allocate no less than 5% of the profit as employee compensation in the form of stocks or cash as resolved by the Board of Directors. Employees of controlled or affiliated companies are also entitled to receive compensation, provided that they meet the criteria specified by the Company.
The board meeting shall resolve to allocate no more than 5% of the profit as remuneration for directors. Employee's and director's remuneration proposals are to be raised for resolution during the shareholders' meetings.

(3) Correlation with business performance and risks in the future

The compensation and remuneration paid to directors and managers are evaluated periodically. The remuneration to directors and managers is considered primarily based on the overall operational condition of the Company and the payment criteria are finalized reflective of the performance fulfillment rate and contribution. The hope is to improve the efficacy of the Board of Directors and that of the overall organizational team in the management department. In addition, with reference to the compensation and remuneration criteria in the industry, it is ensured that the compensation and remuneration to the management of the Company are competitive so that outstanding management talent may be retained. Meanwhile, all the Company's manager performance goals are combined with “risk control” in order to ensure that possible risks within the scope of responsibility can be managed and prevented against and respective human resources and related compensation and remuneration policies are combined according to the ratings given on the basis of actual performance. Important decisions are made by the management of the Company after respective risk factors are weighed. The related decision-making performance is reflected in the Company’s profitability. The compensation and remuneration of the management has to do with the performance in risk control.

III. Status of Corporate Governance

(I) Operation of the Board of Directors

Over the past year (2022) and up to the date when the Annual Report was printed in 2023, the Board of Directors met 13 times [A] (The re-election took place on June 9, 2022. Before the re-election, the Board of Directors of the fourth term met a total of 6 times throughout 2022 and the Board of Directors of the 5th term 7 times). Attendance of directors is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Chairman	Weiren Investment Limited Representative: Liao Kuo-Ron	12	1	82%	
Director	An Chuang Industrial Corporation Representative: Wei-Jan, Liao	13	0	100%	
Director	National Development Fund, Executive Yuan Representative: Yang Shu-Ling	5	2	71%	Inaugurated upon re-election on June 9, 2022.
Director	Farglory International Investment Corporation Representative: Lin Li-Chiang	6	0	100%	Dismissed upon re-election on June 9, 2022.
Director	Yu Sheng Energy Corporation Representative: Liu, Weng-Cheng	13	0	100%	
Director	Cheng Hsi Investment Corporation Representative: Cheng-Ji, Hsu	13	0	100%	
Independent Director	Wu Chia-En	6	0	100%	Dismissed upon re-election on June 9, 2022.
Independent Director	Chiang Huai-De	6	0	100%	Dismissed upon re-election on June 9, 2022.
Independent Director	Lin Gu-Tong	13	0	100%	
Independent Director	Cheng, Hsien-Chih	7	0	100%	Inaugurated upon re-election on June 9, 2022.
Independent Director	Shen Chien-Ju	7	0	100%	Inaugurated upon re-election on June 9, 2022.

Other items to be stated:

I. Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors, and the Company's resolution of said opinions:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act.

Term/Date of the Board of Directors	Content of Proposal	Opinions of Independent Directors	The Company's Treatment for Opinions of Independent Directors
24th meeting of the 4th term 2022.03.07	1. Approval the Company's "Statement of Internal Control System," 2021 2. As the "Articles of Incorporation" amended, for the private placement of preferred shares approved by the 2021 shareholders' meeting, the unissued part will cease issuance.	Nil	Nil
26th meeting of the 4th term 2022.04.26	Proposal to issue maximum 35,000,000 shares for the capital increase in cash	Nil	Nil
27th meeting of the 4th term 2022.05.13	For the CPA's audit service fee for 2022.	Nil	Nil
2nd meeting of the 5th term 2022.07.05	Proposal for relieving directors from the non-competition restrictions	Nil	Nil
5th meeting of the 5th term 2022.11.08	Proposal to re-appoint the head of accounting	Nil	Nil
6th meeting of the 5th term 2022.12.22	Revision of the Company's "Risk Management Policy and Procedure"	Nil	Nil
7th meeting of the 5th term 2023.03.09	For the CPA's audit service fee for 2023	Nil	Nil

(II) Other than the abovementioned matters, any resolution of the Board meeting to which a independent director has a dissenting or qualified opinion which is on record or stated in a written statement: disclosed in the key resolutions of AGM and Board meetings in the Annual Reports:

II. Implementation of directors' recusals to proposals with personal interests; the name of director, proposal description, reason of recusal, and voting participation shall be specified.

Term/Date of Board Meeting	Content of Proposal	Implementation
24th meeting of the 4th term 2022.03.07	Promotion and Remuneration Adjustment for 2022 Managers.	Director Liao Wei-Ran also serves as a manager of the Company, and is a relative within the second degree of kinship of Chairman Liao Kuo-Jung, so he was a stakeholder. Before the discussion of the proposal, related stakeholders were asked to excuse themselves. The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.

III. Implementation of Board Appraisal

Appraisal Cycle	Evaluated Period (Note)	Appraisal Scope	Appraisal Method	Appraisal Content
Annually	2022/06/09 ~ 2022/12/31	Individual board member	Self-assessment of director	Performance appraisal for individual board member: 1. Keeping track of corporate goals and missions 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relations and communication 5. Internal control over professionalism and continuing education of directors
Annually	2022/06/09 ~ 2022/12/31	Functional committees	Internal self-assessments of functional committees	Performance appraisals of functional committees: 1. Participation in the operation of the company 2. Awareness of the duties of functional committees 3. Improvement of decision quality of functional committees 4. Internal control over the composition and member election of functional committees

Note: Directors were re-elected in 2022 and hence the evaluation of the Board of Directors of the current intake began with the date of inauguration of the newly elected directors.

IV. Objective of enhancing the Board's functions in the current and recent years

Enhancing the functions of the Board of Directors	Implementation Evaluation
Establishing independent directors	Enhancing the objectivity and independence of independent directors to supervise the Board's operation
Establishing the Remuneration Committee	Facilitating the Board to implement and assess the overall remuneration and benefit system, and review the appropriateness of the compensations to the directors and managers regularly.
Establishing the Audit Committee	Exercise the duties set forth in the Securities and Exchange Act, the Company Act, and other laws and regulations.
Establishing the Corporate Governance and Operational Strategy Committee	Facilitating communications regarding the development strategies and material issues, to form the mid- and long-term strategies and annual plans implementable. Through the periodic reports of risk control examination results from the management task force, it helps the Board members keep track of the overall risk control and strategies adopted by the Company.
Continuously improving information transparency	The Company has assigned a dedicated unit for disclosing information and updating information on the Company's website.
Actively establishing communications with stakeholders	The spokesperson and deputy spokes persons are assigned as the communication channel for stakeholders. The proposals of shareholders are accepted by schedule of AGM. Shareholders entitled to propose may apply such during the acceptance period. The Company will convene Board meetings to review pursuant to regulations.

Improving the operational efficiency and decision-making ability of the Board	The Company has established the "Rules of Agenda for Board Meeting," for better implementation of the Board's functions, and promotion of the virtuous development of the Board's engagement of decision-making.
Improving the professional knowledge	The directors shall participate in continuing education for the hours required by the competent authorities every year. The board members are also encouraged to attend professional courses, with promotion of related laws and regulations in the Board, to meet the legal requirements.
Establishing the corporate governance officer	To implement the corporate governance, and improve the effectiveness of the Board, on August 8, 2019, the Board approved to establish a corporate governance officer to assist in the regard of information required for directors performing duties and other necessary assistance.

(II) Operation of the Audit Committee or Its Engagement to the Operation of the Board of Directors:

During the current year (2022) and up to the publication date of annual report, the Audit Committee held eleven (A) meetings; the attendance of the independent directors is as following:

Designation	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) [B/A] (Note)	Remarks
Independent Director	Wu Chia-En	5	0	100%	Retired upon expiration of tenure on June 9, 2022
Independent Director	Chiang Huai-De	5	0	100%	
Independent Director	Lin Gu-Tong	11	0	100%	
Independent Director	Cheng Hsien-Chih	6	0	100%	Inaugurated upon expiration of tenure on June 9, 2022
Independent Director	Shen Chien-Ju	6	0	100%	

Other items to be stated:

I. If the Audit Committee meets one of the following conditions in its operation, the date and session number of the meeting of the Audit Committee, proposal contents, independent directors' dissenting opinions, reservation, or major recommendations, the resolution made by the Audit Committee and Accton's reactions towards the Audit Committee's opinions shall be specified:

(I) Issues specified in Article 14-5 of Securities and Exchange Act

Audit Committee Term No./Meeting No.	Content of Proposal	Resolutions and follow-up	The Company's treatment to the opinions of the Audit Committee
21st meeting of the 1st term March 14, 2022	1. Approval the Company's "Statement of Internal Control System," 2021 2. Amendment to the "Articles of Incorporation" 3. For the private placement of preferred shares approved by the 2021 shareholders' meeting, the unissued part will cease issuance.	Approved by all members unanimously	Nil
22nd meeting of the 1st term April 26, 2022	Proposal to issue maximum 35,000,000 shares for the capital increase in cash	Approved by all members unanimously	Nil

23rd meeting of the 1st term May 9, 2022	For the CPA's audit service fee for 2022	Approved by all members unanimously	Nil
24th meeting of the 1st term May 31, 2022	1. Intended determination of the range of the issue price per share and the share subscription record date, among other matters in order to organize capital increase in cash with issuance of common stock shares in 2022. 2. The Company intended to take part in the first capital increase in cash of 2022 of its subsidiary Hou Chang Energy Co., Ltd. (Hou Chang Energy).	Approved by all members unanimously	Nil
3rd meeting of the 2nd term October 14, 2022	Capital expenditure on expansion of the battery production line of the Company's Hsinchu Plant	Approved by all members unanimously	Nil
4th meeting of the 2nd term November 8, 2022	1. Capital expenditure on expansion of the module production line of the Company's Pingtung Plant 2. Proposal to re-appoint the head of accounting	Approved by all members unanimously	Nil
5th meeting of the 2nd term December 22, 2022	1. It is intended to prepare the business plan (financial budget included) for 2023. 2. Formulating the 2023 audit plan	Approved by all members unanimously	Nil
6th meeting of the 2nd term March 8, 2023	1. The 2022 earnings distribution proposal is prepared 2. Distribution of cash dividends from capital surplus 3. Assessment of the independence and suitability and hiring of the Company's CPAs 4. For the CPA's audit service fee for 2023 5. Approval the Company's "Statement of Internal Control System," 2022 6. Proposal to re-appoint the head of accounting 7. It is intended to authorize the Mega International Commercial Bank Co., Ltd. to take charge of organizing the 5-year syndicated loan and authorize the Chairman or his/her designee to discuss details of the syndicated loan and related documents, provide the collaterals, sign the syndicated contract, the promissory note, the promissory note authorization letter, documents on the pledge set for the collaterals, and other related documents on behalf of the Company and the banking group.	Approved by all members unanimously	Nil

(II) Besides those mentioned in the foregoing, other resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Audit Committee: This did not happen.

II. An independent director recused himself/herself due to a conflict of interest: There has no recusal of independent director due to a conflict of interest.

III. Communication among Independent Directors, internal Audit Supervisors and accountants (including important matters, methods, and results of Accton's finance and operations):

(I) In normal times, the Audit Officer and the CPA may contact independent directors directly as needed; the communication has been going well.

(II) Besides receiving the audit report on a monthly basis, the audit officer in the Company reports separately to the independent directors during workshops that take place at least on a quarterly basis as well important business operations of the Company and its subsidiaries. Sufficient communications are completed regarding the implementation of audits and the efficacy.

(III) The CPA reports to the independent director in at least 2 workshops a year plans about audits of financial statements, results, and findings.

- The Audit Committee consists of 3 independent directors. It aims to assist the Board to fulfill the monitoring the quality and credibility of the Company's executions in the regards of accounting, audit, financial reporting processes, and financial controls.

  The Audit Committee met 7 times throughout 2022. The review primarily covered:

  1. Audit of financial statements and accounting policies and procedures

2. Internal control system and related policies and procedures
3. Material transactions of assets or derivatives
4. Material loaning of funds, endorsement, or guarantee
5. Placement or issuance of negotiable securities
6. Status of derivatives or cash investments
7. Compliance
8. Whether there is any transaction between managers and directors with related parties, and potential conflict of interest
9. Appealing report
10. Preventive programs of corruption and investigation reports of corruption
11. Information security
12. Company's risk management
13. Assessment of CPA's qualification, independence, and performance
14. Assignment, discharge, or compensation of CPA
15. Assignment and discharge of finance, accounting, or internal audit officers
16. Performance of the Audit Committee's Duties
17. Self-assessment questionnaires for Audit Committee's performance

● Reviewing financial reports

The Board of Directors prepared the 2022 Business Report, financial statements, and proposal on the distribution of earnings. Financial statements, in particular, have been completely audited by Deloitte Taiwan, with the Audit Report issued. The said business report, financial statements, and proposals for offsetting losses have been audited by the Audit Committee, and have been deemed to have no inconsistency.

● Assessing the effectiveness of the internal control system

The Audit Committee assesses the policies and procedures under the internal control system (including control measures in terms of finance, operation, risk management, information security, outsourcing, compliance), while reviewing the audit function of the Company and CPAs, as well as the regular reports from the management, including risk management and compliance. By referring to "Internal Control – Integrated Framework," issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee considers that the risk management and internal control system of the Company are effective. The Company has adopted necessary control mechanism to supervise and correct violations, if any.

● Assigning CPAs

The Audit Committee is empowered to monitor the independence of certifying accounting firm to ensure the financial statements are justified. Generally, other than the taxation related services or items otherwise approved, the certifying accountant firm must not provide other services to the Company. All services provided by the certifying accountant firm must be approved by the Audit Committee.

To ensure the independence and suitability of the CPA's firm, the Audit Committee has referred to Article 47 of the Certified Public Accountant Act, and the "Integrity, Objectivity and Independence" set forth in The Bulletin of Norm of Professional Ethics for Certified Public Accountant No. 10, to assess the independence, professionalism, and suitability of CPAs, and the assessment items include if the CPAs and the Company are related parties to each other, or if any relationship of business or financial interests exists. In addition, as is required by Article 29 Paragraph 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies, review of the 2021 Audit Quality Indicator Report (AQI

	Report) prepared by Deloitte Taiwan (June 1, 2021 through May 31, 2022) prepared revealed that the audit experience and training hours completed of the firm and the audit team are both superior to the industrial average level and their audit quality meets the requirements and needs of the Company. The Audit Committee of the second intake during its 6th meeting on March 8, 2023, and the Board of Directors of the fifth intake during its 7th meeting on March 8, 2023, reviewed and approved CPA Yu, Cheng-Chuan and CPA Connie Chen of Deloitte Taiwan for having met the independence and suitability criteria; they are capable of serving as the CPAs for the finance and taxation of the Company.

2. Supervisors' Engagement in the Board of Directors' Operation: Not applicable as the Company has the Audit Committee in place.

(III) The state of the company's implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best-practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies?	✓		The Company has established its own "Corporate Governance Best Practice Principles" pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," while disclosing such on the MOPS and the Company's website.	No significant variance
II. Shareholding Structure & Shareholders' Rights (I) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, has these procedures been implemented accordingly?	✓		The Company has assigned the spokesperson, shareholder affair staff, and legal staff and has properly handled the shareholders' advices or disputes. For any legal issues, the legal staff and lawyers are engaged.	No significant variance
(II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		The Company tracks the shareholding status of directors, managers, and Top 10 primary shareholders, and reports the related information pursuant to the regulations.	No significant variance
(III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		The Company has established the "Operational Procedures for the Transactions with Certain Companies, Related Parties, and Group's Entities." Such matters are handled pursuant to the internal control system, to implement the risk control and firewall mechanism.	No significant variance
(IV) Has the Company established internal rules prohibiting insider trading on undisclosed information?	✓		The Company has established the "Operational Procedures for Handling Material Inside Information and Preventing Insider's Trading" pursuant to the related laws and regulations, to regulate the insiders and the parties subject to the insider's trading, to prevent such incidents.	No significant variance
III. Composition and Responsibilities of the Board of Directors: (I) Has the Board of Directors formulated the diversity policy and concrete management targets, and implemented them accordingly?	✓		Refer to "5 Diversification and Independence of Board of Directors" of this Annual Report..	No significant variance
(II) Other than the establishment of Remuneration Committee and Audit	✓		To fulfill its corporate social responsibilities, connect with the world in trends, proactively address the evaluation of risks on all fronts in terms of the environment, the society, and corporate governance of	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
Committee which are required by law, does the Company plan to set up other functional committees?			stakeholders, and come up with countermeasures for the ultimate goal of sustainable management, the Company set up the "Sustainable Development Committee" in July 2022 to take charge of corporate social responsibilities, define sustainable development directions and goals and related management policies, and introduce and implement substantial promotion plans. The Company's "Sustainable Development Committee" consists of at least three members delegated by the Board of Directors and at least half of them shall be independent directors and one as the Chairman. The Chairman shall serve as the convener and reports to the Board of Directors periodically the implementation status and future action plans.	
(III) Does the Company stipulate performance assessment regulations and assessment methods for the Board of Directors and conduct performance evaluation periodically each year?	✓		The Company approved through the Board of Directors the "Directors Performance Evaluation Guidelines." Evaluation of the performance of the Board of Directors and functional committees (including the Remuneration Committee, Audit Committee and Sustainable Development Committee) takes place at least once a year and the results are to be reported to the Board of Directors. The evaluation procedure is that at the end of each year, the agenda working group of the Board of Directors is responsible for conducting and organizing it. Internal questionnaires are adopted for internal self-assessments and self-assessments of the members of the Board of Directors and those of the functional committee. The scope of evaluation covers the whole Board of Directors, individual Board directors, the Remuneration Committee, the Audit Committee, and the Sustainable Development Committee. The criteria of the performance appraisals on the Board of Directors and functional committees mainly consist of degree of participation in the Company's operation, upgrading the quality of the Board of Directors and functional committees' decision making, formation and structure of the Board of Directors and functional committees, election and continuing education of board and committee members, and internal controls. The appraisal outcomes are reported to the Board of Directors, and serves as reference for determining remuneration to individual directors, election and nomination of directors. The 2022 performance evaluation outcome is fairly good and has been submitted to the Board of Directors and disclosed on the corporate website on March 8, 2023.	No significant variance
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		The Audit Committee evaluates the independence and competency of the CPAs every year. Other than providing the "Independence Statement of Auditor" by the CPAs, the evaluation is conducted pursuant to the standards set forth in Article 47 of the Accountant Act and No. 10 of the Norm of Professional Ethics for	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			Certified Public Accountant of the Republic of China (Note 2) In addition, as is required by Article 29 Paragraph 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies, review of the 2021 Audit Quality Indicator Report (AQI Report) prepared by Deloitte Taiwan (June 1, 2021 through May 31, 2022) prepared confirmed that the audit experience and training hours completed of the CPAs and the firm are both superior to the industrial average level. After confirming that the CPAs and the Company have no other financial interests or business relationship except for fees of certification and taxation-related, and the CPAs' family members do not violate the independence requirements either. The evaluation results of the most recent year have been discussed and approved by the Audit Committee on March 8, 2023, and submitted to the Board of Directors on March 8, 2023 to approve the independent evaluation of CPAs.	
IV. Does the Company have an appropriate number of suitable corporate governance people and appoint a corporate governance officer to be in charge of corporate governance matters (including, without limitation, providing directors with required information for business execution, assisting directors in following laws and regulations, handling matters in relation to the Board meetings and shareholders' meetings, and producing the minutes of the Board of Directors and shareholders' meetings according to law)?	✓		By the resolution of the Board on August 8, 2019, Liao Wei-Ran, Senior Vice President of the Chairman's office was assigned as the corporate governance officer to take charge of corporate governance-related affairs and protect shareholder equity and reinforce the functions of the Board of Directors. Liao Wei-Ran, S.V.P served as a vice president in a financial institution for more than three years and thus is qualified. The key functions of a corporate governance officer include handling matters relating to board meetings and shareholders' meetings according to laws; producing minutes of board meetings and shareholders' meetings; assisting in on-boarding and continuing education of directors; furnishing information required for business execution by directors; and assisting directors with legal compliance; reporting to the Board of Directors findings from the review over the compliance of independent directors' eligibility with applicable regulatory requirements during nomination, appointment, and inauguration; and taking care of matters concerning the change of directors. Highlights of 2022 Business Implementation: 1. Assisting the independent and general directors to perform duties, furnishing information required, and arranging continuing educations for directors: (1) Furnishing the latest amendments and developments regarding the businesses the Company operates and corporate governance to directors, and updating them promptly. (2) Reviewing the classification of information, and providing the information required to directors, to keep the smooth communication and interaction among directors and heads of	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			departments. (3) Pursuant to the Corporate Governance Best Practice Principles, the independent directors meet the internal audit officer and CPAs individually, to understand the Company’s financial position, and assist the arrangement of such meetings if required. (4) Assisting the arrangement of the annual continuing education for the independent and general directors. 2. Assisting agenda process of Board meetings and compliance of the resolutions: (1) Reporting the implementation of the corporate governance to the Board, independent directors, and the Audit Committee, and confirming the convention of Board meetings complying with the requirements set forth in the related laws and regulations and the Corporate Governance Best Practice Principles. (2) Assisting and reminding directors to comply with laws and regulations while performing duties or making official resolutions in Board meetings; shall there be any resolution violating laws, advice shall be provided. (3) In charge of the verification and disclosure of material information related to the key resolutions made in Board meetings, to ensure the legitimacy and correctness of the material information for the equal investment information received by investors. 3. Formulating the agenda of Board meetings, and informing directors 7 days in advance to convent the meeting and provide information. If any director may have to recuse from any proposal with conflict of interest, he/she shall be reminded in advance. The minutes shall be prepared and distributed to each director 20 days after the meeting. 4. Registering the date of AGM in advance, preparing the meeting notice, agenda handbook, meeting minutes within the required period, and handling the change registration in case of amending the articles of incorporation or re-election of directors. Continuing Educations for the Year	

Date of Session		Sponsor Name of Session	Sponsor Name of Session	Hours of Education	Total Hours of Continuing Education
From	To				
2022/11/29	2022/11/29	Taiwan Corporate Governance Association	Something about Impact Investing from ESG to SDGs	3.0	12.0
2022/11/15	2022/11/15	Securities and Futures Institute	ESG New Economy and New Opportunities for Corporate Transformation	3.0	
2022/10/04	2022/10/04	Securities and Futures Institute	Challenges and Opportunities of the Sustainable Development Roadmap and Introduction to Greenhouse Gas	3.0	

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			Inventory Check 2022/09/21 | 2022/09/21 | Securities and Futures Institute | Corporate Governance 3.0 from the Perspective of Investigation Authority | 3.0	
V. Does the Company establish communication channels with the stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.) and create an area of stakeholders on the Company's website, and appropriately respond to the important corporate social responsibility subjects concerned by the stakeholders?	✓		1. The Company has assigned the spokesperson, shareholder affair staff, and staff in charge of various businesses, to establish smooth communication channels, and respect and protect the legal rights of each stakeholder. 2. On the Company's website, the CSR section and Stakeholder section are established; the contact numbers and e-mails of staff in charge of the sales, investor relations, supplier relations, and employee benefits. Stakeholders may communicate with each other through telephone and e-mail if required. The issues concerning stakeholders and communication access are also disclosed in the CSR section and Stakeholder section.	No significant variance
VI. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The shareholders' meetings are handled by a professional stock affair agency, Stock Affairs Agency Department, First Securities Incorporation.	No significant variance
VII. Information Disclosure (I) Has the Company established a website for the disclosure of information on financial position and operation, as well as corporate governance?	✓		The Company has established the official website, to disclose and update the information related to finance, business, and corporate governance, as required, for all investors to refer. The URL of the website is http://www.tsecpv.com. The stock code of the Company is 6443, the Company's information related to finance, business, and corporate governance is also provided as MOPS.	No significant variance
(II) Does the Company adopt other methodology of information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, and uploading videos of the investor conferences on the company's website)?		✓	The Company's website is multi-lingual for information disclosure. Dedicated staff are assigned to collect information related to the Company from printed media and over the internet. The material information is disclosed on the Company's website and MOPS as required by laws. For the implementation of the spokesperson system, Chiang, Chih-Hao, Vice President is assigned as the spokesperson, to represent the Company in terms of external communications.	No significant variance
(III) Does the Company announce and report the annual financial statements within 2 months after the end of the fiscal year, and announce and report the first, second, and third quarter financial		✓	The Company had announced and reported the quarterly financial statements of Q1, Q2, and Q3, as well as the monthly operation early. However, the annual financial report is not yet announced within 2 months after the end of the fiscal year. Such report is expected to be completed early within the period required by laws.	Except for the annual financial report, other reports conform to this requirement.

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
statements as well as the operating status of each month before the prescribed deadline?				
VIII. Does the Company have other important information that can help people to understand the operations of corporate governance (including but not limited to the employees' rights, employee care, Investor relations, supplier relation, rights of stakeholders, continuing education of directors and supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company, etc.)?	✓		(I) Employee rights and employee care: Refer to "5. Operational Overview/V. Labor-management Relations" (Pages 90 to 92) of this Annual Report. (II) Investor relations: As required by laws, the Company's finance and business information is disclosed on MOPS and the official website. The Stakeholder section and contact person are also established to protect the rights of investors and stakeholders. Other than the AGM and the Stakeholder section on the website, the contact details of the Spokesperson and related business units are also provided as the diversified channels for investor communication. (III) Supplier relations: Good interactions with suppliers are maintained. For the goal of joint enhancement of CSR, the Company requires suppliers to observe the laws and regulations related to labor, human rights, environment, safety, or health, while encouraging continuous improvement. The Company has established the "Procedures of Supplier Management" and "Regulations for Auditing Supplier's Quality." These procedures carefully defines the quality, service level, green products, risks of environment, health and safety, ethic codes, and social responsibility of suppliers, and selects qualified suppliers. .The "Ethical Corporate Management Best Practice Principles" are followed in the regard of interactions with suppliers. Good relationships are maintained, while audits are conducted from time to time in order to ensure suppliers' quality. (IV) Rights of stakeholders: The Company has assigned the contact numbers and e-mail addresses for the spokesperson, deputy spokesperson, sales, investor relation staff, supplier relation staff, and employee benefit staff, to communicate with stakeholders directly. The Company's website (http://www.tsecpv.com) has been established to disclose information regarding finance, business, corporate governance, and stock affair agency. (V) Continuing education of directors: The directors are arranged to attend professional continuing educations sponsored by external institutions from time to time. Or, directors	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			arrange their own external continuing education. The number of continuing education hours completed by respective directors generally meets regulatory requirements. (VI) Risk management policies and risk evaluation: The Company has adopted the "Risk Management Policy and Procedures" pursuant to laws, for various risk management and assessments. Refer to the descriptions under "Seven. Review and Analysis of Financial Position and Operational Performance, and risk management/ VI. Risk Management and Assessment" of this Annual Report. (VII) Implementation of Customer Policies: The Company maintains smooth communication channels with clients. The Company also strictly fulfill the contracts entered with clients and related agreements to ensure clients' rights. (VIII) Liability Insurance Bought for Directors: The Company has purchased the "Liability Insurance for Directors, Supervisors, and Key Employees" from Chubb Taiwan for USD 5 million.	
IX. Please explain the improvement status of the corporate governance assessment results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose improvement measures for those matters that have not been improved. (Not required if not included in the evaluation)	✓		The Company has proposed the improvement approaches regarding the results of the 9th (2022) Corporate Governance Evaluation as follows: 1. Enhancing the Board of Directors' composition and operation Diversification of the composition of the Board of Directors: it is intended to add 2 more female directors to the coming director election; female directors account for up to 25%. 2. Continuously improving information transparency Timeliness and completeness of the disclosed Information: gradually consolidate the disclosure of the English versions of major information about shareholders' meetings, financial reports, and the Company. 3. Promotion of sustainable developments After the re-election of directors (in 2022), the "Sustainable Development Committee" was set up on July 5, 2022 to take charge of defining corporate social responsibilities, sustainable development directions and goals, or introducing and enforcing related management policies and substantial promotion plans.	No significant variance

Note (1): Refer to Page 19

Note (2):

Evaluation Form for the Independence of the Delegated CPAs	Fulfillment of independence	
	Yes	No
1. No absence of replacement for 7 years has occurred as of the latest certification.	V	
2. There is no material financial interest relationship with the authorizer.	V	
3. Any inappropriate relationship with the Company is avoided.	V	
4. The CPA shall have his/her assistants precisely adhere to honesty, fairness, and independence.	V	
5. No audits and certification may be done on the financial statements of clients for the 2 years prior to practice.	V	
6. The name of the CPA may not be used by any other person.	V	
7. The CPA does not hold shares of the Company and its affiliates.	V	
8. There are no money borrowings with the Company and its affiliates.	V	
9. There are no joint investments or sharing of interests with the Company or its affiliates.	V	
10. The CPA is not working part-time on a regular basis for the Company or its affiliates and receiving fixed salaries.	V	
11. The CPA is not involved in the managerial functions such as decision-making of the Company or its affiliates.	V	
12. The CPA is not running other businesses that may result in loss of independence at the same time.	V	
13. The CPA is not a spouse, lineal relative, relative by marriage, or relative by blood within the second degree of kinship of the management of the Company.	V	
14. The CPA is not collecting any commission that has to do with business operation.	V	
15. There have been no disciplines or conditions that undermine the principle of independence so far.	V	

Note: The independence of CPAs delegated by the Company is evaluated with reference to the assessment items defined under Article 47 of the Certified Public Accountant Act and “Integrity, Objectivity and Independence” set forth in The Bulletin of Norm of Professional Ethics for Certified Public Accountant No. 10.

(IV) If the Remuneration Committee is established, the composition, duties, and operation shall be disclosed

1. Membership of Remuneration Committee

April 30, 2023

Designation	Name	Professional qualification	Experience	Fulfillment of independence (Note)	Number of positions as a Remuneration Committee Member in other public listed companies
Independent Director	Hsien-Chih Cheng	With 5 years or more of experience required for the Company's business; graduated from the National Cheng Kung University; current Independent Director of ORIENTAL UNION CHEMICAL CORP.; and none of the conditions under Article 30 of the Company Act.	President, YARK TECHNOLOGY CO., LTD. President for the Greater China Area, Department of Electronics and Communications, DuPont Global Business President, Microelectronic Integrated Circuit Department (Chairman of Taiwan Branch) Independent Director, SCI Pharmtech, Inc. Supervisor, Sunny Pharmtech Inc.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1
Independent Director	Shen Chien-Ju (Convener)	With 5 years or more of experience required for the Company's business; Master in Chemical Engineering, National Taiwan University; Charge of the Asia-Pacific Region, US CHASM High-tech Materials Company Limited; and none of the conditions under Article 30 of the Company Act.	Sales Manager for Southeast Asia and Taiwan, DuPont Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent Director	Lin Gu-Tong	With five years or more of experience required for the Company's business; MBA, The University of Tennessee, and holder of CPA license; prior Chairman of Deloitte Taiwan; and none of the conditions under Article 30 of the Company Act.	MBA, The University of Tennessee Bachelor, Department of Accounting, NCCU Chairman, Deloitte Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	3

Note: When any of the following conditions is met for each director during the 2 years prior to and during their tenure.

(1) Not employed by the Company or any of its affiliated companies.

(2) Not a director or supervisors of the Company or any of its affiliated companies (this restriction does not apply to concurrent independent director positions in the Company, its parent Company, subsidiary, or another subsidiary of the parent that is compliant with Securities and Exchange Act or local laws).

(3) Does not hold more than 1% of the Company's outstanding shares in their own names or under the name of spouse, underage children, or proxy shareholder; nor is a top-10 natural-person shareholder of the Company.

(4) Not a manager listed in (1), or a spouse, second-degree relative or closer or third-degree direct relative or closer to any personnel listed in (2) or (3).

(5) Not a director, supervisors or employee of any corporate shareholder that: 1. holds 5% or more of the Company's outstanding shares; 2. is a top-5 shareholder; or appoints director/supervisors representative in the Company according to Paragraph 1 or 2, Article 27 of the Company Act. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(6) Not a director, supervisors or employee of any other Company that controls directorship in the Company or where more than half of total voting rights are controlled by a single party (this excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(7) Does not assume concurrent duty as Chairman, President or equivalent role, and is not a director, supervisors or employee of another Company or institution owned by spouse. (This excludes concurrent independent director positions held within the Company and its parent/subsidiary, or in other subsidiary of the parent Company that are compliant with the Act or local laws).

(8) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any Company or institution that has financial or business relationship with the Company (however, this excludes concurrent independent director positions held within companies or institutions that hold more than 20% but less than 50% outstanding shares of the Company, or in the Company's parent or subsidiary, or in another subsidiary of the parent that is compliant with the Act or local laws).

(9) Not a professional who provides audit service, or commercial, legal, financial, accounting or consultation services for an accumulated sum of less than NT$500,000 in the last 2 years, to the Company or its affiliate, nor is an owner, partner, director, supervisors or manager, or the spouse of any of the above, of a sole proprietorship, partnership, Company, or organization that provides such services to the Company or its affiliated companies. This excludes roles as Remuneration Committee, Public Acquisition Review Committee or M&A Special Committee member appointed in accordance with the Securities and Exchange Act or Business Mergers and Acquisitions Act.

(10) Not a spouse or relative of second degree or closer to any other directors.

(11) Does not meet any of the conditions stated in Article 30 of the Company Act.

(12) Not elected as a government or corporate representative, as described in Article 27 of the Company Act.

2. Responsibilities

(1) Determine and periodically review the performance appraisal on the Company's directors and managers, and remuneration policy, system, standard and structure.

(2) Periodically evaluate and determine the Company's remuneration to directors and managers. When performing the duties above, the following principles shall be applied:

A. The performance evaluation and remuneration to directors, supervisors, and managers shall be given with reference to the prevailing standards of the industry and taken into account the reasonableness of the correlation between the Company's business performance and future risks.

B. Directors and managers should not be guided to overstep the company's appetite for risk in pursuit of compensation.

C. The proportion of remuneration for the short-term performance of Directors and senior managers, as well as the time of payment of partial changed remuneration, shall be determined in consideration of the industry characteristics and the nature of the Company's business.

D. No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual remuneration.

E. "Remuneration" as used in the preceding 2 paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the remuneration to directors, supervisors, and managers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

3. Operation of the Remuneration Committee:

(1) There are 3 members in the Company’s Remuneration Committee.

(2) Current term of the members: from June 9, 2022, to June 8, 2025. In the most recent fiscal year (2022) and up to the annual report publication date, the Remuneration Committee held four meetings, qualifications of members and their attendance, and operations are as the following:

Designation	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Member	Lin Gu-Tong	4	0	100%	
Convener	Shen Chien-Ju	4	0	100%	
Member	Cheng Hsien-Chih	4	0	100%	

Other items to be stated:

I. If the Board of Directors decline to adopt, or will modify, a recommendation of the Remuneration Committee, state the meeting date, term, contents of motions, resolution of the Board meeting, and the Company's treatment to the opinions of the Remuneration Committee (e.g. the remuneration passed by the Board exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): Nil.

II. For the resolutions adopted by the Remuneration Committee, to which a member has a dissenting or qualified opinion which is on record or stated in a written statement, state the meeting date, term, contents of motions, opinion of each member, and the treatment to such opinions: Nil.

In 2021 and as of the annual report publication date, the Remuneration Committee's operation is as the following:

Date	Implementation Status
12th meeting of 3rd term January 27, 2022	1. Subject: Proposal of special compensation (bonus) to be paid to the directors and managerial officers as resolved in the previous board meeting because they achieved the project objectives for 2021. Resolution: Approved after discussion by all attending members. 2. Subject: To formulate the Q1 and Q2 incentive program for the board and management team. Resolution: Approved after discussed by all attending members.
13th meeting of 3rd term March 7, 2022	1. Subject: Proposal to distribute the 2021 directors' remunerations. Resolution: Approved after discussed by all attending members. 2. Subject: Promotion and Remuneration Adjustment for 2021 Managerial Officers. Resolution: Approved after discussed by all attending members.
14th meeting of 3rd term March 14, 2022	1. Subject: To amend some of the "Procedures for Management of Remunerations and Compensations to Directors and Managers" Resolution: the proposal involved the remunerations of independent directors, 2 members concurrently serving as independent directors recused from voting; the proposal was approved by the Committee, and submitted to the Board of Directors as amended.
15th meeting of 3rd term May 9, 2022	1 Subject: Distribution of remuneration to managers and employees with the earnings from 2021; it is brought forth for review and discussion. Resolution: Approved after discussion by all attending members. 2. Cause: Intended distribution of incentive prize as required for the fulfillment of project performance goals by the management team supervised by the

	directors and managers in Q1 of 2022; it is brought forth for review and discussion. Resolution: 1. Fulfillment of performance indicators and total prize distributed for Q1 of 2022 and revision of the performance proposal for Q2; it is brought forth directly to the Board of Directors for review and discussion. 2. The distribution of prize to managers was discussed and approved unanimously by all attending members. 3. For the distribution of prize to managers, due to the fact that 3 of the members (independent directors) were stakeholders, they spontaneously excused themselves and did not take part in voting. This case was approved by Member Lee to be submitted to the Board of Directors for discussion. 3. Cause: Distribution of the prize for 2022 Dragon Boat Festival to managers; it is brought forth for review and discussion. Resolution: Approved after discussed by all attending members. 4. Cause: Phased adjustment of salaries for the 3 managers promoted to assistant vice presidents in 2021; it is brought forth for endorsement. Resolution: Approved after discussion by all attending members.
1st meeting of 4th term August 5, 2022	1. Cause: Intended revision of some articles of the Company's "Director and Manager Compensation and Remuneration Management Guidelines"; it is brought forth for review and discussion. Resolution: Approved after discussed by all attending members. 2. Cause: Intended adjustment of the monthly salary for directors of the fifth intake (including the independent directors). Details are provided in the Clarification section. It is brought forth for review and discussion. Resolution: Due to the fact that the compensation and remuneration of all directors (including the independent directors) are involved, when the compensation and remuneration of individual directors were discussed, the specific director spontaneously excused himself/herself and did not take part in the discussion and voting. The case was discussed by other present members and was approved.
2nd meeting of 4th term November 8, 2022	1. Cause: Intended preparation of the incentive proposal for the 4th quarter of 2022; it is brought forth for review and discussion. Resolution: Approved after discussion by all attending members. The prize distributed shall reflect the extent of contribution of each member on the management team for the respective performance indicators of the self-defined incentive proposal for the fourth quarter and be of an appropriate ratio while at the same time attention shall be paid to the fairness.
3rd meeting of 4th term December 22, 2022	1. Cause: Distribution of the year-end prize for 2022; it is brought forth for review and discussion. Resolution: Approved after discussed by all attending members. 2. Cause: Extension of the consulting contract with Manager and Administration Officer Cheng Chen-Kuo for 2023; it is brought forth for review and discussion. Resolution: After it was discussed by all attending members, the new contract period was advised to be from January 1, 2023, to December 31, 2025, that is, for a total of 3 years and the successors shall be assigned; it was approved. 3. Cause: 2023 Action Plan of the Compensation and Remuneration Committee; it is brought forth for review and discussion. Resolution: Approved after discussion by all attending members.
4th meeting of	1. Cause: Change of the head of the Accounting Department; it is brought forth

4th term March 8, 2023		for review and discussion. Resolution: Approved after discussed by all attending members.
	2.	Cause: Implementation results of the incentive solution for Q4 of 2022 and submission of the reward proposal; it is brought forth for review and discussion. Resolution: Approved after discussed by all attending members.
	3.	Cause: Intended preparation of the incentive proposal for the first half of 2023; it is brought forth for review and discussion. Resolution: Approved after discussed by all attending members.

4. Information of members of the Nomination Committee and its operational status: The Company does not have the Nomination Committee and hence it is not applicable.

(V) Implementation Status of Sustainable Development and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does the company establish an exclusively (or concurrently) dedicated unit to promote sustainable development have executives appointed by the Board of Directors to handle the promotion under the Board of Directors' supervision?	✓		The Company has defined its "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles" to govern the promotion of sustainable developments throughout the Company. The Sustainable Development Committee was formed in 2022 to be the exclusive unit for the promotion of sustainable developments. It consists of 6 members in total (including 3 independent directors and 3 high-ranking managers from inside the Company and one of the independent directors is elected to be the Chairman) On the basis of its sustainable development strategy, the Company has the Sustainable Development Committee to set up working groups on "corporate governance", "ethical corporate management", "risk management", "environmental protection", and "social relations" in order to consolidate corporate governance, develop a sustainable environment, protect public interest in society, and reinforce disclosure of information on corporate sustainable developments. Article 9 of the Company's "Sustainable Development Best Practice Principles" stipulates periodic reports to the Board of Directors. The Committee met 1 time in total throughout 2022 to discuss the revision of the "risk management policy and procedure", among others. Besides listening to the presentation provided by the Sustainable Development Committee on the accomplishments in the implementation of ESG, the Board of Directors gave guidance on corrective actions that shall be reinforced in the promotion of sustainable developments in the meeting, which will serve as reference for the operation of the Sustainable Development Committee.	No significant variance.
II. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		The Company has the "Risk Management Policy and Procedures" approved by the Board in place, and the "Risk Management Task Force" has been set up under the "Sustainable Development Committee." The President is responsible for coordinating the promotion and operation of risk management plans, and the accountable unit in each department is in charge of promoting the risk management in their respective department. The risks are, in honor of the materiality principle, assessed annually and the operations are reported to the Board. The scope of risk management include hazardous risks, operational risks, financial risks,	No significant variance

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			strategic risks, compliance/contractual risks, and other risks; with the effective executions of risk management process (including risk identification, risk measurement, risk monitoring, risk reporting and disclosures, responses to risks), the risk management strategies of the Company will be implemented.	
III. Environmental Topic				
(I) Has the Company set an environmental management system designed to industry characteristics?	✓		The Company is a professional solar cell and module manufacturer. While pursuing the growth of corporate, we promote renewal energy and apply resource properly to lower the environmental pollution for the sustainable development of environment. Therefore, high standards of environmental specifications were referred for the pollution prevention facilities when designing the plant. Once the plant was completed, the ISO 14001 environment management system was also built. The Hsinchu Plant and the Pingtung Plant were certified ISO14001 environment management systems in 2011, and the certificate is still valid now. The continual improvements are made based on P.D.C.A system management and pollution prevention facilities are tested by qualified testing institutions regularly while establishing related operational regulations and monitoring to maintain the normal operation of the pollution prevention facilities. No significant variance	No significant variance
(II) Is the Company committed to improving energy utilization efficiency and to the use of renewable materials with low environmental impact?	✓		By observing the Company's unit power consumption intensity indicator, it has continued to decline from 2012 to 2016. However, from 2017 to 2018, due to the adjustment of process and production capacity, the unit power consumption intensity indicator benchmark has been greatly different. Therefore, it is proposed to adjust the comparison base year from 2012 to 2019, and various energy-saving measures have been continuously promoted to fulfill the goal of a reduction of 9% in the electricity consumed from base year as of 2022 and starting in 2023, a reduction in the intensity of electricity consumed by at least 1% a year is set and is disclosed on the Company’s website.	No significant variance
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics?	✓		The Company has formulated the “Procedures and Policy of Risk Management,” and regularly holds meetings of risk management task force, which also proposes risk response to severe weather changes in terms of climate change.	No significant variance
(IV) Does the Company collect data	✓		1. Disclose the greenhouse gas, power	No

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
for greenhouse gas emissions, water usage and waste quantity in the past 2 years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction and other waste management policies?			consumption, water consumption and waste in the Hsinchu Plant on the Company's website, and set a target volume of reduction. 2. The Hsinchu Plant and Pingtung Plant have obtained the ISO14001 Environmental and Management System Certificate and the certifications are still valid; the Hsinchu Plant has been verified every year since being certified with ISO 14064 in 2012 and the Pingtung Plant since 2022, and the verification continues every year.	significant variance
IV. Social Topic				
(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		To fully fulfill the corporate social responsibility, and protect the basic human rights of all employees, clients and stakeholders, TSEC observes the internationally recognized human right standards, such as Universal Declaration of Human Rights, The United Nations Global Compact, and International Labor Convention, as well as the Labor Standard Act of Taiwan. The local labor related laws and regulations of the locations where we present, with the managerial policies and procedures established.	No significant variance
(II) (II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	✓		Reasonable employee benefits have been formulated and implemented, and employee appraisals have been conducted by complying with the national labor laws; the business performance has been appropriately reflected in employee benefits and remuneration through employee bonuses.	No significant variance
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		1. Hsinchu Plant and Pingtung Plant have obtained ISO 45001 Occupational Safety and Health Management System, and Taiwan Occupational Safety and Health Management System (TOSHMS) certificates, and the certifications are still valid. 2. The number of occupational disasters (excluding traffic occupational disasters) of the Company in 2022 was 6 cases and 6 people, and the number of occupational disaster days was 15.5 days. The FSI in 2022 was 0.01 for Hsinchu Plant and 0.14 for Pingtung Plant. When any occupational disaster occurs, investigations are conducted for the improvement and prevention, to avoid recurrence, and ensure the safety of employees at work.	No significant variance
(IV) Has the Company established effective career development training plans?	✓		The "Training Committee" is in place to formulate the training policies and plan the annual training programs, with the 6 major training pillars executed by establishing "Education and Training	No significant variance

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
			Management Procedure," for diversified training and great on-the-service education. Introduced the TTQS from the Workforce Development Agency to the training system, and won the "Bronze Medal" as recognition.	
(V) Does the Company's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set polices to protect consumers and customers' rights and the appeal procedures for them?	✓		The Company has the "Procedures of Supplier Management" in place. Before engaging a supplier, its history of environmental and social impacts are assessed. The "Regulations for Auditing Supplier's Quality" are also established to carefully define the quality, service level, green products, risks of environment, health and safety, ethic codes, and social responsibility of suppliers, and select qualified suppliers.	No significant variance
(VI) Does the Company set supplier management policy and request suppliers to comply with related standards on the topics of environmental, occupational safety and health or labor right, and their implementation status?	✓		The Company has the "Procedures of Supplier Management" in place. Before engaging a supplier, its history of environmental and social impacts are assessed. The "Regulations for Auditing Supplier's Quality" are also established to carefully define the quality, service level, green products, risks of environment, health and safety, ethic codes, and social responsibility of suppliers, and select qualified suppliers. In addition, RBA certification was promoted in 2022, further requiring suppliers to implement the regulations of labor rights that shall be complied with.	No significant variance
Does the Company refer to the international report to prepare standards or guidelines such as sustainability reports that disclose the non-financial related information of the Company? Has the said Report acquired verification or statement of assurance from a third-party validating institution?		✓	The Company intends to complete the preparation of the 2022 ESG Report in 2023, which will be certified by a third-party validating institution.	Completed in 2023.

VI. If the Company has established its own Corporate Sustainability Development Best Practice Principles in accordance with the "Corporate Sustainability Development Best Practice Principles for TWSE/GTSM Listed Companies", please describe its implementation and difference between them:

The Company has established its "Corporate Social Responsibility Best Practice Principles." The actual operations do not differ from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" significantly.

VII. Other Important Information to Help Understand Implementation Status in the Promotion of Sustainable Developments:

- Promotional Tour for Green Energy: As the Company established power stations in Pingtung, the Company learned about the shortage of green energy education for these children living in rural areas. Since 2013, a regular promotional tour for green energy has been conducted. Currently, the tour has been to Chang-Le Elementary School, Lin-Bian Elementary School, Shui-Chunag Elementary School (Longchuan Branch), and Yukuang Elementary School. Other than the classroom session, the site visit at the power stations has been included. The tour has been received well. To promote the concept of energy saving and carbon reduction, and expand the renewable energy, we expect to be a pioneer of green energy in Taiwan as a fulfillment of CSR.

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	

- Environment, Safety, and Health Policy: TSEC is a professional solar cell and module manufacturer. While pursuing corporate growth, we value the prevention of pollution, devote ourselves to energy conservation and carbon reduction, mitigation of global warming and regulation, bio-diversity and protection of the ecosystem, and promote renewable energy and resource sustainable application in order to boost environmental performance. Also, the Company is committed to enhancing safe and healthy working conditions to prevent injuries and hazards to health and abiding by or exceeding environmental safety and health-related laws and regulations, and obligations. The scope of advice and engagement includes workers related to the Company or other stakeholders. We also promise to integrate information and resources to execute the following environment, safety, and health policies so as to fulfill CSRs and achieve the goal of sustainable development:
(1) Be compliant and committed to the environment protection; (2) Control the environment safety risks and keep on improvement; (3) Promote environment safety education for everyone's participation; (4) Be committed to energy saving and carbon reduction and adopt the green procurement.
- December 2020 The Hsinchu Plant and Pingtung Plant were certified with ISO 45001:2018 Occupational Health and Safety Management System.
- August 2019 The Hsinchu Plant was awarded as the "Excellent Working Place with Friendly Breastfeeding Room" by the Hsinchu County Government.
- December 2018 The Pingtung Plant was awarded with the "Certification of Health Working Place- Health Promotion Label" by Health Promotion Administration, MOHW,
- December 2018 The Pingtung plant was certified with ISO 14001, OHSAS 18001, and TOSHMS
- August 2018 The Pingtung Plant was certified as the Working Place with Friendly Breastfeeding Room by the Pingtung County Government.
- December 2016 The Hsinchu Plant was awarded with the "Certification of Health Working Place- Health Promotion Label" again by Health Promotion Administration, MOHW,
- October 2016 Awarded as "Excellent Specialist of Occupational Health and Safety"
- April 2016 The Hsinchu Plant was extended for 5 years by the Labor Commission, Executive Yuan for "Recognition of Industrial Unit's Labor Safety and Health Management System Performance"
- October 2015 Two silicon crystalline solar module products and three silicon crystalline solar cell products were certified with ISO/TS 14067:2013 product carbon footprint validation
- August 2015 The Hsinchu Plant was awarded as the "Excellent Unit of Occupational Health and Safety" by the Ministry of Labor
- July 2015 The Hsinchu Plant was certified as the Working Place with Friendly Breastfeeding Room by the Hsinchu County Government.
- December 2014 The Hsinchu Plant was certified with ISO 50001:2011 for energy management system
- December 2014 Won the "Implementation Award of Environmental" by British Standards Institution (BSI)
- January 2014 The Hsinchu Plant was awarded with the "Certification of Health Working Place- Health Promotion Label" by Health Promotion Administration, MOHW,
- November 2013 The Hsinchu Plant was awarded as the "Excellent Service Unit of the Collaboration Organization for the National Labor Safety and Health Community, by the Labor Commission, Executive Yuan, 2012"
- June 2013 The Hsinchu Plant was passed by the Labor Commission, Executive Yuan for "Recognition of Industrial Unit's Labor Safety and Health Management System Performance"
- February 2013 Monocrystalline and polycrystalline solar cell series products were certified with PAS 2050:2011 product carbon footprint validation
- October 2012 The Hsinchu Plant was certified with ISO 14064-1:2006 for Greenhouse Gas
- December 2011 The Hsinchu Plant was certified with ISO 14001:2004 Environment Management System; TOSHMS Taiwan Occupation Health and Safety Management System; and CNS 15506:2011, OHSAS18001:2007 Occupational Health and Safety Management System

(VI) Fulfillment of Ethical Corporate Management, and variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance

Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
I. Stipulate ethical management policies and plans				
(I) Does the Board of Directors of the Company stipulate and approve ethical management policies and clearly state the policies and methods of ethical management in the regulations and external documents, and does the Board of Directors and high level executives actively implement the business policies to fulfill the commitment?	✓		(I) The Company has related regulatory systems on ethical corporate management such as the “Corporate Governance Best Practice Principles”, the “Ethical Corporate Management Best Practice Principles”, the “Procedure for Ethical Corporate Management and Behavioral Guide” and the “Ethical Code of Conduct for Directors and Manager”, among others, approved by the Board of Directors; they specify the policy and practice of ethical corporate management and members of the Board of Directors (8) and managers (13) have all signed the “Ethical Corporate Management Policy Compliance Declaration”.	No significant variance
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) In order to enforce the ethical corporate management policy and to prevent unethical behavior, the Company's Board of Directors approved on April 26, 2022, the “Procedure for Ethical Corporate Management and Behavioral Guide” where the evaluation mechanism for risks associated with unethical behavior is defined and the proposal on how to prevent against unethical behavior is prepared.	No significant variance
(III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?	✓		(III) The Company has the “Ethical Corporate Management Best Practice Principles” and the “Procedure for Ethical Corporate Management and Behavioral Guide” in place specifying the unethical behavior prevention proposal, the educational training and evaluation, the whistleblowing system, the disciplinary and complaint-filing systems, and the foregoing proposal is reflected upon and revised periodically reflective of the regulatory requirements of the competent authority.	No significant variance

Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
II. Ethic Management Practice				
(I) Does the Company evaluate business parties' ethical records and include ethics-related clauses in contracts entered into with the partners?	✓		(I) Before the Company trades with a customer, the sales unit must have the customer profile in place and have checked the customer's debt and credit background. They are to be reviewed and approved by the financial authority before business interactions may begin. Some transactions shall be registered along with the conditions according to the Personal Property Secured Transactions Act. Some transactions are taking place according to the loan limit approved by the Loan and Credit Committee. The purchase order or contract entered into between the parties includes confidentiality terms about integrity.	No significant variance
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation and supervision of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) The Company assigns the administration officer that reports to the President's Office to take charge of the preparation (revision) and enforcement of policies such as the Ethical Corporate Management Best Practice Principles, planning and review and proposed improvement of related procedures, processing of complaints, and ethical corporate management-related communications and educational training, among others. The Audit Office is responsible for supervision and implementation to ensure consolidation of the Principles. Fulfillment of ethical corporate management in 2022 was reported to the Board of Directors on December 22, 2022 and was disclosed right away on the corporate website and in the Annual Report.	No significant variance
(III) Has the Company established policies to prevent against conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		(III) The Company has the "Ethical Code of Conduct for Directors and Managers" and the "Procedure for Ethical Corporate Management and Behavioral Guide" approved by the Board of Directors in the place where the policy on how to prevent conflicts of interest and avoid the pursuit of personal interests is specified. The Company has whistleblowing and complaint-filing mailboxes in place and reported cases are processed confidentially; violators are subject to appropriate punishments. In 2022, a resigned employee reported that someone at the epc engineering unit was engaged in unethical behavior; the investigation revealed	No significant variance

Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
			no evidence to support such an accusation and hence the case was closed.	
(IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPAs periodically?	✓		(IV)1. In order to enforce the ethical corporate management policy, the Company already has an effective accounting system and internal control system in place. No risk of unethical behavior involving a high-risk coefficient is found according to the risk assessment findings. As such, no specific audit plan was prepared. Unethical behavior was not found during audits involving ethical corporate management, either. 2. The Company has the “Procurement Management Procedure” in place that strictly governs operating procedures for purchases, tendering, and acceptance, among others, particularly a project worth more than NT$3 million where the audit officer and the administration officer are involved in the tender-opening procedure. 3. A total of 356/323 suppliers (90.7%) signed the Ethical Transaction Commitment Letter.	No significant variance
(V) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		1. Education of and communication to newcomers: 50 echelons, with a headcount of 650 participants, 2. 25 hours in total. 3. Information about the “Procedure for Handling Major Internal Information to Prevent against Insider Trading” was communicated to the 3 new directors and 3 managers. 4. The zero-tolerance policy on unethical behaviors such as bribery, blackmailing, and corruption, regardless of its form, was issued to all staff. Violators, once found, will be punished according to the management regulations. Those involving severe circumstances will be turned into the prosecution authority. The staff is asked to read carefully and abide by the “Ethical Corporate Management Best Practice Principles” and the “Procedure for Ethical Corporate Management and Behavioral Guide” announced on the Intranet.	No significant variance
III. Implementation of Complaint Procedures				
(I) Does the company establish specific complaint and reward procedures, set up conveniently	✓		The Company has the “Procedure for Managing Reports, Complaints, and Suggestions and Employee Engagement” in place and specialists	No significant variance

Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
accessible complaint channels, and designate responsible individuals to handle the complaint received?			are available to take charge of the reporting system (as is shown below) so that employees, suppliers, and other external stakeholders can report illegal acts or any behavior against human rights, the work rules, the behavioral guide, or the Ethical Corporate Management Best Practice Principles". In addition, the opinion box for employees, e-mails, and appealing hotline are established, with the options of reporting to line managers or the audit unit, as diversified and smooth reporting channels. Reporting system: 6443@tsecpv.com。	
(II) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	✓		The Company has the "Procedure for Managing Reports, Complaints, and Suggestions and Employee Engagement" in place where requirements about how to protect whistleblowers and privacy of the client and rights of other people are specified.	No significant variance
(III) Does the company adopt proper measures to prevent a whistleblower from retaliation for his/her whistleblowing?	✓		The Company confidentially handles the whistleblowing and protects the whistleblowers while providing appealing changes to the other party, to serve the legal rights entitled by both parties.	No significant variance
IV. Information Disclosure Does the Company disclose its ethical corporate management best practice principles as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓		The Company has disclosed the ethical corporate management best practice principles and the implementation at the Company's website and MOPS.	No significant variance
V. If the company has established its own ethical corporate management best practice principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe any discrepancy between the policies and their implementation: The Company has established the "Ethical Corporate Management Best Practice Principles" to specify the requirements to be observed the Company's staff. Whistleblowing and disciplinary actions are also set forth in the related procedures. There is no major variance from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."				
VI. Other important information that helps understand the implementation of ethical corporate management of the company: 1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of				

<table>
<tr><th rowspan="2">Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td colspan="5">Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management. The Company also makes the best efforts to comply with the environmental and quality policies for high standards.
2. In the Company's "Regulations Governing Procedure for Board of Directors Meetings," the director's recusal for conflict of interest is specified. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, if his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director.
3. The Company has the "Company has established the "Operational Procedures for Handling Material Inside Information and Preventing Insider's Trading" in place, other than establishing a good internal material information handling and disclosing mechanism, the legitimacy and correctness of the material information is also ensured. No director, supervisor, managerial officer, or employee of this Corporation may inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties. Moreover, it specifies that pursuant to laws, upon actually knowing of any material information, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the insiders, quasi-insiders, and information receivers, shall not sell shares of the company that are listed or traded at securities dealers, or any other equity-type security of the company, or sell the non-equity-type corporate bonds of such company that are listed or traded at securities dealers, so that anyone knows material information would not conducting insider trading without knowing it.
4. The second amendment to the Company's "Ethical Corporate Management Best Practice Principles" was approved by the Board of Directors on March 7, 2022 and was brought forth during the 2022 General Shareholders' Meeting for acknowledgment, with records on file.
5. Contents of the first edition of the Company's "Operating Procedure and Behavioral Guide for the Ethical Corporate Management Best Practice Principles" were approved by the Board of Directors on April 26, 2022, with records on file.</td></tr>
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(VII) In case the Company has the corporate governance best practice principles and related regulations in place, the inquiry methods shall be disclosed: The related information is disclosed in the MOPS http://mops.twse.com.tw

(VIII) Other information to facilitate better understanding of the company's operation of corporate governance may be disclosed altogether: The related information is disclosed at MOPS http://mops.twse.com.tw

(IX) Implementation of the internal control system shall disclose the following: 1. Internal Control Statement

TSEC Corporation

Statement of Internal Control System

Date: March 8, 2023

Based on self-assessment findings, the Company hereby declares as follows about its 2022 Internal Control System:

I. The Company is aware that the Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (he “Regulations” hereafter). The criteria adopted by the Regulations identify 5 key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component includes several items. For the said items, please refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2021, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Statement is an integral part of the Company’s Annual Report and prospectus, and will be made public. Any illegal misrepresentation or concealment in the public statement above are subject to the legal consequences described in Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was passed by the Board of Directors in their meeting held on March 8, 2023, with none of the 8 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

TSEC Corporation

Chairman: Signature/Seal

President: Signature/Seal

2. If certified public accountants (CPAs) are retained to conduct a special audit of the company's internal control systems, the audit report shall be disclosed: Nil.

(X) If there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: Nil.

(XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

1.The Company held the 2022 General Shareholders' Meeting on June 9, 2022. The resolutions of the present shareholders and the implementation of the resolutions are as following:

Key proposals to be resolved by AGM	Resolutions and implementation
Ratifying the 2021 Business Report and Financial Statements	Resolved.
Acknowledgment of 2021 Earnings Distribution Proposal	Resolved. Implemented as the resolution.
Amending some provisions in the Company's "Articles of Incorporation."	Resolved. Implemented as the resolution.
Amending the provisions of the Shareholder Meeting Rules of Procedures.	Resolved. Implemented as the resolution.
Amendment to some articles of the "Operating Procedure for Lending to Others"	Resolved. Implemented as the resolution.
Amendment to some articles of the "Operating Procedure for Endorsement and Guarantee"	Resolved. Implemented as the resolution.
Amendment to some articles of the "Procedure for the Acquisition or Disposal of Assets	Resolved. Implemented as the resolution.
Proposal to re-elect the directors of the Company	The list of elected by voting as following: 1. Wei Jen Investment Co Ltd. 2. An Chuan Industrial Corporation Representative: Liao Wei-Jan 3. Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji 4. Yu Sheng Energy Corporation Representative: Liu Weng-Cheng 5. National Development Fund, Executive Yuan Representative: Yang Shu-Ling 6. Lin Gu-Tong 7. Cheng Hsien-Chih 8. Shen Chien-Ju
Proposal for relieving directors from the non-competition restrictions	Resolved.

2.The key proposals resolved by the Board of Directors from January 1, 2022 up to when this Annual Report was printed, are summarized as follows:

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
24th meeting of 4th term 2022/03/07	Proposal to appropriate the 2021 employees' and directors' remunerations.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	2021 parent-only and consolidated financial statements	For the deliberation of the 2021 parent-only and consolidated financial statements to be deliberated this time, the accounting firm of CPAs had different opinion regarding the accounting treatment for the issuance of preferred shares; therefore the proposal was not discussed and would be re-proposed and deliberated in the next meeting.
	The 2021 earnings distribution proposal is prepared	For the deliberation of 2021 earning distribution, the accounting firm of CPAs had different opinion regarding the accounting treatment for the issuance of preferred shares, and the settlement of 2021 financial statements may be affected. Therefore the proposal was not discussed and would be re-proposed and deliberated in the next meeting.
	Proposal to evaluate the independence of the CPAs	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Approval the Company's "Statement of Internal Control System," 2021	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Amendment to the "Articles of Incorporation"	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For the amendment to the "Rules of Procedure for shareholders' meeting"	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For the private placement of preferred shares approved by the 2021 shareholders' meeting, the unissued part will cease issuance.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Proposal to re-elect the directors	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Formulating the matters related to convening the AGM 2022	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For proposal of 2021 directors' remuneration distribution.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Promotion and Remuneration Adjustment for 2022 Managerial Officers.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For proposal to amend some provisions of the "Ethical Corporate Management Best Practice Principles."	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For the Company's derivative transactions settled.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	The Company's derivative transactions occurred and added	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities from the following financial institutions. Please authorize the Chairman to handle all matters related to this financing.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
25th meeting of 4th term 2022/03/14	2021 parent-only and consolidated financial statements	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	The 2021 earnings distribution proposal is prepared	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	To amend some of the "Procedures for Management of Remunerations and Compensations to Directors and Managers"	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
26th meeting of 4th term 2022/04/26	Nomination of the director (independent directors included) candidate list	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Proposal to relieve the new directors and their representatives from non-compete restrictions	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Proposal to change the 2022 AGM convention method and add proposals	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	For proposal to establish the "Procedures for Ethical Management and Guidelines for Conduct"	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Proposal to issue maximum 35,000,000 shares for the capital increase in cash	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Adjustment to the expected benefits of the 2020 cash capital increase project	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For the Company's derivative transactions occurred, settled, and added	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities from the following financial institutions. Please authorize the Chairman to handle all matters related to this financing.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
27th meeting of the 4th term 2022/05/13	For consolidated financial statements, 2022 Q1	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For the CPA's audit service fee for 2022	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Distribution of remuneration to managers and employees with the earnings from 2021	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For satisfying the needs of operating capital, it is intended to apply credit facilities from the following financial institutions. Please authorize the Chairman to handle all matters related to this financing.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
28th meeting of the 4th term 2022/05/31	Intended determination of the range of the issue price per share and the share subscription record date, among other matters in order to organize capital increase in cash with issuance of common stock shares in 2022.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	The Company intended to take part in the first capital increase in cash of 2022 of its subsidiary Hou Chang Energy Co., Ltd. (Hou Chang Energy).	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
1st meeting of the 5th term 2022/06/09	Election of Chairman	All attending directors approved unanimously that Wei Jen Investment Co Ltd. will be the new Chairman.
2nd meeting of 5th term 2022/07/05	Preparation of the Company's "Sustainable Development Best Practice Principles" and "Organic Rules of the Sustainable Development Committee" and the Sustainable Development Committee's	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Appointment of the members for the Company's Compensation and Remuneration Committee of the fourth intake	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Details about the number of shares available for subscription by managers among the common stock shares issued upon the first capital increase in cash of 2022	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Proposal for relieving directors from the non-competition restrictions	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
3rd meeting of 5th term 2022/08/05	For 2022 Q2 consolidated financial statements	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Intended revision of some articles of the Company's "Director and Manager Compensation and Remuneration Management Guidelines"	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
4th meeting of the 5th term 2022/10/14	Capital expenditure on expansion of the battery production line of the Company's Hsinchu Plant; it is brought forth for review and discussion.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
5th meeting	For 2022 Q3 consolidated financial	The chair inquired as to the opinions of the present

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
of 5th term 2022/11/8	statements	directors; approved the proposal as it was unanimously.
	Capital expenditure on expansion of the module production line of the Company's Pingtung Plant	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Proposal to re-appoint the head of accounting	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
6th meeting of the 5th term 2022/12/22	2023 Business Plan (including financial budget)	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Preparation of 2023 Audit Plan	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Revision of the Company's "Risk Management Policy and Procedure"	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Persistent development of self-owned photoelectricity sites and instillation of steady cash flows over the long term; intended cooperation with the EPC developer KWE CORPORATION.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Lifting of business strife limitation for the Company's managers to serve as directors/supervisors of reinvestees	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
6th meeting of the 5th term 2023/03/08	Proposal to appropriate the 2022 employees' and directors' remunerations.	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	2022 parent-only and consolidated financial statements	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	The 2022 earnings distribution proposal is prepared	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Distribution of cash dividends from capital surplus	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Assessment of the independence and suitability and hiring of the Company's CPAs	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	For the CPA's audit service fee for 2023	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Approval the Company's "Statement of Internal Control System," 2022	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Proposal to re-appoint the head of accounting	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Intended revisions of the "Rules of Procedure for Board of Directors' Meetings", the "Rules of Procedure for Shareholders' Meetings", and the "Corporate Governance Best Practice Principles"	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.
	Related matters concerning the intended 2023 General Shareholders' Meeting	The chair inquired as to the opinions of the present directors; approved the proposal as it was unanimously.

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: Nil.

(XIII) Summary of resignations and dismissals of the Company's Chairman, President, head of accounting, head of finance, head of internal audit, head of corporate governance, and head of R&D over the past year up to the date when the Annual Report was printed:

Designation	Name	Date of inauguration	Date of discharge	Reason of resignation or discharge
Accounting Head	Chang, Li-Ling	2021.05.08	2022.11.08	Resignation
Accounting Head	Chen, Tai-An	2022.11.08	2023.03.08	Duty adjustment

IV. Information on CPA professional fees

(I) Public Expenditure on CPAs for 2022

Unit: In NT$thousand

Name of Accounting Firm	Name of Accountants	Audit Period	Audit Fee	Non-Audit Fees					Total
				System design	Commercial/ industrial registration	Human resources	Others	Subtotal	
Deloitte Taiwan	Alice Huang	2022.1.1~ 2022.12.31	2,350	0	0	0	200	200	2,550
	Connie Chen	2022.1.1~ 2022.12.31							

Unit: In NT$1,000

Amount Range \ Fee Items		Audit Fee	Non-Audit Fees	Total
1	Less than NT$2,000 thousand	—	—	—
2	NT$2,000 thousand (inclusive) ~ NT$4,000 thousand	2,350	200	2,550
3	NT$4,000 thousand (inclusive) ~ NT$6,000 thousand	—	—	—
4	NT$6,000 thousand (inclusive) ~ NT$8,000 thousand	—	—	—
5	NT$8,000 thousand (inclusive) ~ NT$10,000 thousand	—	—	—
6	Over NT$10,000 thousand (inclusive)	—	—	—

(II) Independent auditing firms, their subordinate offices, and their affiliates to which non-audit fees paid by the company exceed one-fourth of audit fees: Nil.

(III) Replacement of independent auditing firm and reduction in audit fees paid during the year of replacement compared with the previous year: Nil.

(IV) Reduction in audit fees by more than 10% compared with the previous year: Nil.

V. Information about Replacement of CPAs: Nil.

VI. Name of Auditing Firm or Its Affiliates at Which the Company's Chairman, President, or Managers Responsible for Financial or Accounting Matters Was an Employee over the Past Year, His/Her Position and Employment Period: Nil.

VII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, manager, or shareholder with a stake of more than 10% during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Changes in equity of directors, supervisors, managers and major shareholders holding 10% or more stake:

Designation	Name	2022				Current Year as of March 26, 2023			
		Common stock shares (Note 1)		Preferred shares		Common shares		Preferred shares	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Wei Jen Investment Co Ltd.	(1,305,211)	0	0	0	(420,000)	0	0	0
	Representative: Liao Kuo-Ron	0	0	0	0	0	0	0	0
Director	An Chuang Industrial Corporation	2,229	0	0	0	0	0	0	0
	Representative: Wei-Jan, Liao	19,209	0	0	0	0	0	0	0
Director	Cheng Hsi Investment Corporation	(201,377)	0	0	0	0	0	0	0
	Representative: Cheng-Ji, Hsu	0	0	0	0	0	0	0	0
Director	Yu Sheng Energy Corporation	0	0	0	0	0	0	0	0
	Representative: Liu, Weng-Cheng	0	0	0	0	0	0	0	0
Director (Note 2)	National Development Fund, Executive Yuan	424,720	0	0	0	0	0	0	0
	Representative: Yang Shu-Ling	0	0	0	0	0	0	0	0
Director (Note 3)	Farglory International Investment Corporation	(5,120,244)	0	0	0	0	0	0	0
	Representative: Lin Li-Chiang	0	0	0	0	0	0	0	0
Independent Director	Lin Gu-Tong	0	0	0	0	0	0	0	0
Independent Director (Note 2)	Cheng, Hsien-Chih	0	0	0	0	0	0	0	0
Independent Director (Note 2)	Shen Chien-Ju	0	0	0	0	0	0	0	0
Independent Director (Note 3)	Wu Chia-En	(6,495)	0	0	0	0	0	0	0
Independent Director (Note 3)	Chiang Huai-De	0	0	0	0	0	0	0	0

Chairman and CEO	Liao Kuo-Ron	0	0	0	0	0	0	0	0
President	Hung, Chen-Ren	0	0	0	0	0	0	0	0
Vice President	Liao Wei-Ran	19,209	0	0	0	0	0	0	0
Vice President	Chiang, Zhi-Hao	2,137	0	0	0	0	0	0	0
Vice President	Wang, Liang-Kai	110	0	0	0	0	0	0	0
Deputy Assistant President,	Wu, Chuan-Jie	16,000	0	0	0	0	0	0	0
Deputy Assistant President,	Cheng, Chen-Kuo	(5,000)	0	0	0	(6,000)	0	0	0
Deputy Assistant President,	Yu, Cheng-Ye	15,000	0	0	0	0	0	0	0
Deputy Assistant President,	Chen, Tai-An	0	0	0	0	0	0	0	0
Deputy Assistant President, (Note 4)	Kang, Jen-He	34,000	0	0	0	(34,453)	0	0	0
Deputy Assistant President, (Note 4)	Hsiao, Chao-Ming	0	0	0	0	0	0	0	0
Deputy Assistant President, (Note 4)	Kuo, Chun-Hung	0	0	0	0	0	0	0	0
Finance Head	Li, Ming-Hua	8,000	0	0	0	(4,000)	0	0	0
Accounting Head (Note 5)	Chang, Li-Ling	0	0	0	0	0	0	0	0
Accounting Head (Note 6)	Chang, Wei-Che	0	0	0	0	0	0	0	0

Note 1: Capital increase in cash for common stock shares in July 2022
Note 2: Took office upon re-election on June 9, 2022
Note 3: Dismissed upon re-election on June 9, 2022
Note 4: Took office on May 1, 2022
Note 5: The head of accounting Chang, Li-Ling resigned on November 8, 2022; the Board of Directors assigned Chen, Tai-An as the new head of accounting.
Note 6: As part of the duty adjustment on March 8, 2023, the Board of Directors assigned Chang, Wei-Che as the new head of accounting and Chen, Tai-An was discharged from the post of head of accounting.

(II) Equity transfer information

Name (Note 1)	Reason of the Transfer (Note 2)	Date of Transaction	Counterparty of the Transaction	Relationship between the counterparty and the Company, directors, supervisors, managers and major shareholders holding 10% or more stake	Shares	Transaction price
None						

Note 1: Fill in the names of directors, supervisors, managers and major shareholders holding 10% or more stake Note 2: Fill in “Acquisition” or “Disposal”

(III) Equity pledge information:

Name (Note 1)	Reason of Pledge (Note 2)	Date of Change	Counterparty of the Transaction	Relationship between the counterparty and the Company, directors, supervisors, managers and major shareholders holding 10% or more stake	Shares	Shareholding Ratio (%)	Pledge Ratio	Amount of Pledge (Redemption)
None								

Note 1: Fill in the names of directors, supervisors, managers and major shareholders holding 10% or more stake Note 2: Fill in "Pledge" or "Redemption"

VIII. Relationship information, if among the company's top ten shareholders, any one is a related party or a relative within the second degree of kinship of another

March 26, 2023; Unit: Share; %

Name	Shareholdings by oneself		Shareholding of spouses and children of minor age		Shareholding through nominees		Disclosure of information on related parties, defined as IAS 6, or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and Name relationships		Remarks
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Name	Relation	
Invesco Solar ETF held in custody by the HSBC	22,003,000	4.38%	0	0.00%	–	–			
Yu Sheng Energy Corporation	17,704,210	3.53%	0	0.00%	–	–			
iShare II, trusted to Standard Charter	10,666,217	2.12%	0	0.00%	–	–			
iShares Global Clean Energy Index, trusted to Standard Charter	9,096,522	1.81%	0	0.00%	–	–			
National Development Fund, Executive Yuan	8,635,246	1.72%	0	0.00%	–	–			
Capital Marathon Fund	7,000,000	1.39%	0	0.00%	–	–			
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	6,250,474	1.24%	0	0.00%	–	–			
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total	5,767,454	1.15%	0	0.00%	–	–			

International Stock Index Fund, a series of Vanguard Star Funds									
Unisuper pension fund trustee U under custody of HSBC	4,312,087	0.86%	0	0.00%	—	—			
Taiwan Life Trust Investment Account, trusted to CTBC Bank (II)	3,000,000	0.60%	0	0.00%	—	—			

Note 1: the shareholders disclosed in the table are the top ten shareholders after adding the number of preferred shares
Note 2: the shareholding percentage is calculated based on the total issued shares 471,691,466 shares.

IX. The number of shares held by the Company, the Company's directors, supervisors and managers as well as the businesses directly or indirectly controlled by the Company in the same one investment business, and the consolidated comprehensive shareholding ratio: Nil.

Four. Information on Capital Raising Activities

I. Capital and Shares

(I) Share Capital

1.Formation of capital stock

March 26, 2023 Unit: Thousand shares; NT$thousand

Month and Date	Issuance Price (NT$)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares paid with properties other than cash	Others
June 2010	10	360,000	3,600,000	60,000	600,000	Share capital for establishment	—	Note 1
October 2010	10	360,000	3,600,000	305,000	3,050,000	Capital increase in cash NT$2,450,000 thousands	—	Note 2
March, 2011	10.5	360,000	3,600,000	360,000	3,600,000	Capital increase in cash NT$550,000 thousands	—	Note 3
August 2012	10.5	500,000	5,000,000	390,000	3,900,000	Capital increase in cash NT$300,000 thousands	—	Note 4
June 2014	10	500,000	5,000,000	300,300	3,003,000	Capital decrease NT$897,000 thousands	—	Note 5
August 2014	11	500,000	5,000,000	315,315	3,153,150	Capital increase in cash NT$150,150 thousands	—	Note 6
August 2015	13.5	500,000	5,000,000	351,855	3,518,550	Capital increase in cash NT$365,400 thousands	—	Note 7
June 2016	12	500,000	5,000,000	426,855	4,268,550	Capital increase in cash NT$750,000 thousands	—	Note 8
December 2017	10.5	500,000	5,000,000	476,855	4,768,550	Capital increase in cash NT$500,000 thousands	—	Note 9
May 2019	10	700,000	7,000,000	314,017	3,140,167	Capital decrease NT$1,628,383 thousands	—	Note 10
October 2019	7	700,000	7,000,000	379,017	3,790,167	Capital increase in cash NT$650,000 thousands	—	Note 11
December 2020	25.8	700,000	7,000,000	445,796	4,457,967	Capital increase in cash NT$667,800 thousands	—	Note 12
January 2022	23.75	700,000	7,000,000	25,895	4,716,914	Issued the preferred shares for NT$258,947 thousand	—	Note 13
July 2022	26.5	700,000	7,000,000	30,500	5,021,914	NT$305,000 thousands for capital increase in cash	—	Note 14

Note 1: Approved by Letter Jing-Shou-Shang-Zi No. 09901129020, dated June 24, 2010
Note 2: Approved by Letter Jing-Shou-Shang-Zi No. 09901220130, dated October 06, 2010
Note 3: Approved by Letter Jing-Shou-Shang-Zi No. 10001038270, dated March 04, 2011
Note 4: Approved by Letter Jing-Shou-Shang-Zi No. 10101177960, dated August 28, 2012
Note 5: Approved by Letter Jing-Shou-Shang-Zi No. 10301126840, dated June 30, 2012
Note 6: Approved by Letter Jing-Shou-Shang-Zi No. 10301159440, dated August 4, 2014
Note 7: Approved by Letter Jing-Shou-Shang-Zi No. 10401220380, dated October 16, 2015
Note 8: Approved by Letter Jing-Shou-Shang-Zi No. 10501168750, dated July 20, 2016
Note 9: Approved by Letter Jing-Shou-Shang-Zi No. 10601169400, dated December 18, 2017
Note 10: Approved by Letter Jing-Shou-Shang-Zi No. 10801062100, dated May 29, 2019

Note 11: Approved by Letter Jing-Shou-Shang-Zi No. 10801145800, dated October 23, 2019
Note 12: Approved by Letter Jing-Shou-Shang-Zi No. 10901241590, dated December 22, 2020
Note 13: Approved by Letter Jing-Shou-Shang-Zi No. 11001236160, dated January 4, 2022
Note 14: Approved by Letter Jing-Shou-Shang-Zi No. 11101145960, dated August 4, 2022

2. Types of Shares

March 26, 2023; Unit: Share

Types of Shares	Approved Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common shares	476,296,730	197,808,534	700,000,000	Listed Shares
Preferred shares	25,894,736			Not listed (TWSE/TPEx)

3. Information on shelf registration: Nil.

(II) Shareholder Structure

1. Common stock shares

March 26, 2023: Unit: Person(s); Share

Shareholder structure / Quantity	Government agencies	Financial institution	Other juridical persons	Individual	Foreign Institute and others	Total
Persons	1	5	268	92,677	130	93,081
Shares Held	424,720	1,486,000	35,344,030	346,816,328	92,225,652	476,296,730
Shareholding proportion	0.09%	0.31%	7.42%	72.82%	19.36%	100.00%

2. A-Preferred shares

March 26, 2023: Unit: Person(s); Share

Structure / Quantity	Government agencies	Financial institution	Other juridical persons	Individual	Foreign Institute and others	Total
Persons	1	0	1	0	0	2
Shares Held	8,210,526	0	17,684,210	0	0	25,894,736
Shareholding proportion	31.71%	0.00%	68.29%	0.00%	0.00%	100.00%

(III) Distribution of Common Stock Equity

March 26, 2023

Shareholding category	Number of shareholders	Shares Held	Shareholding proportion
1 to 999	29,205	2,864,286	0.60%
1,000 to 5,000	50,886	101,848,402	21.38%
5,001 to 10,000	6,998	54,711,432	11.49%
10,001 to 15,000	2,122	26,572,759	5.58%
15,001 to 20,000	1,248	22,986,930	4.83%
20,001 to 30,000	1,044	26,174,631	5.50%
30,001 to 40,000	488	17,430,479	3.66%
40,001 to 50,000	303	13,950,501	2.93%
50,001 to 100,000	457	32,354,594	6.79%
100,001 to 200,000	165	23,151,389	4.86%
200,001 to 400,000	90	24,976,169	5.24%
400,001 to 600,000	28	13,489,859	2.83%
600,001 to 800,000	10	7,051,840	1.48%
800,001 to 1,000,000	9	8,312,280	1.75%
1,000,001 and above	28	100,421,179	21.08%
Total	93,081	476,296,730	100.00%

(IV)Preferred shares

March 26, 2023

Shareholding category	Number of shareholders	Shares Held	Shareholding proportion
1 to 999	0	-	0.00%
1,000 to 5,000	0	-	0.00%
5,001 to 10,000	0	-	0.00%
10,001 to 15,000	0	-	0.00%
15,001 to 20,000	0	-	0.00%
20,001 to 30,000	0	-	0.00%
30,001 to 40,000	0	-	0.00%
40,001 to 50,000	0	-	0.00%
50,001 to 100,000	0	-	0.00%
100,001 to 200,000	0	-	0.00%
200,001 to 400,000	0	-	0.00%
400,001 to 600,000	0	-	0.00%
600,001 to 800,000	0	-	0.00%
800,001 to 1,000,000	0	-	0.00%
1,000,001 and above	2	25,894,736	100.00%
Total	2	25,894,736	100.00%

(V) List of Major Shareholders

Name, shares held, and percentage of the shareholders with 5% or more stake, or the top ten shareholders with the highest shareholding

March 26, 2023 /Unit: shares

Shares / Name of major shareholder	Shares Held	Shareholding proportion
Invesco Solar ETF held in custody by the HSBC	22,003,000	4.38%
Yu Sheng Energy Corporation	17,704,210	3.53%
iShare II, trusted to Standard Charter	10,666,217	2.12%
iShares Global Clean Energy Index, trusted to Standard Charter	9,096,522	1.81%
National Development Fund, Executive Yuan	8,635,246	1.72%
Capital Marathon Fund	7,000,000	1.39%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	6,250,474	1.24%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	5,767,454	1.15%
Unisuper pension fund trustee U under custody of HSBC	4,312,087	0.86%
Taiwan Life Trust Investment Account, trusted to CTBC Bank (II)	3,000,000	0.60%

Note 1: the shareholders disclosed in the table are the top ten shareholders after adding the number of preferred shares

Note 2: the shareholding percentage is calculated based on the total issued shares 502,191,466 shares.

(VI) Market Price per Share, Net Value per Share, Earnings per Share, Dividends per Share, and Related Information over the Past 2 Years

Unit: Thousand Shares; NT$

Item (Unit: Thousand Shares; NT$/Year)			2021	2022
Market price per share	Highest		48.95	50.40
	Lowest		26.25	29.85
	Average		35.34	37.09
Net value per share	Before distribution		11.51	12.91
	After distribution		11.51	(Note 1)
Earnings per Share	Weighted average number of shares (thousand shares) (Before adjustment)		445,855	460,169
	EPS (deficits) (before adjustment)		0.10	0.41
	EPS (deficits) (after adjustment)		N/A	(Note 1)
Dividends per share	Cash dividends		—	(Note 1)
	Stock dividends	-	(Note 1)	—
		-	(Note 1)	—
	Accumulated, unpaid dividends		—	—
ROI analysis	Price-to-earning ratio (Note 2)		353.4	90.46
	Price-to-dividend ratio (Note 3)		—	(Note 1)
	Cash dividend yield rate (Note 4)		—	(Note 1)

Note 1: To be finalized after a decision is made through the Shareholders' Meeting.

Note 2: P/E ratio = Average closing price per share for the year/Earnings per share.

Note 3: P/D ratio = Average closing price per share during the current fiscal year/Cash dividend per share.

Note 4: Cash dividends yield rate = Cash dividends per share/mean closing price per share of the year.

(VII) Company's Dividend Policy and Implementation Status

1. The dividend policy set forth in the Articles of Incorporation

According to Articles of Incorporation 24 of the Company, earnings of the Company after the annual final accounts, if any, are distributed in the sequential order as shown below:

(1) Complete tax payments in accordance with the law;

(2) Make up for past losses;

(3) Allocate 10% as legal reserve;

(4) Special reserve is allocated or reversed by law when necessary;

(5) If there are still earnings, the accumulated undistributed earnings from the previous year are added and the total will be the earnings available for distribution. the Board of Directors is to prepare a surplus distribution proposal that is to be brought forth during the shareholders meeting for a resolution.

In consideration of maximizing shareholder value, the Company’s dividend policy shall appropriately distribute dividends in accordance with the Company’s future capital expenditure budget and capital needs. The dividends to shareholders are not lower than 20% of the distributable earnings of the year. Dividends can be distributed in cash or stocks. The cash dividend shall not be less than 10% of the total shareholders' dividends. However, if there is a major capital expenditure plan in the future, all dividends may be distributed in the form of stocks upon approval by the shareholders’ meeting.

2. Dividend distribution proposed to the AGM

the Board of Directors decided on March 8, 2023 that cash dividends at $0.1 per share will be assigned. This proposal, however, is pending approval during the General Shareholders' Meeting of 2023.

3. If a material change in dividend policy is expected, provide an explanation: Nil.

(VIII) The effects of stock grants proposed at this shareholders' meeting on business performance and EPS: Not applicable.

(IX) Remuneration to employees, directors, and supervisors

1. Amount or scope of remuneration to employees, directors and supervisors as stated in the Articles of Association:

   If the Company is profitable in the fiscal year, it shall allocate no less than 5% of the profit as employee remuneration in the form of stocks or cash as resolved by the board. Employees of controlled or affiliated companies are also entitled to receive remuneration, provided that they meet the criteria specified by the Company. The Company may contribute maximum 5% from the abovementioned profit as the directors and supervisors' remunerations Employee's, director's, and supervisor's remuneration proposals are to be raised for resolution during the shareholders' meetings. Profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employee/director/supervisor remuneration in the above percentages.

2. The basis for estimating the amount of employee, director, and supervisor remuneration, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

   (1) The basis for estimating the amount of employee, director, and supervisor remuneration: the Company estimates the employee, director, and supervisor compensation by deducting the accumulated losses from the profit before tax and distribution of employee, director, and supervisor remuneration; for 2022, the Articles of Incorporation are to be followed after it is calculated according to the foregoing method.

   (2) The basis for calculating the number of shares to be distributed as employee remuneration: shall there be shares distributed as employee remuneration, the shares to be distributed will be based on the closing price of the day before the date of the Board's resolution.

   (3) The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: shall there be a material change to the distribution amount resolved by the Board before the date of approval and announcement of the given year's financial statements, such change will adjust the originally appropriated amount. Shall there be changes after the date of approval and announcement of the given year's financial statements, such changes will be treated as changes of accounting estimates, and the adjustment will be reflected in the account for next year.

3. Remuneration distribution as approved by the Board of Directors:

   (1) Amount of remuneration to employees and that to directors assigned in cash or shares:

      1.1 Remuneration to employees in cash: $9,586,200.

      1.2 Remuneration to Directors in cash: $6,710,300.

      There is no difference between the value of the remuneration for employees and that for directors distributed as mentioned above and that estimated in the 2022 Financial Statements.

   (2) Ratio of employee bonus in shares to Net Profit After Tax in current individual financial statements and total employee bonus: Not applicable.

4. If there is any discrepancy between the actual amount of remuneration distributed to employees and Directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of remuneration of employees and Directors in the previous fiscal year, the amount, causes and treatment of such discrepancies should be stated:
   (1) Remuneration to employees: $2,392,153; the actual distribution is identical to that originally proposed by the Board of Directors.
   (2) Remuneration to directors: $1,440,000; the actual distribution is identical to that originally proposed by the Board of Directors.

(X) Status of a company repurchasing its own shares: Nil.

II. Issuance of Corporate Bonds: Nil.

III. Issuance of Preferred Shares:

April 30, 2023

<table>
<tr><td colspan="3">Item / Date of issue (Note 1)</td><td>January 17, 2022
Privately Placed A-Preferred Shares (Note 3)</td></tr>
<tr><td colspan="3">Par value</td><td>NT$10</td></tr>
<tr><td colspan="3">Issuance Price</td><td>NT$23.75 per share</td></tr>
<tr><td colspan="3">Shares</td><td>25,894,736 shares</td></tr>
<tr><td colspan="3">Total amount</td><td>NT$614,999,980</td></tr>
<tr><td rowspan="4">Rights and obligations</td><td colspan="2">Distribution of dividend and bonus</td><td>2% per annum (accumulated)</td></tr>
<tr><td colspan="2">Distribution of remaining properties</td><td>For distributing the Company’s remaining properties, the A-Preferred Shares has higher priority over the common shares, but shall not exceed the sum of issuance priced plus the payable dividends.</td></tr>
<tr><td colspan="2">Exercise of voting right</td><td>Entitled to the voting rights in the common shareholders’ meetings, and entitle to elect directors (independent directors included)</td></tr>
<tr><td colspan="2">Others</td><td>Nil</td></tr>
<tr><td rowspan="3">Outstanding preferred shares</td><td colspan="2">Amount of collected or converted</td><td>0</td></tr>
<tr><td colspan="2">Balance of uncollected or unconverted</td><td>25,894,736 shares</td></tr>
<tr><td colspan="2">Terms of collection or conversion</td><td>1. The A-Preferred Shares are entitled to be converted to common shares from the next day of the third anniversary of holding.
2. The issuance period of A-Preferred Shares is infinite. The holders of Preferred A-Shares are not entitled to request the Company to reacquire the A-Preferred Shares held by them early. However, the Company may reacquire all or part of the A-Preferred Shares from the next day of the third anniversary since issuance, with the actual issuance price in cash, or other method permitted by laws and regulations. The rights and obligations of the remaining Preferred Shares-A follow the issuances condition until being reacquired.</td></tr>
<tr><td rowspan="6">Market price per share</td><td rowspan="3">2021</td><td>Highest</td><td>N/A</td></tr>
<tr><td>Lowest</td><td>N/A</td></tr>
<tr><td>Average</td><td>N/A</td></tr>
<tr><td rowspan="3">Current year as of April 30, 2022
(Note 4)</td><td>Highest</td><td>N/A</td></tr>
<tr><td>Lowest</td><td>N/A</td></tr>
<tr><td>Average</td><td>N/A</td></tr>
<tr><td rowspan="2">With other rights</td><td colspan="2">Amount of collected or converted as of the publication date of the annual report</td><td>Years yet lapsed to conversion</td></tr>
<tr><td colspan="2">Procedures for issuance, conversion, or subscription</td><td>Same as the description for the terms of collection or conversion</td></tr>
<tr><td colspan="3">Effects of the issuance terms on the rights of holders of preferred shares, possible dilution to the equity,
and effects on the rights of current shareholders</td><td>The pricing of the privately placed preferred shares is conducted pursuant to the “Directions for Public Companies Conducting Private Placements of Securities,” while taking account into the Company’s future development. As the timing to transfer, subject, and quantity the privately placed securities are restricted, and inferior liquidity resulted from prohibition of public-listing, it is deemed the pricing method is reasonable, and shall not materially affect shareholders’ interests.</td></tr>
</table>

Note 1: Preferred stock shares include public offerings and private placements that are ongoing. Public offering preferred stock shares that are ongoing are those that have been validated (approved) by the Board of Directors. Private placement preferred stock shares are those that have been approved by the Board of Directors.
Note 2: The number of fields may be adjusted reflective of the actual number of occurrences.
Note 3: Private placement ones shall be indicated in a readily visible way.
Note 4: Annual data of the current year up to the date the Annual Report was printed shall be provided.
Note 5: For preferred stock shares with share subscription warrants, the following table shall also be completed.

IV. Global Depositary Receipts: Nil. V. Employee Share Option Certification: Nil.

VI. New Restricted Employee Shares: Nil.

VII: New shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: Nil.

VIII. Implementation of the Capital Allocation Plans

Up to now, among all the programs related to fundraising or negotiable securities placement, these programs whose actual completion dates are within three years from the filing, the 2017 Cash Capital Increase Program, the 2020 Cash Capital Increase Program, the 2021 Private Placement of Class A Preferred Stock Shares Program, and the 2022 Cash Capital Increase Program, related contents and implementation status of securities issuance plans are described as follows:

(I) Capital increase in cash program in 2017

1. Plan description and expected effect

(1) Approval by the competent authorities and Letter No.: approved by Financial Supervisory Commission on August 25, 2017, with Letter Jin-Guan-Zheng-Fa-Zi No. 1060029897.

(2) Total fund needed for the program: NT$1,109,987 thousand.

(3) Source of fund: ①50,000 thousands new common shares were issued for the domestic capital increase in cash. The par value per share was NT$10, and the issuance price was NT$10.5 per share. The total fund raised was NT$525,000 thousand.

②The remaining NT$584,987 thousand would be paid through self-owned fund, bank loans, or other means.

(4) Projects and progress of fund application

Unit: NTD thousand

Project	Expected date of completion	Total fund needed	Plan of the expected application				
			2017		2018		
			Q3	Q4	Q1	Q2	Q3
Plant construction	2018.8.31	789,987	155,496	227,648	312,744	32,200	61,899
Purchasing machines and equipment	2018.9.30	320,000	96,000	48,000	144,000	-	32,000
Total		1,109,987	251,496	275,648	456,744	32,200	93,899

2. Implementation

Unit: NTD thousand

Project	Execution as of June 30, 2021			Description of execution
Plant construction	Amount used	Expectation	789,987	(1) Plant building: Implementation completed in 2019 Q1, without material variance. (2) Purchasing machines and equipment: The project was completed on June 30, 2021. However, due to the exchange rate difference of payment, and some equipment not meeting the specifications promised by the supplier, the price was lower than expected, and the actual capital expenditure was lower than
		Actual	789,987	
	Actual progress	Expectation	100.00%	
		Actual	100.00%	
Purchasing machines and equipment	Amount used	Expected	320,000	
		Actual	288,673	
	Implementation progress	Expected	100.00%	
		Actual	90.21%	
Total	Amount used	Expectation	1,109,987	
		Actual	1,078,660	
	Actual progress	Expectation	100.00%	

		Actual	97.18%	expected.

Note: On June 30, 2021, the Board of Directors resolved to adjust the project amount, revised down the planned amount of machinery equipment to NT$288,673 thousand, and the overall project amount was adjusted to NT$1,078,660 thousand.

3. Effect evaluation

Unit: kW; NT$thousand

Year		Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2019~2022	Expectation	1,879,517	1,885,381	20,937,939	2,330,399	899,873
	Actual	1,694,529	1,689,439	18,830,131	1,846,175	900,403
	% of achievement	90.16%	89.61%	89.93%	79.22%	100.06%

The 2017 cash capital increase program of the Company was meant for construction of workshops and purchase of machines and equipment. The fulfillment status is shown in the table above and is fairly good.

(II) Capital increase in cash program in 2020

1. Program description and expected effect

(1) Date and document number of approval by the competent authority: Filing took effect as indicated in the letter from the Financial Supervisory Commission (Jin-Guan-Zheng-Fa-Zi No. 1090359325) dated October 21, 2020.

(2) Total fund needed for the program: NT$1,342,430 thousand.

(3) Source of funding: 66,780 thousands new common stock shares were issued as part of the domestic capital increase in cash. The par value per share was NT$10, and the issue price was NT$25.80 per share. The total fund raised was NT$1,722,924 thousand. The surplus beyond the funds originally planned can be used to enrich the working capital. It is expected to be completely executed in the second quarter of 2021.

(4) Projects and progress of fund application

Unit: NTD thousand

Project	Expected date of completion	Total fund needed	Plan of the expected application					
			2020	2021				2022
			Q4	Q1	Q2	Q3	Q4	Q1
Purchasing machines and equipment (factory service included)	2022 Q1	526,290	370,878	83,976	18,807	—	—	52,629
Repayment of loans	2021 Q4	816,140	253,405	377,583	42,811	86,137	56,204	—
Total		1,342,430	624,283	461,559	61,618	86,137	56,204	52,629

2. Implementation

Unit: NTD thousand

<table>
<tr><th>Project</th><th colspan="3">Execution as of March 31, 2022</th><th>Description of execution</th></tr>
<tr><td rowspan="4">Purchasing machines and equipment</td><td rowspan="2">Amount used</td><td>Expectation</td><td>526,290</td><td rowspan="16">(1)Purchasing machines and equipment:
The fund utilization plan has been completed in Q1 2022 as planned, and there was no major irregularity.

(2) Repayment to bank loans
The fund utilization plan has been completed in Q4 2021 as planned, and there was no major irregularity.

(3) Supplement to the operating funds:
Due to the strong orders received and the rising price of raw materials, the execution has been completed ahead of schedule in Q1 2021, and there was no major irregularity.</td></tr>
<tr><td>Actual</td><td>526,290</td></tr>
<tr><td rowspan="2">Actual progress</td><td>Expectation</td><td>100.00%</td></tr>
<tr><td>Actual</td><td>100.00%</td></tr>
<tr><td rowspan="4">Repayment of loans</td><td rowspan="2">Amount used</td><td>Expected</td><td>816,140</td></tr>
<tr><td>Actual</td><td>816,140</td></tr>
<tr><td rowspan="2">Implementation progress</td><td>Expected</td><td>100.00%</td></tr>
<tr><td>Actual</td><td>100.00%</td></tr>
<tr><td rowspan="4">Supplement to the operating funds</td><td rowspan="2">Amount used</td><td>Expected</td><td>380,494</td></tr>
<tr><td>Actual</td><td>380,494</td></tr>
<tr><td rowspan="2">Implementation progress</td><td>Expected</td><td>100.00%</td></tr>
<tr><td>Actual</td><td>100.00%</td></tr>
<tr><td rowspan="4">Total</td><td rowspan="2">Amount used</td><td>Expectation</td><td>1,722,924</td></tr>
<tr><td>Actual</td><td>1,722,924</td></tr>
<tr><td rowspan="2">Actual progress</td><td>Expectation</td><td>100.00%</td></tr>
<tr><td>Actual</td><td>100.00%</td></tr>
</table>

3. Effect evaluation

(1)Purchasing machines and equipment

Unit: kW; NT$ thousand

Year		Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2022	Expected	121,111	102,945	733,356	61,462	28,623
	Actual	181,175	150,379	2,125,708	396,056	298,466
	% of achievement	149.59%	146.08%	289.86%	644.39%	1,042.75%

As is shown in the table above, the actual fulfillment rates of the Company in terms of production volume, sales volume, sales value, operating gross profit, and net operating profit as a whole for the construction of the M6 production line all exceeded expectations a lot; therefore, the efficacy shall have been demonstrated.

(2) Repayment of loans

Unit: NTD thousand

Year	2019	2020	2021
Interest expense	119,059	90,643	83,319

Source: The Standalone Financial Statement audited and certified by the CPAs of the Company

The interest expenses incurred due to borrowing in 2019-2021 were NT$119,059 thousand, NT$90,643 thousand, and NT$83,319 thousand, respectively. It is obvious that the interest expenses decreased ad the borrowings are repaid. Overall, the benefits from borrowing repayment with the funds are supposed to be shown.

Unit: NTD thousand

Item \ Year	Before capital increase in cash	After capital increase in cash
	Second quarter of 2020	End of 2021
Current asset	1,476,798	3,719,656
Current liabilities	3,193,619	2,650,468
Property, Plant and Equipment	5,283,956	4,873,104
Total liabilities	4,875,719	5,100,377
Total Equity	2,821,948	5,129,452
Ratio of debts to total assets	63.34%	49.86%
Long-Term Fund to Property, Plant and Equipment Ratio	85.24%	155.53%
Current Ratio (%)	46.24%	140.34%
Quick Ratio (%)	24.52%	81.02%

(3) Supplement to the operating funds

The Company raised NT$380,494 thousand from the issuance of new shares for cash capital increase in 2020, and the funds were used to replenish the working capital. The Company's parent-only operating income in 2021 was NT$6,253,966 thousand, which increased by 32.98% from 2020, so the benefits of replenishing working capital should have already been demonstrated.

Unit: NTD thousand

Item \ Year		2020 (Before fundraising)	2021 (After fundraising)
Financial profile	Current asset	3,509,202	3,719,656
	Current liabilities	2,080,665	2,650,468
	Total liabilities	4,613,866	5,100,377
	Operating Revenue	4,702,866	6,253,966
	Profit from operations	(298,598)	48,790
	Earnings Per Share (NT$)	(0.74)	0.10
Financial Structure.	Debts ratio (%)	49.24%	49.86%
	Long-term Fund to Property, Plant and Equipment Ratio (%)	150.25%	155.53%
Solvency	Current Ratio (%)	168.66%	140.34%
	Quick Ratio (%)	123.37%	81.02%

(III) Program for Private Placement of Class A Preferred Stock Shares

1. Program description and expected effect

(1) Date of decision by the Board of Directors: February 25, 2021; Date of presentation in the Shareholders' Meeting: April 7, 2021.

(2) Total fund needed for the program: NT$615,000 thousand.

(3) Source of funding: 25,894,736 Class A preferred stock shares were issued for private placement capital increase in cash. The par value per share was NT$10, and the issue price was NT$23.75 per share. The total fund raised was NT$615,000 thousand.

(4) Projects and progress of fund application

Unit: NTD thousand

Project	Expected date of completion	Total fund needed	Plan of the expected application		
			2021	2022	
			Q4	Q1	Q2
Capital expenditure on addition of production lines and construction of warehousing facilities for batteries of the first generation and modules	Second quarter of 2022	615,000	66,999	464,920	83,081

2. Implementation

Unit: NTD thousand

Project	Execution as of June 30, 2022			Description of execution
Capital expenditure on addition of production lines and construction of warehousing facilities for batteries of the first generation and modules	Amount used	Expectation	615,000	It was completed in the second quarter of 2022 as planned, and there was no major irregularity.
		Actual	615,000	
	Actual progress	Expectation	100.00%	
		Actual	100.00%	

3. Effect evaluation

Unit: kW; NT$thousand

Year	Item	Production Volume	Sales Volume	Sales Value	Operating Gross Income	Profit from operations
2022	Expectation	-	-	-	-	-
	Actual	-	23,805	346,314	77,032	61,590
	% of achievement	-	-	-	-	-

As is shown in the table above, the M10 production line of the Company was devoted to mass production and sale early at the end of 2022 and the efficacy is expected to gradually surface.

(IV) 2022 Cash Capital Increase Program

1. Program description and expected effect

(1) Date and document number of approval by the competent authority: Filing took effect as indicated in the letter from the Financial Supervisory Commission (Jin-Guan-Zheng-Fa-Zi No. 1110342913) dated May 26, 2022.

(2) Total fund needed for the program: NT$808,250 thousand.

(3) Source of funding: 30,500 thousands new common shares were issued for the domestic capital increase in cash. The par value per share was NT$10, and the issue price was NT$26.5 per share. The total fund expected was NT$808,250 thousand.

(4) Projects and progress of fund application

Unit: NTD thousand

Project	Expected date of completion	Total fund needed	Progress of expected application	
			Third quarter of 2022	2022 Q4
Repayment of loans	2022 Q4	537,091	213,489	323,602
Supplement to the operating funds	2022 Q4	271,159	271,159	0
Total		808,250	484,648	323,602

2. Implementation

Unit: NTD thousand

Project	Status of implementation		As of 2022 Q4	Progress advanced or laggard from the timeline and improvement plan.
Repayment of loans	Amount used	Expectation	537,091	Completed as planned.
		Actual	537,091	
	Implementation progress (%)	Expectation	100.00%	
		Actual	100.00%	
Supplement to the operating funds	Amount used	Expectation	271,159	Completed as planned.
		Actual	271,159	
	Implementation progress (%)	Expectation	100.00%	
		Actual	100.00%	
Total	Amount used	Expectation	808,250	Completed as planned.
		Actual	808,250	
	Implementation progress (%)	Expectation	100.00%	
		Actual	100.00%	

3. Effect evaluation

Unit: NTD thousand

Item \ Year	Before capital increase in cash	After capital increase in cash
	2021	2022
Current asset	3,719,656	4,005,069
Current liabilities	2,650,468	2,827,755
Property, Plant and Equipment	4,873,104	5,442,722
Total assets	10,229,829	11,224,589
Total liabilities	5,100,377	5,073,919
Total Equity	5,129,452	6,150,670
Ratio of debts to total assets	49.86%	45.20%
Long-Term Fund to Property, Plant and Equipment Ratio	155.53%	154.28%
Current Ratio (%)	140.34%	141.63%
Quick Ratio (%)	80.10%	80.28%
Operating Revenue	6,253,966	9,005,063
Interest expenditure	83,319	87,031
Earnings Per Share (NT$)	0.10	0.41

As far as the financial structure is concerned, after the said capital increase, the debts ratio of the Company dropped from 49.86% to 45.20% while the current ratio and the quick ratio climbed from 140.34% and 141.63% to 80.10% and 80.28%. Meanwhile, the operating income and earnings per share in 2022 grew significantly from those in 2021, indicating that the financial structure has improved somewhat.

Five. Operation Overview

I. Business

(I) Scopes

1. Major Businesses of the Company

The major business of the Company is the transaction and manufacturing of solar cells and modules. The Company's business scopes registered are as the following:

I501010	Product designing
IG03010	Energy Technical Services
F106030	Wholesale of Molds
F113110	Wholesale of Batteries
F119010	Wholesale of Electronic Materials
F113010	Wholesale of Machinery
F113020	Wholesale of Electrical Appliances
F113030	Wholesale of Precision Instruments
F113990	Wholesale of Other Machinery and Tools
F118010	Wholesale of Computer Software
CC01080	Electronics Components Manufacturing
CC01090	Manufacture of Batteries and Accumulators
CC01990	Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
CQ01010	Mold and Die Manufacturing
D401010	Thermal Energy Supply
D101060	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
E601010	Electric Appliance Construction

2. Weights of Major Businesses of the Company (2022)

Unit: NTD thousand

Year / Item	2022	
	Amount	Percentage (%)
Solar Module	8,734,197	96.99%
Solar cell	108,886	1.21%
Others	161,980	1.80%
Total	9,005,063	100.00%

3. The major products (services) currently sold by the Company

The 2 major products of the Company are high-performance solar PERC cells and high-performance solar modules.

(A) High-performance solar PERC cells

V-Cell series of products

Passivated Emitter and Rear Cell (PERC), one of the core technologies of TSEC is applied. Currently the major application is for the production of mono-crystalline batteries. The actual power generation conversion efficiency may greatly improve the threshold of 23% for mono-crystalline cells. This technology is a product technology of leading global cell manufacturers for commercialization and mas production currently. V-Cell products have been recognized with the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for many consecutive years. The Company’s product was the first product to pass the PID test, the strictest test provided by UL in the U.S. and IRTI in Taiwan. We expect to provide products with higher performance and quality to the clients.

(B) High-performance solar modules

From January 2014, TSEC expanded to the production and sales of solar modules. Facing the increasingly competitive industry environment, TSEC expanded to the module business downstream. The capacity of its Pingtung module plant has been the domestic leader. The module products have been recognized with the “Golden Energy Award” from the Bureau of Energy for many consecutive years. We expect to provide products with higher and more holistic quality to the clients. To accommodate the requirements at different geographic environment, TSEC introduces the differentiation of module product, to increase the effects of modules while lowering the production costs. By working with the international giant, DuPont, the durable model Telbar is jointly developed, suitable for the island weather with high-temperature, high humidity, and high salt hazard.

4. New products (services) to be developed

(A) High-performance solar modules products

To cope with the growing domestic market, TSEC established the largest solar module plant of Taiwan in Pingtung on April 30, 2018, with an annual throughput of 500~600 MW and started deployment of the production line for greater-size modules in 2021 and mass production began in the second quarter of 2022. The size of the factory and the throughput have made TSEC a world-class solar module manufacturer.

(B) Heterojunction (HJT) solar cell series of products

As the traditional P-type silicon wafer products face technical bottlenecks, the development of next-generation N-type silicon wafers used in new materials is essential. Currently, mass products are offered overseas, but there is no mass product or technology in Taiwan. The Company, with the principle of developing forward-looking technologies, started early research for the feasibility and possibility of mass products for this product. In the future, we will invest in new equipment for mass production.

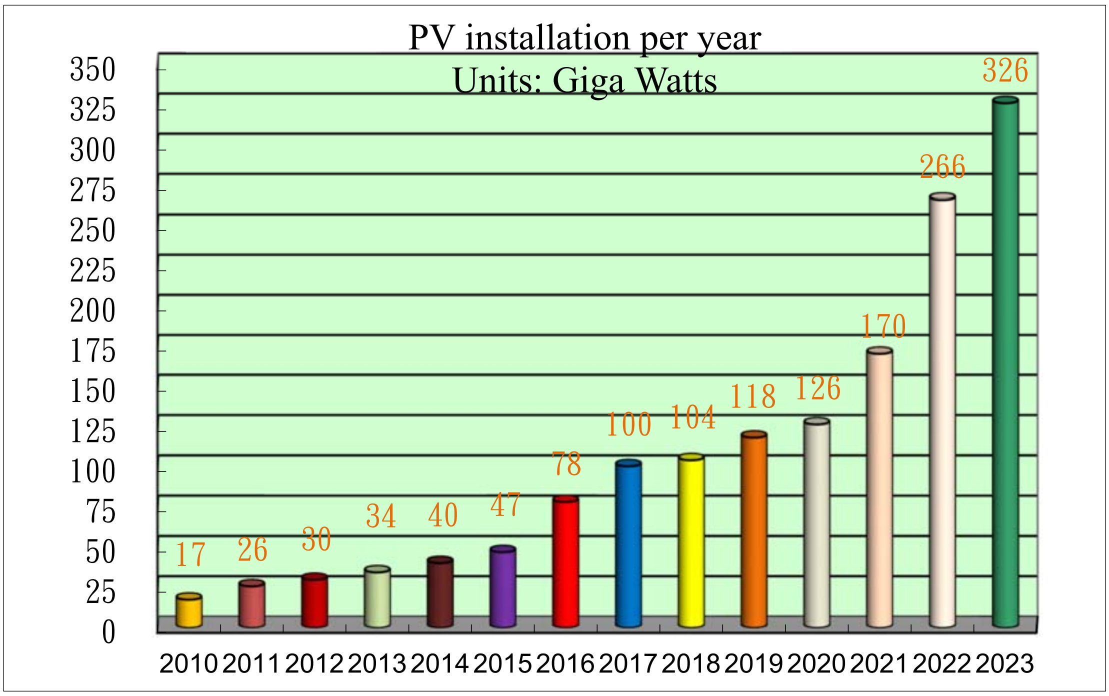
(C) Interdigitated back contact (IBC) products

Same as HJT Cell, this is a forward-looking manufacturing process technology for the next generation of silicon crystalline solar cells. They share the same material, N-type silicon wafers, but IBC’s manufacturing process is relatively complicated. The Company, with the principle of developing forward-looking technologies, started early research for the feasibility and possibility of mass products for this product. In the future, we will invest in new equipment for mass production.

(II) Industry Overview

Review of the International Solar Photoelectronic Market in 2022

The global solar photoelectric market reached new heights in 2022 mainly because of the properly controlled COVID-19 pandemic and the stimulus from the demand for decentralized spontaneous power generation around the world due to the Russia-Ukraine War; they have pushed the growths on the overall solar photoelectric market a big step forward. According to the research institution PV InfoLink, and the Company's Marketing Department, the global new installations in 2022 as a whole would be around 266GW, a significant growth of 56.47% from 170GW in 2021. Besides the concept of ESG (Environmental Protection [Environment], Social Responsibility [Society], and Corporate Governance [Governance]) introduced by UN Global Compact in 2004, the Russia-Ukraine War drove European countries to re-think about being independent with their own energy and the risk. "Carbon border tax" also started to sink in throughout the European Union. The figure below shows the total annual installations around the world each year:



Source: PVInfoLink, marketing unit of TSEC

Highlights of 2022 Key Events in the Industry:

1. <u>Skyrocketing prices of chips in the upstream of the solar photoelectricity sector</u>
   Prices of solar photoelectric chips continued with the climbing stream from 2021. As far as the current mainstream M10 on the international market is concerned, prices of chips once reached nearly 19% in 2022. Fortunately, starting in the fourth quarter, besides the gradual devotion of the poly-crystalline silicon throughput in the upstream, related Chinese governmental authorities that ensure supply and help stabilize prices also spoke with main manufacturers in the upstream and demanded that they supply at steady prices; as a result, the overall prices of chips got to stabilize.

The skyrocketing prices of chips were mainly due to the following 2 important factors:

A. Net-zero anti-pandemic policy in China
   The International Energy Agency Report shows that as of 2021, China owned 79% of the global poly-crystalline silicon throughput. The net-zero anti-pandemic policy in China seriously impacted the output upstream in the midst of the rampant pandemic. The fact that China maintained the "dynamic net-zero" policy three years after the outbreak of the COVID-19 pandemic not only continued to impact multiple cross-national enterprises relying on sales to China but also led to prices of poly-crystalline silicon chips in the upstream of the solar energy sector constantly reaching new heights, from 39.1 US cents at the beginning of 2020 to nearly 90 US cents in December 2022, an increase of more than 1 fold.

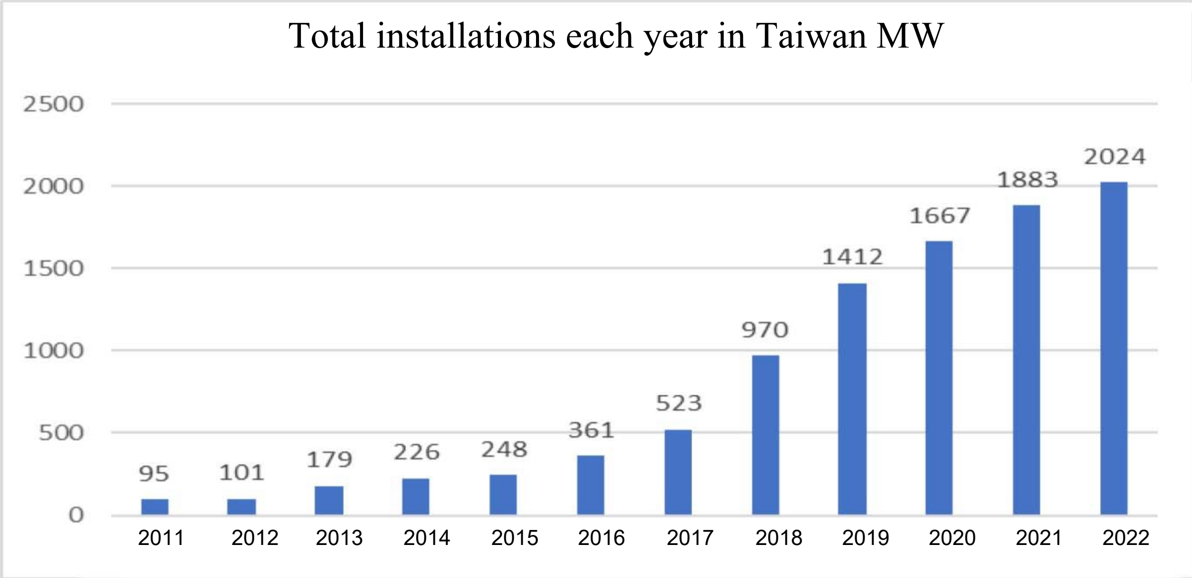
B. Oligopolistic market for upstream poly-crystalline silicon and chip manufacturing

Poly-crystalline silicon is a core fundamental raw material in the solar energy industry chain. Since the second half of 2020, due to the booming demand on the market and rising prices as a result of the oligopolistic upstream, prices of poly-crystalline silicon have risen from below RMB 60 thousand per ton to more than RMB 300 thousand per ton now, an increase of up to 5 folds, resulting in the high manufacturing cost of the industry chain; this is why prices of both chips and batteries rose 23.4% and 21.3% in the beginning of 2022.

2. Concern about Global Inflation and Increase in Interest Rate out of Expectations
Given the rampant pandemic, governments have followed one another over the past couple of years in relaxing their monetary policies while trying to improve the investment momentum and stimulating the domestic economy for improved purchasing power in their country. As funds that are current on the market surge significantly, Fed decided in March 2022 to adopt the belt-tightening policy to raise interest rates in the fight against inflation and the goal is to bring down inflation to 2%. Since the first attempt in March this year, the federal funds rate has been increased by 0.50%, ending the historically low rate of 0.25%. Interest rates were further increased in May, June, September, September, and December to bring the target rate to the range of 4.25% to 4.50%. The first to bear the brunt of inflation is the increase in the interest rate of borrowings. In the solar photoelectricity sector, particularly, 70% to 80% of the funds are from borrowings from banks. For respective investment funds, return on investment would be compared against the long-term rate of government bonds in order to determine whether or not to invest. Interest rates will continue to climb in the future. Whether or not it will impact the solar energy installation is pending observations. Under the impacts of inflation, however, the cost of electricity will climb further. When petrochemical fuels and energy become expensive, in particular, renewable energy will be more competitive.

3. Surge in Demand for Photoelectricity Around the World due to Russia-Ukraine War
The Russia-Ukraine War resulted in a crisis in the supply of natural gas in Europe, which drove EU countries to value the importance of having their own energy again. Accordingly, they introduced quite proactive renewable energy policies and goals, which drove up the acceptance of renewable energy around the world again, too. Not only climate change factors but also energy safety issues are involved. For countries that have been relying on imports of raw materials and regular materials, particularly petroleum, coal, and natural gas, decentralization of renewable energy has gained relatively more attention. Ideas about solar photoelectricity, in particular, hit home versus wind power generation, mainly because of the fact that photoelectricity is free of low-frequency noises and relatively more stable in power generation.

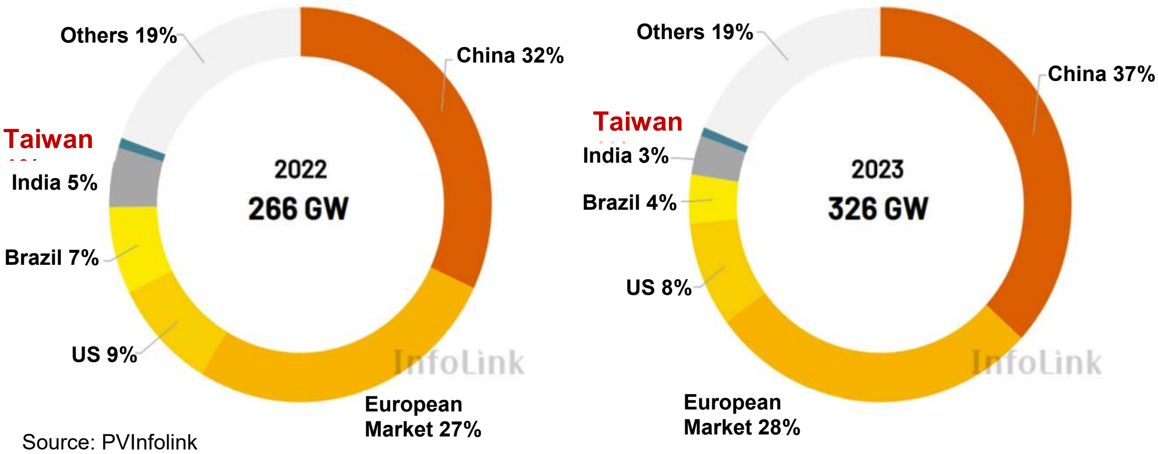
4. Growths in Installations Throughout Taiwan Yet Behind Schedule
The Bureau of Energy data show that the installations as of 2022 came to 2.024GW and the accumulated installations throughout Taiwan as of February 2023 came to 10.168GW; that is, 9.83GW is pending for the goal of 20GW to be fulfilled by 2025, which is mainly because of the delay in approval of projects due to local elections, the lengthy application processes for fishery-solar farm hybrid projects and auxiliary agricultural facilities highly promoted by the government, and the expectation among clients that the wholesale power fee would be increased in 2023.



Outlook of Photoelectric Market in 2023

The market survey institution PVInfoLink forecasts that the overall growth in 2023 is likely to reach above 300GW and will see a significant increase of 22.5% from 266GW in 2022. For the international green energy market, besides the policy support in respective countries, purchases of green energy (mainly solar photoelectricity and wind energy) by enterprises are turning more proactive. The figure below is the PVInfoLink's forecast of global photoelectricity installations:

Distribution of solar photoelectricity demand around the world in 2022



Source: PVInfolink

The following are the main cause analysis of the continuous increase in global photoelectricity installations throughout 2023:

1. Rising Awareness of Energy Crisis

Total installations in the global photoelectricity market kept reaching new heights throughout 2022. Main contributing factors included the Russia-Ukraine War that pushed up prices of oil and the inflationary pressure in countries around the world. They not only impacted the economy but also gave rise to the concern that national security would be undermined by over-dependency on energy from Russia. During winter, people in many European countries rely on natural gas to stay warm. The War made the EU determined to expedite the development of green energy ad to avoid national security relying on Russia or others. The energy crisis will continue to inspire the demand for self-developed and self-use solar photoelectricity devices around the world.

2. International Promotion of Carbon Border Tax and Influence of RE100

Proactive Promotion of Carbon Border Tax among Advanced OECD Countries. Carbon border tax (carbon tariff) refers to the special tariff collected for CO2 emissions from high energy-consuming products upon importation. It targets primarily carbon-intensive products (or high carbon-emission products) among imported ones. The more carbon emissions throughout the manufacturing process, the higher the carbon border tax paid. For green energy, besides the policy support, purchases of green electricity (green energy-generated electricity) by enterprises are turning more proactive. The BloombergNEF (BNEF) report shows that the number of contracts on purchases of green energy-generated electricity by enterprises is climbing each year. In 2021, a total of 355 enterprises signed the global corporate renewable energy initiative (RE100) to promise that 100% green electricity will be used by 2030. As is estimated by the BNEF, additional 246TWh needs to be purchased in 2030 in order to realize the goal, which is around 11.7 times the amount of green electricity purchased by enterprises around the world in 2021 (1TWh=1 million MWh; 1MWh=1,000 kilowatts), indicating that the demand for green energy, particularly solar photoelectricity, will continue to grow.

3. Overall Production Value of Global Energy Storage Equipment to Reach US$262 Billion in 2030
In the development of green energy, energy storage-related equipment is quite important, too. Most green energy-generated electricity is intermittent and electricity generation does not necessarily occur during peak hours. As a result, regulation through energy-storage equipment is required. According to the report released in May 2022 by BNEF, the production value of the green energy sector will reach US$1.5 trillion by 2027, with a compound annual growth rate of about 10% while the global total storage capacity will reach 358GW by 2030, with an overall production value to reach US$262 billion.

To sum up, despite the somewhat climbing commodity prices because of the inflation, compared to other additional and intangible costs of traditional energies, in addition to the rapidly expanding poly-crystalline silicon plants the upstream, solar photoelectricity plus energy storage (photo-storage) will be more competitive in terms of cost and environmental protection. With the "carbon border tax" about to be enforced in advanced OECD countries, under the pressure to meet the carbon reduction goals, governments around the world, particularly major super powers in the world, will have constant demand for green energy each year to avoid paying carbon taxes to other countries. As awareness about protecting the earth to ensure sustainable development rises, the global solar photoelectric market will see continuous rapid growths throughout 2023.

The future development goals of key regions and countries are as follows:

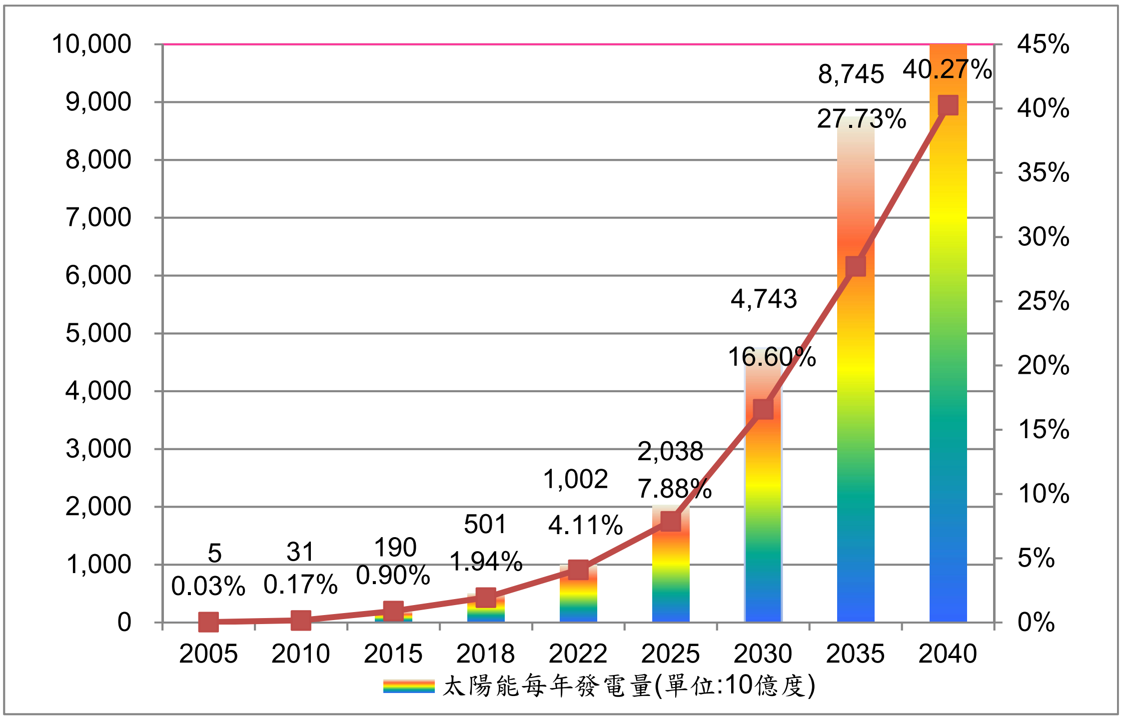
China, being one of the contributors to the rapid growths on the global solar energy market, has a complete supply chain; more than 70% of solar energy modules are supplied from China. The PVInfoLink survey shows that China already reached parity without subsidies in 2022. New installations in the first half of 2022 were around 30.9GW, a year-on-year growth of 137% from last year and they are likely to reach 83GW for the whole year. The installations were mainly surface electricity, accounting for 49%. As the rooftop solar energy policy is being promoted in China, commercial building installations have also reached 39.4%, reaching new heights over the past few years. Supported by its own industry chain in addition to the 14th 5-year Plan and the 2035 Vision/Goal, it is expected that the demand for solar energy modules by 2025 will reach 170GW per year in China.

In order to reduce the demand for energy from Russia, the European Commission released in May 2022 funds worth up to 210 billion Euros to help end the dependency of Europe on fossil fuels from Russia; it is planned to increase the ratio of green energy throughout the EU from the current 40% to 45% by 2030. Germany even changed the year by when the target total green energy-generated electricity will be fulfilled from 2050 to 2035 and plans to have the ratio of wind energy or solar photoelectricity reach 80% by 2030.

Solar photoelectricity installations in the US throughout 2022 slid somewhat from the preceding year. The investment tax credit (ITC) of 30%, however, is extended to 2032 under the Inflation Reduction Act (IRA), which was recently approved in the US. It is estimated by the BNEF that the installed capacities for renewable energies such as solar energy, wind energy, and stored energy will be increased by at least 20% by 2030. Given the carbon reduction tendency and the support from government acts, it is expected that development of green energy in the US is likely to grow at faster rates.

India, the world's third largest carbon generator, has been devoted to coping with environmental protection and pollution over the past few years; its goal is to have half of the energy it consumes replaced by renewable ones such as solar photoelectricity and wind power by 2030. The Indian government indicates that its carbon reduction goal is net zero carbon emissions by 2070 and a reduction of 60 million tons a year by 2030. Non-governmental organizations in India, such as the Adani Group, are proactively building a carbon trade market and trying to expedite energy transformation in the country.

Generally speaking, solar power generation only accounted for 4.11% of the world's total power generation in 2022; the industry is still at its budding stage.



Annual Solar Power Generation (unit: 1 billion kWh)

4. Outlook of the Taiwan market

Most enterprises in Taiwan started off as OEM contractors and therefore, the economy relies mostly on exports. The expedited introduction of ESG scoring and the carbon border tax policy over the past few years by primary countries around the world has impacted the costs borne by the manufacturing sector in Taiwan dearly. Europe and America act the most quickly in terms of collecting carbon border taxes. In the carbon border adjustment mechanism released by the EU, in particular, carbon border taxes are first collected from products with high carbon emissions. The policy will take effect on January 1, 2023 and the grace period ends on December 31, 2025. During the grace period, importers do not have to pay the carbon border tax; nevertheless, they need to report on a quarterly basis the actual embedded emissions of imported items. Starting from 2026, however, the carbon border tax will be collected according to the actual direct emissions. Besides the EU, discussions concerning carbon border tax have taken place in the US, Japan, and Korea as well. There are substantial solutions introduced under certain circumstances. It will impact the manufacturing sector and heavyweight electricity users in Taiwan and will be an invisible hand that pushes the domestic solar photoelectric market to move further forward after 2025.

In order to enforce energy transformation, the Government in Taiwan sets 2025 to be the year by which renewable energy-generated electricity will account for 20% of all electricity. The Bureau of Energy data show that overall installations throughout Taiwan in 2022 were 2.024 GW. Despite continuous growth over the past few years, some were placed on hold in 2022 primarily because of the climbing prices of chips and exchange rates each year and the uncertain costs of commodity prices and return on the end user market. As exchange rates stabilize, in addition to the back-dropping prices of chips, it is expected that installations will reach new heights again throughout Taiwan in 2023. The Company estimates that the overall installations in 2023 will likely exceed 2.5GW, higher than ever; nevertheless, it is far from reaching the goal of 20GW by 2025. The government is bearing pressure to replace nuclear power with green energy beyond description. It is expected that the annual installations from 2023 to 2025 should remain at least above 3.28GW in order to likely fulfill the Stage 1 goal of 20GW.

Overview of Technologies and R&D:

The blueprint of technical development set by TSEC is based on the development of advanced process technology. Therefore, there are many technical thresholds to be overcome. Meanwhile, the technical bottleneck must be continuously broken through to maintain a competitive advantage.

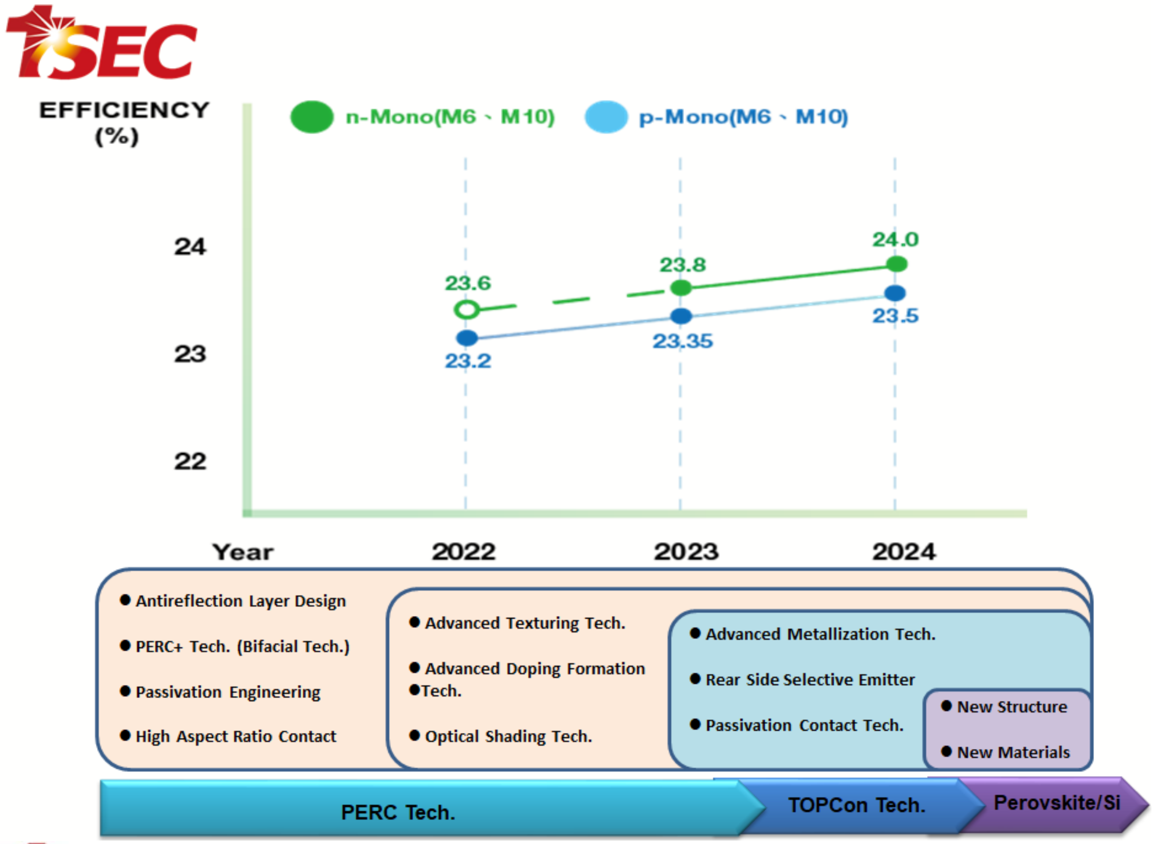
(A) Core technology innovation: All core technologies have been successfully developed and introduced into mass production to expand the leading edge with competitors.

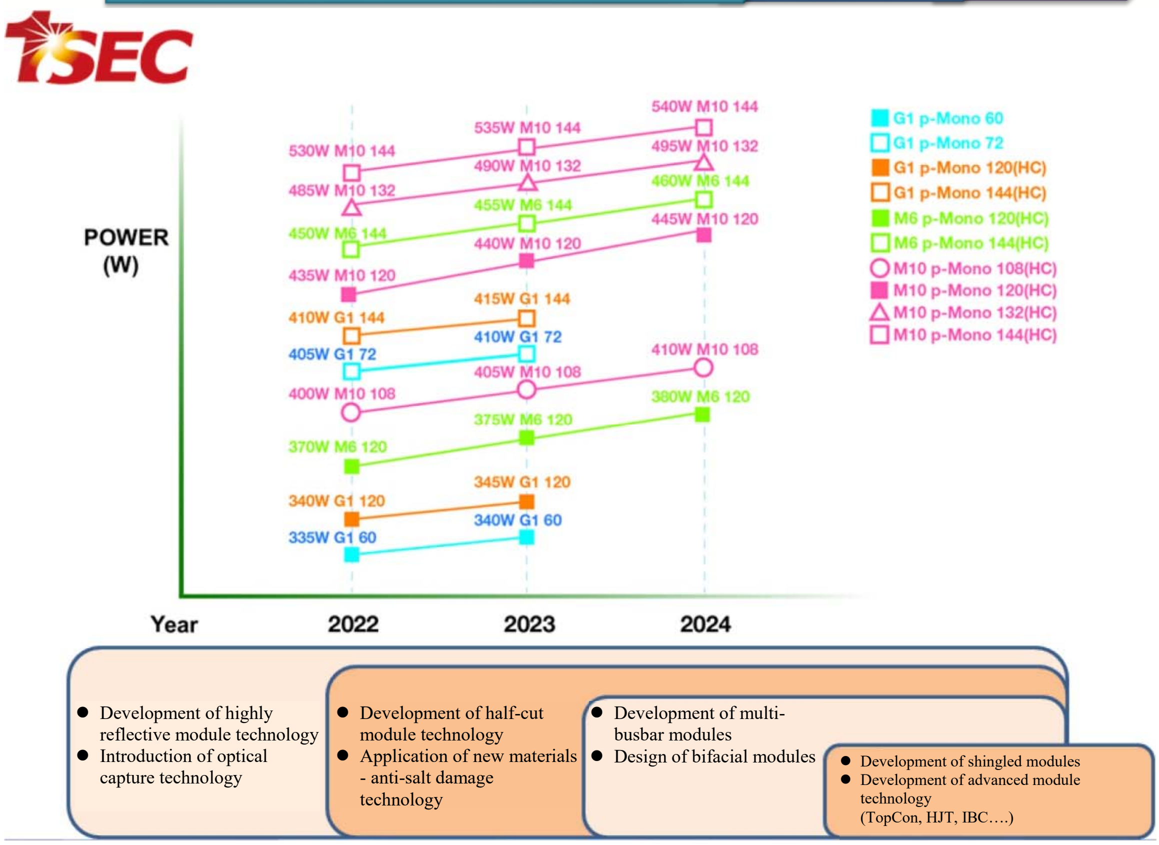
(B) Forward-looking technology development: develop the next generation of innovative forward-looking technologies in advance, and simultaneously carry out industry-academia collaborative plans with the academic community, seeking to develop a new generation of manufacturing process technology, while enhancing its own R&D capabilities and patents of advanced technologies.

(C) Improvement of existing technology: Adjust the improvement of existing manufacturing process technology from time to time based on the latest R&D results, including efficiency improvement, yield improvement, cost reduction, new electrode pattern design, etc., to ensure that the technologies lead.

(D) Key technology development: the development of the Company's unique equipment or manufacturing process technology. The outcomes include the "electric property testing and classification technology and equipment" jointly developed with domestic equipment vendors, which is a unique and pioneering advanced manufacturing process equipment in the domestic solar energy industry. It eliminates the concern that the key technologies are held by foreign equipment manufacturers, and also promotes the upgrading of domestic industrial technology.

The Company's R&D strategy is based on technological autonomy. By combining domestic and foreign research units or upstream equipment vendors, we jointly conduct R&D of high-efficiency, low-cost solar cells and modules, while assessing and planning development of forward-looking technologies with potentials. The following figure shows the Company's main technology description and monocrystalline silicon solar cell technology, module technology development and efficiency improvement blueprint plan:





1. Research and development expenses over the most recent year up to the date the Annual Report was printed

Unit: NT$/NT$thousand

Year / Item	2021	
	Individual financial statement	Consolidated financial statement
Net Revenue (A)	9,005,063	9,005,063
R&D Expense (B)	49,839	49,839
Percentage of R&D Expense in the Net Revenue (%) (B/A)	0.55%	0.55%

2.Technologies or products successfully developed over the past year up to the date when the Annual Report was printed

TSEC Corporation was founded in 2010, and solar cell mass production commenced in 2011. The module plant was established in Pingtung in 2017, and the solar modules were produced massively in 2018. The high-efficiency cells produced in the Hsinchu Plant have been integrated, to further develop the high quality and reliable module products for certain areas in Taiwan's domestic market, as an adoption of the government's green energy policy

The Company also successfully integrates the key equipment through the unique local electric property testing and classification equipment and successfully introduced mass production. The production costs are likely to be reduced significantly. In April 2013, the Company passed the development of a new leading product by the Industrial Development Bureau. The project title was "quasi-monocrystalline solar cell with high efficiency." With great support from the government, the V-Cell quasi-monocrystalline solar cell with high efficiency, was successfully developed in December 2014. The outcome of this development project also included the V-Cell polycrystalline solar cell with high efficiency, so that the V-Cell product line has been more completed and satisfied demands from all clients. In January 2016, the Company passed the "Industrial Energy Technology Project" of the Ministry of Economic Affairs, to receive great support from the government again. At the end of December 2016, the 21.3 % V-Cell monocrystalline solar cell with high efficiency was fully developed, to provide the products with higher performance and quality to the clients.

The Company has been committed to the development and mass production of crystalline silicon solar cells and modules. To meet the customers' demands, various crystalline silicon solar cell and module products are developed, including 6" mono- and polycrystalline-line 3BB, 4BB, and 5BB solar cells in E-Cell series, 5" monocrystalline solar cells, and non-consecutive backside solar cells Currently, the V-Cell monocrystalline, polycrystalline, and quasi-monocrystalline solar cells; half-cut solar cells, bifacial solar cells, and 6x10 and 6x12 full pane and half-cut monocrystalline modules, are developed to meet the actual demands at the downstream clients and pursue the development of solar cells with high efficiency and low cost. The solar optoelectronic products (cells and modules) have been awarded outstanding solar optoelectronic products by the Bureau of Energy, Ministry of Economic Affairs, and Ministry of Economic Affairs for 6 consecutive years. The Company also successfully integrates the key equipment through the unique local electric property testing and classification equipment and successfully introduced mass production. The production costs are likely to be reduced significantly.

The Company emphasizes more on module technology and product development. In 2017, the Company became the first Company in Taiwan to obtain Taiwanese high-efficiency solar photoelectric module certificate under the Voluntary Product Certification by the Bureau of Standards, Metrology, and Inspection (BSMI), MOEA. In the same year, the Company also became the first Company in Taiwan to pass the new European standard, IEC 61215:2016 and IEC61730:2016 certification. The Company's solar modules have passed the solar photoelectric module IEC 60529 (IPX8) test, validated by a third-party impartial institution. This test simulated the hazardous factor of solar modules installed in fish ponds, ponds, and reservoirs with high humidity. The outcomes are sufficient to prove that the Company's solar module products are highly weather-resistant and with highly reliable performance such as water and salt-hazard proof.

In 2018, the Company developed the Shield series modules. The series is not only certified to be safe and toxic-free, but also developed for the special environment with high-humidity, high-heat, strong wind, and high salinity, like the salt beaches and ponds in Taiwan. The Company is the first Company in Taiwan to conduct a water quality inspection after module immersion by engaging a third-party impartial inspection institution approved by the Environmental Protection Agency to sample and test. Various indicators including toxic substances and heavy metal hazardous substances are significantly lower than the standards of drinking water required by the Environmental Protection Agency. The aluminum frame developed by the Company has been verified by a third-party impartial laboratory to have ultra protection in salt beaches and high-salt coastal environments. This is also why the serial modules are named “Shield.”

The Company developed the P-type monocrystalline silicon solar bifacial cell in 2019. It is expected to enhance the solar photoelectric conversion efficiency further if used in certain environment. The Company also started to introduce the refit of the G1 size cell, which will further improve the performance, and products with higher performance and quality may be provided to clients.

In 2020, the Company completed the outdoor testing installation and bifacial cell modules, while actively developing multi-bus bar (MBB) solar cell technology, which is expected to further improve the solar photoelectric conversion efficiency. The Company also began to evaluate the development of large-size cells, which will provide clients with more product options, and products with higher performance and quality may be provided to clients.

In 2021, the Company completed the construction and development of large-size (M6 and M10) cells and modules, and actively introduced solar cell etching technology, which is expected to further improve the solar photoelectric conversion efficiency and the output power of solar modules to provide customers with more efficient and high-quality product options.

In 2022, the Company completed the certification of the only large-size (M10) batteries and modules in Taiwan and actively promoted the diffusion process technology, which is expected to further improve the solar photoelectric conversion efficiency and the output power of solar modules in the future to provide customers with more efficient and high-quality product options.

Year	Development Result	
2011	Integration of key equipment	Integration of electrical property testing and classification equipment
2011	Σ-serial products	6” 2BB polycrystalline solar cells
		6” 3BB polycrystalline solar cells
		6” 2BB monocrystalline solar cells
		6” 3BB monocrystalline solar cells
2012	Σ-serial products	5” 3BB monocrystalline solar cells
		Non-consecutive backside of solar cells
2012	E-Cell serial products	E-Cell polycrystalline solar cells
		E-Cell monocrystalline solar cells
2013	Passed the development of new leading product project by IDB, Ministry of Economic Affairs	The V-Cell quasi-monocrystalline solar cell with high efficiency, was expected for development
2013	V-Cell serial products	V-Cell passivated back monocrystalline solar cell with high efficiency
2014	Conclusion of the project for IDB’s development of new leading product	V-Cell passivated back polycrystalline solar cell with high efficiency
2014	V-Cell serial products	Achieved the intended efficiency goal of the project and passed the reliability testing
2014	V-Cell serial products	V-Cell passivated back quasi-monocrystalline solar cell with high efficiency
2014	V-Cell serial products	V-Cell passivated back quasi-monocrystalline solar cell with high efficiency
	Awarded as outstanding solar optoelectronic products 2014 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
2015	E-Cell serial products	6” 4BB E-Cell polycrystalline solar cells
		6” 4BB E-Cell monocrystalline solar cells
2015	V-Cell serial products	6” 4BB V-Cell polycrystalline solar cells
		6” 4BB V-Cell square monocrystalline solar cells
		6” 4BB V-Cell quasi monocrystalline solar cells
		6” 4BB V-Cell monocrystalline solar cells
	Awarded as outstanding solar optoelectronic products 2015 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
2015	Certified with EU IEC 61215:2005 and IEC61730:2004 for solar modules	Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (340W)
		Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (285W)
2015	Certified with Japan Electrical Safety & Environment Technology Laboratories in Japan for solar modules	Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (325W)
		Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (270W)
2016	Passed the “Industrial Energy Technology Project” of the Bureau of Energy, Ministry of Economic Affairs	The V-Cell monocrystalline solar cell products with high efficiency, was expected for development
2016	E-Cell serial products	6” 5BB E-Cell polycrystalline solar cells
		6” 5BB E-Cell monocrystalline solar cells
2016	V-Cell serial products	6” 5BB V-Cell polycrystalline solar cells
		6” 5BB V-Cell monocrystalline solar cells
2016	Won the Enterprise Innovation Awards of the	6” 5BB V-Cell quasi monocrystalline solar cells

Year	Development Result	
	2016 National Innovation Award	6” 5BB V-Cell square monocrystalline solar cells
	Awarded as outstanding solar optoelectronic products 2016 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (375W)
	Certified by the American UL 1703 2002/03/15 Ed:3 for solar modules	
		Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (315W)
2017	Concluded the “Industrial Energy Technology Project” of the Bureau of Energy, Ministry of Economic Affairs	Achieved the intended efficiency goal of the project and passed the reliability testing
	V-Cell serial products	6” 4BB V-Cell polycrystalline half-cut solar cells
		6” 4BB V-Cell monocrystalline half-cut solar cells
		6” 5BB V-Cell polycrystalline half-cut solar cells
		6” 5BB V-Cell monocrystalline half-cut solar cells
	The first Taiwanese company received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA	Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (290W)
	Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA	Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (360W)
		Solar photoelectric module of 60 pieces 6” polycrystalline solar cells (285W)
	The first Taiwanese company certified with the new European standards IEC 61215:2016 and IEC61730:2016	Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (370W)
	The simulated solar photoelectric modules were installed in the high-humid environments such as fish ponds, ponds, and dams, and tested via Module IEC 60529 IPX8	Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (310W)
	Awarded as outstanding solar optoelectronic products 2017 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
2018	The first Taiwanese company received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA	Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (315W)
	Awarded as outstanding solar optoelectronic products 2018 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
	Simulated the impacts from solar photoelectric modules to the ecosystems in dams, and the test was conducted on drinking water where the module was immersed.	
	The aluminum frame passed the 24-day Copper Accelerated Salt Spray Test (CASS Test)	
	Development of modules of Shield Series	Water surface solar photoelectric module of 60 pieces 6” monocrystalline cells
		Salt beach solar photoelectric module of 60 pieces 6” monocrystalline cells

<table>
<tr><th>Year</th><th colspan="2">Development Result</th></tr>
<tr><td></td><td></td><td>General solar photoelectric module of 60 pieces 6” monocrystalline</td></tr>
<tr><td rowspan="3">2019</td><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td rowspan="3">Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (325W)
Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (380W)
Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (330W)
Solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (390W)</td></tr>
<tr><td>Obtained the MIT Simile Label for products made in Taiwan</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2019 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td rowspan="3">2020</td><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td rowspan="3">Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (345W)
Bifacial solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (340W)
Solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (410W)
Bifacial solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (405W)</td></tr>
<tr><td>Obtained the MIT Simile Label for products made in Taiwan</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2020 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td rowspan="5">2021</td><td>Obtained the MIT Simile Label for products made in Taiwan (M6 Battery)</td><td rowspan="5">Development of M6 single crystalline PERC cells
Solar photoelectric module of 60 pieces M6 monocrystalline half-cut (120 sub-panes) solar cells (385W)
Solar photoelectric module of 72 pieces M6 monocrystalline half-cut (144 sub-panes) solar cells (465W)</td></tr>
<tr><td>Integration of new key equipment</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2021 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td>M6 Module certified with IEC 61215:2016 and IEC61730:2016</td></tr>
<tr><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td></tr>
<tr><td rowspan="5">2022</td><td>Obtained the MIT Simile Label for products made in Taiwan (M10 Battery)</td><td rowspan="5">Development of M10 single crystalline PERC cells
Solar photoelectric module of 54-pane M10 monocrystalline silicon half-cut (120 sub-panes) solar cells (410W)
Solar photoelectric module of 60-pane M10 monocrystalline silicon half-cut (144 sub-panes) solar cells (460W)
Solar photoelectric module of 66-pane M10 monocrystalline silicon half-cut (120 sub-panes) solar cells (505W)
Solar photoelectric module of 72-pane M10 monocrystalline silicon half-cut (144 sub-panes) solar cells (540W)</td></tr>
<tr><td>M10 Module certified with IEC 61215:2016 and IEC61730:2016</td></tr>
<tr><td>M10 Module was UL certified.</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2022 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td></tr>
</table>

3.Future R&D Plans

The direction and plans for the future R&D are as following:

(1)Deepening the Partnerships: providing stable and quality sources of batteries and modules, such as silicon chips, gel materials, back plate, and EVA, to ensue the technology leadership for the Company's product R&D.

(2) Establishing the self-manufacturing capability of the local equipment vendors: decreasing production costs and secure the self-owned technologies, for improving the overall industry momentum.

(3) Cultivation of R&D Talents: partnering with scholars in the solar energy field at colleges in Taiwan. Not only developing innovative process technologies, but many talents in the solar energy field are also cultivated. It is also expected to engage them for the Company, to establish an outstanding model of industry-academia partnership.

II. Overview of Market and Production/Sales

(I) Market Analysis

1. Sales Regions of Major Products

Unit: NT$thousand; %

Sales Region \ Year	2021		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Asia	6,154,723	99.96	8,989,304	99.82
Europe	2,052	0.03	-	-
America	-	-	15,759	0.18
Others	417	0.01		-
Total	6,457,192	100.00	9,005,063	100.00

(II) Key Purposes and Production Processes of Major Products 1. Key Purposes of Major Products

Solar cells transform luminous energy directly to electrical energy without consuming fuel, generating no waste or pollution. There is no driving component in cells, so there is no noise. Under normal usage condition, the life span of the products may be as long as 25 years or more. The outer sizes of the solar cells are variable to meet demands, from the small sizes of consumer electronic products like watches, small calculators, battery chargers, Solar powered vehicles, and power supply to residences, up to the standalone power stations. The application is wide-ranged.

2. Production/Preparation Processes of Primary Products

The manufacturing process of solar cells is similar to IC, but the clean room of grade 100 is not required. First the solar chips are washed and etched, to form PN connecting surface via expansion. The reflection film (decreasing reflection of sunshine) is coated, and through screen printing and sintering, the metal contact is completed. A solar cell is completed after the test of (I-V).

(III) Supply Status of Major Materials

Item	Major material	Supplier	Supplying status
1	Silicon chips	LONGi	Good/Stable
		CMC	Good/Stable
2	Conductive gel	Shutter Precision	Good/Stable
		Giga Solar	Good/Stable
3	Module aids	Flat Glass	Good/Stable
		Taiho	Good/Stable
		Jiangtai	Good/Stable
		First	Good/Stable
		Gigastorage	Good/Stable

1. Balance the inventory level and the inventory cost depending on the circumstances to stabilize the supply of raw materials and to strike a balance between the inventory level and the inventory cost.

2. Work with mainstream gel materials and module aids suppliers in Taiwan and in Mainland China and proactively introduce other competitive suppliers. Continue to screen and test optimized and weather-resistant conforming materials, and obtain the most competitive prices through open tenders. Ensure steady supply of gel materials and module aids and that they are the best preferred prices.

(IV) A list of any suppliers and clients accounting for 10% or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures

1. Major supplier in the recent 2 years

Unit: NTD thousand

Item	2021				2022			
	Name	Amount	Percentage in the net purchase of whole year	Relation with the issuer	Name	Amount	Percentage in the net purchase of whole year	Relation with the issuer
1	ZHH	903,770	19.63	Nil	XIL	1,643,838	26.60	Nil
2	XIL	751,976	16.33	Nil	ZHH	1,269,422	20.54	Nil
3	Flat Group	463,190	10.06	Nil	Flat Group	408,108	6.60	Nil
	Others	2,485,278	53.98	—	Others	2,858,535	46.26	—
Net purchase		4,604,214	100.00	—	Net purchase	6,179,903	100.00	—

Reason of changes to purchase: mainly due to business growth and procurement planning

2. Major clients in the recent 2 years

Unit: NTD thousand

Item	2021				2022			
	Name	Amount	Percentage in the net sale of whole year	Relation with the issuer	Name	Amount	Percentage in the net sale of whole year	Relation with the issuer
1	Company S	707,147	11.31	Nil	Company S	1,432,853	15.91	Nil
2	Company J	626,145	10.01	Nil	Company G	857,363	9.52	Nil
	Others	4,920,674	78.68	—	Others	6,714,847	74.57	—
Net sales		6,253,966	100.00	—	Net sales	9,005,063	100.00	—

Reason of changes to purchase: mainly due to market demands and business planning

(V)Volumes and values of production in the recent 2 years

Unit of throughput: MW; NT$thousand

Year / Production volume and value / Main product (or department)	2021			2022		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Solar cell panes	600	583.52	3,287,774	800	754.14	4,944,467
Solar Module	680	592.00	5,839,910	800	667.32	7,800,130
Total	1,280	1,175.52	9,127,684	1,600	1,421.46	12,744,597

Reason of changes to purchase: responses to the business growth and business planning

(VI) Volumes and values of sales in the recent 2 years

Year / Sales volume and value / Main product (or department)	2021				2022			
	Domestic sale		Overseas sale		Domestic sale		Overseas sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Solar cell	-	-	8.47	28,603	77.45	4,520	5,321.73	104,366
Solar Module	569.77	6,076,931	-	-	1,888.72	8,734,197	—	—
Other operating revenue	-	51,658	-	-	-	161,980	—	—
Total	572.31	6,128,589	8.47	28,603	1,966.17	8,900,697	5,321.73	104,366

Reason of changes to purchase: responses to the market demands and business planning

III. In the most recent 2 fiscal years and up to the annual report publication date, the number of employees, average years of service, average age, and academic background distribution

Unit: person/year/year-old

Item		2020	2021	2022
Number of employee (persons)	Manager	12	11	12
	Direct employees	172	190	203
	Indirect employees	953	1165	1671
	Total	1,137	1366	1886
Mean age (year old)		33.3	33.75	33.3
Mean number of years in service		3.73	3.68	3.19
Distribution of academic background %	Ph D.	0.53	0.59	0.37
	Master	7.74	6.73	5.57
	Junior college	63.15	65.30	68.61
	Senior high school	27.26	25.70	23.59
	Junior high and lower	1.32	1.68	1.86
	Total	100.00%	100.00%	100.00%

IV. Disbursements for Environmental Protection

(I) Information on the application, payment, or setup status of those that should apply for a permit for setting up polluting facilities or discharging pollutants or pay pollution control and prevention fees or set up exclusive units or staff to take charge of environmental protection as required by law:

1. Application of pollution discharge permits

April 30, 2023

A. Hsinchu Plant

Item	Name and description of the Permit
Operation permit of stationary pollution source	On May 30, 2012, the Hsinchu plant has been approved by Hsinchu County Government for the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Chu-Xian-Huan-Kong-Tsao-Zheng-Zi No. J0922-00) On March 9, 2023, Hsinchu County Government approved the changes of the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Chu-Xian-Huan-Kong-Tsao-Zheng-Zi No. J0922-06)
Permit of Water Pollution Prevention Measure Program	On September 26, 2011, the Hsinchu plant has been approved by Hsinchu County Government for the permit document of water pollution prevention (Approved with Letter Zhu-Xian-Huan-Pai-Xu-Zi No. 00814-00) On October 29, 2021, Hsinchu County Government approved the extension and change to the permit document for water pollution prevention (Approved with Letter Zhu-Xian-Huan-Pai-Xu-Zi No. 00814-04)
Waste Disposal Plan	On September 15, 2011, the Hsinchu plant has been approved by Hsinchu County Government for the industrial waste disposal plan (Approved with Letter Fu-Huan-Yeh-Zi No. 1000107925). On September 26, 2020, Hsinchu County Government approved the changes to the industrial waste disposal plan (Approved with Letter Fu-Shou-Huan-Ye-Zi No. 1098658107)

B. Pingtung Plant:

Item	Name and description of the Permit
Installation permit of stationary pollution source	On January 30, 2023, the Pingtung Plant was approved by the Pingtung County Government for the installation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M03) (Ping-Fu-Huan-Kong-She-Zheng-Zi No. T0704-00)
Operation permit of stationary pollution source	On March 14, 2019, the Pingtung plant has been approved by Pingtung County Government for the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0875-00) On October 7, 2021, Pingtung County Government approved the changes of the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0875-02)

Item	Name and description of the Permit
	On May 26, 2022, the Pingtung Plant was approved by Pingtung County Government for the operation permit of stationary pollution source under the “Manufacturing Procedures of Solar Cell Manufacturing” (M02) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0932-00)
Permit of Water Pollution Prevention Measure Program	On March 20, 2018, the Pingtung plant has been approved by Pingtung County Government for the permit document of water pollution prevention (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-00)
Discharge Permit for Water Pollution Prevention	On November 21, 2018, the Pingtung Plant was approved by Pingtung County Government for the discharge permit of waste water to the surface water (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-00) On February 4, 2023, the Pingtung Plant was approved by Pingtung County Government for the discharge permit of waste water to the surface water (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-02)
Waste Disposal Plan	On June 29, 2018, the Pingtung plant has been approved by Pingtung County Government for the industrial waste disposal plan (Approved with Letter Ping-Fu-Huan-Fei-Zi No. 10732516100) On March 2, 2022, Pingtung County Government has approved the industrial waste disposal plan (Approved with Letter Ping-Fu-Huan-Fei-Zi No. 11130941100)

2. Pollution prevention fee payables and the payment

Unit: NTD thousand

Category	2020	2021	2022
Hsinchu Plant- treatment expenses of sewage plant	4,844	5,192	8,042
Hsinchu plant- air pollution prevention expenses	228	310	509
Hsinchu plant- soil pollution prevention expenses	14	22	23
Pingtung plant- water pollution prevention expenses	1	3	23
Pingtung plant- air pollution prevention expenses	607	1,085	1,217
Pingtung plant- soil pollution prevention expenses	1	2	1

3. If dedicated staff and unit for environmental affairs are required, the implementation:

A. Hsinchu Plant

(1) Dedicated Air Pollution Control Specialist (Class A): Wang, Tsung-Yuan (105) Huan-Shou-Shum-Zheng-Zi No. FA230127

(2) Dedicated Wastewater And Sewage Treatment Specialists (Class B): Wang, Tsung-Yuan (104) Huan-Shou-Shum-Zheng-Zi No. GA010581

(3) Waste Disposal Technician (Class B): Wang, Tsung-Yuan (105) Huan-Shou-Shum-Zheng-Zi No. HA041013

B. Pingtung Plant

(1) Dedicated Wastewater And Sewage Treatment Specialists (Class B): Lin, Man-Ting (110) Huan-Shou-Shum-Zheng-Zi No. GA180539

(2) Waste Disposal Technician (Class B): Lin, Man-Ting (108) Huan-Shou-Shum-Zheng-Zi No. HB440385

(II) List the investment to the major equipment for preventing environmental pollution, the usages, and possible benefits.

A. Hsinchu Plant:

December 31, 2022/Unit: NT$Thousand

Name of Equipment	Quantity	Date of Acquisition	Cost of an investment	Undiscounted balance	Purpose and expected potential effects generated
Scrubbing tower	1 set	April 2011	79,978	35,933	Preventive equipment for air pollution/ Proper treatment of wasted gas; compliant with the regulatory requirements
Equipment for organic treatment of gas emission	One set	April 2021	12,142	5,504	
SEX-004 Equipment for organic treatment of gas emission	One set	October 2016	994	550	
AEX-004 Scrubbing tower	One set	October 2016	841	478	
NOx emission treatment system	One set	October 2016	444	253	
Dust collection and emission treatment system for manufacturing process	One set	October 2016	4,600	2,634	
Wasted water treatment system	One set	June 2011	62,953	17,532	Preventive equipment for water pollution/ Proper treatment of wasted water; compliant with the regulatory requirements

B. Pingtung Plant:

December 31, 2022/Unit: NT$Thousand

Name of Equipment	Quantity	Date of Acquisition	Cost of an investment	Undiscounted balance	Purpose and expected potential effects generated
Gas emission system for general manufacturing process	1 set	May 2018	7,324	5,410	Preventive equipment for air pollution/ Proper treatment of wasted gas; compliant with the regulatory requirements
Air pollution control equipment	1 set	April 2021	6,720	6,020	
Wasted water treatment system	1 set	May 2018	16,700	12,081	Preventive equipment for water pollution/ Proper treatment of wasted water; compliant with the regulatory requirements

(III) In the most recent fiscal years and up to the annual report publication date, the process of the Company to improve the environmental pollutions. Shall there be any pollution disputes, the dealing process shall be explained.

The Company is a professional solar cell and module manufacturer. While pursuing the growth of corporate, we promote renewal energy and apply resource properly to lower the environmental pollution for the sustainable development of environment. Therefore, high standards of environmental specifications were referred for the pollution prevention facilities when designing the plant. Once the plant was completed, the ISO 14001 environment management system was also built. The Hsinchu Plant in 2011 and the Pingtung Plant in 2018 were certified for their environmental management system (ISO 14001) and external certifications have occurred thereafter each year to keep the ISO 14001 Certificate valid. The continual improvements are made based on P.D.C.A system management and pollution prevention facilities are tested by qualified testing institutions regularly to ensure their preventive performance. Related operating specifications are created and monitored to keep pollution prevention facilities functioning normally.

The Hsinchu Plant obtained the SGS ISO 14064-1 Greenhouse Gas Inventory Validation Declaration based on the ISO 14064-1 standards in October 2012, and subsequent declarations are obtained through continuous spontaneous inventory checks. By referring to the international carbon footprint standards e.g. “PAS 2050” and “ISO 14067,” the SGS PAS 2050 Product Carbon Footprint Verification Declaration was obtained in February 2013, and BSI/ ISO/TS 14067 Product Carbon Footprint Verification Declaration was obtained in October 2015.

The Pingtung Plant obtained the TUV ISO 14064-1 Greenhouse Gas Inventory Validation Declaration based on the ISO 14064-1 standards in January 2023, and subsequent declarations are obtained through continuous spontaneous inventory checks.

(IV) In the most recent fiscal years and up to the annual report publication date, losses and penalties suffered by the Company due to environmental pollution incidents (including any compensation), and disclosing corresponding measures being or to be taken (including corrective measures and possible expenditure (including the estimated amounts of possible losses, penalties, and compensation if the corresponding measures

are not taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.): Nil

(V) Describe the current pollutions, effects of improving such on the Company's earnings, competitive position, and capital expenditure, as well as the expected key environmental capital expenditure in the next 2 year: Nil.

(VI) Disclose the protective measures taken in employees' working environment and for their safety, and the implementation

1. Establishment of occupational health and safety management system: Once the plant was completed, the environment, safety, and health management system was created based on OHSAS 18001, and TOSHMS standards. The Hsinchu Plant in 2011 and the Pingtung Plant in 2018 were certified for their Environmental and Occupation Health and Safety Management System and Taiwan Occupational Safety and Health Management System (OHSAS 18001 & TOSHMS) and external certification has occurred thereafter each year to keep the OHSAS 18001 (ISO 45001 since 2020) and TOSHMS certificates valid. The occupational health and safety management system is conducted via identification the hazardous factors, risk assessment, and control. The systematic operations are applied to prevent incidents and lower the hazardous risk to employees for safer environment.
2. Safety training: Safety training are the means to communicate the safety concept and knowledge to the employees. Annual safety training plans are established every year. Not only shall the newly recruited complete the statutory training such as general health and safety and hazard knowledge,

   but the fire drills are also conducted every year. Through the practices of using fire extinguishers, operating fire hydrants, and the simulations of evacuation from indoor smoke, the fire drills for all are executed. Also for contingency skills, the employees assigned with firefighting duties are trained for contingency training, including wearing firefighting suits, A-class protective suits, SCBA, and operating wireless communication, firefighting towers, and devices for handling disasters.
3. Preparedness for emergencies on the premises: To keep the premises safe and to prevent emergency disasters from occurring and spreading, sufficient equipment to prevent disasters and deter damages needs to be available. The following equipment needs to be available reflective of the characteristics on the premises in order to fulfill damage prevention and control goals:
   (1) ERC is established as the command center for disaster.
   (2) Medical room is in place; dedicated medical staff provide health advice to employees and the first-aids to injured persons.
   (3) More than 300 CCTVs are in place for monitoring and commanding by ERC and the Central Monitoring Room
   (4) The detectors and alerts for toxic gases are in place, to achieve the safety objective of the operation sites.
   (5) Diesel power generators and EUPS are in place for uninterrupted power supply to the key equipment in plants.
   (6) Earthquake monitors are in place to monitor the impacts from earthquakes to the

plants, and switch off the supply of special gases if required.

(7) The chemical leakage handling devices, Scott Self-contained breathing apparatus (SCBA), A-class protective suits, and firefighting suits are in place to control disasters.

4. Promotion of health: to enhance employee's health, the regular health checks and special health checks are conducted, for employees to understand their health status. The Medical Room also conduct the health classification management and analyze abnormalities found in health check, to establish the annual health promotion plans. The Company values the health of employees and the prevention of occupational diseases. Plans are added based on the Occupational Safety and Health Act, such as the prevention of diseases resulting from abnormal work loads, prevention of ergonomic hazards, health protection for mothers, and prevention of illegal harassment when performing duties. These plans are in place for implementation, so that employees are provided with good working place and thus the occurrence of occupational disease reduced. The efforts made by the Company for promoting employees' health are recognized by the competent authorities. Awards include "Excellent Working Place- Health Management Award," "Certification of Health Working Place- Health Promotion Label," "Certification of Health Working Place- Health Activation Label," and Working Place with Friendly Breastfeeding Room by both the Hsinchu and Pingtung County Government.

V. Labor relations:

(I) A. List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit measures:

(1) The managerial systems are based on the governmental laws and regulations, and the working regulations, management rules, notices are established accordingly. Amendments may be made to accommodate the changes of laws and announced to all employees

(2) Employee benefit implementations

2-1 Other than reasonable wages, Dragon Boat Festival, Mid-Autumn, and Yearend bonuses are distributed based on the Company's and personal performance. The production bonuses are distributed to production staff based on the monthly production performance.

2-2 Dormitories, canteens, and parking lot are provided to employees, as well as the meal subsidies.

2-3 The labor insurance, national health insurance, group insurance for employees and their immediate families are provided pursuant to laws. The labor pensions are contributed monthly as well.

2-4 The Employee Benefits Committee is established to distribute the bonus for birthdays and three key festivals, subsidies for marriage/funerals and other compensation, as well as sponsoring events, and dining, to complete the benefits system.

2-5 Habit groups are formed by employees voluntarily with subsidies from the Company. Events are held regularly to enhance mental and physical health.

2-6 The Company partners with many companies to provide discounts for employees' consumptions.

(3)Health and Safety

3-1 The Medical Room is established and medical staff are hired to keep the employees' health in check, with health advices from time to time.

3-2 The Company partners with major hospitals. Physicians provides medical consultancy in the working places monthly, and the health of employees are tracked regularly.

3-3 Annual health-promoting events are held, such as a weight-loss contest, or health seminars talking about blood pressure.

3-4 To ensure occupational safety and promote awareness of disaster prevention, the occupational safety unit should regularly conduct fire escape drills and evacuation drills for the entire plant and establishes an emergency operation center to keep abreast of the safety situation of the plants.

2. Employee education and training

(1)To improve the quality of employee training, the "Training Committee" is in place to formulate the training policies and plan the annual training programs, for diversified training

(2)Six training systems, including new-recruited training system, quality training system, environment safety training system, professional training system, management training system, and self-motivation training system, are covered by the Company's training framework.

(3) Via internal training related to duty performance, and training in domestic and foreign institutions, it is expected to enhance employee quality, cultivate professional talents, develop human resources, and improve training quality and environment, as the preliminary goals.

(4) The outcomes of our training have been recognized by the Workforce Development Agency, Ministry of Labor with the TTQS Bronze Medal, Enterprise Version on November 1, 2018.

3. Retirement system and implementation

(1) The new system of labor pension is applicable to all employees.

(2)To enable employees to work with peace of mind, and provide stable retirement life. Based on the Labor Pension Act, 6% of personal insured wage is contributed to the personal pension account at the Labor Insurance Bureau monthly. The contributions made in 2021 are as the following:

Pension Scheme	Old system	New system
Laws applicable	Labor Standards Act	Labor Pension Act
Contribution method	2% of the total employee wage is contributed to the special account in Bank of Taiwan (originally the Central Trust Bureau) under the Company's name.	6% of personal insured wage is contributed to the personal pension account at the Labor Insurance Bureau based on the insurance range.
Amount of Contribution	Nil	NT$39,648 thousand was contributed in 2022.

(3) Any voluntary contribution from the workers will be deposited to the same account accordingly.

4. Negotiation between Laborer and Employer:

(1) The Company operates in an industry to which the Labor Standards Act is applicable. Other than convening labor meetings and announce the minutes of such meetings as required, the Company also has employee mailbox in place for employees to express their suggestions and ideas. All operations comply with the Labor Standards Act and the related laws and regulations.

(2) The Company values the labor relation. To keep smooth communication channels between employees and employer, regulate fair and reasonable working terms for compliance by both parties, and develop harmonious and stable labor relations, other than regular labor negotiation meetings, the Company signed the first group accord with the enterprise union at the New Taipei City Government on November 13, 2019, and signed the group accord with the Pingtung enterprise union. Such are deemed as the milestone for the labor-management harmony and labor incident handling on June 12, 2020. The group accord is very productive, and helpful to protect rights of both parties, enhance work performance, and harmonize the labor relation. The protection in the regards of labor health and safety are explicitly specified. The renewal negotiation procedures for the group accord may be promptly activated when laws and regulations change in the future.

5. Implementation of Employee Benefit Protection:

The other employee benefits are handled pursuant to the related laws and regulations, please refer to the description in "5. Operation Overview, IV. Environment Expenditure Information (VI)"

(II) List the losses as a result of labor-management disputes and disclosure of current and possible future estimates and countermeasures over the most recent year up to the date the Annual Report was printed. If reasonable estimates are impossible, state the facts why they cannot be reasonably estimated:

1. Request for payment of wages from the plaintiff former employee Chen and Lin against the Company. Chen and Lin, on the cause of unpaid shift rotation allowances for committee affairs leave, special leave, or maternity leave while in service, filed with the Taiwan Hsinchu District Court to request payment of the wages. A civil verdict was rendered (2021 Zhubei-Lao-Xiao-Zi-No. 5) by the court; it was ruled partially in favor of Chen and Lin and partially against them. Chen and Lin, however, appealed and their appeal was overruled

through the civil verdict rendered by the Taiwan Hsinchu District Court (2021 Lao-Xiao-Zi-No. 2) and case was finalized.

2. Request for resolving infringement between the Company and the TSEC Corporation Labor Union (the Union). The Union, on the cause that the requirement in the Company's Compensation Management Guidelines that "no shift rotation allowances will be paid for leaves" infringes upon the rights of its members, filed in November 2020 with the Taiwan Hsinchu District Court for resolving the infringement. A civil verdict was rendered by the court (2021 Lao-Su-Zi-No. 26); it was ruled in favor of the Company. The Union appealed with the Taiwan High Court and a civil verdict was rendered by the High Court (2021 Lao-Su-Zi-No. 137); it was ruled partially in favor and partially against respective clients. Both parties appealed. The whole case is being heard in the Supreme Court now.
3. Request for payment of wages between the Company and the TSEC Corporation Labor Union (that is, the legal entity determined by the selected 58 people). The Union, on the cause of unpaid shift rotation allowances for committee affairs, leave, special leave, or maternity leave while in service, filed with the Taiwan Hsinchu District Court to request payment of the wages in January 2021. A civil verdict was rendered (2021 Lao-Su-Zi-No. 37) by the court; it was ruled in favor of the Company. The Union appealed and the Taiwan High Court rendered a final verdict against the Company (2021 Lao-Shang-Yi-Zi-No. 102). The case has been finalized.

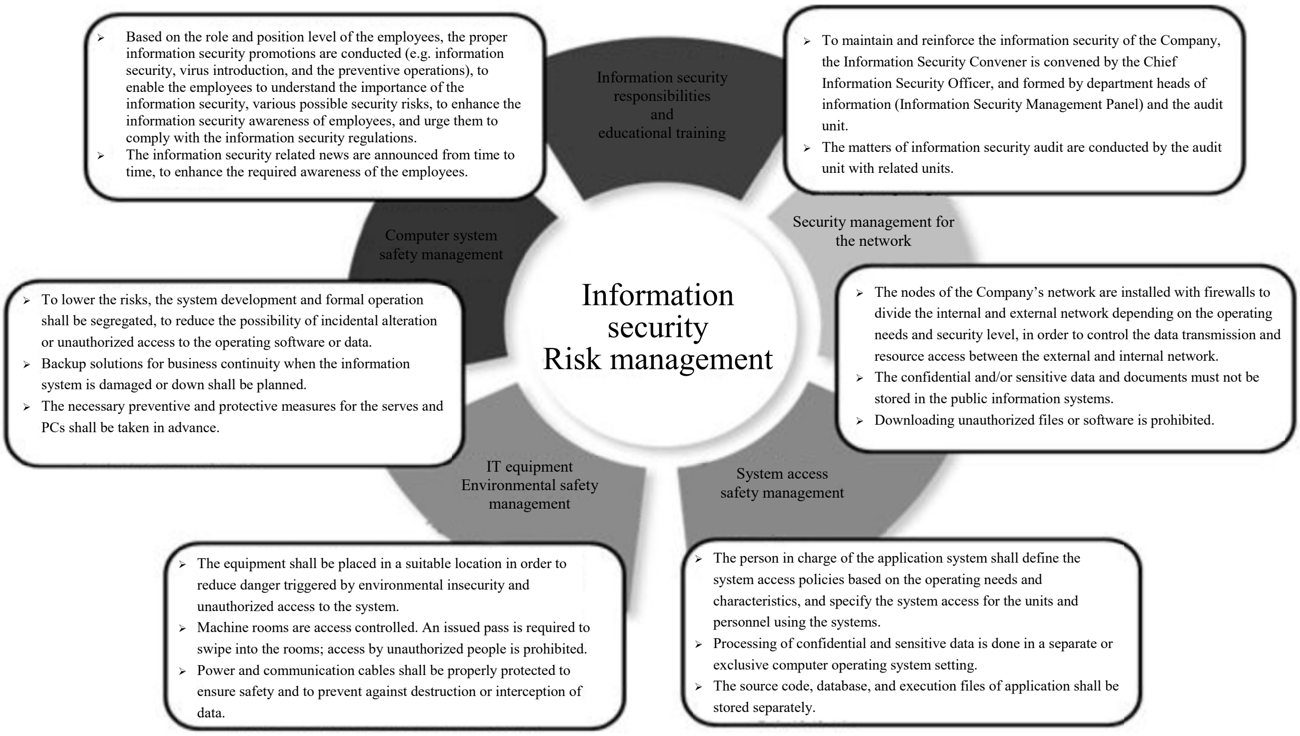
The above-said non-major labor-management disputes did not impact the Company's operations and finance significantly.

VI. Information and Communication Security Management:

(I) Specify the information and communication security risk management framework, the information and communication security policy, the substantial management plans, and resources to be devoted to information and communication security management, etc.:

In order to reinforce information security management, ensure the availability and reliability of data and information, and maintain information security, the Company has prescribed the policies and regulations. The information security policy is the Company's principles for the accountability of the information security management organization, education and training, computer system security management, network security management, information equipment environmental security management, and system access security management.

(1) Cyber security risk management framework



(2) Cyber security policies

- Strictly observe laws and regulations to formulate relevant information security management regulations, and provide appropriate protection measures
- for the Company's information assets, to ensure its confidentiality, integrity, availability and legal compliance.
- Regularly assess the impact of various man-made and natural disasters on the Company's information assets, and formulate disaster prevention measures and disaster recovery plans for important information assets and key businesses, to ensure the continued operation of the Company's business.
- Supervise the employees to implement information security safeguard tasks, and establish the concept that "everyone is responsible for information security," to enhance the awareness of information security of each business department and staff.
- All employees and the vendors who use or link to the Company's computer system are required to strictly observe the Company's information security related regulations. If there is a violation, it will be punished based on the Company's regulations or the contract depending on the circumstances of the violation. In serious cases, they will be sued pursuant to relevant laws.

(II) List the losses as a result of major information and communication security events, their possible impacts, and countermeasures over the past year up to the date when the Annual Report was printed; if reasonable estimation is impossible, why it is impossible shall be specified: This did not happen.

VII. Important Contracts

April 30, 2023

Nature of Contracts	Counterpart	Starting and End Dates of Contracts	Major Content	Restrictive Terms
Syndicated Credit Contract	Chang-Hua Bank, Cooperative Bank, Taiwan Business Bank, Agricultural Bank of Taiwan, Taichung Commercial Bank, Sunny Bank, Entie Commercial Bank, SinoPac Bank, and CTBC Bank	5 years from the date of first use	Loan of NT$ One Billion Two Hundred Fifty Million	The financial statements shall maintain certain financial ratios
Syndicated Credit Contract	Cooperative Bank, Chang-Hua Bank, Bank of Panhsin, Entie Commercial Bank, Taiwan Business Bank, First Bank, Land Bank, Hua-Nan Bank, Taiwan Cooperative Bills, and Mega Bills	Five years from the date of first use	Loan of NT$ Two Billion	The financial statements shall maintain certain financial ratios
Early Stage Technology License Agreement	Chen, Yi-Chen and National Central University	2016/02/01~2023/01/31	Technology License	Nil
Early Stage Technology Transfer License Agreement	Chen, Yi-Chen and National Central University	2021/06/01~2022/05/31	Technology License	Nil
Raw material supply agreement	Zhonghuan Hong Kong Holding Limited	2022/01/01~2022/12/31	Transaction of silicon chips	Maintaining certain procurement volume
Raw material supply agreement	Company Epsilon	2020/09/01~2022/12/31	Transaction of silicone chips	
Transaction contract of modules	Company G	2021/4/15~2022/07/31	Module transaction	Nil
Transaction contract of modules	Company E	2022/03/16~2022/10/30	Module transaction	Nil

Six. Financial Status

I. Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years, showing the name of the certified public accountant and the auditor's opinion given thereby.

(I) Condensed balance sheets and statements of comprehensive income for the past 5 fiscal years

1. Condensed balance sheets and statements of comprehensive income- consolidated financial report

(1) Condensed Consolidated Balance Sheets (Consolidated)

Unit: NTD thousand

Item \ Year		Financial Data in the Recent 5 Years				
		2018	2019	2020	2021	2022
Current asset		1,227,118	1,312,690	3,450,180	3,728,864	4,027,329
Property, Plant and Equipment		6,663,797	6,009,318	4,951,333	4,873,104	5,442,722
Intangible asset		6,968	3,047	1,436	4,254	4,708
Other assets		402,332	526,127	1,015,496	1,623,709	1,833,291
Total assets		8,300,215	7,851,182	9,418,445	10,229,931	11,308,050
Current liabilities	Before distribution	2,497,336	2,936,219	2,106,104	2,650,475	2,911,121
	After distribution	2,497,336	2,936,219	2,106,104	2,650,475	Note 2
non-current liabilities		2,838,761	1,685,267	2,534,007	2,449,909	2,246,164
Total liabilities	Before distribution	5,336,097	4,621,486	4,640,111	5,100,384	5,157,285
	After distribution	5,336,097	4,621,486	4,640,111	5,100,384	Note 2
Equity attributable to shareholders of the parent		2,964,118	3,224,420	4,756,645	5,129,452	6,150,670
Share capital		4,768,550	3,790,167	4,457,967	4,457,967	4,762,967
Capital surplus		332,205	5,460	1,154,811	800,321	1,325,024
Retained earnings	Before distribution	(1,960,588)	(395,691)	(681,541)	46,317	233,728
	After distribution	(1,960,588)	(395,691)	(681,541)	46,317	Note 2
Other equities		(176,049)	(175,516)	(174,592)	(175,153)	(171,049)
Treasury shares		0	0	0	0	0
Non-controlling interests		0	5,276	21,689	95	95
Total Equity	Before distribution	2,964,118	3,229,696	4,778,334	5,129,547	6,150,765
	After distribution	2,964,118	3,229,696	4,778,334	5,129,547	Note 2

Note: The abovementioned financial data are certified by the CPAs.

(2) Condensed Comprehensive Income Statement (Consolidated)

Unit: Except for earnings (deficits) per share that are indicated in New Taiwan Dollar, all are indicated in NT$thousand

Item \ Year	Financial Data in the Recent Five Years				
	2018	2019	2020	2021	2022
Operating Revenue	3,830,638	4,440,874	4,623,829	6,157,192	9,005,063
Operating Gross Income	(657,488)	219,233	487,351	410,762	679,014
Operating Income (Loss)	(1,238,365)	(96,424)	(295,041)	56,702	247,815
Non-operating income and expense	(15,392)	(86,504)	(30,362)	(10,453)	(72,390)
Pre-tax net income	(1,253,757)	(182,928)	(325,403)	46,249	175,425
Continuing operations Current period net profit	(1,211,326)	(200,415)	(284,866)	47,702	189,650
Loss from discontinuing operation	88,017	0	0	0	0
Current period net profit (loss)	(1,123,309)	(200,415)	(284,866)	47,702	189,650
Other comprehensive income recognized for the period (net amount after tax)	(5,918)	533	924	(511)	1,865
Total comprehensive income in the current period	(1,127,227)	(199,882)	(283,942)	47,191	191,515
Net profit attributable to the owner of parent	(1,156,660)	(200,616)	(285,850)	46,317	189,650
Net profit attributable to uncontrolled equity	33,351	201	984	1,385	0
Net profit from total consolidated income attributable to the owner of parent	(1,162,578)	(200,083)	(284,926)	45,756	191,515
Total consolidated income attributable to uncontrolled equity	33,351	201	984	1,435	0
Earnings (deficits) per share (NT$)	(3.86)	(0.60)	(0.74)	0.10	0.41

Note: The abovementioned financial data are certified by the CPAs.

2. Condensed balance sheets and statements of comprehensive income- parent company-only financial report

(1) Condensed Balance Sheet (Standalone)

Unit: NTD thousand

Item / Year		Financial Data in the Recent Five Years				
		2018	2019	2020	2021	2022
Current asset		1,216,423	1,299,188	3,509,202	3,719,656	4,005,069
Property, Plant and Equipment		6,663,797	5,970,526	4,851,851	4,873,104	5,442,722
Intangible asset		6,968	3,047	1,436	4,254	4,708
Other assets		412,834	544,875	1,008,022	1,632,815	1,772,090
Total assets		8,300,022	7,817,636	9,370,511	10,229,829	11,224,589
Current liabilities	Before distribution	2,497,143	2,907,949	2,080,665	2,650,468	2,827,755
	After distribution	2,497,143	2,907,949	2,080,665	2,650,468	Note 2
non-current liabilities		2,838,761	1,685,267	2,533,201	2,449,909	2,246,164
Total liabilities	Before distribution	5,335,904	4,593,216	4,613,866	5,100,377	5,073,919
	After distribution	5,335,904	4,593,216	4,613,866	5,100,377	Note 2
Share capital		4,768,550	3,790,167	4,457,967	4,457,967	4,762,967
Capital surplus		332,205	5,460	1,154,811	800,321	1,325,024
Retained earnings	Before distribution	(1,960,588)	(395,691)	(681,541)	46,317	233,728
	After distribution	(1,960,588)	(395,691)	(681,541)	46,317	Note 2
Other equities		(176,049)	(175,516)	(174,592)	(175,153)	(171,049)
Treasury shares		0	0	0	0	0
Total Equity	Before distribution	2,964,118	3,224,420	4,756,645	5,129,452	6,150,670
	After distribution	2,964,118	3,224,420	4,756,645	5,129,452	Note 2

Note 1: The abovementioned financial data are certified by the CPAs.
Note 2: To be finalized after a decision is made through the Shareholders' Meeting.
Note 3: The Company only prepares parent-only financial reports on an annual basis.

(2) Condensed Comprehensive Income Statement (Standalone)

Unit: Except for earnings (deficits) per share that are indicated in New Taiwan Dollar, all are indicated in NT$ thousand

Item \ Year	Financial Data in the Recent Five Years				
	2018	2019	2020	2021	2022
Operating Revenue	3,992,482	4,454,956	4,702,866	6,253,966	9,005,063
Operating Gross Income	(662,155)	217,395	482,992	400,688	679,014
Operating Income (Loss)	(1,237,414)	(97,800)	(298,598)	48,790	248,091
Non-operating income and expense	(16,343)	(85,558)	(28,393)	(4,779)	(72,666)
Pre-tax net income	(1,253,757)	(183,358)	(326,991)	44,011	175,425
Continuing operations Current period net profit	(1,211,326)	(200,616)	(285,850)	46,317	189,650
Loss from discontinuing operation	54,666	0	0	0	0
Current period net profit (loss)	(1,156,660)	(200,616)	(285,850)	46,317	189,650
Other comprehensive income of the current year (net amount after-tax)	(5,918)	533	924	(561)	1,865
Total comprehensive income in the current period	(1,162,578)	(200,083)	(284,926)	45,756	191,515
Earnings (deficits) per share (NT$)	(3.86)	(0.60)	(0.74)	0.10	0.41

Note 1: The abovementioned financial data are certified by the CPAs.
Note 2: The Company only prepares parent-only financial reports on an annual basis.

(II) CPAs over the past 5 years and their audit opinions

Year	Name of Accounting Firm	Name of Accountants	Audit opinion
2018	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2019	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2020	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2021	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2022	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions

II. Financial Analysis in the Recent 5 Years

1. Comprehensive analysis of financial data over the past 5 years

(1) Financial analysis - Consolidated financial report

Analysis Item (Note 2) / Year (Note 1)		Financial analysis in the recent 5 years				
		2018	2019	2020	2021	2022
Financial structure (%)	Liability to Asset ratio	64.29%	58.86%	49.27%	49.86%	45.61%
	Long-term Fund to Property, Plant and Equipment Ratio	87.08%	81.79%	147.68%	155.54%	154.28%
Solvency (%)	Current Ratio (%)	49.14%	44.71%	163.82%	140.69%	138.34%
	Quick Ratio (%)	25.90%	27.39%	118.27%	72.30%	74.81%
	Times Interest Earned (Times)	(9.09)	(0.54)	(2.67)	1.66	3.52
Operating Performance	Average Collection Turnover (Times)	11.35	16.90	10.77	8.55	9.39
	Days Sales Outstanding	32	22	34	43	39
	Average Inventory Turnover (Times)	6.83	8.10	6.42	4.83	5.09
	Average Payment Turnover (Times)	6.68	8.18	8.25	7.11	8.77
	Average Inventory Turnover Days	53	45	57	76	72
	Property, Plant and Equipment Turnover (Times)	0.55	0.70	0.84	1.25	1.75
	Total Assets Turnover (Times)	0.41	0.55	0.54	0.63	0.84
Profitability	Return on Total Assets (%)	(11.97%)	(1.30%)	(2.48%)	1.06%	2.28%
	Return on Equity (%)	(33.28%)	(6.47%)	(7.11%)	0.96%	3.36%
	Operating Income to Paid-in Capital Ratio (%) (Note 6)	(26.29%)	(4.83%)	(7.30%)	1.04%	3.68%
	Net Margin (%)	(31.62%)	(4.51%)	(6.16%)	0.77%	2.11%
	Earnings Per Share (NT$)	(3.86)	(0.60)	(0.74)	0.10	0.41
Cash flows	Cash Flow Ratio (%)	(4.43%)	14.53%	(6.81%)	18.90%	5.94%
	Cash Flow Adequacy Ratio (%)	29.58%	30.33%	11.11%	12.45%	17.31%
	Cash Flow Reinvestment Ratio (%)	(1.12%)	2.67%	(1.46%)	4.83%	1.55%
Leverage	Operating Leverage	(0.55)	(14.45)	(5.28)	27.00	8.45
	Financial Leverage	0.91	0.45	0.77	(4.28)	1.39

Reasons for the changes in respective financial ratios over the past 2 years.

1. Interest Protection Multiples: Mainly because of the increase in the after-tax net profit of 2022.
2. Operating performance: The increase in net sales of 2022 drove up property, plant, and equipment turnover and total assets turnover.
3. Profitability: Mainly because of the increasing demand on the market in 2022 that significantly drove up the operating income, operating gains, and after-tax net profit.
4. Cash flows: Mainly because of the increase in sales at the end of 2022 and the increase in the accounts receivable at the end of term that drove up the cash flow ratio and the cash reinvestment ratio.
5. Leverage: The reduced operational leverage and the increased financial leverage were the results of the increase in operating gains of 2022.

Note 1: The financial data have been certified by the CPAs.

Note 2: The above calculation formulas are listed below:

1. Financial structure
   (1) Liability to Asset Ratio=Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Solvency
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
   (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Receivable (Including the Receivable and Notes Receivable from Operation)= Net Sales / Average Trade Receivables (Including the Receivable and Notes Receivable from Operation)
   (2) Days Sales Outstanding = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Payables (Including the Payables and Notes Payables from Operation)= Sale Costs / Average Trade Payables (Including the Payables and Notes Payables from Operation)
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity= Net Income / Average Equity

(3) Net Margin = Net Income / Net Sales
(4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent - Preferred Stock Dividend) /Weighted Average Number of Shares Outstanding (Note 3)

5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.
   (2) Cash Flow Adequacy Ratio = 5-year Sum of Cash from Operations / 5-year Sum of Capital (Expenditures, Inventory Additions, and Cash Dividend)
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital). (Note 4)
6. Leverage
   (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note 5)
   (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

Note 3: When measuring the formula of EPS, the followings shall be noted:

1. The basis shall be the weighted average common shares, but not the issued shares at the year end.
2. For any capital increase in cash, or treasury share transaction, the outstanding period shall be considered when calculating the weighted average shares .
3. For any earnings or capital surplus to the capital increase, the retrospective adjustment shall be applied when calculating the EPS of previous years or for 6 months, the issuance period of such capital increase needs not to be considered.
4. If the preference shares are the accumulated preference share not convertible, the dividends of the given year (whether distributed or not) shall be deducted from the net profit after tax, or added to the net loss after tax. If the preference shares are not accumulated, when there is net profit after tax, the dividends of preference shares shall be deducted from the net profit after tax, but no adjustment is needed for loss.

Note 4: Attentions shall be paid to the followings for cash flow analysis:

1. The net cash flow from operating activities refers to the net cash flow from operating activities in the income statement.
2. Capital expenditure refers to the cash outflow of the capital investment every year.
3. The addition of inventory is only calculated when the balance at the end of term greater than the balance at the beginning of the term. If the inventory decreased at the end of the year, it is counted as zero
4. Cash dividends include the cash dividends for common shares and preference shares.
5. Gross property, plant and equipment refers to the total amount of property, plant and equipment before accumulated depreciation.

Note 5: issuers shall categorize all operating costs and operating expenses based on their nature as fixed or variable. If estimation or subjective judgment is involved, reasonability and consistency shall be paid attention to.

Note 6: In case the shares have no par value or the par value is not NT$10, the above-mentioned percentage in the paid-up capital shall be replaced by the equity attributable to the owners of parent company in the balance sheet.

(2) Financial analysis- parent company-only financial report

Analysis Item (Note 2) / Year (Note 1)		Financial analysis in the recent five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Liability to Asset ratio	64.29%	58.75%	49.24%	49.86%	45.20%
	Long-term Fund to Property, Plant and Equipment Ratio	87.08%	82.23%	150.25%	155.53%	154.28%
Solvency (%)	Current Ratio (%)	48.71%	44.68%	168.66%	140.34%	141.63%
	Quick Ratio (%)	25.48%	27.19%	122.57%	71.95%	76.23%
	Times Interest Earned (Times)	(9.09)	(0.55)	(2.71)	1.64	3.56
Operating Performance	Average Collection Turnover (Times)	8.20	18.09	10.98	8.69	9.39
	Days Sales Outstanding	45	20	33	42	39
	Average Inventory Turnover (Times)	6.77	8.13	6.55	4.92	5.09
	Average Payment Turnover (Times)	7.01	8.21	8.41	7.24	8.77
	Average Inventory Turnover Days	54	45	56	74	72
	Property, Plant and Equipment Turnover (Times)	0.61	0.71	0.87	1.29	1.75
	Total Assets Turnover (Times)	0.45	0.55	0.55	0.64	0.84
Profitability	Return on Total Assets (%)	(11.85%)	(1.31%)	(2.51%)	1.03%	2.28%
	Return on Equity (%)	(32.51%)	(6.48%)	(7.16%)	0.94%	3.36%
	Net profit before tax to paid-up capital ratio (%) (Note 6)	(26.29%)	(4.84%)	(7.33%)	0.99%	3.68%
	Net Margin (%)	(28.97%)	(4.50%)	(6.08%)	0.74%	2.11%
	Earnings Per Share (NT$)	(3.86)	(0.60)	(0.74)	0.10	0.41
Cash flows	Cash Flow Ratio (%)	6.94%	14.67%	(10.86%)	19.00%	6.51%
	Cash Flow Adequacy Ratio (%)	33.67%	34.91%	15.33%	25.01%	25.34%
	Cash Flow Reinvestment Ratio (%)	1.76%	4.42%	(2.30%)	4.86%	1.65%
Leverage	Operating Leverage	(0.47)	(14.26)	(5.20)	31.03	8.44
	Financial Leverage	0.91	0.45	0.77	(2.49)	1.38

Reasons for the changes in respective financial ratios over the past two years.

1. Interest Protection Multiples: Mainly because of the increase in the after-tax net profit of 2022.
2. Operating performance: The increase in net sales of 2022 drove up property, plant, and equipment turnover and total assets turnover.
3. Profitability: Mainly because of the increasing demand on the market in 2022 that significantly drove up the operating income, operating gains, and after-tax net profit.
4. Cash flows: Mainly because of the increase in sales at the end of 2022 and the increase in the accounts receivable at the end of term that drove up the cash flow ratio and the cash reinvestment ratio.
5. Leverage: The reduced operational leverage and the increased financial leverage were the results of the increase in operating gains of 2022.

Note 1: The financial data have been certified by the CPAs.

Note 2: For the calculation formula for each of the financial analysis, refer to the clarifications provided on the preceding page (Note 2).

III. Audit Committee's Review Report of Financial Statements of the Past Year

TSEC Corporation
Audit Committee Report

The Board of Directors has produced the Company's 2022 business report, financial statements and annual profit distribution table, and the financial statements (both consolidated and standalone) have been audited by certified accountants Alice Huang and Connie Chen of Deloitte Taiwan, with the auditing report attached. The abovementioned documents have been audited and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

Sincerely,

The 2023 Annual General Meeting

Convener of the Audit Committee: Lin Gu-Tong

March 8, 2023

VI. If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: Nil.

TSEC Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

TSEC CORPORATION

By

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ELLICK LIAO
Chairman

March 8, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TSEC Corporation

Opinion

We have audited the accompanying consolidated financial statements of TSEC Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.(collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS),IFRIC Interpretations of IFRS (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is described as follows:

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

Notice to Readers

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

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

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

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

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

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

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

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

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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

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

e. Foreign currencies

In preparing the financial statements of each individual entity in the Company, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

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

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

f. Inventories

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

g. Investments in associates

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable, accounts receivable from related parties, other receivables, other receivables from related parties, refundable deposits and other financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

ii. Investments in equity instruments at FVTOCI

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

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

b) Impairment of financial assets and contract assets

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

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

m. Hedge accounting

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

<u>Cash flow hedges</u>

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

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

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

n. Provisions

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

o. Revenue recognition

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

Revenue from the sale of goods

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

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

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

Power plant sales

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

Sale of electricity

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

p. Leases

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

1) The Group as lessor

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

2) The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

q. Borrowing costs

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

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

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

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

s. Share-based payment arrangements - employee share options

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

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

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications/climate change and related government policies and regulations when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The management of the Group evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Group.

6. CASH AND CASH EQUIVALENTS

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

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

8. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

a. Accounts receivable/Accounts receivable from related parties

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

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

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

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

December 31, 2022

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

December 31, 2021

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

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

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

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

b. Other receivables

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

9. INVENTORIES

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

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

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

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

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

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

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

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

(Continued)

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

(Concluded)

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

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

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

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

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

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

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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

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

a. Material associate

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

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

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

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

Holdgood Energy Development Corporation

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

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

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

b. Associates that are not individually material

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

Aggregate information of associates that are not individually material:

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

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

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

The Group unrecognized impairment losses in 2022 and 2021.

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

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

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

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

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

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

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

b. Lease liabilities

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

Ranges of discount rates for lease liabilities were as follows:

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

c. Material leasing activities and terms

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

d. Other lease information

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

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

15. INVESTMENT PROPERTIES

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

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

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

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

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

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

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

The fair value as appraised was as follows:

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

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

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

16. OTHER INTANGIBLE ASSETS

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

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

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

17. OTHER ASSETS

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

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

18. BORROWINGS

a. Short-term borrowings

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

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

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2022

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

December 31, 2021: None

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

c. Long-term borrowings

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

1) Syndicated loans

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

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

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

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

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

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

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

19. ACCOUNTS PAYABLE

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

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

20. OTHER PAYABLES

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

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

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

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

22. CONVERTIBLE PREFERRED STOCK

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

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

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

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

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

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

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

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

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

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

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

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

23. EQUITY

a. Share capital - ordinary shares

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

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

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

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

b. Capital surplus

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

(Continued)

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

(Concluded)

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

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

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

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

d. Other equity items

1) Exchange differences on the translation of foreign operations

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

2) Unrealized gain on financial assets at FVTOCI

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

3) Gain (Loss) on Hedging Instruments

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

e. Non-controlling interests

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

24. NET INCOME

a. Operating revenue

1) Contract balance

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

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

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

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

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

2) Details of revenue from contracts with customers

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

3) Partially completed contracts

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

b. Interest income

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

c. Other operating income and expenses

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

d. Depreciation and amortization expenses

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

e. Operating expenses directly related to investment properties

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

f. Employee benefit expenses

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

g. Compensation of employees and remuneration of directors and supervisors

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

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

Accrual rate

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

Amount

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

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

h. Gain or loss on foreign currency exchange

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

i. Finance costs

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

Information about capitalized interest is as follows:

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

25. INCOME TAXES FROM CONTINUING OPERATIONS

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

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

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

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

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

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

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

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

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

g. Income tax assessments

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

26. EARNINGS (LOSS) PER SHARE

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

Net Earnings for the Year

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

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

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

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

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

27. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

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

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

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

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

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

b. Loss on disposal of subsidiary

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

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

29. CASH FLOW INFORMATION

a. Non-cash transactions

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

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

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

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

For the year ended December 31, 2021

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

30. CAPITAL MANAGEMENT

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

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

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2022

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

December 31, 2021

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

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

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

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

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

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

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

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

c. Categories of financial instruments

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

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

Sensitivity analysis

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

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

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

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

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

Hedge accounting

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

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

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

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

December 31, 2022

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

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

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

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

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

b) Interest rate risk

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

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

Sensitivity analysis

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

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

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

2) Credit risk

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

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

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

3) Liquidity risk

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

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

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

December 31, 2022

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

Additional information about maturity analysis for lease liabilities:

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

December 31, 2021

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

Additional information about maturity analysis for lease liabilities:

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

b) Liquidity and interest rate risk for derivative financial liabilities

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

December 31, 2022

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

December 31, 2021

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

c) Financing facilities

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

32. TRANSACTIONS WITH RELATED PARTIES

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

a. The Group's related parties

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

b. Operating revenue

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

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

c. Rent revenue

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

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

d. Other revenue

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

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

e. Accounts receivable - associates

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

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

f. Other receivables- associates

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

Receivables for general service fees and rent.

g. Contract liabilities

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

h. Remuneration of key management personnel

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

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Commitments for construction contracts

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

b. Commitments for material purchasing contracts

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

c. Commitments for equipment purchasing contracts

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

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

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

December 31, 2021

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

The significant unrealized foreign exchange gains were as follows:

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

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others: None

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

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

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

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

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

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

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

9) Trading in derivative instruments: Notes 7 and 31

10) Intercompany relationships and significant intercompany transactions: None

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

c. Information on investments in mainland China: None

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

38. SEGMENT INFORMATION

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

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

a. Segment revenue and results

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

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

b. Segment total assets

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

c. Geographical information

The Group operates principally in Asia.

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

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

d. Information about major customers

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

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

Note 1: Date of signing of the contract.

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

Note 5: Carrying amount includes unrealized gross margin.

Note 6: Eliminated from the consolidated financial statements.

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

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

TABLE 6

TSEC CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

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

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

TSEC Corporation

Financial Statements for the
Years Ended December 31, 2022 and 2021 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, 2022 and 2021 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 a summary of significant accounting policies. (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the 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.

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, 2022. 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, 2022 is described as follows:

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

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

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

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, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

Notice to Readers

The accompanying 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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 825,478	7	$ 1,048,598	10
Accounts receivable (Notes 4, 8 and 23)	1,164,930	11	754,026	7
Accounts receivable from related parties (Notes 4, 8, 23 and 31)	9,498	-	88,484	1
Other receivables (Notes 4 and 8)	15,449	-	12,418	-
Other receivables from related parties (Notes 4 and 31)	1,416	-	196	-
Current tax assets (Notes 4 and 24)	382	-	55	-
Inventories (Notes 4 and 9)	1,699,321	15	1,572,140	15
Other current assets (Notes 16 and 32)	288,595	3	243,739	3
Total current assets	4,005,069	36	3,719,656	36
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 10)	-	-	6,063	-
Investments accounted for using the equity method (Notes 4, 11 and 32)	454,054	4	332,461	3
Property, plant and equipment (Notes 4, 12, 17, 28 and 32)	5,442,722	49	4,873,104	48
Right-of-use assets (Notes 4 and 13)	10,770	-	10,356	-
Investment properties (Notes 4, 14 and 32)	163,159	1	175,260	2
Other intangible assets (Notes 4 and 15)	4,708	-	4,254	-
Deferred tax assets (Notes 4 and 24)	236,844	2	223,392	2
Other non-current assets (Notes 16, 28 and 32)	907,263	8	885,283	9
Total non-current assets	7,219,520	64	6,510,173	64
TOTAL	$ 11,224,589	100	$ 10,229,829	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17, 28 and 32)	$ 856,613	8	$ 598,972	6
Short-term bills payable (Notes 17, 28 and 32)	329,513	3	-	-
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	637	-	243	-
Financial liabilities for hedging - current (Notes 4 and 30)	218	-	-	-
Contract liabilities (Notes 4, 23 and 31)	117,745	1	294,232	3
Notes payable	24	-	-	-
Accounts payable (Note 18)	898,218	8	1,001,106	10
Other payables (Notes 19 and 28)	393,141	3	327,686	3
Lease liabilities - current (Notes 4, 13 and 28)	5,473	-	9,178	-
Current portion of long-term borrowings (Notes 17, 28 and 32)	218,604	2	412,623	4
Other current liabilities	7,569	-	6,428	-
Total current liabilities	2,827,755	25	2,650,468	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17, 28 and 32)	1,931,346	17	2,140,785	21
Provisions (Note 4)	17,140	-	14,695	-
Deferred tax liabilities (Notes 4 and 24)	628	-	1,242	-
Preferred stock liabilities (Notes 4, 21 and 28)	287,949	3	287,949	3
Lease liabilities - non-current (Notes 4, 13 and 28)	5,396	-	1,533	-
Guarantee deposits received (Note 28)	3,705	-	3,705	-
Total non-current liabilities	2,246,164	20	2,449,909	24
Total liabilities	5,073,919	45	5,100,377	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Share capital	4,762,967	42	4,457,967	44
Capital surplus	1,325,024	12	800,321	8
Retained earnings				
Legal reserve	4,632	-	-	-
Special reserve	41,685	-	-	-
Unappropriated earnings	187,411	2	46,317	-
Total retained earnings	233,728	2	46,317	-
Other equity	(171,049)	(1)	(175,153)	(2)
Total equity attributable to owners of the company	6,150,670	55	5,129,452	50
TOTAL	$ 11,224,589	100	$ 10,229,829	100

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

TSEC CORPORATION

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 31)	$ 9,005,063	100	$ 6,253,966	100
OPERATING COSTS (Notes 9, 20 and 23)	8,328,524	92	5,852,878	93
GROSS PROFIT	676,539	8	401,088	7
UNREALIZED LOSS (GAIN) ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	2,425	-	(1,418)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES	50	-	1,018	-
REALIZED GROSS PROFIT	679,014	8	400,688	7
OPERATING EXPENSES (Notes 20, 23 and 31)				
Selling and marketing	104,289	1	94,290	2
General and administrative	233,540	3	197,990	3
Research and development	49,839	1	44,555	1
Expected credit loss reversed (reversal of credit loss) (Note 8)	18,714	-	16,449	-
Total operating expenses	406,382	5	353,284	6
OTHER OPERATING INCOME AND EXPENSES (Note 23)	(24,541)	-	1,386	-
GAIN FROM OPERATIONS	248,091	3	48,790	1
NON-OPERATING EXPENSES				
Finance costs (Note 23)	(79,300)	(1)	(79,125)	(1)
Share of profit or loss of subsidiaries and associates (Notes 4 and 11)	256	-	(5,386)	-
Interest income(Note 23)	6,434	-	1,162	-
Rental income (Note 31)	22,702	-	22,702	-
Other income (Note 31)	13,069	-	16,006	-
Loss on disposal of investments, net (Notes 4 and 11)	-	-	(975)	-
Foreign exchange (loss) gain, net (Note 23)	(20,382)	-	45,070	1
Gains or losses on financial assets (liabilities) at fair value through profit or loss	(15,445)	-	(4,233)	-
Total non-operating expenses	(72,666)	(1)	(4,779)	-

(Continued)

TSEC CORPORATION

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
GAIN BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 175,425	2	$ 44,011	1
INCOME TAX BENEFIT (Notes 4 and 24)	14,225	-	2,306	-
NET PROFIT FOR THE YEAR	189,650	2	46,317	1
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 22)	1,404	-	(392)	-
Loss on hedging instruments subject to basis adjustment (Note 22)	(218)	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	44	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 22)	794	-	(211)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 24)	(159)	-	42	-
Other comprehensive income for the year, net of income tax	1,865	-	(561)	-
TOTAL COMPREHENSIVE INCOME	$ 191,515	2	$ 45,756	1
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.41		$ 0.10	
Diluted	$ 0.41		$ 0.10	

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

TSEC CORPORATION

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

	Share Capital - Ordinary Shares (Note 22)			Retained Earnings (Note 22)			Other Equity (Note 22)			
	Shares (In Thousands)	Amount	Capital Surplus (Notes 22 and 26)	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments	Gain or Loss on Hedging Instruments	Total Equity
BALANCE AT JANUARY 1, 2021	445,797	$ 4,457,967	$ 1,154,811	$ -	$ -	$ (681,541)	$ (700)	$ (173,892)	$ -	$ 4,756,645
Capital surplus used to offset accumulated deficits	-	-	(681,541)	-	-	681,541	-	-	-	-
Issuance of preferred stock for cash	-	-	327,051	-	-	-	-	-	-	327,051
Net income for the year ended December 31, 2021	-	-	-	-	-	46,317	-	-	-	46,317
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	(169)	(392)	-	(561)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	46,317	(169)	(392)	-	45,756
BALANCE AT DECEMBER 31, 2021	445,797	4,457,967	800,321	-	-	46,317	(869)	(174,284)	-	5,129,452
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
Recognition of employee share options by the Company (Notes 22 and 26)	-	-	21,442	-	-	-	-	-	-	21,442
Changes in equities recognition of associates in using equity method (Note 22)	-	-	11	-	-	-	-	-	-	11
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 10 and 22)	-	-	-	-	-	(2,239)	-	2,239	-	-
Net income 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

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

TSEC CORPORATION

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 175,425	$ 44,011
Adjustments for:		
Depreciation	591,358	513,995
Amortization	1,855	1,499
Expected credit loss reversed	18,714	16,449
Net loss on fair value changes of financial instruments at fair value through profit or loss	15,445	4,233
Finance costs	79,300	79,125
Interest income	(6,434)	(1,162)
Shared-based payment expenses recognized	21,442	-
Share of loss (profit) of subsidiaries and associates	(256)	5,386
Loss (gain) on disposal of property, plant and equipment	16,105	(1,386)
Loss on disposal of associates	-	975
Loss on inventories valuation and obsolescence	97,900	44,629
Unrealized (loss) gain on transactions with subsidiaries and associates	(2,425)	1,418
Realized gain on transactions with subsidiaries and associates	(50)	(1,018)
Net gain on foreign currency exchange	(3,029)	(326)
Prepayments for equipment transferred to loss	8,436	-
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(15,051)	54,552
Accounts receivable	(429,168)	(88,616)
Accounts receivable from related parties	78,986	65,497
Other receivables	(1,546)	(1,922)
Other receivables from related parties	(1,220)	39
Inventories	(225,081)	(810,158)
Other current assets	89,572	(90,074)
Contract liabilities	(176,487)	247,524
Notes payable	24	-
Accounts payable	(97,912)	387,315
Other payables	38,062	97,051
Provisions	2,445	2,321
Other current liabilities	1,141	(4,592)
Cash generated from operations	277,551	566,765
Interest received	5,094	1,378
Finance costs paid	(98,367)	(64,515)
Income tax (paid) refunded	(283)	53
Net cash generated from operating activities	183,995	503,681

(Continued)

TSEC CORPORATION

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	$ 7,504	$ -
Increase in investment in subsidiaries accounted for using the equity method	(120,232)	(182,276)
Net cash inflow on disposal of subsidiaries	-	312
Payments for property, plant and equipment (Note 28)	(1,110,888)	(826,262)
Proceeds from disposal of property, plant and equipment	830	1,769
Increase in refundable deposits	(1,981)	(126,047)
Decrease in other receivables	-	17,700
Payments for intangible assets	(2,309)	(4,317)
Increase in other financial assets - restricted assets	(156,708)	(17,634)
Dividends received	2,138	-
Net cash used in investing activities	(1,381,646)	(1,136,755)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	257,641	88,673
Increase in short-term bills payable	329,513	-
Decrease in short-term bills payable	-	(279,366)
Proceeds from long-term borrowings	894,000	131,942
Repayments of long-term borrowings	(1,297,458)	(474,403)
Proceeds from issuance of preferred stocks	-	615,000
Increase in guarantee deposits received	-	1,370
Repayments of the principal portion of lease liabilities	(11,753)	(14,697)
Proceeds from issuance of ordinary shares	808,250	-
Net cash generated from financing activities	980,193	68,519
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(5,662)	(3,517)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(223,120)	(568,072)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,048,598	1,616,670
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 825,478	$ 1,048,598

The accompanying notes are an integral part of the financial statements. (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 8, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

Except for the above impact, as of the date the individual financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other 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 SIGNIFICANT ACCOUNTING POLICIES

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 and IFRSs as endorsed and issued into effect by the FSC.

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

When the Company's change in the ownership interest in the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

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.

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 not a subsidiary.

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

The 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.

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

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

j. Intangible assets

1) 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, accounts receivable from related parties, other receivables, other receivables from related parties, refundable deposits and other financial assets at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

Cash equivalents include time deposits 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 on financial assets at amortized cost (including accounts receivable and other receivables) and lease receivables.

The Company always recognizes lifetime expected credit losses (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.

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

For internal credit risk management purposes, the 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.

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.

Revenue from the sale of goods

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

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

For contracts where the period between the date on which the 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.

Power plant sales

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

Sale of electricity

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

p. Leases

At the inception of a contract, the 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. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

s. Share-based payment arrangements - employee share options

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

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the 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.

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the 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. CRITICAL 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.

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications/climate change and related government policies and regulations when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The management of the Company evaluated that there were no critical accounting judgments or estimation uncertainty on the accounting policies, estimates and basic assumptions that were adopted by the Company.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 609	$ 589
Checking accounts and demand deposits	674,244	851,635
Cash equivalents		
Time deposits with original maturities of 3 months or less	150,625	196,374
	$ 825,478	$ 1,048,598

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

The 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. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

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

a. Accounts receivable/Account 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 expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as industry outlook. As the 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, e.g. 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 based on the Company's provision matrix.

December 31, 2022

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 120 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

December 31, 2021

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

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

	December 31	
	2022	2021
Balance, beginning of year	$ 29,552	$ 52,283
Add: Amounts recognized	18,714	16,449
Less: Amounts written off	(29,875)	(39,180)
Balance, end of year	$ 18,391	$ 29,552

Refer to Note 30. for details of the Company's concentration of credit risk of accounts receivable as of December 31, 2022 and 2021.

b. Other receivables

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, 2022 and 2021, the Company assessed that the expected credit loss rate of other receivables was 0%.

9. INVENTORIES

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

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

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 8,213,221	$ 5,793,192
Write-downs of inventories	97,900	44,629
Others	17,403	15,057
	$ 8,328,524	$ 5,852,878

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

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

Considering the investment strategy, the Company dissolved the overseas equity investment and received $7,504 thousand in July 2022. Therefore, the unrealized valuation loss on financial assets at fair value through other comprehensive income of $2,239 thousand was transferred to retained earnings.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	**2021**
Investments in subsidiaries	$ 128,432	$ 9,106
Investments in associates	325,622	323,355
	$ 454,054	$ 332,461

a. Investments in subsidiaries

	December 31	
	2022	**2021**
Unlisted equity investments		
TSEC America, Inc.	$ 8,071	$ 7,297
Yunsheng Optoelectronics Corporation	478	477
Yunxing Optoelectronics Corporation	478	477
Houchang Energy Corporation	118,855	453
Changyang Optoelectronics Corporation	383	382
Hengli Energy Corporation	80	-
TSECPV (HK) Limited	87	20
	$ 128,432	$ 9,106

Proportion of ownership of subsidiaries is as follows:

	December 31	
	2022	2021
TSEC America, Inc.	100.00%	100.00%
Yunsheng Optoelectronics Corporation	100.00%	100.00%
Yunxing Optoelectronics Corporation	100.00%	100.00%
Houchang Energy Corporation	100.00%	100.00%
Changyang Optoelectronics Corporation	80.00%	80.00%
Hengli Energy Corporation	100.00%	-
TSECPV (HK) Limited	100.00%	100.00%

Refer to Table 5 of Note 36 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

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

On May 7, 2021, the Company resolved to dissolve and liquidate its subsidiaries Houxin Energy Corporation. As of December 31, 2021, the liquidation process had been completed and a gain of $312 thousand had been realized.

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

In December 2021, the Company subscribed for additional new shares of Holdgood Energy Development Corporation at a percentage different from its existing ownership percentage, which reduced its continuing interest to 45.49%, and lost control of Holdgood Energy Development Corporation, and reclassified the investment to investment in associate; refer to Note 27

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 March 2022, the Company purchased all the shares of Hengli Energy Corporation from its subsidiary, Houchang Energy Development Corporation, for $89 thousand in cash, and the Company's shareholding ratio was 100% after the acquisition.

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

1) Aggregate information of material associates

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

Refer to Note 36, Table 5 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

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

The financial information below was based on the associates’ financial statements prepared under IFRSs and adjusted for equity-method accounting purpose.

Holdgood Energy Corporation

	December 31 2022	2021
Current assets	$ 23,544	$ 155,577
Non-current assets	682,658	516,125
Current liabilities	(66,375)	(95,044)
Non-current liabilities	(135,999)	(99,766)
Equity	$ 503,828	$ 476,892
Proportion of the Company’s ownership	45.49%	45.49%
Equity attributable to the Company	$ 229,191	$ 216,939
Unrealized intercompany transactions	2,219	-
Carrying amount	$ 231,410	$ 216,939

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

2) Associates that are not individually material

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

Aggregate information of associates that are not individually material:

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

Refer to 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 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.

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

12. PROPERTY, PLANT AND EQUIPMENT

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

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2022	$ 1,071,526	$ 3,414,260	$ 3,236,862	$ 24,806	$ 263,933	$ 64,974	$ 8,076,361
Additions	-	30,149	543,612	160	81,147	499,245	1,154,313
Disposals	-	-	(587,820)	(49)	(545)	-	(588,414)
Reclassification	-	33,419	-	-	-	(33,419)	-
Balance at December 31, 2022	1,071,526	3,477,828	3,192,654	24,917	344,535	530,800	8,642,260
Accumulated depreciation and impairment							
Balance at January 1, 2022	-	1,109,070	1,849,304	24,323	220,560	-	3,203,257
Depreciation expense	-	140,530	409,860	499	16,871	-	567,760
Disposals	-	-	(570,886)	(49)	(544)	-	(571,479)
Balance at December 31, 2022	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Carrying amount at December 31, 2022	$ 1,071,526	$ 2,228,228	$ 1,504,376	$ 144	$ 107,648	$ 530,800	$ 5,442,722

(Continued)

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2021	$ 1,071,526	$ 3,313,352	$ 3,134,230	$ 24,806	$ 249,551	$ 373	$ 7,793,838
Additions	-	56,833	327,029	-	15,835	108,676	508,373
Disposals	-	-	(224,397)	-	(1,453)	-	(225,850)
Reclassification	-	44,075	-	-	-	(44,075)	-
Balance at December 31, 2021	1,071,526	3,414,260	3,236,862	24,806	263,933	64,974	8,076,361
Accumulated depreciation and impairment							
Balance at January 1, 2021	-	969,118	1,743,124	23,383	206,362	-	2,941,987
Depreciation expense	-	139,952	330,194	940	15,651	-	486,737
Disposals	-	-	(224,014)	-	(1,453)	-	(225,467)
Balance at December 31, 2021	-	1,109,070	1,849,304	24,323	220,560	-	3,203,257
Carrying amount at December 31, 2021	$ 1,071,526	$ 2,305,190	$ 1,387,558	$ 483	$ 43,373	$ 64,974	$ 4,873,104

(Concluded)

No impairment loss was recognized or reversed for the years ended December 31, 2022 and 2021.

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

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

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

Refer to Notes 17 and 32 for the carrying amounts of property, plant and equipment pledged by the Company to secure borrowings.

Refer to Note 23. (h). for capitalized interest for the years ended December 31, 2022 and 2021.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

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

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 11,911	$ 14,941
Depreciation charge for right-of-use assets		
Buildings	$ 10,657	$ 12,514
Transportation equipment	543	1,505
Machinery	297	710
	$ 11,497	$ 14,729

b. Lease liabilities

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

Ranges of discount rates for lease liabilities were as follows:

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

c. Material leasing activities and terms

The Company leases certain buildings for the use of offices and employee dormitories with lease terms of 3 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	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	$ 6,493	$ 2,380
Total cash outflow for leases	$ (18,733)	$ (17,478)

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.

14. INVESTMENT PROPERTIES

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

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

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

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

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

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

In 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 determination of fair value was performed by the management of the Company, which used the valuation model that market participants would use in determining the fair value, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in 2021.

The fair value as appraised was as follows:

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

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, 2022 and 2021.

15. OTHER INTANGIBLE ASSETS

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

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

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

16. OTHER ASSETS

	December 31 2022	December 31 2021
Current		
Prepayments	$ 114,485	$ 215,894
Prepayments expenses	35,718	24,571
Other financial assets		
Restricted assets	10,000	501
Time deposit with initial duration of more than 3 months	124,929	-
Others	3,463	2,773
	$ 288,595	$ 243,739
Non-current		
Prepayments for equipment (capitalized interest included)	$ 601,930	$ 604,211
Other financial assets - restricted assets	123,282	101,002
Refundable deposits	182,051	180,070
	$ 907,263	$ 885,283

Other financial assets - restricted assets (current and non-current) were used as pledged deposits and reserve accounts for secured borrowings from performance guarantee and borrowings for purchases. As of December 31, 2022 and 2021, the interest rate range was 0.2%-3.5% and 0.01%-0.82%, respectively; refer to Note 32 for the details.

17. BORROWINGS

a. Short-term borrowings

	December 31 2022	December 31 2021
Bank credit loans	$ 856,613	$ 598,972
Interest rate interval		
Bank credit loans	2.21%-2.87%	1.59%-2.25%

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2022

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

December 31, 2021: None.

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

c. Long-term borrowings

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

1) Syndicated loans

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

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

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

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

The managing banks of the loan had sent document No. 1090075 to the Company, where it was agreed that the Company would be exempt from compliance with the financial commitments and the aforementioned required ratios for their 2020 semi-annual report, and no additional supplementary contract was signed.

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

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

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

18. ACCOUNTS PAYABLE

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

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

19. OTHER PAYABLES

	December 31	
	2022	**2021**
Current		
Other payables		
Payables for salaries or bonuses	$ 151,828	$ 114,445
Payables for purchases of equipment	55,577	40,320
Payables for transportation and customs clearance	37,403	48,388
Payables for labor and health insurance	12,340	15,531
Payables for sales tax	11,123	17,376
Payables for environmental cost	9,232	1,135
Payables for labor costs	7,655	7,030
Others	107,983	83,461
	$ 393,141	$ 327,686

20. 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	
	2022	2021
Operating costs	$ 34,103	$ 27,181
Operating expenses	5,720	5,476
	$ 39,823	$ 32,657

21. CONVERTIBLE PREFERRED STOCK

The Company issued 75,000 thousand shares of private cash capital increase proved by shareholders' meeting with a par value of $10, and the Company issued 25,895 thousand shares with $23.75 per share, which was resolved by Corporation's board of directors on November 18, 2021. The share capital has received $615,000 thousand, and finish registration. According to the issuance conditions of the preferred stock, split the preferred stock into preferred stock liability $287,949 thousand, and conversion option $327,051 thousand. The right and obligations of this private cash capital of preferred stock are as follow:

a. The distribution of earnings was based on the Company's Articles of Incorporation, current year or current quarter and accumulated undistributable dividend shall be appropriated to class A preferred shares in the first priority. If there were no earnings or earnings were not sufficient to be appropriated to class B 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 share 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. Preferred Stock is non-voting, except during the Preferred Stock shareholders' meetings and on matters regarding the shareholders' rights and obligations.

g. When it comes to appropriate over common share s residual assets of company, class B 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, 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 number 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.

The company will not issue 49,105 thousand shares in the remaining period which is resolved by Board of director in March 7, 2022.

22. EQUITY

a. Share capital - ordinary shares

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

The par value of the issued ordinary shares is NT$10. Each share entitles its holder to the right to vote and to receive dividends. In addition, 25,895 thousand shares of The par value of the issued class A preferred share were issued. Please refer to Note 21.

The Company issued 30,500 thousand ordinary shares with a par value of $10, for a consideration of $26.50 per share resulting in the receipt of $808,250 thousand which increased the share capital issued and fully paid amount of $476,297 thousand on July 13, 2022. The Company completed its registration on August 4, 2022.

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

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 991,729	$ 473,270
Expired employee share options	6,233	-
May be used to offset a deficit only		
Changes in percentage of ownership interest in equity-method investees	11	-
May not be used for any purpose		
Preferred stock share options (Note 21)	327,051	327,051
	$ 1,325,024	$ 800,321

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

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

	Capital Surplus	Employee Share Options	Preferred Stock Share Options	Other	Changes in Percentage of Ownership Interest in Equity-method Investees	Total
Balance at January 1, 2021	$ 1,103,781	$ 49,503	$ -	$ 1,527	$ -	$ 1,154,811
Capital surplus used to offset accumulated deficits	(630,511)	(49,503)	-	(1,527)	-	(681,541)
Issuance of convertible preferred stock	-	-	327,051	-	-	327,051
Balance at December 31, 2021	473,270	-	327,051	-	-	800,321
Issuance of ordinary shares	503,250	-	-	-	-	503,250
Recognized as cost of employee share options	15,209	6,233	-	-	-	21,442
Changes in capital surplus 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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's amended Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 23.(g).

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

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

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

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

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

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

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

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

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

d. Other equity items

1) Exchange differences on the translation of foreign operations

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

2) Unrealized gain on financial assets at FVTOCI

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

3) Gain or loss on hedging instruments

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

23. NET INCOME

a. Operating revenue

1) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 8)	$ 1,164,930	$ 754,026	$ 685,147
Accounts receivable from related parties (Note 31)	$ 9,498	$ 88,484	$ 153,981
Contract liabilities			
Module sales	$ 117,745	$ 294,232	$ 46,708

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

The changes in the balance of contract liabilities primarily resulted from the timing difference between the 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	
	2022	2021
From contract liabilities at the beginning of the year		
Sale of goods	$ 293,400	$ 35,817

2) Details of revenue from contracts with customers

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

3) Partially completed contracts

	December 31	
	2022	2021
Module sales		
From January 1, 2022 to December 31, 2022	$ -	$ 294,232
From January 1, 2023 to December 31, 2023	117,745	-
	$ 117,745	$ 294,232

b. Interest income

	For the Year Ended December 31	
	2022	2021
Cash in banks	$ 2,021	$ 1,098
Other current financial assets - current	837	11
Other current financial assets - non-current	3,034	39
Others	542	14
	$ 6,434	$ 1,162

c. Other operating income and expenses

	For the Year Ended December 31	
	2022	2021
(Loss) gain on disposal of property, plant and equipment	$ (16,105)	$ 1,386
Others	(8,436)	-
	$ (24,541)	$ 1,386

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 567,760	$ 486,737
Right-of-use assets	11,497	14,729
Investment properties	12,101	12,529
Intangible assets	1,855	1,499
	$ 593,213	$ 515,494
An analysis of depreciation by function		
Operating costs	$ 565,085	$ 483,177
Operating expenses	26,273	30,818
	$ 591,358	$ 513,995
An analysis of amortization by function		
Operating costs	$ 1,048	$ 187
Selling and marketing expenses	524	29
General and administrative expenses	268	1,282
Research and development expenses	15	1
	$ 1,855	$ 1,499

e. Operating expenses directly related to investment properties

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

f. Employee benefit expenses

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans (Note 20)	$ 39,823	$ 32,657
Share-based payments (Note 26)	21,442	-
Payroll expenses	965,852	758,296
Labor and health insurance expenses	100,500	78,817
Remuneration of directors and supervisors	16,023	11,546
Other employee benefits	86,383	69,486
Total employee benefit expenses	$ 1,230,023	$ 950,802
An analysis of employee benefit expense by function		
Operating costs	$ 1,029,214	$ 773,936
Operating expenses	200,809	176,866
	$ 1,230,023	$ 950,802

g. Compensation of employees and remuneration of directors and supervisors

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

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

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	5.0%	5.0%
Remuneration of directors and supervisors	3.5%	3.0%

Amount

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

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

h. Gain or loss on foreign currency exchange

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

i. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest expense	$ 87,031	$ 83,319
Interest on special share liabilities	12,300	-
Finance costs	9,996	9,394
Interest on lease liabilities	487	401
Others	165	983
Less: Capitalized interest	(30,679)	(14,972)
	$ 79,300	$ 79,125

Information about capitalized interest is as follows:

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

24. INCOME TAXES

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

	For the Year Ended December 31	
	2022	2021
Current tax		
Adjustments for prior periods	$ (44)	$ -
Deferred tax		
In respect of the current year	(14,181)	(2,306)
Income tax benefit recognized in profit or loss	$ (14,225)	$ (2,306)

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

	For the Year Ended December 31	
	2022	2021
Gain before tax from continuing operations	$ 175,425	$ 44,011
Income tax expense calculated at the statutory rate	$ 35,085	$ 8,802
Nondeductible expenses in determining taxable income	926	1,108
Realized deductible temporary differences	(42,717)	(12,197)
Unrecognized loss carryforwards	(7,475)	-
Current income tax expense for prior years adjustments in the current year	(44)	-
Deferred income tax expense for prior years adjustments in the current year	-	(19)
Income tax benefit recognized in profit or loss	$ (14,225)	$ (2,306)

b. Income tax recognized in other comprehensive income

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

c. Current tax assets

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

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

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
Impairment loss of property, plant and equipment	17,569	19,580	-	37,149
Allowance for bad debts	12,737	(10,706)	-	2,031
Allowance for inventory valuation losses	4,555	19	-	4,574
Loss on investments in subsidiaries and associates accounted for using the equity method	4,167	(2,873)	-	1,294
Refund liabilities	2,939	489	-	3,428
Unrealized gain on transactions with associates	625	(495)	-	130
Unrealized loss on financial instruments	217	-	(159)	58
Exchange differences on the translation of the financial statements of foreign operations	49	78	-	127
Hedging instruments evaluation loss	-	-	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

For the year ended December 31, 2021

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Loss carryforwards	$ 179,589	$ 945	$ -	$ 180,534
Impairment loss of property, plant and equipment	8,643	8,926	-	17,569
Allowance for bad debts	15,322	(2,585)	-	12,737
Allowance for inventory valuation losses	4,542	13	-	4,555
Loss on investments in subsidiaries and associates accounted for using the equity method	8,675	(4,508)	-	4,167
Refund liabilities	2,475	464	-	2,939
Unrealized gain on transactions with associates	336	289	-	625
Unrealized loss on financial instruments	175	-	42	217
Exchange differences on the translation of the financial statements of foreign operations	293	(244)	-	49
	$ 220,050	$ 3,300	$ 42	$ 223,392

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized foreign exchange gain	$ 248	$ 994	$ -	$ 1,242

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

	December 31	
	2022	2021
Loss carryforwards	$ 2,001,878	$ 2,374,711
Deductible temporary differences		
Impairment loss of financial assets	$ 1,705	$ 1,705

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

Unused Amount	Expiry Year
$ 133,526	2027
238,290	2028
89,609	2029
126,960	2030
$ 588,385	

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

	December 31	
	2022	2021
Loss carryforwards		
Expiry in 2027	$ -	$ 92,062
Expiry in 2028	183,807	238,290
Expiry in 2029	89,609	89,609
Expiry in 2030	126,960	126,960
	$ 400,376	$ 546,921

g. Income tax assessments

The Company, Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation, Yunxing Optoelectronics Corporation, Houchang Energy Corporation, Hengyong Energy Corporation, Hengli Energy Corporation and Yongli Energy Corporation income tax returns through 2020 have been assessed by the tax authorities. There was no material difference between the approved and reported amounts.

25. EARNINGS PER SHARE

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

Net Earnings for the Year

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

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

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

The 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.

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

26. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

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

27. PARTIALLY OWNED SUBSIDIARIES - NOT AFFECTING CONTROL

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

28. CASH FLOW INFORMATION

a. Non-cash transactions

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

	For the Year Ended December 31	
	2022	2021
Cash paid for part of the cost of acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 1,154,313	$ 508,373
Net increase in prepayments for equipment	(24,524)	326,807
Net increase in payables for purchase of equipment	(15,257)	(8,591)
Effect of foreign currency exchange differences	(3,644)	(327)
Cash paid	$ 1,110,888	$ 826,262

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Balance as of January 1, 2022	Cash Flows	Non-cash Changes					Balance as of December 31, 2022
			New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Effect of Foreign Currency Exchange Differences	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	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

For the year ended December 31, 2021

	Balance as of January 1, 2021	Cash Flows	Non-cash Changes					Balance as of December 31, 2021
			New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Effect of Foreign Currency Exchange Differences	Others	
Short-term borrowings	$ 514,431	$ 88,673	$ -	$ -	$ -	$ (4,132)	$ -	$ 598,972
Short-term bills payable	279,366	(279,366)	-	-	2,505	-	(2,505)	-
Long-term borrowings - current portion	379,434	(474,403)	-	507,592	-	-	-	412,623
Long-term borrowings	2,516,435	131,942	-	(507,592)	-	-	-	2,140,785
Guarantee deposits	2,335	1,370	-	-	-	-	-	3,705
Lease liabilities	10,467	(14,697)	14,941	-	401	-	(401)	10,711
Preferred stock liabilities	-	287,949	-	-	-	-	-	287,949
	$ 3,702,468	$ (258,532)	$ 14,941	$ -	$ 2,906	$ (4,132)	$ (2,906)	$ 3,454,745

29. CAPITAL MANAGEMENT

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

The 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, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives	$ -	$ 637	$ -	$ 637
Hedging of financial liabilities				
Derivatives	$ -	$ 218	$ -	$ 218

December 31, 2021

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

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

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

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

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

For the year ended December 31, 2022

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

For the year ended December 31, 2021

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

4) Valuation techniques and 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	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 2,448,618	$ 2,177,711
Financial assets at FVTOCI		
Equity instruments	-	6,063
Financial liabilities		
Financial liabilities at FVTPL	637	243
Hedging instruments of financial liabilities	218	-
Financial liabilities at amortized cost (2)	4,726,866	4,619,480

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

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

d. Financial risk management objectives and policies

The Company's major financial instruments include financial assets at FVTPL, financial assets measured 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.

<u>Sensitivity analysis</u>

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 adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit 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.

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

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, 2022

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (NTD1:USD)	Line Item	Carrying Amount Liabilities
Cash flow hedge						
Forecast purchases - forward foreign exchange contracts	USD/NTD	USD867/NTD26,795	2023.1.18	$ 30.905	Financial liabilities for hedging	$ 218

Hedged Items	Carrying Amount of Other Equity Continuing Application of Hedge Accounting
Cash flow hedge	
Forecast purchases (i)	$ (174)

Comprehensive Income	Hedging Losses Recognized in OCI
Cash flow hedge	
Forecast purchases (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 22.

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	
	2022	2021
Fair value interest rate risk		
Financial liabilities	$ 628,331	$ 298,660
Cash flow interest rate risk		
Financial assets	1,081,613	1,148,855
Financial liabilities	3,006,563	3,152,380

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, 2022 and 2021 would have decreased/increased by $4,812 thousand and $5,009 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its long-term borrowings.

The Company's interest rate sensitivity decreased during the period, which was mainly due to an 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's concentration of credit risk of 88.42% and 66.31% in total trade receivables as of December 31, 2022 and 2021, respectively, was related to the 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 $894,000 thousand and $131,942 thousand in 2022 and 2021, respectively, and increased capital by $808,250 thousand and $615,000 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, 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	$ -	$ -	$ -

December 31, 2021

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 30,158	$ 328,287	$ 714,292	$ 2,288,536
Fixed interest rate liabilities	-	-	-	287,949
Non-interest bearing liabilities	375,409	361,469	442,273	-
Lease liabilities	1,238	2,475	5,335	1,544
	$ 406,805	$ 692,231	$ 1,161,900	$ 2,578,029

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	$ 9,048	$ 1,544	$ -	$ -	$ -

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, 2022

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

December 31, 2021

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

c) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 1,297,409	$ 854,949
Amount unused	394,292	400,585
	$ 1,691,701	$ 1,255,534
Secured bank overdraft facilities:		
Amount used	$ 1,975,000	$ 2,977,200
Amount unused	1,270,505	771,600
	$ 3,245,505	$ 3,748,800

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 Energy Corporation	Subsidiary before December 2021, associate after December 2021
Yuan-Yu Solar Energy Co., Ltd	Associate

b. Operating revenue

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2022	2021
Sales	Associate	$ 188,155	$ 255,638

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 2022	2021
Rental revenue	Associate	$ 465	$ 472

The rental amount is determined by negotiations and collected on a monthly basis.

d. Other revenue

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	2021
Other revenue	Associate - Yuan-Yu	$ 1,972	$ 1,540
	Associate - Holdgood	1,277	773
		$ 3,249	$ 2,313

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

e. Accounts receivable - associates

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

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

f. Other receivables

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

Receivables for general service fees and rent.

g. Contract liabilities

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

h. Remuneration of key management personnel

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

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

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

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Commitments for construction contracts

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

b. Commitments for material purchasing contracts

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

c. Commitments for equipment purchasing contracts

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

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

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, 2022

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

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 20,668	27.68 (USD:NTD)	$ 572,090
Non-monetary items			
USD	264	27.68 (USD:NTD)	7,298
JPY	25,210	0.2405 (JPY:NTD)	6,063
Financial liabilities			
Monetary items			
USD	40,029	27.68 (USD:NTD)	1,108,003

The significant unrealized foreign exchange gains were as follows:

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

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: None

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

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

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

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

9) Trading in derivative instruments: Notes 7 and 30

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

b. Information on investments in mainland China: None

c. Information of major shareholders: Table 6 (attached)

TSEC CORPORATION

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

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

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

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

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

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

Note 5: The guarantee amounted to NT$120,000,000 and was backed by 12,000 thousand shares of Yuan-Yu Solar Energy Co. with NT$10 per share.

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

TSEC CORPORATION

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

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

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

TSEC CORPORATION

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
TSEC Corporation (the "Company")	Land and buildings	August 26, 2021 (Note 1)	$ 323,000	$ 274,550	Engtown Construction Corporation	NA	-	-	-	$ -	Engineering contracts	Factory	NA

Note 1: Depending on the date of the transaction

Note 2: As of December 31, 2022, the outstanding work has not been recorded because it has not yet been completed and accepted.

TSEC CORPORATION

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Credit Period	Unit Price	Credit Period	Ending Balance	% of Total	
TSEC Corporation	Holdgood Energy Development Corporation	Associate	Sale	$ 125,990	1.40	30-75 days	$ -	-	$ 9,498	0.79	Note

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

TSEC CORPORATION

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

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		December 31, 2022			Net Income (Loss) of the Investee	Share of Profit	Other Items
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
TSEC Corporation	TSEC AMERICA, INC.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of solar related products	$ 31,129 (US$ 1,000,000)	$ 31,129 (US$ 1,000,000)	100	100.00	$ 8,071	$ (24)	$ (24)	(Notes 1, 4 and 6)
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,500	500	12,050	100.00	118,855	(1,589)	(1,589)	(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	383	1	1	(Notes 1 and 6)
	Yunsheng Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	478	1	1	(Notes 1 and 6)
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	478	1	1	(Notes 1 and 6)
	TSECPV (HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of solar related products	200 (US$ 6,500)	56 (US$ 2,000)	-	100.00	87	(72)	(72)	(Notes 1 and 6)
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	89	-	10	100.00	80	(9)	(9)	(Notes 1, 6 and 7)
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	213,804	213,804	21,380	45.49	231,410 (Note 5)	31,691	14,416	(Note 2)
	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	94,212 (Notes 5 and 8)	(53,144)	(12,460)	(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)
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	-	100	-	-	-	-	-	(Notes 1, 6 and 7)
	Yongli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 6)

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

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

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

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

Note 5: Carrying amount includes unrealized gross margin.

Note 6: Eliminated from the consolidated financial statements.

Note 7: In March 2022, the Company purchased all the shares of Hengli Energy Corporation from its subsidiary, Houchang Energy Corporation, for $89 thousand in cash, and the percentage of ownership was 100% after the acquisition.

Note 8: 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, 2022

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

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares 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
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Petty cash		$ 609
Checking accounts		1,467
Demand deposits		
NTD		500,772
USD	US$5,594 thousand @30.71	171,794
EUR	EUR5 thousand @32.72	171
CNY	CNY9 thousand @4.4080	40
Cash equivalents		
Time deposits		150,625
		$ 825,478

TSEC CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Non-related party	
Client D	$ 182,341
Client H	294,689
Client M	273,650
Client N	125,652
Others (Note)	306,989
	1,183,321
Less: Allowance for doubtful accounts	(18,391)
	$ 1,164,930
Related party	
Hou Gu Energy Development Corporation	$ 9,498
Yuan-Yu Solar Energy Co., Ltd.	-
	$ 9,498

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

TSEC CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value
Raw materials	$ 995,537	$ 958,386
Finished goods	752,108	608,353
Work in process	137,415	132,582
	1,885,060	$ 1,699,321
Less: Allowance for inventory valuation and obsolescence losses	(185,739)	
	$ 1,699,321	

Note: Net realizable value.

STATEMENT 4

TSEC CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2022		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 Investment in Equity Instruments	Deferred Realized (Unrealized) Gross Profit	Balance, December 31, 2022			Net Asset Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					Number of Shares	%	Amount		
Subsidiaries															
TSEC America, Inc.	100,000	$ 7,297	-	$ -	-	$ -	$ (24)	$ 798	$ -	$ -	100,000	100.00	$ 8,071	$ 8,071	NA
Yunsheng Optoelectronics Corporation	50,000	477	-	-	-	-	1	-	-	-	50,000	100.00	478	478	NA
Yunxing Optoelectronics Corporation	50,000	477	-	-	-	-	1	-	-	-	50,000	100.00	478	478	NA
Houchang Energy Corporation	50,000	453	12,000,000	120,000	-	-	(1,598)	-	-	-	12,050,000	100.00	118,855	118,855	NA
Changyang Optoelectronics Corporation	40,000	382	-	-	-	-	1	-	-	-	40,000	80.00	383	383	NA
Hengli Energy Development Corporation	-	-	100,000	89	-	-	(9)	-	-	-	100,000	100.00	80	80	NA
TSECPV (HK) LIMITED	-	20	-	143	-	-	(72)	(4)	-	-	-	100.00	87	87	NA
Associates															
Holdgood Energy Corporation	21,380,350	216,939	-	11	-	(2,138)	14,416	-	(37)	2,219	21,380,350	45.49	231,410	229,191	NA
Yuan-Yu Solar Energy Co., Ltd.	12,000,000	106,416	-	-	-	-	(12,460)	-	-	256	12,000,000	20.00	94,212	96,040	Y
		$ 332,461		$ 120,243		$ (2,138)	$ 256	$ 794	$ 78	$ 2,475			$ 454,054	$ 453,663	

Note 1: The increase was due to a new investment of 12,000,000 shares ($120,000 thousand) in a subsidiary, Houchang Energy Corporation. Subsidiary TSECPV (HK) LIMITED added an investment of $143 thousand, purchased $89 thousand of shares from subsidiary Hengli Energy Development Corporation and recognized a change in the ownership interest of $11 thousand in the equity-method investee company by a related party, Holdgood Energy Corporation.

Note 2: The decrease was due to the cash dividends of $2,138 thousand from a related company, Holdgood Energy Corporation.

Note 3: The subsidiary and associate Holdgood Energy Corporation was recognized based on the audited financial statements.

Note 4: The associate Yuan-Yu Solar Energy Co., Ltd. was recognized based on unaudited financial statements.

TSEC CORPORATION

STATEMENT OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	$ 18,853	$ 11,911	$ 12,830	$ 17,934
Transportation equipment	2,611	-	2,611	-
Machinery	2,131	-	2,131	-
	$ 23,595	$ 11,911	$ 17,572	$ 17,934

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 or were terminated early.

TSEC CORPORATION

STATEMENT OF ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(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	$ 9,337	$ 10,657	$ 12,830	$ 7,164
Transportation equipment	2,068	543	2,611	-
Machinery	1,834	297	2,131	-
	$ 13,239	$ 11,497	$ 17,572	$ 7,164

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

TSEC CORPORATION

STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related party	
Client O	$ 15,976
Client P	11,139
Client Q	7,939
Client R	7,003
Client S	5,915
Others (Note)	69,088
	117,060
Related party	
Holdgood Energy Development Corporation	685
	$ 117,745

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, 2022
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor I	$ 185,572
Vendor J	134,739
Vendor T	58,540
Vendor U	62,739
Others (Note)	456,628
	$ 898,218

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, 2022
(In Thousands of New Taiwan Dollars)

Item Category	Item	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Buildings	Office and staff dormitory	2018.1.1-2025.4.30	2.33-2.43	$ 10,869	

TSEC CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name	Creditor	Repayment Method	Annual Rate (%)	Amount		Collateral
				Current Portion	Non-current Portion	
Syndicated loan	Syndicated loan led by Taiwan Cooperative Bank	Note	3.98	$ 128,000	$ 1,216,000	Land, buildings and other financial assets - restricted assets
Less: Syndicated borrowing administration fee				(973)	(8,873)	
				127,027	1,207,127	
Loan for the financing of machinery	EnTie Commercial Bank	Term of contract is three years from March 2021, repayment of principal and interest on a monthly basis	2.88	35,422	29,239	Machines
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	1.35	10,000	190,000	Machines
Loan for the financing of machinery	Taiwan Cooperative Financial Holding Co., Ltd.	Term of contract is six years from October 2022, repayment of principal and interest on a monthly basis	1.47	3,000	14,250	Machines
Loan for the financing of machinery	Land Bank of Taiwan	Term of contract is six and a half years from October 2021, repayment of principal and interest on a monthly basis	1.85	36,977	163,308	Machines
Loan for the financing of machinery	Land Bank of Taiwan	Term of contract is five and a half years from November 2022, repayment of principal and interest on a monthly basis	1.85	6,178	327,422	Machines
				91,577	724,219	
				$ 218,604	$ 1,931,346	

Note: 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.

TSEC CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Sales revenue		
Total sales revenue	Solar module sales	$ 8,991,352
	Power plant sales	154,052
	Sale of electricity	7,928
		9,153,332
Less: Sales returns and allowances		(148,269)
Operating revenue		$ 9,005,063

TSEC CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material cost	
Balance, beginning of year	$ 1,105,904
Raw materials purchased	6,203,009
Raw materials, end of year	995,537
Transferred to manufacturing expenses	524,660
Transferred to operating expenses	4,082
	5,784,634
Direct labor	895,095
Manufacturing expenses	1,818,807
Manufacturing cost	8,498,536
Work in process, beginning of year	137,687
Work in process, end of year	137,415
Cost of finished goods	8,498,808
Finished goods, beginning of year	416,389
Allowance for inventory valuation loss	97,900
Finished goods, end of year	752,108
Transferred to manufacturing expenses	51,501
Transferred to operating expenses	432
Transferred to power plant cost	7,390
	8,201,666
Module cost transferred to power plant cost	7,390
Power plant engineering cost	114,610
	122,000
Cost of sale of electricity	4,858
	$ 8,328,524

TSEC CORPORATION

STATEMENT OF MANUFACTURING EXPENSES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation expense	$ 565,085
Indirect material cost	313,070
Hydroelectric gas fees	217,609
Employees’ wages	204,628
Consumables	145,608
Others (Note)	372,807
	$ 1,818,807

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

TSEC CORPORATION

STATEMENT OF OPERATING EXPENSES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss Reversed	Total
Employees' wages	$ 33,304	$ 148,022	$ 19,483	$ -	$ 200,809
Depreciation expense	4,948	19,103	2,222	-	26,273
Delivery fee	40,897	9	104	-	41,010
Expected credit loss reversed	-	-	-	18,714	18,714
Others (Note)	25,140	66,406	28,030	-	119,576
	$ 104,289	$ 233,540	$ 49,839	$ 18,714	$ 406,382

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, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Classified as Cost of Revenue	Classified as Operating Expenses	Total	Classified as Cost of Revenue	Classified as Operating Expenses	Total
Labor cost (Note)						
Payroll expenses	$ 835,276	$ 130,576	$ 965,852	$ 624,849	$ 133,447	$ 758,296
Labor and health insurance expenses	86,948	13,552	100,500	66,079	12,738	78,817
Pension	34,103	5,720	39,823	27,181	5,476	32,657
Remuneration of directors and supervisors	-	16,023	16,023	-	11,546	11,546
Share-based payments	-	21,442	21,442	-	-	-
Others	72,887	13,496	86,383	55,827	13,659	69,486
	$ 1,029,214	$ 200,809	$ 1,230,023	$ 773,936	$ 176,866	$ 950,802
Depreciation	$ 565,085	$ 26,273	$ 591,358	$ 483,177	$ 30,818	$ 513,995
Amortization	$ 1,048	$ 807	$ 1,855	$ 187	$ 1,312	$ 1,499

Note 1: As of December 31, 2022 and 2021, the Company had 1,930 and 1,411 employees, respectively. There were 6 non-employee directors for both years.

Note 2: a) Average labor costs for the years ended December 31, 2022 and 2021 were $631 thousand and $669 thousand, respectively.

b) Average salary and bonus for the years ended December 31, 2022 and 2021 were $502 thousand and $540 thousand, respectively.

Note 3: The average salary and bonus decreased by 7.04% year over year.

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 and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors 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 and supervisors, after offsetting accumulated deficits, if any.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risk Assessment

I. Financial position - consolidated financial report

Unit: NTD thousand

Item \ Year	2021	2022	Amount increased (decreased)	Percentage (%)
Current asset	3,728,864	4,027,329	298,465	8.00
Property, Plant and Equipment	4,873,104	5,442,722	569,618	11.69
Intangible asset	4,254	4,708	454	10.67
Other assets	1,623,709	1,833,291	209,582	12.91
Total assets	10,229,931	11,308,050	1,078,119	10.54
Current liabilities	2,650,475	2,911,121	260,646	9.83
non-current liabilities	2,449,909	2,246,164	(203,745)	(8.32)
Total liabilities	5,100,384	5,157,285	56,901	1.12
Share capital	4,457,967	4,762,967	305,000	6.84
Capital surplus	800,321	1,325,024	524,703	65.56
Retained earnings	46,317	233,728	187,411	404.63
Other equities	(175,153)	(171,049)	4,104	(2.34)
Non-controlling interests	95	95	0	0.00
Total Equity	5,129,547	6,150,765	1,021,218	19.91

Analysis of changes (increase/decrease):

(1) Increase in capital surplus from the previous term: Mainly because of capital stock premium from capital increase in cash of 2022.

(2) Increase in retained earnings from the previous term: Mainly because of the climbing demand in 2022 that drove up the Company's revenue and profits.

(3) Increase in total equity from the previous term: Mainly because of the capital increase in cash and profit growth of 2022.

II. Financial performance- consolidated financial report

(I) Key reasons resulted in material changes to the operating revenue, net operating profit, and net profit before tax

Unit: NTD thousand

Item \ Year	2021	2022	Amount increased (decreased)	Percentage of change(%)
Operating Revenue	6,157,192	9,005,063	2,847,871	46.25
Operating cost	5,746,430	8,328,524	2,582,094	44.93
Operating Gross Income	410,762	679,014	268,252	65.31
Operating expenses	355,446	406,657	51,211	14.41
Profit from operations	56,702	247,815	191,113	337.05
Non-operating income and expense	(10,453)	(72,390)	(61,937)	592.53
Pre-tax net income	46,249	175,425	129,176	279.31
Current period net profit	47,702	189,650	141,948	297.57
Other comprehensive income recognized for the period	(511)	1,865	2,376	(464.97)
Total comprehensive income in the current period	47,191	191,515	144,324	305.83

Analysis of changes (increase/decrease):

(1) Operating income, cost, gross profit, net profit: Mainly because of the climbing demand on the market in 2022 and the gradual introduction of large-size products of the Company to the market that drove up growths in revenue.

(2) Non-operating income and expenditure: Mainly because of the increase in net losses from foreign exchange.

(3) Other combined gains or losses for the current term: the exchange difference between unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income and financial statements of foreign operational institutions.

(4) Net profit for the current term and total combined gains or losses for the current term: The comprehensive impacts of the clarifications mentioned above.

2. Possible impacts of expected sales quantities and their bases on the future financial operations of the Company and the response plan: The Company defines its operational goals throughout 2023 reflective of the industrial trends, market demand, and technical/production/manufacturing capabilities. Financial forecasts, however, are not announced and hence it is not applicable.

III. Cash flow

(I) Analysis of Changes to Cash Flows Over the Past Year (2021)

Unit: NT$thousand; %

Item \ Year	2021	2022	Amount increased (decreased)	Percentage of change(%)
Net cash generated/used by operating activities	500,909	172,794	(328,115)	(65.50)
Net cash inflow (outflow) from operating activities	(1,331,287)	(1,451,047)	(119,760)	(9.00)
Net cash inflow (outflow) from financing activities	259,749	1,063,542	803,793	309.45

Description of change analysis:

1. Operating activities: Net cash inflows were NT$172,794 thousand; the decrease in net cash inflows was mainly due to the increase in revenue, the increase in accounts receivable, and the decrease in accounts payable for the fourth quarter.
2. Investing activities: Net cash outflows were NT$1,451,047 thousand; the increase in net cash outflows was mainly because of purchases of machinery and equipment that contributed to advanced throughput.
3. Fundraising activities: Net cash inflows were NT$259,749 thousand and were mainly due to the capital increase in cash.

(II) Analysis of Cash Flow for the Next Year (2023)

Unit: NTD thousand

Cash balance at the beginning of the term (1)	Net cash flow from operating activities for the whole year (2)	Cash inflow (outflow) from investments and financing activities for the whole year (3)	The amount of remaining (shortage of) cash (1)+(2)-(3)	Remedies for insufficient cash	
				Investment plan	Wealth management plan
950,407	477,622	1,605,412	177,383	-	Fundraising

1. Analysis of Cash Flow for the Next Year
   (1) Operating activities: mainly because of the net cash inflows generated from the stably grown operation.
   (2) Investing activities: The primary reason for the net cash outflow of investment activities was the substantial expansion of battery and module production capabilities, acquisition of new machinery and equipment, and reinvestment in the solar photovoltaic industry..
   (3) Financing activities: mainly because the borrowings from financial institutions were repaid, the net cash outflows were generated from financing activities consequently.
2. Expected corrective measures to be taken in response to insufficient cash, and provide a liquidity analysis for the coming year: In the coming year, the expected cash outflow is to fund the future operation, and repay debts; other than using the self-owned working capital, the fundraising or financing may be adopted to fund the needs.

(III)Plan for improving insufficient liquidity:

The Company and the subsidiaries intend to adopt the following countermeasures to improve the operation and financial structure:

(1) In order to reinforce the financial structure, the Company will restructure the syndicates with banks, to improve the financial health and ensure the long-term operation and development.

(2) In order to actively promote the action plan to raise the necessary funds, it is planned to conduct the cash capital increase.

(3) The Company maintains good financing relationships with banks, without a record of bad credit, and the Company has pledged the land and plant as collaterals for the financing facilities.

The effect upon financial operations of any major capital expenditures during the most recent fiscal year (2021):

Through the capital increase in cash, bank loans and self-owned funds, the capacity equipment was expanded in 2022. The total input capital expenditure was NT$1,300,521 thousand. The capacity of production lines was improved and the production volume was increased, both positively influenced the finance of the Company.

V. The reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) Reinvestment Policy in the Recent Year

The reinvestments are made by the management based on the Company's operation or strategic objectives. The related units provide and summarize the professional information, and the investee's history, outlook, market condition, and managerial health are evaluated, as the reference for the management's decision-making.

(II) The Key Reasons for Profit of Loss from the Reinvestment in the Recent Year, and the Improvement Plan

December 31, 2022/Unit: NT$ Thousand

Description / Item	Investment incomes recognized in 2022	Shareholding Ratio (%)	Major reasons for profit or loss	Improvement plan	Other investment plan in the future
TSEC AMERICA,INC.	(24)	100.00	The company is still at the startup stage, and committed to the development of solar power stations in the U.S. No significant revenue has been generated.	Actively developing clients in the U.S.	Nil
TSECPV(HK) LIMITED	(72)	100.00	The Company is still at the startup stage, and committed to obtaining orders from international clients. No significant revenue has been generated.	Actively develop the customers for international trading	Nil
Holdgood Energy Co., Ltd.	14,416	45.49	Profits gradually surfaced from the devotion to development of solar power plants in Taiwan.	Actively developing clients in Taiwan	Nil
Yuan-Yu Solar Energy Co., Ltd.	(12,460)	20.00	Respective tenders were still in their establishment periods and hence no important income has been generated yet.	Actively develop large tenders in Taiwan	Nil

(III) Investment in the Next Year: Nil.

VI. Risk Management and Assessment

(I) Impacts of Changes in Interest Rate, Exchange Rate, and Inflation on the Company's Profits or Losses and Countermeasures in the Future:

1. Impacts of changes in interest rate on the Company's profits or losses and countermeasures in the future

   Most of the Company and the subsidiaries' loans are made in NT$, with floating interest rate. As the impacts of COVID-19 at the beginning of 2020, interest rates were lowered by various countries to mitigate the economic impacts. The Central Bank of Taiwan also reduced the interest rate and thus decreased the interest burden of the Company. For the mid- and long-term, the Company and the subsidiaries are on the progress of repaying mid- and long-term loans. The interest rate hike of NT$ has limited impact to Company and the subsidiaries' long-term operational risks. From the view of international monetary market, the economic recovery in the U.S is impacted by COVID-19, and the possible US-Sino trade war, it is not likely to hike interest rate significantly.

   Even though the NT$ interest rate tends to be upward in the future, the Company and the subsidiaries may hedge the interest rate in the domestic monetary market at the right time. Also, the Company's shares are publicly listed, via the information disclosure to reduce the information costs and risks for the financial institutions, and the Company may bargain for better rates. The liability ratio may also be reduced via fundraising in the capital market.

2. The effect upon the company's profits (losses) of exchange rate fluctuations, and response measures to be taken in the future.

   The future operational strategies of Company and the its subsidiaries will focus on the domestic sales of solar modules and the operation/maintenance of power stations. The foreign exchange positions are mainly generated from the short-term operational cycle and thus there are no mid- and long-term foreign exchange risks. The operating revenue of the Company and the subsidiaries are mainly denominated in USD and EUR; however, the procurements of raw materials and equipment are mostly paid in USD and EUR, so the receivables and payables may accommodate each other for natural hedging. In case greater foreign exchange positions are generated in the future, the Company and the subsidiaries may conduct the derivatives transaction for the purpose of hedging, pursuant to the derivatives transaction procedure set forth in the "Procedures for Acquisition or Disposal of Assets," to minimize the foreign exchange risks.

3. The effect upon the company's profits (losses) of inflation, and response measures to be taken in the future

   The most procurement and sales of the Company and the subsidiaries are integrated with the major global market. Therefore, domestic inflation has limited impacts on the operations of the Company and its subsidiaries. The Company and its subsidiaries monitor the fluctuations of prices in the international markets closely. In cases where the costs are increased due to onshore and offshore inflation, the Company and the subsidiaries will adjust and negotiate the sales and procurement price promptly in response.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. The operational philosophy of the Company and its subsidiaries is robust and practical, and the focuses are on the major business of the Company and its subsidiaries. No high-risk investment and highly leveraged investment are taken.
2. The Company and the subsidiaries have established the "Regulations Governing Loaning of Funds to Others," for loaning funds to others. As of the annual report publication date, there is no fund loaned to others by the Company and the subsidiaries.
3. The Company and the subsidiaries have established the "Regulations Governing Endorsement and Guarantee," to be referred to when conduct endorsement and guarantee. As of the annual report publication date, there is no endorsement and guarantee by the Company and the subsidiaries.
4. The financial hedging strategies of the Company and the subsidiaries aim to avoid the risk of exchange rate fluctuation. The derivatives transactions are conducted pursuant to the Company's "Procedures for Acquisition or Disposal of Assets," and fully disclosed in financial statements.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

1. In April 2013, the Company applied for the development of a new leading product by the Industrial Development Bureau (IDB). With support from IDB, the project of "quasi-monocrystalline solar cell with high efficiency" was passed successfully. The governmental subsidy was NT$ 10 million, and the self-raised fund was NT$ 16 million. It demonstrated that the technologies developed solely by the Company was recognized by the nation with subsidy. The project was recognized by the review panel in December 2014 and then concluded. The intended goal was successfully achieved and even exceeded. The conversion efficiency of the quasi-monocrystalline solar cell with high efficiency was raised to over 19.8%. In January 2016, the Company applied for the "Industrial Energy Technology Project" of the Bureau of Energy, Ministry of Economic Affairs. With the support of the Bureau of Energy, and the Ministry of Economic Affairs, the "monocrystalline solar cell product with high efficiency" project was successfully passed. The governmental subsidy was NT$ 6.45 million and the self-raised fund was NT$ 8.55 million. It demonstrated again that technologies developed solely by the Company and the deep development were recognized and assisted by the country. The V-Cell monocrystalline solar cell with high efficiency of 21.3% or more conversion efficiency was fully developed at the end of December 2016. The Company will continue the development of advanced manufacturing process technologies, to pursue the goal of being a world-class solar cell and module manufacturers.
2. The R&D development plan of the Company may be divided into the near-term, mid-term, and long-term. By deepening the collaboration with the academic institutes, good industry-academia partnerships are established.

(A) Near-term R&D development plan:

The near-term R&D objective is to improve the quality of mass production for the mono-crystalline V-Cell, and upgrade the conversion efficiency and yield rate for the optimization of production conditions and cost reduction, to meet the VPC demands in the domestic market. Besides this, novel etching technologies are being developed proactively to increase cell efficiency. For full-size (M6 and M10) modules, on the other hand, new materials are introduced to optimize the packaging process conditions, thereby increasing the module wattage. In addition, greater efforts are devoted to the development and evaluation of novel tunnel oxide passivated contact solar cell technologies and equipment and to approaching the Taiwan Space Agency over joint development and evaluation of niche-oriented space solar cell technologies. NT$45 million is expected to be invested in.

(B) Mid-term R&D development plan:

The mid-term objective is to assess and introduce the high-end manufacturing process technologies and materials and increase the effect utilization of photoelectricity, including the introduction of new machines, resistance reduction, and application of electrode material. Other innovative technologies include the development of new cell structures (tunnel oxide passivated contact solar cells, heterojunction solar cell, back-contact solar cells), which can greatly improve the photoelectric conversion efficiency of solar cells, focusing on the development in terms of module packaging methods (half-cut double glass modules, paving module, and seamless welded modules). This will help the Company become a leading manufacturer of solar cells and modules in terms of technology development and cost control. NT$ 20 million is expected to be input.

(C) Long-term R&D development plan:

The long-term objective is the mass production and application of new cell structure and modules. This will help the leader in terms of technical development and cost control in the solar energy product industry. Moreover, we intend to become a new-type power operator, to create, develop and apply the green electricity, and develop the small- and mid regional power deployment planning system and energy management system via the integrating capability of the up-, mid- and downstream. NT$ 15 million is expected to be input.

(D) Academic-industrial collaboration plans

From the beginning of 2012 to 2021, the Company has jointly applied for and successfully passed the industry-academia collaborative projects, 8 in total, of the Ministry of Science and Technology, with National Cheng Kung University, National Central University and Taiwan University of Science and Technology, including: the development of laser doping combining the spin on dopant; development of diamond-like carbon film passivation layer technology for the high-efficiency silicon crystalline solar energy; diffusion by spin-on dopants for n-type PERT silicon solar cell manufacturing, using micro/nano composite patterned substrates to improve the photoelectric conversion efficiency of silicon-based solar cells; developing screen printing coating polymer paste for the application to the production of local emitter and back passivation silicon crystalline solar cells; developing plasma-assisted chemical vapor deposition multilayer SiOxNy: H/SiNx: H reflection-resistant films for the application to solar cells; developing low-reflective silicon nano-surface structure manufacturing technology for application to polycrystalline silicon solar cells, and by using atomic layer deposition system to grow passivation layers to improve the conversion efficiency of heterojunction solar cells and developing sputtering thin film passivation contact technologies to be applied to the production of crystalline silicon solar cells. The Company is committed to establishing good relationships for industry-academia collaboration. The early R&D may firstly be conducted in the academic field for advanced manufacturing processes and forward-looking technologies based on the demands of companies, with the expectation of successfully introducing the product line into mass production. Meanwhile, professional talents in the solar energy area may be cultivated in academic research units, expecting them to join the Company in the future to contribute what they have learned.

School	Name
National Cheng Kung University	● Applied Study of the Conversion Efficiency of Heterojunction Solar Cells Improved through the Growth Passivation Layer of the Atomic Layer Sedimentation System
National Central University	● Development of Laser Doping Combing the Spin-on Dopant ● Diffusion by Spin-on Dopants for N-type PERT Silicon Solar Cell Manufacturing ● Development of Screen Printing Coating Polymer Paste for the Application to the Production of Local Emitter and Back Passivation Silicon Crystalline Solar Cells ● Development of Plasma-assisted Chemical Vapor Deposition Multilayer SiOxNy: H/SiNx: H Reflection-resistant Films for the Application to Solar Cells ● Development of Sputtering Thin Film Passivation Contact Technologies to Be Applied to the Production of Crystalline Silicon Solar Cells
National Taiwan University of Science and Technology	● Development of Diamond-like Carbon Film Passivation Layer Technology for the High-efficiency Silicon Crystalline Solar Energy ● Utilization of Micro/Nano Composite Patterned Substrates to Improve the Photoelectric Conversion Efficiency of Silicon-based Solar Cells

3. Expected R&D expenses to be devoted: NT$88,693 thousand is expected to be invested in 2023. The amount may be revised based on the actual use. The contributed R&D expenses in the recent 2 years are as follows:

Unit: NTD thousand

Item	2021	2022
R&D Expense	44,555	49,839
Amount of Revenue	6,157,192	9,005,063

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The Company’s operations comply with the domestic and foreign law regulations, while the development trends and changes of the domestic and foreign policies are closely monitored. The related information is collected as the reference for decision-making by the management, in order to adjust the operational strategies. As of the annual report publication date, the Company’s finance business has not been affected by the changes to domestic/foreign key policies and legislations.

(V) Impacts of changes in technology (including information and communication security risks) and industry on the Company’s finance and business and countermeasures

As the technologies in the solar photoelectric industry are relatively mature, there is significant room for the development of basic materials and manufacturing processes. The most possible development direction is replacing P-type chips with N-type chips as the major upstream material for solar cells. Meanwhile the new-generation cell manufacturing process, e.g. TOPCOn or HJT, may become mainstream in three to 5 years. These new technologies will greatly enhance the power generation efficiency of solar cells and lower the generation costs. On the other hand, the current production methods will be replaced gradually.

To respond to the evolution of future production structure, the Company has taken corresponding strategies. In addition to the R&D Department mastering the relevant technological development thoroughly, and conducting development for the new process, the Company also cooperates with Japanese and the U.S. supply chain partners, as well as Russian equipment vendors to jointly develop new products. The Company’s core specialty has always been technologies and quality. We firmly believe that the industrial structure evolutions are operation risks but also opportunities for development. The new generation solar photovoltaic manufacturing process technology will provide the Company with excellent opportunities to lead the peers, and create new competitive advantages.

The Company and its subsidiaries keep track of industrial changes and market trends at all times and pay attention to related technological developments and changes. There were no major technological changes (including information and communication safety risks) and industrial changes whose consequences are sufficient to impact the financial operations of the Company and its subsidiaries significantly over the past year and up to the date of publication.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

Since it was established, the Company has been devoted to maintaining its corporate image and strictly complying with respective regulatory requirements. As of the date the Annual Report was printed, no operational crises as a result of changes in the corporate image had occurred.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

The Company and its subsidiaries did not have a plan to merge with or acquire other companies over the past year up to the date of publication. Shall there be any merger and acquisition in the future, cautious assessment will be conducted, and the synergies of merger will be considered to ensure the interests of the original shareholders.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

To address the demand for operational growth of the Company and the Group, the Board of Directors decided on November 11, 2021, to add production lines for the manufacturing of new-generation batteries and modules, which is expected to contribute about 400 MW of throughput for the large-size solar energy modules of the Company. Under the domestic renewable energy policy, the demand on the domestic solar energy market will continue to grow. This project will help enhance the competitive advantages of the Company.

(IX) Risks associated with focused purchases or sales and countermeasures

1. Evaluation of the concentration risk with purchases

   All major raw materials purchased by the Company and the subsidiaries are sourced from 2 or more suppliers to keep deliveries stable. The Company and the subsidiaries maintain good relations with suppliers, while diversifying risks. Therefore, since the foundation of the Company and the subsidiaries, there has been no interruption of supplies due to product shortage.

2. Assessment to the consolidation of sales

   To actively expand the domestic sales of modules, the Company and its subsidiaries established module sales offices and power plant service teams in New Taipei City, Hsinchu, Changhua, Tainan, Pingtung and other places to achieve the goal of achieving the highest market share in Taiwan's module market. The share between large field customers and small-to-mid-size customers is half and half. Therefore, there shall be no risk of client consolidation. However, the Company and the subsidiaries keep on monitoring and assessing the regional markets and the clients' credit risks for timely responses.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

The transfer of shares by representatives of corporate directors and managers are part of the personal plan for wealth management, with no impacts on the Company.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

As of the annual report publication date, there has been no change in managerial control of the Company.

(XII) Litigious and non-litigious matters

1. Major lawsuits, non-lawsuits, or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company over the past year up to the date when the Annual Report was printed whose results may , have significant impacts on the shareholders' equity or prices of securities; the facts, target amount, start date of the lawsuit/dispute, main parties involved, and current status shall be disclosed:

   A Spanish client, Eurener, S.L. entered the bankruptcy proceeding in April 2013. The

Company has reported the creditor’s right for USD 299,875.59 pursuant to laws. The bankruptcy proceeding is still under the way.

While there are the cases above, the results of these cases are not materially influential to the Company’s finance and business, nor affect the shareholders’ interests and trading price of the shares.

2. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company, the Company's directors, supervisors, the President, the actual person in charge, and shareholders holding more than 10% of all shares, and the associated companies over the past 2 years and up to the date when the Annual Report was printed with a confirmed verdict or ongoing ones whose results may have significant impacts on the shareholders’ equity or prices of securities: Nil.

(XIII) Other important risks, and mitigation measures being or to be taken

In the most recent fiscal year and up to the annual report publication date, there has been no other material risks to the Company.

VII. Other important matters:

Information is as essential as other operating assets to the Company; therefore proper safeguard shall be provided. Information security protect information from various threats, so that the Company’s operation is not interrupted and the risk of operational losses is minimized. Informa security aims to protect information and the supporting processing devices and systems, confidentiality, completeness and availability of the network are under no threat of whatever format, so that the sustainable operation is secured.

The most essential section in the information security risk control is personnel. The information security related information are promoted to employees from time to time, to enhance their sensitivity to the information security The access restrictions are applied to the machine rooms of information devices to control employee’s access from being accessed by unauthorized persons. During the daily operation course, other than firewalls and anti-virus software for preventing malicious virus attack and leakage of key confidential information, the data in mainframes and the ERP system are backed up regularly for disaster recoveries.

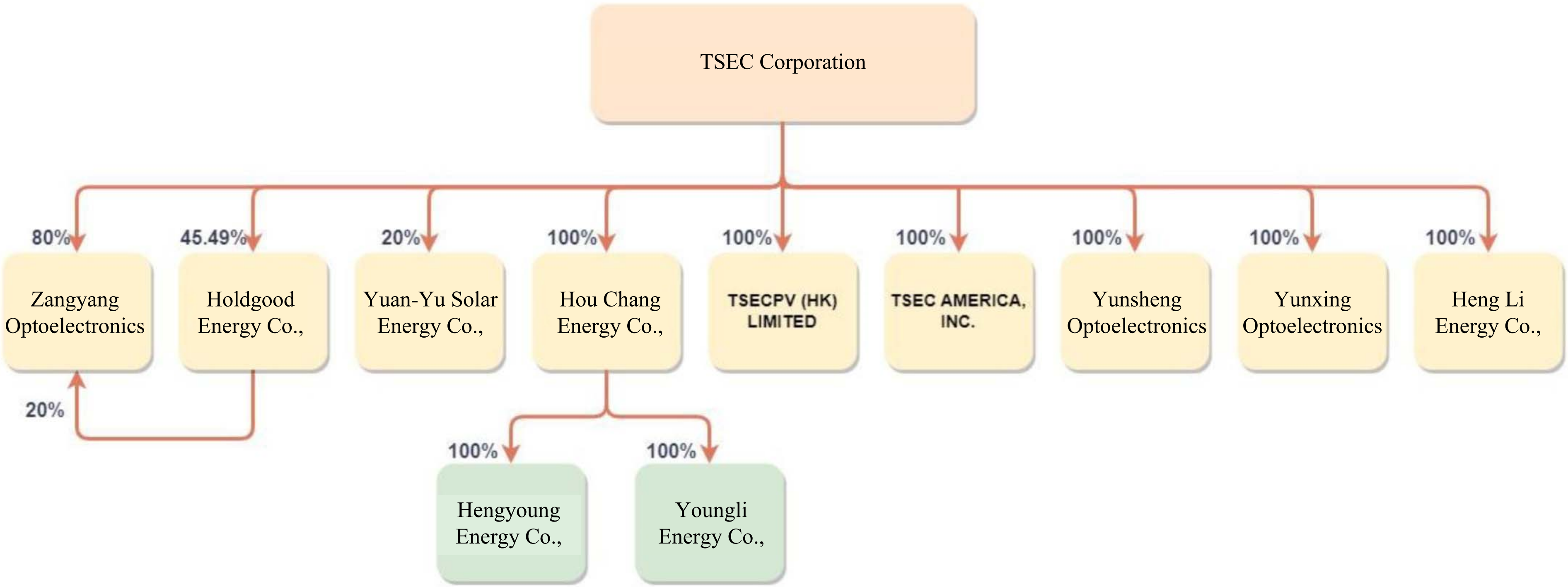
Eight. Special items to be included

I. Information Related to the Company's Affiliates

(I) Consolidated Business Report of Affiliates

1 Organizational Chart of Affiliates

December 31, 2022



Note: When the shareholding ratio is not indicated, it is wholly owned.

2. Profile of Each Affiliate

(Unit: In NT$thousand, unless specified otherwise)

Name of Enterprise	Date of Foundation	Address	Paid-in Capital	Major business or production
TSEC AMERICA, INC.	January 22, 2015	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	USD1,000,000	Distribution of power generation equipment and solar energy related products
TSECPV (HK) LIMITED	February 16, 2021	4008-4009 40/F ONE PACIFIC PLACE 88 QUEENSWAY, HK	USD6,500	Distribution of power generation equipment and solar energy related products
Holdgood Energy Co., Ltd.	October 19, 2018	8F, No. 225, Section 3, Beixin Road, Fuxing Neighborhood, Xindian District, New Taipei City	470,000,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Yuan-Yu Solar Energy Co., Ltd.	February 1, 2019	10F, No. 108, Mingquan Road, Xindian District, New Taipei City	600,000,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Houchang Energy Co., Ltd.	October 30, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	120,500,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Hengli Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	100,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Hengyoung Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	100,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Youngli Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	100,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Changyang Optoelectronics Co., Ltd.	January 9, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	500,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Yunsheng Optoelectronics Co., Ltd.	January 15, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	500,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Yunxing Optoelectronics Co., Ltd.	January 9, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	500,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry

3. Common shareholders for the companies with presumed relationship of control or subordination: Nil.
4. Industries covered in the scope of operation of affiliates as a whole and division of labor among the affiliates: Nil.
5. Relationship among affiliates, shareholding percentage in each other, shares and actual amount of investment:

December 31, 2022

Unit: In NT$thousand, unless specified otherwise; thousand shares; %

Investor	Name of affiliates	Relationship with the Company	Shareholding of the investor			Shareholding in the Company		
			Actual invested amount	Shares	Ratio (%)	Actual invested amount	Shares	Ratio (%)
The Company	TSEC AMERICA, INC.	Subsidiary	31,129 USD 1,000,000	100	100.00	—	—	—
	Yunsheng Optoelectronics Co., Ltd.	Subsidiary	500	50	100.00	—	-	-
	Yunxing Optoelectronics Co., Ltd.	Subsidiary	500	50	100.00	—	-	-
	Houchang Energy Co., Ltd.	Subsidiary	120,500	12,050	100.00	—	—	—
	Changyang Optoelectronics Co., Ltd.	Subsidiary	400	40	80.00	—	-	-
	TSECPV (HK) LIMITED	Subsidiary	200 USD6,500	Note	100.00	—	-	-
	Hengli Energy Co., Ltd.	Subsidiary	89	10	100.00	—	—	—
	Holdgood Energy Co., Ltd.	Associate	213,804	21,380	45.49	—	—	—
	Yuan-Yu Solar Energy Co., Ltd.	Associate	120,000	12,000	20.00	—	—	—
Hou Chang Energy Corporation	Hengyoung Energy Co., Ltd.	Sub-subsidiary	100	10	100.00	—	—	—
	Youngli Energy Co., Ltd.	Sub-subsidiary	100	10	100.00	—	—	—

Note: Limited company, so there are no shares.

6. The names of the directors, supervisors, and president of each affiliate

December 31, 2021

Name of Enterprise	Designation	Name or representative	Shareholding	
			Shares (Thousand shares)	Shareholding proportion (%)
TSEC AMERICA, INC.	Chairman	TSEC Corporation Representative: Hsieh, Cheng-Yang	100	100
TSECPV (HK) LIMITED	Chairman	TSEC Corporation Representative: Wei-Jan, Liao	Note	100
Houchang Energy Co., Ltd.	Chairman	TSEC Corporation Representative: Liao Kuo-Ron	120,50	100
	Director	TSEC Corporation Representative: Wei-Jan, Liao	120,50	100

Name of Enterprise	Designation	Name or representative	Shareholding	
			Shares (Thousand shares)	Shareholding proportion (%)
	Director	TSEC Corporation Representative: Yu Cheng-Yeh	120,50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	120,50	100
Hengyoung Energy Co., Ltd.	Chairman	Houchang Energy Co., Ltd. Representative: Liao Kuo-Ron	10	100
Hengyoung Energy Co., Ltd.	Director	Houchang Energy Co., Ltd. Representative: Wei-Jan, Liao	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houchang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Hengli Energy Co., Ltd.	Chairman	Hou Chang Energy Co., Ltd. Representative: Liao Kuo-Jung	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wei-Jan, Liao	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Hou Chang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Youngli Energy Co., Ltd.	Chairman	Houchang Energy Co., Ltd. Representative: Liao Kuo-Ron	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wei-Jan, Liao	10	100
	Director	Houchang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Houchang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Yunxing Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Wei-Jan, Liao	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Yunsheng Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao Kuo-Jung	50	100
	Director	TSEC Corporation Representative: Wei-Jan, Liao	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100

Name of Enterprise	Designation	Name or representative	Shareholding	
			Shares (Thousand shares)	Shareholding proportion (%)
Changyang Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao Kuo-Ron	40	80
	Director	TSEC Corporation Representative: Wei-Jan, Liao	40	80
	Director	TSEC Corporation Representative: Wang, Liang-Kai	40	80
	Supervisors	Holdgood Energy Co., Ltd. Representative: Chen, Tai-An	10	20

Note: Limited company, so there are no shares.

7. Financial Positions and Operating Results of Each Affiliates

December 31, 2022; Unit: NT$thousand

Name of Enterprise	Paid-in Capital	Total assets	Total liabilities	Net Value	Operating Revenue	Operating Income	Gains or losses for current term (After-tax)	Earnings per Share ($, After-tax)
TSEC AMERICA, INC.	31,129	8,076	5	8,071	0	-36	-24	-0.24
TSEC (HK) LIMITED	200	87	87	87	0	0	-72	Note
Houchang Energy Co., Ltd.	120,500	202,214	83,359	118,855	0	-164	-1,598	-0.13
Hengyoung Energy Co., Ltd.	100	89	0	89	0	0	0	0.01
Hengli Energy Co., Ltd.	100	80	0	80	0	0	-9	-0.89
Youngli Energy Co., Ltd.	100	89	0	89	0	0	0	0.01
Yunsheng Optoelectronics Co., Ltd.	500	478	0	478	0	0	1	0.01
Yunxing Optoelectronics Co., Ltd.	500	478	0	478	0	0	1	0.01
Changyang Optoelectronics Co., Ltd.	500	478	0	478	0	0	1	0.01

Note: if an affiliate is a foreign company, the related amounts shall be translated into NT$ at the exchange rate of the statement date.

(II) Consolidated financial statements of the affiliates: please refer to Page 100 to 177 of the Annual Report for the consolidated financial statements of the parent company and subsidiaries.

(III) Affiliation Businesses Report: Not applicable

Statement of Consolidated Financial Statements of Affiliated Enterprises

Companies that should be included in the compiled consolidated financial statements of affiliates for 2022 (from January 1 to December 31, 2022) in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical to those that should be compiled in the consolidated statements of the parent company and its subsidiaries as per International Financial Reporting Standard 10 and all the information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Therefore, the consolidated financial statements of affiliates is not prepared separately.

Please note.

TSEC Corporation

Chairman: Weiren Investment
Representative: Liao Kuo-Ron

March 8, 2023

Management of Private Placement Securities of the Past Year up to the Date the Annual Report Was Printed:

<table>
<tr><td>Item</td><td colspan="5">First of 2021 (Note 1)
Date of Issue: January 7, 2022</td></tr>
<tr><td>Type of Private Placement Securities (Note 2)</td><td colspan="5">A-Preferred shares</td></tr>
<tr><td>Date and Amount Approved through the Shareholders’ Meeting (Note 3)</td><td colspan="5">Approved in the Shareholders’ Meeting on April 7, 2021.
The intended total issuance amount of Class A preferred stock shares is NT$750 million at maximum, with a maximum of 75,000 thousand shares. The par value per share is NT$10.</td></tr>
<tr><td>Basis for and legitimacy of pricing</td><td colspan="5">A price no less than 80% of the theoretical price is the criterion.</td></tr>
<tr><td>Method for Selecting Specified Persons (Note 4)</td><td colspan="5">The eligible placee for the private placement of preferred shares is limited to the qualified persons specified in Article 43-6 of the Securities and Exchange Act, and Letter (91) Tai-Cai-Zheng-Yi-Zi No. 0910003455 from FSC, dated June 13, 2002. Those who may directly or indirectly improve the operating performance for the Company’s future operation may be prioritized in the selection of qualified persons.</td></tr>
<tr><td>Rationale for organizing private placements</td><td colspan="5">By taking account into the capital market condition, the timeliness, feasibility and issuance costs of fundraising, or introducing strategic investor for the development of the Company, the transfer restrictions for private placement ensures the long-term partnerships between the Company and the strategic investors, and the stability of the Company’s operation is enhanced. Therefore the private placement is selected for fundraising. Also via the authorization to the Board of Directors, the placement is conducted depending on the actual demands of the Company’s operation; thus the flexibility and agility of the fundraising is enhanced effectively. Consequently, it is necessary to conduct the cash capital increase via the private placement of new shares.</td></tr>
<tr><td>Date of completion of payment</td><td colspan="5">2021.12.2</td></tr>
<tr><td rowspan="3">Subscriber profile</td><td>Target of private placement (Note 5)</td><td>Qualification (Note 6)</td><td>Quantity subscribed (shares)</td><td>Relationship with the Company</td><td><u>Involvement in Corporate Operation</u></td></tr>
<tr><td>National Development Fund, Executive Yuan</td><td rowspan="2">Meeting the requirement in Article 43-6 Paragraph 1 Sub-paragraph 2 of the Securities and Exchange Act.</td><td>8,210,526</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Yu Sheng Energy Corporation</td><td>17,684,210</td><td colspan="2">Corporate director of the Company</td></tr>
<tr><td>Actual subscription (or conversion) price (Note 7)</td><td colspan="5">NT$23.75 per share.</td></tr>
<tr><td>Difference between the actual subscription (or conversion) price and the reference price (Note 7)</td><td colspan="5">The actual issue price per share for the current private placement is not to be lower than 80% of the theoretical price of 29.06; the Board of Directors decided that it would be $23.75 per share.</td></tr>
</table>

Impacts of private placement on shareholder equity (such as: increase in accumulated deficits...)	The pricing of the privately placed preferred shares is conducted pursuant to the "Directions for Public Companies Conducting Private Placements of Securities," while taking account into the Company's future development. As the timing to transfer, subject, and quantity of the privately placed securities are restricted, and inferior liquidity resulted from the prohibition of public-listing, it is deemed the pricing method is reasonable, and shall not materially affect shareholders' interests.
Utilization of Privately Placed Funds and Project Implementation Status	They are expected to support the addition of production lines for new-generation batteries and modules and to meet the demand for funds in the future long-term development of power stations and overseas operations of the Company. All were used up in the second quarter of 2022.
Demonstration of Private Placement Efficacy	It is expected that other than continuously improving the financial structure, by introducing strategic investors, they will assist the Company with market development and technical cooperation, and thus the Company's profit is enhanced. This is actually conducive to shareholders' equity.

Note 1: The number of fields may be adjusted reflective of the actual number of occurrences. If the private placement of securities takes place in separate efforts, they shall be listed separately.
Note 2: Provide the type of security included in the private placement, such as common stock, preferred stock, convertible preferred stock, preferred stock with subscription warrants, common corporate bond, convertible corporate bond, a corporate bond with subscription warrants, overseas convertible corporate bond, global depository receipt, and employee share subscription warrant, among others.
Note 3: When no approval through the shareholders' meeting is required in the case of private placement corporate bonds, the date and amount approved by the Board of Directors shall be provided.
Note 4: For ongoing private placements, if subscribers have been approached and determined, the names of subscribers and their relationship with the Company shall be specified.
Note 5: The number of fields may be adjusted reflective of the actual number.
Note 6: Provide what is indicated in Article 43-6 Paragraph 1 Sub-paragraph 1, Sub-paragraph 2, or Sub-paragraph 3 of the Securities and Exchange Act.
Note 7: The actual subscription (or conversion price) refers to that set when private placement securities are actually issued.

II. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Not applicable.

III. Other matters that require additional description: Nil.

Nine. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Nil.

TSEC Corporation

Chairman: Weiren Investment Limited

Representative: Liao, Kuo-Ron