Stock Code: 6443

TSEC Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Review Report

For the Six Months Ended June 30, 2023 and 2022

Address: 8F, No. 225, Beixin Rd., Sec. 3, Fuxing Village,
Xindian District, New Taipei City
Tel: (02)2912-2199

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Independent Auditors' Review Report

To TSEC Corporation,

Introduction

We have reviewed the accompanying consolidated balance sheets of TSEC Corporation (the "Company") and its subsidiaries (collectively, the "Group") as of June 30, 2023 and 2022, the consolidated statements of comprehensive income for the three months and the six months ended June 30, 2023 and 2022, relevant consolidated statements of changes in equity, cash flows for the six months then ended, as well as relevant notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). The preparation of financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards (IAS) 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission (FSC) to present fairly the consolidated financial position of the Group is the management's responsibility. Our responsibility is to arrive at a conclusion on the consolidated financial statements based on our review results.

Scope

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Financial Statement". The procedures for reviewing the consolidated financial statements include inquiries (mainly to personnel in charge of financial and accounting affairs), analytical procedures, and other review procedures. As the scope of the review is obviously smaller than that of an audit, we may not be able to detect all the material matters that can be identified through audits, so we were not able to express an audit opinion.

Conclusions

According to the results of our review (please refer to the other matters), said consolidated financial statements were prepared in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the FSC, allowing it to present the Group's consolidated financial position and consolidated financial performance fairly on June 30, 2023 and 2022, for the three months ended June 30, 2023 and 2022, as well as consolidated financial performance and consolidated cash flows for the six months ended June 30, 2023 and 2022.

Other matters

Among the investee companies included in TSEC's consolidated financial statements that are evaluated using the equity method, the financial statements of Yuan-Yu Solar Energy Co., Ltd. have not been reviewed by us but have been reviewed by other accountants. Therefore, in the conclusions expressed by us on the abovementioned consolidated financial statements, the amount listed in the financial statements of Yuan-Yu Solar Energy Co., Ltd. is based on the review results produced by other accountants. As of June 30, 2023, the balance of investment in Yuan-Yu Solar Energy using the equity method is $133,815 thousand, accounting for 1% of the total consolidated assets. For the Six Months Ended June 30, 2023, the share of profit and loss of affiliates and joint ventures recognized using the equity method was $39,602 thousand, accounting for 12% of the total consolidated comprehensive income.

Deloitte Taiwan

CPA Robert Yu

CPA Connie Chen

Securities and Futures Commission
Approval Document No.
Tai-Cai-Zheng-VI No. 0930128050

FSC Approval Document No.
Jin-Guan-Zheng-Shen No. 1060023872

August 9, 2023

TSEC Corporation and Subsidiaries

Consolidated Statement of Financial Position

June 30, 2023 and December 31 and June 30, 2022

Unit: NT$ in thousands

		June 30, 2023		December 31, 2022		June 30, 2022	
Code	Assets	Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 4 and 6)	$ 844,098	8	$ 837,804	8	$ 768,316	7
1110	Financial assets at fair value through profit or loss (Note 4 and 7)	287	-	-	-	5,482	-
1136	Financial assets at amortized cost (Note 4 and 8)	77,329	1	-	-	-	-
1172	Accounts receivable, net (Notes 4, 9 and 25)	915,201	8	1,164,930	10	673,104	6
1180	Accounts receivable - Net from related parties (Note 4, 9, 25 and 32)	24,859	-	9,498	-	44,885	-
1200	Other receivables (Note 4 and 9)	10,081	-	15,449	-	13,247	-
1210	Other receivables-related parties (Note 4 and 32)	13,985	-	1,416	-	862	-
1220	Income tax assets for the current period (Note 4)	1,174	-	382	-	78	-
130X	Inventories (Note 4 and 10)	1,049,461	10	1,699,321	15	1,641,064	16
1470	Other current assets (Notes 18 and 33)	155,142	1	298,529	3	476,783	5
11XX	Total current assets	3,091,617	28	4,027,329	36	3,623,821	34
	Non-current assets						
1517	Financial assets at fair value through other comprehensive income (Note 4 and 11)	-	-	-	-	5,604	-
1550	Investments accounted for using equity method (Note 4, 13 and 33)	373,768	3	325,622	3	315,100	3
1600	Property, plant, and equipment (Notes 4, 5, 14 and 33)	5,560,562	50	5,442,722	48	4,894,779	46
1755	Right-of-use assets (Note 4 and 15)	12,654	-	10,770	-	7,357	-
1760	Investment property (Notes 4, 16 and 33)	157,290	2	163,159	1	169,039	2
1780	Other intangible assets (Note 4 and 17)	7,178	-	4,708	-	3,670	-
1840	Deferred income tax assets (Note 4)	270,185	3	236,844	2	230,231	2
1990	Other non-current assets (Notes 18, 29, and 33)	1,594,138	14	1,096,896	10	1,363,927	13
15XX	Total non-current assets	7,975,775	72	7,280,721	64	6,989,707	66
1XXX	Total assets	$ 11,067,392	100	$ 11,308,050	100	$ 10,613,528	100
Code	Liabilities and Equity						
	Current liabilities						
2100	Short-term borrowings (Notes 19, 29, and 33)	$ 444,799	4	$ 939,962	8	$ 764,582	7
2110	Short-term notes payable (Notes 19, 29 and 33)	339,773	3	329,513	3	399,676	4
2120	Financial liabilities at fair value through profit or loss (Note 4 and 7)	-	-	637	-	-	-
2126	Hedged financial liabilities - Current (Note 4 and 31)	-	-	218	-	-	-
2130	Contract liabilities (Note 4, 25 and 32)	66,922	1	117,745	1	232,528	2
2150	Notes payable (Note 20)	951	-	24	-	17	-
2170	Accounts payable (Note 20)	480,296	4	898,218	8	929,409	9
2219	Other payables (Notes 21 and 29)	449,185	4	393,148	4	289,720	3
2280	Lease liabilities - Current (Note 4, 15 and 29)	7,276	-	5,473	-	7,709	-
2320	Long-term borrowings - Current portion (Notes 19, 29, and 33)	335,345	3	218,604	2	1,044,820	10
2399	Other current liabilities	11,406	-	7,579	-	7,414	-
21XX	Total current liabilities	2,135,953	19	2,911,121	26	3,675,875	35
	Non-current liabilities						
2540	Long-term borrowings (Notes 19, 29, and 33)	2,134,235	19	1,931,346	17	1,400,224	13
2550	Provisions for Liabilities (Note 4)	21,460	-	17,140	-	12,232	-
2570	Deferred income tax liabilities (Note 4)	1,345	-	628	-	1,096	-
2580	Lease liabilities - Non-current (Note 4, 15 and 29)	5,521	-	5,396	-	-	-
2635	Preferred stock liabilities - Non-current (Note 4 and 23)	287,949	3	287,949	3	287,949	3
2645	Guarantee deposits received (Note 29)	58,000	1	3,705	-	3,705	-
25XX	Total non-current liabilities	2,508,510	23	2,246,164	20	1,705,206	16
2XXX	Total liabilities	4,644,463	42	5,157,285	46	5,381,081	51
	Equity attributable to the owners of the Company (Note 24)						
3110	Common stock	4,762,967	43	4,762,967	42	4,457,967	42
3140	Advance receipts for capital stock	-	-	-	-	38,247	-
3200	Capital surplus	1,312,469	12	1,325,024	12	821,774	8
	Retained earnings						
3310	Legal reserve	23,373	-	4,632	-	4,632	-
3320	Special reserve	171,049	2	41,685	-	41,685	-
3350	Undistributed earnings	320,854	3	187,411	2	43,272	1
3300	Total retained earnings	515,276	5	233,728	2	89,589	1
3400	Other equities	(170,780)	(2)	(171,049)	(2)	(175,225)	(2)
31XX	Total equity attributable to the owners of the Company	6,419,932	58	6,150,670	54	5,232,352	49
36XX	Non-controlling interests	2,997	-	95	-	95	-
3XXX	Total equity	6,422,929	58	6,150,765	54	5,232,447	49
	Total liabilities and equity	$ 11,067,392	100	$ 11,308,050	100	$ 10,613,528	100

The notes attached are part of the Consolidated Financial Statements.

Chairman: Wei Jen Investment Co Ltd. Representative: Liao Kuo-Jung   Managerial Officer: Hung, Cheng-Jen   Accounting Manager: Wei-Che Chang

TSEC Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Three Months Ended June 30, 2023 and 2022, and the Six Months Ended June 30, 2023 and 2022

Unit: NT$ in thousands; earnings per share is NT$

Code		For the three months ended June 30, 2023 Amount	%	For the three months ended June 30, 2022 Amount	%	For the six months ended June 30, 2023 Amount	%	For the six months ended June 30, 2022 Amount	%
4000	Operating revenue (Note 25, 32 and 38)	$ 2,368,830	100	$ 1,891,369	100	$ 4,547,803	100	$ 3,897,088	100
5000	Operating cost (Note 5, 10, 22 and 25)	2,127,737	90	1,766,426	93	4,097,995	90	3,628,154	93
5900	Operating Gross Income	241,093	10	124,943	7	449,808	10	268,934	7
5910	Unrealized gross loss (profit) on sales with associates	6,472	-	(77)	-	6,472	-	(2,423)	-
5920	Realized gross loss on sales with associates	(49)	-	-	-	(78)	-	-	-
5950	Operating Gross Income, net	247,516	10	124,866	7	456,202	10	266,511	7
	Operating expenses (Notes 22, 25, and 32)								
6100	Selling expenses	29,851	1	23,831	1	53,604	1	47,163	1
6200	Management expenses	68,147	3	67,362	4	131,245	3	111,572	3
6300	Research and development expenses	20,610	1	11,709	1	32,043	1	21,312	1
6450	Expected credit loss (Note 9)	2,425	-	861	-	3,057	-	1,766	-
6000	Total operating expenses	121,033	5	103,763	6	219,949	5	181,813	5
6500	Other net income, expense, and loss	(6,224)	-	-	-	(6,224)	-	-	-
6900	Profit from operations	120,259	5	21,103	1	230,029	5	84,698	2
	Non-operating income and expense								
7050	Financing costs (Note 25)	(15,486)	-	(17,338)	(1)	(32,213)	(1)	(35,454)	(1)
7060	Share of profits and losses of associates using equity method	6,486	-	(2,033)	-	54,575	1	(5,798)	-
7100	Interest income (Note 25)	3,501	-	365	-	8,170	-	1,375	-
7110	Rental income (Note 32)	12,401	1	5,674	-	20,385	1	11,342	-
7190	Other income (Note 32)	2,571	-	3,847	-	5,110	-	6,117	-
7230	Net gain (loss) on foreign currency exchange (Note 25)	5,118	-	11,455	1	(2,400)	-	(18,334)	-
7235	Net gain (loss) on financial assets and liabilities at fair value through profit and loss	(7)	-	(10,254)	-	2,866	-	(7,766)	-
7000	Total non-operating income and expense	14,584	1	(8,284)	-	56,493	1	(48,518)	(1)
7900	Pre-tax net income	134,843	6	12,819	1	286,522	6	36,180	1
7950	Income tax benefit (Notes 4 and 26)	8,269	-	1,576	-	32,692	1	7,092	-
8200	Net income	143,112	6	14,395	1	319,214	7	43,272	1
	Other comprehensive income								
	Items that will not be reclassified subsequently to profit or loss								
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	(297)	-	-	-	(459)	-
8317	Gains or losses of hedging instruments applicable for basis adjustments (Note 24)	139	-	-	-	119	-	-	-
8320	Share of other comprehensive income of associates and joint ventures recognized by using the equity method (Note 24)	(12)	-	(21,577)	(1)	5	-	(45)	-
8349	Relevant income tax for items that will not be reclassified (Note 26)	(8)	-	-	-	(44)	-	-	-
	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences in translation of the financial statements of foreign operations (Note 24)	183	-	289	-	114	-	539	-
8399	Income tax related to items that may be reclassified (Note 26)	(37)	-	(57)	-	(24)	-	(107)	-
8300	Other comprehensive income of the current year (net of tax)	265	-	(21,642)	(1)	170	-	(72)	-
8500	Total comprehensive income	$ 143,377	6	($ 7,247)	-	$ 319,384	7	$ 43,200	1
	Net income attributable to:								
8610	The owners of the Company	$ 143,107	6	$ 14,395	1	$ 319,212	7	$ 43,272	1
8620	Non-controlling interests	5	-	-	-	2	-	-	-
8600		$ 143,112	6	$ 14,395	1	$ 319,214	7	$ 43,272	1
	Total comprehensive income attributable to:								
8710	The owners of the Company	$ 143,372	6	($ 7,247)	-	$ 319,382	7	$ 43,200	1
8720	Non-controlling interests	5	-	-	-	2	-	-	-
8700		$ 143,377	6	($ 7,247)	-	$ 319,384	7	$ 43,200	1
	Earnings per share (Note 27)								
9710	Basic	$ 0.30		$ 0.03		$ 0.67		$ 0.10	
9810	Diluted	$ 0.30		$ 0.03		$ 0.67		$ 0.10	

The notes attached are part of the Consolidated Financial Statements.

Chairman: Wei Jen Investment Co Ltd. Managerial Officer: Hung, Cheng-Jen Accounting Manager: Wei-Che, Chang

Representative: Liao Kuo-Jung

TSEC Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2023 and 2022

Unit: NT$ in thousands, unless specified otherwise

		Equity attributable to the owners of the Company (Note 24)												
		Common stock				Retained earnings			Other equities					
Code		Shares (thousand shares)	Amount	Advance receipts for capital stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences in translation of the financial statements of foreign operations	Financial assets at fair value through other comprehensive incomeUnrealized gains (losses)	Gains or losses of hedging instruments	Total	Non-controlling interests (Notes 12 and 24)	Total equity
A1	Balance as of January 1, 2022	445,797	$ 4,457,967	$ -	$ 800,321	$ -	$ -	$ 46,317	($ 869)	($ 174,284)	$ -	$ 5,129,452	$ 95	$ 5,129,547
B1	Legal reserve allocated	-	-	-	-	4,632	-	(4,632)	-	-	-	-	-	-
B3	Special reserve allocated	-	-	-	-	-	41,685	(41,685)	-	-	-	-	-	-
E1	Capital increase in cash	-	-	38,247	-	-	-	-	-	-	-	38,247	-	38,247
N1	Recognition of cash capital increase through Employee stock option compensation expense	-	-	-	21,442	-	-	-	-	-	-	21,442	-	21,442
C7	Changes in shares of affiliates recognized by using equity method	-	-	-	11	-	-	-	-	-	-	11	-	11
D1	Net income for the six months ended June 30, 2022	-	-	-	-	-	-	43,272	-	-	-	43,272	-	43,272
D3	Other comprehensive income after tax for the six months ended June 30, 2022	-	-	-	-	-	-	-	432	(504)	-	(72)	-	(72)
D5	Total comprehensive income for the six months ended June 30, 2022	-	-	-	-	-	-	43,272	432	(504)	-	43,200	-	43,200
Z1	Balance as of June 30, 2022	445,797	$ 4,457,967	$ 38,247	$ 821,774	$ 4,632	$ 41,685	$ 43,272	($ 437)	($ 174,788)	$ -	$ 5,232,352	$ 95	$ 5,232,447
A1	Balance as of January 1, 2023	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
B1	Legal reserve allocated	-	-	-	-	18,741	-	(18,741)	-	-	-	-	-	-
B3	Special reserve allocated	-	-	-	-	-	129,364	(129,364)	-	-	-	-	-	-
B5	Cash dividends for shareholders	-	-	-	-	-	-	(37,664)	-	-		(37,664)	-	(37,664)
O1	Increase in non-controlling interest												2,900	2,900
T1	Basis adjustments to hedging instruments										99	99		99
C15	Distribution of cash from capital surplus	-	-	-	(12,555)	-	-	-	-	-	-	(12,555)	-	(12,555)
D1	Net income for the six months ended June 30, 2023	-	-	-	-	-	-	319,212	-	-	-	319,212	2	319,214
D3	Other comprehensive income after tax for the six months ended June 30, 2023	-	-	-	-	-	-	-	90	5	75	170	-	170
D5	Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	-	319,212	90	5	75	319,382	2	319,384
Z1	Balance as of June 30, 2023	476,297	$ 4,762,967	$ -	$ 1,312,469	$ 23,373	$ 171,049	$ 320,854	($ 144)	($ 170,636)	$ -	$ 6,419,932	$ 2,997	$ 6,422,929

The notes attached are part of the Consolidated Financial Statements.

Chairman: Wei Jen Investment Co Ltd. Representative: Liao Kuo-Jung   Managerial Officer: Hung, Cheng-Jen   Accounting Manager: Wei-Che, Chang

TSEC Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Six Months Ended June 30, 2023 and 2022

Unit: NT$ in thousands

Code		For the six months ended June 30, 2023	For the six months ended June 30, 2022
	Cash flows from operating activities		
A10000	Pre-tax net income	$ 286,522	$ 36,180
	Adjustments to reconcile profit (loss):		
A20100	Depreciation expenses	525,718	275,669
A20200	Amortization expenses	1,524	784
A20300	Expected credit loss	3,057	1,766
A20400	Net losses (gains) on financial instruments at fair value through profit or loss	(2,866)	7,766
A20900	Finance costs	32,213	35,454
A21200	Interest income	(8,170)	(1,375)
A21900	Share-based compensation costs (Note 28)	-	21,442
A22300	Share of profits and losses of associates using equity method	(54,575)	5,798
A23700	Loss on falling prices of inventory and inventory obsolescence	183,633	-
A23900	Unrealized gain (losses) with associates	(6,472)	2,423
A24000	Realized losses with associates	78	-
A24100	Unrealized net income from foreign currency exchange	(904)	(4,239)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily at fair value through profit or loss	1,942	(13,491)
A31150	Net accounts receivable	247,676	80,431
A31160	Accounts receivable - related parties, net	(15,361)	43,599
A31180	Other receivables	5,218	(822)
A31190	Other receivables-related parties	259	(666)
A31200	Inventories	466,227	(68,924)
A31240	Other current assets	18,458	(232,620)
A32125	Contract liabilities	(50,823)	(61,704)
A32130	Notes payable	927	17
A32150	Accounts payable	(421,326)	(75,000)
A32180	Other payables	(21,639)	(29,891)
A32200	Provisions for Liabilities	4,320	(2,463)
A32230	Other current liabilities	3,827	986
A33000	Cash flow from operating activities	1,199,463	21,120

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Code		For the six months ended June 30, 2023	For the six months ended June 30, 2022
A33100	Interest received	$ 8,583	$ 1,242
A33300	Financial costs paid	(34,926)	(41,855)
A33500	Income taxes paid	(792)	(23)
AAAA	Net cash generated by (used in) operating activities	1,172,328	(19,516)
	Cash flows from investing activities		
B00040	Acquisition of assets at amortized cost	(77,329)	-
B01600	Disposal of hedging financial assets	(99)	-
B02000	Increase in prepayments for investments	(432,000)	-
B02700	Purchase of property, plant and equipment (Note 29)	(711,004)	(748,388)
B03800	Decrease in guarantee deposits paid	1,989	397
B04500	Purchase of other intangible assets	(3,994)	(200)
B06500	Increase in other financial assets	-	(15,639)
B06600	Decrease in other financial assets	165,773	-
BBBB	Net cash used in investing activities	(1,056,664)	(763,830)
	Cash flows from financing activities		
C00100	Increase in short-term borrowings	-	157,023
C00200	Decrease in short-term borrowings	(495,163)	-
C00500	Increase in short-term notes payable	10,260	399,676
C01600	Long-term borrowings	465,775	227,400
C01700	Repayment of long-term borrowings	(146,145)	(335,764)
C03000	Increase in guarantee deposits received	54,295	-
C04020	Repayment of principal lease liabilities	(5,182)	(7,066)
C04600	Increase in advance receipts for capital stock	-	38,247
C05800	Increase in non-controlling interest	2,900	-
CCCC	Net cash inflow (outflow) from financing activities	(113,260)	479,516
DDDD	Effect of exchange rate changes on cash and cash equivalents	3,890	14,764
EEEE	Net increase (decrease) in cash and cash equivalents	6,294	(289,066)
E00100	Beginning of period cash and cash equivalents	837,804	1,057,382
E00200	Cash and cash equivalents, end of period	$ 844,098	$ 768,316

The notes attached are part of the Consolidated Financial Statements.

Chairman: Wei Jen Investment Co Ltd. Managerial Officer: Hung, Cheng-Jen Accounting

Manager: Wei-Che, Chang Representative: Liao Kuo-Jung

TSEC Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Six Months Ended June 30, 2023 and 2022

(Unit: NT$ in thousands, unless specified otherwise)

I. Company History

TSEC Corporation (hereinafter referred to as "the Company", and the entities controlled by the Company, hereinafter collectively referred to as the "Group") was approved to be incorporated on June 24, 2010, and is mainly engaged in the design, manufacturing, establishment, and sales of solar cells, modules, and power plants.

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

The consolidated financial statements are presented in the New Taiwan dollar (NTD), the Company's functional currency.

II. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Company's Board of Directors on August 9, 2023.

III. Application of Newly Issued and Amended Standards and Interpretations

(I) Initial application of 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 FSC.

The application of the amended IFRSs endorsed and issued into effect by the FSC will not cause any significant changes in the Group's accounting policies.

(II) IFRSs Announced by IASB but Not Yet Endorsed and Issued into Effect by FSC

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

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New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendment to IAS 1 “Non-Current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Financing Arrangements”	January 1, 2024
Amendment to IAS 12 “International Tax Reform - Pillar Two Model Rules”	Note 3

Note 1: Unless otherwise specified, each of the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after each said date.

Note 2: The seller-lessee shall apply the amendments of IFRS 16 retrospectively to the sale and leaseback transactions signed after the date of the initial application of IFRS 16.

Note 3: After the publication of these amendments, the applicable facts that have been made as exceptions or disclosed will be applied immediately, and will be applied retrospectively in accordance with the provisions of IAS 8. Other disclosure requirements will be applicable to the annual reporting period starting January 1, 2023, and the interim financial reports with an interim closing date before December 31, 2023 are not applicable for other disclosure requirements.

As of the release date of the consolidated financial report, the consolidated Company has continued to evaluate the impact of the amendments to other standards and interpretations on the financial position and financial performance, and the relevant impact will be disclosed when the assessment is completed.

IV. Summary of Significant Accounting Policies

(I) 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 the IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not include all the information as disclosed in the annual financial statements required by IFRSs.

(II) Basis of preparation

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

The fair value measurement is classified into three levels based on the observability and significance of relevant inputs:

1. Level 1 inputs: Quoted (unadjusted) prices in active markets for identical assets or liabilities on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1 that are observable, either directly (i.e. prices) or indirectly (derived from prices) for assets or liabilities.
3. Level 3 inputs: Unobservable inputs for assets or liabilities.

(III) Basis of consolidation

Please refer to Note 12 and Table 4 in Note 37 for details of subsidiaries, shareholdings, and business scope.

(IV) Other Significant Accounting Policies

In addition to the description below, please refer to the Summary of Significant Accounting Policies in the 2022 consolidated financial statements.

Income tax

Income tax expense is the sum of the current income tax and the deferred income tax. The income tax in the interim period is measured on an annual basis. The income before tax in the interim period is calculated at the tax rate applicable to the expected total annual earnings.

V. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

The Group takes into account the impacts of inflation and possible market interest rate fluctuations on the relevant critical accounting estimates of cash flows, growth rates, discount rates, and profitability. The management will continue to review the estimates and the basic assumptions. If an amendment to estimates only affects the current period, it shall be recognized in the period of said amendment; if an amendment to accounting estimates affects the current year and future periods, it shall be recognized in the period of said amendment and future periods.

The following are the key sources of information on key assumptions and estimation uncertainty that have a risk of causing material adjustments to the carrying amounts of assets and liabilities in future financial reporting periods.

Property, Plant and Equipment

The board resolution considered that the introduction of advanced production lines for large-size products could replace some of the machinery and equipment of the consolidated company, and that after the assessment of the economic benefits and wear and tear of the machinery and equipment to be replaced, it is proposed to change the estimated service life of those machinery and equipment to reflect the actual service life and reasonably amortize costs to facilitate the provision of reliable and more relevant information. Therefore, the service life of some of the machinery and equipment is shorted starting May 1, 2023. The change in estimate increases the depreciation expenses in 2023 by $167,653 thousand, which has been fully reflected in the consolidated company's Q2 2023 consolidated financial statements.

VI. Cash and cash equivalents

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand and petty cash	$ 609	$ 609	$ 609
Bank checks and demand deposits	574,676	686,570	684,153
Cash equivalents			
Bank time deposits with an initial maturity term of less than three months	266,813	150,625	83,554
	$ 844,098	$ 837,804	$ 768,316

The interest rate ranges of bank demand deposits and bank time deposits with an initial maturity term of less than three months at the statement of financial position date are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Bank demand deposits	0.001%～1.35%	0.05%～1.05%	0.001%～0.35%
Bank time deposits with an initial maturity term of less than three months	2.10%～5.50%	1.70%～4.70%	0.79%～1.70%

VII. Financial instruments at fair value through profit or loss

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets mandatorily at fair value through profit or loss			
Derivative financial instruments (not designated for hedging)- forward exchange agreements	$ 287	$ -	$ 5,482
Financial liabilities - held for trading			
Derivative financial instruments (not designated for hedging)- forward exchange agreements	$ -	$ 637	$ -

The unexpired forward exchange agreements without applying hedging accounting at the statement of financial position date are as follows:

June 30, 2023

	Currency	Term	Amount (NT$ in thousands)
Purchase of forward exchange agreement	USD to NTD	2023.07.10	USD 283 /NTD 8,652
	USD to NTD	2023.07.10	USD 153 /NTD 4,677
	USD to NTD	2023.07.10	USD 80 /NTD 2,456
	USD to NTD	2023.07.10	USD 53 /NTD 1,625

December 31, 2022

	Currency	Term	Amount (NT$ in thousands)
Purchase of forward exchange agreement	USD to NTD	2023.01.10	USD 1,000 /NTD 31,242
	USD to NTD	2023.01.10	USD 790 /NTD 24,447
	USD to NTD	2023.01.10	USD 1,000 /NTD 30,532

June 30, 2022

	Currency	Term	Amount (NT$ in thousands)
Purchase of forward exchange agreement	USD to NTD	2022.07.15～2022.12.12	USD12,408 /NTD 361,760

The main purpose of the Group’s purchase of forward exchange agreements is to hedge the risks arising from foreign currency assets and liabilities due to exchange rate fluctuations. Its financial hedging strategy is to achieve the purpose of hedging most of the market price risks.

VIII. Financial assets at amortized cost

	June 30, 2023	December 31, 2022	June 30, 2022
Time deposits with an original maturity of more than 3 months	$ 77,329	$ -	$ -

As of June 30, 2023, the interest rate range is 1.29% to 4.00%

IX. Accounts receivable and other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable			
At amortized cost			
Total carrying amount	$ 936,649	$ 1,183,321	$ 704,422
Less: Allowance for losses	(21,448)	(18,391)	(31,318)
	$ 915,201	$ 1,164,930	$ 673,104
Accounts receivable - related parties	$ 24,859	$ 9,498	$ 44,885
Other receivables			
Business tax refund	$ 8,532	$ 8,415	$ 8,643
Rent receivable	293	5,408	4,276
Others	1,256	1,626	328
	$ 10,081	$ 15,449	$ 13,247

(I) Accounts receivable / Accounts receivable - Related parties

The average credit period of the Group's accounts receivable was 30 to 75 days. No interest was accrued for the accounts receivable. In addition, the Group reviews the recoverable amount of accounts receivable one by one at the statement of financial position date to ensure that impairment losses have been recognized appropriately for the accounts receivable that cannot be recovered. With that, the Company's management believes that the Group's credit risk has been reduced significantly. The Group continues to monitor the exposure to the credit risk and the counterparties' credit ratings, and distributes the total transaction amount to different clients with qualified credit ratings.

The Group recognizes the allowances for losses on accounts receivable based on the lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix, with clients' past records of overdue payments, current financial position, and economic situation of the industry, as well as the GDP forecast and industry outlook taken into account. Based on the Group's history of credit losses, as there was no significant difference in the loss patterns among different client groups, the client groups were not further differentiated in the provision matrix, and only the expected credit loss rate was set based on the number of days for which accounts receivable was past due.

If there was information indicating that a counterparty was in severe financial difficulty and the Group could not reasonably expect the amount to be recovered, the Group would write off relevant accounts receivable and continue to collect the receivable due. The receivable recovered was recognized in profit or loss.

The Group measures the allowance for losses on accounts receivable using the provision matrix as follows:

June 30, 2023

	Not Past Due	Less than 60 Days	61 to 120 Days	Over 120 Days	Individual assessment	Total
Expected credit loss rate	0%	-	-	100%		
Total carrying amount	$ 940,060	$ -	$ -	$ 2,425	$ 19,023	$ 961,508
Allowance for losses (lifetime expected credit loss)	-	-	-	(2,425)	(19,023)	(21,448)
Amortized cost	$ 940,060	$ -	$ -	$ -	$ -	$ 940,060

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	Over 120 Days	Individual assessment	Total
Expected credit loss rate	0.30%	4.87%	-	-		
Total carrying amount	$ 1,160,338	$ 13,458	$ -	$ -	$ 19,023	$ 1,192,819
Allowance for losses (lifetime expected credit loss)	(3,467)	(656)	-	-	(14,268)	(18,391)
Amortized cost	$ 1,156,871	$ 12,802	$ -	$ -	$ 4,755	$ 1,174,428

June 30, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	Over 120 Days	Total
Expected credit loss rate	0.3%	4.88%	-	100%	
Total carrying amount	$ 720,009	$ 15	$ -	$ 29,283	$ 749,307
Allowance for losses (lifetime expected credit loss)	(2,034)	(1)	-	(29,283)	(31,318)
Amortized cost	$ 717,975	$ 14	$ -	$ -	$ 717,989

Information on changes in the allowance for losses on accounts receivable:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Opening balance	$ 18,391	$ 29,552
Add: Impairment loss for the period	3,057	1,766
Closing balance	$ 21,448	$ 31,318

Please refer to Note 31 (4) for the description of the credit risk concentration of the Group's accounts receivable on June 30, 2023, December 31, 2022, and June 30, 2022.

(II) Other receivables

The Group's policy is to trade only with counterparties with good credit ratings. The Group continues to track and refer to counterparties' past records of overdue payments. It analyzes their current financial positions to assess whether the credit risk of other receivables has increased significantly since the initial recognition and to measure the expected credit losses thereon. As of June 30, 2023, December 31, 2022, and June 30, 2022, the expected credit loss rate of the Group's other receivables was 0%.

X. Inventories

	June 30, 2023	December 31, 2022	June 30, 2022
Raw materials	$ 455,954	$ 958,385	$ 908,270
Finished goods	485,254	608,353	544,473
Work in process	108,253	132,583	188,321
	$ 1,049,461	$ 1,699,321	$ 1,641,064

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

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Cost of inventories sold	$ 2,074,101	$ 1,753,156	$ 3,906,639	$ 3,602,674
Loss on falling prices of inventory	50,365	-	183,633	-
Others	3,271	13,270	7,723	25,480
	$ 2,127,737	$ 1,766,426	$ 4,097,995	$ 3,628,154

XI. Financial assets at fair value through other comprehensive income

Investment in equity instruments at fair value through other comprehensive income

	June 30, 2023	December 31, 2022	June 30, 2022
Non-current			
Foreign unlisted preferred stocks			
Kyushu Ion-Beam Therapy Facility Maintenance Company	$ -	$ -	$ 5,604
Domestic unlisted common stocks			
Eversol Corporation	-	-	-
	$ -	$ -	$ 5,604

Considering the investment strategy, the Group dissolved the overseas equity investment in Kyushu Ion-Beam Therapy Facility Maintenance Company and received a refund of $7,504 thousand in July 2022. Therefore, the unrealized evaluation loss of $2,239 thousand in the Other equity -- Financial assets at fair value through other comprehensive income has been reclassified as retained earnings.

XII. Subsidiary

Subsidiaries included in the consolidated financial statements

The main entities in the consolidated financial statements are as follows:

Investor	Subsidiary	Business nature	Shareholding percentage June 30, 2023	Shareholding percentage December 31, 2022	Shareholding percentage June 30, 2022
TSEC Corporation	TSEC AMERICA, INC. (Note 1)	Wholesale and retail of power generation equipment, with the business risks mainly arising from foreign exchange rates.	100%	100%	100%
	Hou Chang Energy Co., Ltd. (Hou Chang Energy) (Note 2)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	100%	100%	100%
	Changyang Optoelectronics Co., Ltd. (Changyang)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	80%	80%	80%
	Yunsheng Optoelectronics Co., Ltd. (Yunsheng)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	100%	100%	100%
	Yunxing Optoelectronics Co., Ltd. (Yunxing)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	100%	100%	100%
	TSECPV(HK) LIMITED	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	100%	100%	100%
	Heng Li Energy Co., Ltd. (Heng Li Energy) (Note 3)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	100%	100%	100%
	Yuan-Jin Energy Co., Ltd. (Note 4)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	90%	-	-

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Investor	Subsidiary	Business nature	Shareholding percentage June 30, 2023	December 31, 2022	June 30, 2022
Houchang	Hengyoung Energy Co., Ltd. (Hengyoung)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	100%	100%	100%
	Heng Li Energy Co., Ltd. (Heng Li Energy) (Note 3)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	-	-	-
	Youngli Energy Co., Ltd. (Youngli)	Renting solar power generation equipment, sales of self-generated power, and provision of energy technology services, with the business risks mainly arising from government laws and natural disaster losses.	100%	100%	100%

Note 1: The Company's Board of Directors resolved a decision to dissolve and liquidate its subsidiary TSEC America, Inc. on September 11, 2018. As of August 9, 2023, the process for liquidating the subsidiary had not been completed.

Note 2: The Company increased its capital in the subsidiary Hou Chang Energy by NT$120,000 thousand in June 2022, and the Company's shareholding percentage remained unchanged.

Note 3: In March 2022, the Company purchased the entire equity of Heng Li Energy from the subsidiary Hou Chang Energy with cash of $89 thousand, and the Company's shareholding became 100% after the acquisition.

Note 4: The Company established Yuan-Jin Energy Co., Ltd. in February 2023 to engage in power development, operation and sales businesses of solar power generation systems, and the business registration has been completed.

Please refer to Table 4 in Note 37 for the business nature, main business location, and country of registration of the subsidiaries above.

XIII. Investments accounted for using equity method

Investments in associates

	June 30, 2023	December 31, 2022	June 30, 2022
Associates with materiality			
Holdgood	$ 239,953	$ 231,410	$ 218,830
Yuan-Yu Solar Energy Co., Ltd. (Yuan-Yu)	133,815	-	-
Associates that are not individually material			
Yuan-Yu Solar Energy Co., Ltd. (Yuan-Yu)	-	94,212	96,270
	$ 373,768	$ 325,622	$ 315,100

(I) Associates with materiality

Company Name	June 30, 2023	December 31, 2022	June 30, 2022
Holdgood	45.49%	45.49%	45.49%
Yuan-Yu	20%	-	-

(II) Associates that are not individually material

The percentage of equity held by the Group in the associate at the statement of financial position date is as follows:

Company Name	June 30, 2023	December 31, 2022	June 30, 2022
Yuan-Yu	-	20%	20%

Please refer to Table 4 “Information and locations of invested affiliates” in Note 37, for the business nature, main business location, and country of registration of the associate above.

The Group adopts the equity method to measure the abovementioned associates.

The Group offers the equity of Yuan-Yu to financial institutions as collateral for Yuan-Yu’s financing. Please refer to Note 33 for the information on the collateral.

The Group’s share of profits and losses of the associates recognized using the equity method for the three months ended June 30, 2023 and the six months ended June 30, 2023 is recognized based on the financial statements of Holdgood and Yuan-Yu for the same period reviewed by certified public accountants (CPAs).

As for the Group’s share of profits and losses of the associates recognized using the equity method for the three months ended June 30, 2022 and the six months ended June 30, 2022, Holdgood’s financial statements were reviewed by CPAs. Still, Yuan-Yu’s financial statements were not reviewed by CPAs. However, the management believed that any adjustments made in the financial statements reviewed by CPAs would not have a significant impact.

XIV. Property, Plant and Equipment

For self-use

	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Unfinished construction projects	Total
Cost							
Balance as of January 1, 2023	$ 1,071,526	$ 3,477,828	$ 3,192,654	$ 24,917	$ 344,535	$ 530,800	$ 8,642,260
Additions	-	85,167	496,056	-	21,221	30,019	632,463
Disposal	-	-	-	-	(1,400)	-	(1,400)
Reclassification	-	395,117	-	-	-	(395,117)	-
Balance as of June 30, 2023	1,071,526	3,958,112	3,688,710	24,917	364,356	165,702	9,273,323
Cumulative depreciation and impairment							
Balance as of January 1, 2023	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Depreciation expenses	-	73,715	426,476	20	14,412	-	514,623
Disposal	-	-	-	-	(1,400)	-	(1,400)
Balance as of June 30, 2023	-	1,323,315	2,114,754	24,793	249,899	-	3,712,761
Net amount as of June 30, 2023	$ 1,071,526	$ 2,634,797	$ 1,573,956	$ 124	$ 114,457	$ 165,702	$ 5,560,562
Net amounts as of December 31, 2022 and January 1, 2023	$ 1,071,526	$ 2,228,228	$ 1,504,376	$ 144	$ 107,648	$ 530,800	$ 5,442,722
Cost							
Balance as of January 1, 2022	$ 1,071,526	$ 3,414,260	$ 3,236,862	$ 24,806	$ 263,933	$ 64,974	$ 8,076,361
Additions	-	15,207	14,108	-	13,783	240,962	284,060
Disposal	-	-	-	-	(114)	-	(114)
Reclassification	-	4,600	-	-	-	(4,600)	-
Balance as of June 30, 2022	1,071,526	3,434,067	3,250,970	24,806	277,602	301,336	8,360,307
Cumulative depreciation and impairment							
Balance as of January 1, 2022	-	1,109,070	1,849,304	24,323	220,560	-	3,203,257
Depreciation expenses	-	71,375	182,737	412	7,861	-	262,385
Disposal	-	-	-	-	(114)	-	(114)
Balance as of June 30, 2022	-	1,180,445	2,032,041	24,735	228,307	-	3,465,528
Net as of June 30, 2022	$ 1,071,526	$ 2,253,622	$ 1,218,929	$ 71	$ 49,295	$ 301,336	$ 4,894,779

The Group’s property, plant and equipment are depreciated on a straight-line basis based on the estimated useful lives below:

Buildings and structures	
Plants and buildings	50 years
Plant improvements	3 to 20 years
Machinery and equipment	3 to 20 years
Office equipment	3 to 5 years
Other equipment	2 to 15 years

Please refer to Note 34 for the description of the Group’s material commitments to the purchase of machinery and equipment from and the construction contracts with suppliers.

As of June 30, 2023, December 31, 2022, and June 30, 2022, for the financing of property, plant and equipment, please refer to Notes 19 and 33.

Please refer to Note 25 (8) for information on the Group's interest capitalization for the three months ended June 30, 2023 and 2022, and the six months ended June 30, 2023 and 2022.

XV. Lease agreements

(I) Right-of-use assets

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of right-of-use assets			
Buildings	$ 11,444	$ 10,770	$ 7,357
Transportation equipment	1,210	-	-
	$ 12,654	$ 10,770	$ 7,357

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Additions to right-of-use assets			$ 7,110	$ 4,064
Depreciation expenses of right-of-use assets				
Buildings	$ 2,440	$ 3,087	$ 4,881	$ 6,223
Transportation equipment	129	218	345	543
Machinery and equipment	-	118	-	297
	$ 2,569	$ 3,423	$ 5,226	$ 7,063

(II) Lease liabilities

	June 30, 2023	December 31, 2022	June 30, 2022
Carrying amount of lease liabilities			
Current	$ 7,276	$ 5,473	$ 7,709
Non-current	$ 5,521	$ 5,396	$ -

Ranges of discount rates for lease liabilities are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Buildings	2.33%～3.06%	2.33%～2.43%	2.43%～2.78%
Transportation equipment	3.06%	-	-

(III) Important leasing activities and terms

The Group leases some buildings and cars to be used as employee dormitories, offices and company vehicles, and the lease period is 2 to 3 years. The Group does not have the preferential purchase right at the end of the lease period.

(IV) Other leasehold information

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Lease expenses for short-term and low-value assets	$ 1,457	$ 1,270	$ 3,178	$ 2,650
Total cash (outflow) from leases			($ 8,574)	($ 10,071)

The Group has elected to apply the exemption for recognizing parking spaces and employee dormitories that qualify as short-term leases and certain photocopier leases that qualify as low-value asset leases. It does not recognize such leases in relevant right-of-use assets and lease liabilities.

XVI. Investment property

	Buildings and structures
Cost	
Balance for the six months ended June 30, 2023	$ 295,084
Accumulated depreciation	
Balance as of January 1, 2023	131,925
Depreciation expenses	5,869
Balance as of June 30, 2023	137,794
Net amount as of June 30, 2023	$ 157,290
Net amounts as of December 31, 2022 and January 1, 2023	$ 163,159
Cost	
Balance for the six months ended June 30, 2022	$ 295,084
Accumulated depreciation	
Balance as of January 1, 2022	119,824
Depreciation expenses	6,221
Balance as of June 30, 2022	126,045
Net as of June 30, 2022	$ 169,039

The Group's investment property is depreciated on a straight-line basis based on the estimated useful lives below:

Buildings and structures	
Main building of the plant	50 years
Plant improvements	3 to 20 years

The lease term for investment property leasing is four years.

The lessee does not have the preferential rights to purchase the investment property upon the end of the lease term.

The total amount of lease payments that will be collected for the lease-out of investment property under operating lease in the future is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
1st year	$ 48,000	$ 43,705	$ 14,820
2nd year	48,000	48,000	-
3rd year	32,000	48,000	-
4th year	-	8,000	-
	$ 128,000	$ 147,705	$ 14,820

The fair value of investment property has not been appraised by independent appraisers, and was only measured by the Group's management using the appraisal model commonly used by market participants at Level 3 inputs. Such appraisal was conducted with reference to the market transaction prices of similar properties.

The fair value based on the appraisal is as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value	$ 441,246	$ 441,246	$ 194,348

The Group's all investment property is self-owned. Please refer to Note 33 for information on the investment property provided to financial institutions as collateral for financing.

The interest on the Group's investment property was not capitalized without interest for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 2023 and 2022.

XVII. Other intangible assets

	June 30, 2023	December 31, 2022	June 30, 2022
Computer software	$ 7,178	$ 4,708	$ 3,670

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Cost		
Opening balance	$ 54,004	$ 51,695
Acquired in the current period	3,994	200
Closing balance	57,998	51,895
Accumulated amortization		
Opening balance	49,296	47,441
Amortization expenses	1,524	784
Closing balance	50,820	48,225
Net amount, end of period	$ 7,178	$ 3,670

The computer software is amortized over a period of one to four years on a straight-line basis.

XVIII. Other assets-current and non-current

	June 30, 2023	December 31, 2022	June 30, 2022
Current			
Prepayments to suppliers	$ 93,781	$ 114,485	$ 391,565
Other financial assets	10,000	134,929	501
Prepaid expenses	36,593	35,828	35,513
Excess business tax paid	9,957	-	47,666
Others	4,811	13,287	1,538
	$ 155,142	$ 298,529	$ 476,783
Non-current			
Prepayments for business facilities (including capitalized interest)	$ 899,078	$ 791,563	$ 1,066,827
Prepayments for investments	432,000	-	-
Guarantee deposits paid	180,062	182,051	179,673
Other financial assets	82,998	123,282	117,427
	$ 1,594,138	$ 1,096,896	$ 1,363,927

The ranges of interest on the pledged certificates of deposit and the reserve account in the Group's "Other assets - current and "Other financial assets - non-current" used as collateral for bank-secured loans, performance guarantees, and loans for purchases as of June 30, 2023, December 31, 2022, and June 30, 2022 were 0.55%–4%, 0.2%–3.5%, and 0.10%–0.82%, respectively. Please refer to Note 33 for details.

XIX. Borrowings

(I) Short-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Bank credit borrowings	$ 444,799	$ 939,962	$ 764,582
Interest rate ranges			
Bank credit borrowings	2.48%～2.80%	2.21%～2.87%	1.83%～4.50%

(II) Short-term notes payable

The unexpired short-term notes payable are as follows:

June 30, 2023

Guarantee/Acceptance institutions	Face amount	Discounted amount	Carrying amount	Interest rate ranges	Collateral
Commercial paper payable					
Notes issued by Mega Bank	$ 30,000	$ 11	$ 29,989	2.248%	Machinery and equipment
Notes issued by Mega Bank	50,000	22	49,978	2.248%	Machinery and equipment
Notes issued by Taiwan Cooperative Bank	30,000	11	29,989	2.248%	Machinery and equipment
Notes issued by Taiwan Cooperative Bank	50,000	22	49,978	2.248%	Machinery and equipment
Notes issued by International Bills Finance Corp.	80,000	34	79,966	2.223%	Nil
China Bills Finance Corporation	100,000	127	99,873	2.220%	Nil
	$ 340,000	$ 227	$ 339,773		

December 31, 2022

Guarantee/Acceptance institutions	Face amount	Discounted amount	Carrying amount	Interest rate ranges	Collateral
Commercial paper payable					
Notes issued by Mega Bank	$ 50,000	$ 103	$ 49,897	2.218%	Machinery and equipment
Notes issued by Mega Bank	50,000	60	49,940	2.288%	Machinery and equipment
Notes issued by Taiwan Cooperative Bank	50,000	103	49,897	2.218%	Machinery and equipment
Notes issued by Taiwan Cooperative Bank	50,000	60	49,940	2.288%	Machinery and equipment
Notes issued by International Bills Finance Corp.	30,000	32	29,968	2.288%	Nil
China Bills Finance Corporation	50,000	38	49,962	2.138%	Nil
China Bills Finance Corporation	50,000	91	49,909	2.138%	Nil
	$ 330,000	$ 487	$ 329,513		

June 30, 2022

Guarantee/Acceptance institutions	Face amount	Discounted amount	Carrying amount	Interest rate ranges	Collateral
Commercial paper payable					
Notes issued by Mega Bank	$ 150,000	$ 107	$ 149,893	1.76%～1.86%	Machinery and equipment
Notes issued by Taiwan Cooperative Bank	150,000	107	149,893	1.76%～1.86%	Machinery and equipment
Notes issued by International Bills Finance Corp.	50,000	39	49,961	2.01%	Nil
China Bills Finance Corporation	50,000	71	49,929	1.86%	Nil
	$ 400,000	$ 324	$ 399,676		

Please refer to Note 33 for the collateral provided by the Group for the short-term notes payable.

(III) Loan-term borrowings

	June 30, 2023	December 31, 2022	June 30, 2022
Secured borrowings			
Syndicated loans against collateral	$ 1,580,000	$ 1,344,000	$ 2,273,910
Less: Arrangement fee for syndicated loans	(16,766)	(9,846)	(11,679)
	1,563,234	1,334,154	2,262,231
Bank-secured loans	906,346	815,796	182,813
Total	2,469,580	2,149,950	2,445,044
Less: Current portion	(335,345)	(218,604)	(1,044,820)
Loan-term borrowings	$ 2,134,235	$ 1,931,346	$ 1,400,224

1. Syndicated loans against collateral

(1) In March 2023, the Group signed a syndicated loan agreement with a bank syndicate with Mega International Commercial Bank as the lead bank. The main purpose of the loan is to supplement intermediate-term working capital and the construction of warehousing facilities. The credit line is $1,909,600 thousand (including the Type A financing amount of $1,573,600 thousand and the Type B financing amount of $336,000 thousand), and the loan period is five years from the date when the loan is first utilized. The principal of Type A loan should be paid off before the date when the credit period ends. As for Type B loans, the 24-month period after the loan is first utilized is considered period 1, and one month is a period afterward; the principal is divided into 48 installments, with the remaining principal being paid off in the final period. As of June 30, 2023,

the loan balance was NT$300,000 thousand, with an interest rate of 1.595%.

The Group shall maintain the agreed current ratio, debt-to-net-worth ratio, times interest earned, and tangible net worth during the period of said loan. In the event of a non-conformity with any of the financial ratios, the Group shall conduct a capital increase in cash or make improvements by other means. Until the day before the actual improvements meet all financial ratios and restrictions, the calculation is based on the originally agreed rate plus the add-on rate or an annual fee rate of 0.15%. Also, the Group shall make improvements to meet the requirements of the agreement between the provision of the financial statements and the provision of the next first-half or annual financial statements. If the Group completes the improvement within said improvement period and meets the requirements of the agreement, the non-conformity shall not be deemed as a breach of the Group's financial commitment.

(2) The Group also signed a syndicated loan agreement with a group of banks led by Taiwan Cooperative Bank in November 2020. The agreement mainly aims to restructure the syndicated loans, one in September 2015 with Chang Hwa Bank serving as the lead bank and the other in August 2016 with Taiwan Cooperative Bank and Taiwan Business Bank serving as the lead banks, and to replenish the working capital. The restructured credit limit is NT$2,000,000 thousand (including NT$1,600,000 thousand for the limit of loan A and NT$400,000 thousand for the limit of loan B), and the loan period is up to November 2025. The first installment shall be paid three months after the first drawdown, and the Group shall pay the following installments every three months in a total of 20 installments to pay off the principal of the loan. The Group shall repay 2% of the principal from the 1st to the 12th installments, 4% of the principal from the 13th to the 19th installments, and the remaining principal in the last installment. As of June 30, 2023, December 31, 2022, and June 30, 2022, the balance of loan A was NT$1,280,000 thousand, NT$1,344,000 thousand and NT$1,408,000 thousand, at an interest rate of 3.274%, 3.098% and 2.65%, respectively, and the balance of loan B was NT$160,000 thousand, NT$200,000 thousand and NT$300,000 thousand, respectively,

recognized in short-term notes payable at the interest rates of 2.248%, 2.218% to 2.288% and 1.76% to 1.86%, respectively.

The Group shall maintain the agreed current ratio, debt-to-net-worth ratio, times interest earned, and tangible net worth during the period of said loan. In the event of a non-conformity with any of the financial ratios, the Group shall conduct capital increase in cash or make improvements by other means while paying compensation to the group of banks in a lump sum at 0.20% of the outstanding balance of the loan drawn down. Also, the Group shall make improvements to meet the requirements of the agreement between the provision of the financial statements to the provision of the next first-half or annual financial statements. If the Group completes the improvement within said improvement period and meets the requirements of the agreement, the non-conformity shall not be deemed as a breach of the Group's financial commitment.

(3) The Group signed a syndicated loan agreement with a group of banks led by Chang Hwa Commercial Bank in February 2018. The loan project mainly aims to build a solar power module plant and to purchase machinery and equipment. The credit limit is NT$1,250,000 thousand (including NT$500,000 thousand for the limit of loan A for land and NT$750,000 thousand for the limit of loan B for plant), and the loan period is up to February 2023. The first installment shall be paid upon 24 months after the first drawdown, and the Group shall pay the following installments every six months in a total of seven installments to pay off the principal of the loan. The Group shall repay 5% of the principal from the 1st to the 4th installments, 10% of the principal from the 5th to the 6th installments, and the remaining principal in the last installment. As of June 30, 2022, the loan balance was $865,910 thousand, with an interest rate of 2.56%; the syndicated loan was paid off in advance in December of 2022.

The Group shall maintain the agreed current ratio, debt ratio, times interest earned, and tangible net worth during the period of said loan. In the event of a non-conformity with any of the financial ratios, the Group shall pay compensation to the credit limit management bank in accordance with the agreement while providing written documents on specific financial improvement measures immediately to the credit limit management bank. Also, the Group shall make improvements to meet the requirements of the agreement between the provision of the financial statements and the provision of the next first-half or annual financial statements. If the Group completes the improvement within said improvement period and meets the requirements of the agreement, the non-conformity shall not be deemed as a breach of the Group's financial commitment.

2. The contract periods of bank-secured borrowings range from 5 years 5 months to 6 years 6 months, and the Group repays the principal and interest on a monthly basis.

	June 30, 2023	December 31, 2022	June 30, 2022
Interest rate ranges	1.60%～2.10%	1.35%～2.88%	1.60%～2.53%

Please refer to Note 33 for the collateral provided by the Group for the long-term borrowings.

XX. Notes payable and accounts payable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes payable - from operations	$ 951	$ 24	$ 17
Accounts payable - from operations	$ 480,296	$ 898,218	$ 929,409

The average credit period for accounts payable ranges from 60 to 90 days. The Group has a financial risk management policy in place to ensure that all accounts payable are repaid within the credit period agreed in advance.

XXI. Other payables

	June 30, 2023	December 31, 2022	June 30, 2022
Salaries and bonuses payable	$ 148,344	$ 151,828	$ 100,229
Customs clearance fee payable	49,779	37,403	44,828
Business facilities payable	63,453	55,577	26,589
Labor and health insurance premiums payable	21,345	12,340	18,525
Service expenses payable	8,699	7,655	8,094
Environmental protection fees payable	4,385	9,232	4,675
Dividends payable	50,219	-	-
Business tax payable	8,501	11,123	-
Others	94,460	107,990	86,780
	$ 449,185	$ 393,148	$ 289,720

XXII. Post-employment benefit plans

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

Pension expenses related to the defined contribution plan are recognized in the accounts below:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Operating cost	$ 8,923	$ 8,306	$ 18,169	$ 15,814
Operating expenses	1,470	1,423	2,928	2,822
	$ 10,393	$ 9,729	$ 21,097	$ 18,636

XXIII. Preferred stock liabilities

On April 7, 2021, the resolution of the shareholders' meeting approved to conduct cash capital increase through private placement of 75,000 Class A preferred stock shares, with a face value of NT$10 per share. On November 18, 2021, the board approved the issuance of 25,895 thousand shares, priced at NT$23.75 per share. A full payment of NT$615,000 thousand was received on December 2, 2021, and the change registration was completed. According to the issuance conditions of the preferred stock, the shares are split into preferred stock liabilities of $287,949 thousand and conversion rights of $327,051 thousand. The rights and obligations of the preferred stock in the private placement are as follows:

(1) The distribution of the Company's earnings is conducted pursuant to the Articles of Incorporation. The distributable earnings shall firstly be distributed to the Preferred Shares-A for the current year, or current season with the accumulated undistributed dividends. In the event of no earnings, or insufficient earnings to be distributed for all Preferred Shares-A, such distributable earnings shall still be firstly distributed to the Preferred Share-A, and the shortage will be made up first when annual or quarterly earnings are provided.

(2) The dividend rate of the A-Preferred Shares is an annual rate of 2% and is calculated based on the issuance price per share. The dividends are paid in cash. The ex-dividend base date of the preferred shares is authorized to the Board to determine. The distribution of dividends for the issue year/quarter and the reacquired year/quarter is calculated based on the actual issuance date of the year.

(3) Share the amount of intended dividends for the common shares exceeds the amount of the Preferred Shares-A dividends, the holders of the Preferred Shares-A are entitled to the distribution.

(4) Other than the abovementioned dividends, the A-Preferred Shares are entitled to participate in the distribution of earnings and reserves for the common shares.

(5) The A-Preferred Shares are entitled to be converted to common shares from the next day of the third anniversary of holding.

(6) The holders of the A-Preferred Shares have the right to vote in the general shareholders' meetings, as well as to elect directors (independent directors included). The A-Preferred Shares are also entitled to vote in extraordinary shareholders' meetings and for matters related to the Preferred Share-A holders' interests.

(7) For distributing the Company's remaining properties, the A-Preferred Shares have higher priority over the common shares, but shall not exceed the sum of issuance priced plus the payable dividends.

(8) 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 issuance condition until being reacquired. If the Company resolves to issue dividends for the year reacquiring the Preferred Shares-A on the shareholders' meeting, the part of dividends that should be paid before the reacquisition date will be calculated based on the actual number of issue days of the year.

(9) When the Company issues new common shares by cash capital increase, shareholders of Preferred Shares-A have the same preferred options for new shares as the shareholders of common shares.

(10) Shall the A-Preferred Shares satisfy the conditions for early reacquisition, or the issuance period expires, but the Company is unable to reacquire all or part of such shares due to force majeure or event not attributable to the Company, each of the abovementioned issuance conditions stays in force until all A-Preferred Shares are reacquired. The dividends are calculated at the original rate for the extended period. The rights entitled by Preferred Shares-A pursuant to the Articles of Incorporation shall not be harmed.

The board resolved on March 7, 2022 that the unissued preferred stock totaling 49,105 thousand shares will not be issued during the remaining issuance period.

XXIV. Equity

(I) Common stock

	June 30, 2023	December 31, 2022	June 30, 2022
Number of authorized shares (in thousand shares)	700,000	700,000	700,000
Authorized capital	$ 7,000,000	$ 7,000,000	$ 7,000,000
Number of shares issued and fully paid (in thousand shares)	476,297	476,297	445,797
Share capital issued	$ 4,762,967	$ 4,762,967	$ 4,457,965
Advance receipts for capital stock	$ -	$ -	$ 38,247

The common shares issued, with a par value of NT$10 per share, are entitled to one voting right per share and to the right to receive dividends. In addition, 25,895 thousand shares of Class A preferred stock have been issued. Please refer to Note 23.

The Company adopted July 13, 2022 as the base date for a capital increase in cash to issue 30,500 thousand shares, with a par value of NT$10 per share; the shares are issued at a premium of NT$26.50 per share. The payments received for the shares issued through the capital increase in cash were in the amount of NT$808,250 thousand, and the number of outstanding shares increased to 476,297 thousand shares. The Company has completed the change registration on August 4, 2022.

The Company's total capital retains NT$50,000 thousand in a total of 5,000 thousand shares, with a par value of NT$10 per share, for the issue of employee stock options, which may be issued in tranches in accordance with the resolution of the Board of Directors.

(II) Capital surplus

	June 30, 2023	December 31, 2022	June 30, 2022
May be used to compensate for a deficit, distributed as cash dividends, or transferred to share capital			
Premium of shares issued			
Premium of common shares issued	$ 979,174	$ 991,729	$ 473,270
Expired employee stock options	6,233	6,233	-
May be used to compensate for a deficit only			
Changes in ownership interests in subsidiaries using the equity method recognized	11	11	11
Not for any purpose			
Employee stock options	-	-	21,442
Conversion rights of preferred stock	327,051	327,051	327,051
	$ 1,312,469	$ 1,325,024	$ 821,774

The capital surplus arising from shares issued in excess of the par value and the donations may be used to compensate for a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital; however, when it is transferred to share capital, it is limited to a certain percentage of the Company's paid-in capital.

(III) Retained Earnings and Dividend Policy

According to the earnings distribution policy as set forth in the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, compensating a cumulative deficit; then, the Company shall set aside 10% of the remaining profit as legal reserve, set aside or reverse a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings from the prior year shall be adopted by the Company's Board of Directors as the basis for proposing a distribution plan, which shall be resolved at the shareholders' meeting for distribution. For the policies on the distribution of employees' compensation and remuneration to directors as set forth in the Company's Articles of Incorporation, refer to "Employees' compensation and remuneration to directors" in Note 25 (6).

In addition, in accordance with the Company's Articles of Incorporation, the dividends as appropriate based on the future capital expenditure budget and capital needs as per the dividend policy. The Company shall distribute dividends in cash or stock, and the proportion of cash dividends shall not be less than 10% of the total dividend distributed.

The Company shall set aside legal reserve until the balance reaches the amount of the Company's total paid-in capital. The legal reserve may be adopted to compensate for the deficit. When the Company has no deficit to be compensated, the portion of the legal reserve in excess of 25% of the total paid-in capital may be distributed in cash in addition to being transferred to the share capital.

The Company held the shareholders' meeting on May 24, 2023 and June 9, 2022, which resolved to approve the 2022 and 2021 profit distribution shown as follows:

	2022	2021
Legal reserve	$ 18,741	$ 4,632
Special reserve	$ 129,364	$ 41,685
Cash dividends	$ 37,664	$ -
Cash dividend per share (NT$)	$ 0.075	$ -

The Company held the shareholders' meeting on May 24, 2023, which resolved to approve "Capital surplus - Issue premium" of $12,555 thousand, $0.025 per share, to distribute cash dividends.

(IV) Other equity items

1. Exchange differences in translation of the financial statements of foreign operations

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Opening balance	($ 234)	($ 869)
Incurred during the period		
Exchange differences from foreign operations	114	539
Income tax related to items that may be reclassified	(24)	(107)
Closing balance	($ 144)	($ 437)

2. Unrealized gain (loss) on financial assets at fair value through other comprehensive income

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Opening balance	($ 170,641)	($ 174,284)
Incurred during the period		
Unrealized gains (losses)		
Equity instruments	-	(459)
Share of the subsidiaries recognized by using the equity method	5	(45)
Closing balance	($ 170,636)	($ 174,788)

3. Gains or losses of hedging instruments

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Opening balance	($ 174)	$ -
Incurred during the period		
Gains or losses from changes in fair value of hedging instruments		
Exchange rate risk - Forward foreign exchange contracts	119	-
Original book value transferred to hedged items		-
Exchange rate risk - Forward foreign exchange contracts	99	-
Related income tax	(44)	-
Closing balance	$ -	$ -

(V) Non-controlling interests

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Opening balance	$ 95	$ 95
Share attributable to uncontrolled equity		
Current period net profit	2	-
Acquisition of the increased non-controlling interest in Yuan-Jin Energy	2,900	-
Closing balance	$ 2,997	$ 95

XXV. Net income

(I) Operating Revenue

1. Contract balance

	June 30, 2023	December 31, 2022	June 30, 2022	January 1, 2022
Accounts receivable (Note 9)	$ 915,201	$1,164,930	$ 673,104	$ 754,026
Accounts receivable - related parties (Note 9 and 32)	$ 24,859	$ 9,498	$ 44,884	$ 88,484
Contract liabilities				
Sales of modules	$ 66,922	$ 117,745	$ 232,528	$ 294,232

Please refer to Note 9 for the details of the accounts receivable from contracts.

Changes in contract liabilities are mainly due to the difference between the time when the performance obligations are fulfilled and the time when clients make payments.

2. Breakdown of revenue from contracts with clients

Please refer to Note 38 (1) for the breakdown of the revenue.

3. Contracts with clients that have not been fully completed.

The dates when performance obligations that have not been fully fulfilled are expected to be recognized in revenue income are as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Sales of modules			
- Fulfilled in 2022	$ -	$ -	$ 232,528
- Fulfilled in 2023	66,922	117,745	-
	$ 66,922	$ 117,745	$ 232,528

(II) Interest income

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Bank savings	$ 1,770	$ 34	$ 5,675	$ 260
Financial assets at amortized cost	1,310	213	1,601	213
Other financial assets	419	114	879	361
Others	2	4	15	541
Total	$ 3,501	$ 365	$ 8,170	$ 1,375

(III) Depreciation and amortization

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Property, Plant and Equipment	$ 331,546	$ 130,927	$ 514,623	$ 262,385
Right-of-use assets	2,569	3,423	5,226	7,063
Investment property	2,934	3,083	5,869	6,221
Other intangible assets	850	399	1,524	784
Total	$ 337,899	$ 137,832	$ 527,242	$ 276,453
Depreciation expenses by function				
Operating cost	$ 330,581	$ 130,234	$ 512,903	$ 261,157
Operating expenses	6,468	7,199	12,815	14,512
	$ 337,049	$ 137,433	$ 525,718	$ 275,669
Amortization expenses by function				
Operating cost	$ 458	$ 228	$ 829	$ 448
Selling expenses	312	102	544	198
Management expenses	74	65	140	131
Research and development expenses	6	4	11	7
	$ 850	$ 399	$ 1,524	$ 784

(IV) Direct operating expenses of investment property

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Rent income generated				
Depreciation expenses	$ 2,934	$ 3,083	$ 5,869	$ 6,221
Taxation	101	152	201	246
	$ 3,035	$ 3,235	$ 6,070	$ 6,467

(V) Employee benefit expenses

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Post-employment benefits				
Defined contribution plan (Note 22)	$ 10,393	$ 9,729	$ 21,097	$ 18,636
Share-based payment (Note 28)	-	21,442	-	21,442
Salary and wages	280,614	228,126	542,238	447,373
Labor and health insurance expenses	27,681	23,971	56,859	46,298
Other employee benefit expenses	29,942	20,485	62,700	41,634
Total employee benefit expenses	$ 348,630	$ 303,753	$ 682,894	$ 575,383
By function				
Operating cost	$ 287,426	$ 243,522	$ 563,565	$ 473,160
Operating expenses	61,204	60,231	119,329	102,223
	$ 348,630	$ 303,753	$ 682,894	$ 575,383

(VI) Remuneration for employees and directors

The Company allocates no less than 5% and no more than 5% of the current year's pre-tax net income before employees' compensation and remuneration to directors are deducted for employees' compensation and remuneration to directors, respectively. However, in the case of a deficit to be compensated, the amount of the compensation shall be reserved in advance.

The estimated remuneration for employees, directors and supervisors for the six months ended June 30, 2023 and 2022 of the Group is as follows:

Estimated percentage

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Employee compensation	5.2%	5.0%
Directors' remuneration	3.0%	0.5%

Amount

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Employee compensation	$ 7,941	$ 678	$ 16,230	$ 1,914
Directors' remuneration	$ 3,561	$ 67	$ 9,363	$ 191

If there is still a change in the amount after the annual consolidated financial report is released, it will be treated as a change in accounting estimates and will be adjusted and accounted for in the next year.

The remuneration for employees and directors in 2022 and 2021 resolved by the board at the meetings held on March 8, 2023 and March 14, 2022 is as follows:

Amount

	2022	2021
	Cash	Cash
Employee compensation	$ 9,586	$ 2,392
Remuneration for directors and supervisors	6,710	1,440

There is no difference between the amount of remuneration for employees and directors in 2022 and 2021 resolved to be distributed and the amount recognized in the 2022 and 2021 consolidated financial reports.

For information on the employees' compensation and remuneration to directors as resolved by the Company's Board of Directors, please visit the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(VII) Net gain (loss) on foreign currency exchange

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Total gain on foreign currency exchange	$ 8,495	$ 44,560	$ 24,216	$ 47,405
Total loss on foreign currency exchange	(3,377)	(33,105)	(26,616)	(65,739)
Net income (loss)	$ 5,118	$ 11,455	($ 2,400)	($ 18,334)

(VIII) Finance costs

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest expense	$ 19,998	$ 19,034	$ 42,577	$ 37,078
Preferred stock dividends	3,075	3,075	7,161	6,150
Financing costs	2,015	2,333	3,437	4,056
Interest on lease liabilities	95	184	214	355
Others	299	476	378	672
Less: Capitalized interest	(9,996)	(7,764)	(21,554)	(12,857)
	$ 15,486	$ 17,338	$ 32,213	$ 35,454

Information on capitalized interest is as follows:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Interest capitalization amount	$ 9,996	$ 7,764	$ 21,554	$ 12,857
Interest capitalization rate	3.08%	2.48%	3.08%	2.40%

XXVI. Income tax

(I) Income tax recognized in profit or loss

The main components of the income tax benefit are as follows:

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Current income tax				
Incurred during the year	$ -	$ -	$ -	$ -
Deferred income tax				
Incurred during the year	8,269	1,576	32,692	7,092
Income tax benefit recognized in profit or loss	$ 8,269	$ 1,576	$ 32,692	$ 7,092

(II) Income tax recognized in other comprehensive income

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Deferred income tax				
Incurred during the period				
- Translation of the financial statements of foreign operations	($ 37)	($ 57)	($ 24)	($ 107)
- Cash flow hedging	(8)	-	(44)	-
	($ 45)	($ 57)	($ 68)	($ 107)

(III) Deductible temporary difference not recognized as deferred income tax assets and unused loss deduction amount not recognized in the consolidated statement of financial position

	June 30, 2023	June 30, 2022
Loss deduction	$ 1,594,713	$ 2,625,134
Deductible temporary difference		
Impairment loss of financial assets	$ 1,705	$ 1,705

(IV) Information on unused loss deduction

As of June 30, 2023, the relevant information on loss deduction for taxes of the Group is as follows:

Taxes not yet deducted.	Final year of deduction
$ 46,898	2027
238,290	2028
89,609	2029
126,960	2030
320	2032
489	2033
$ 502,556	

The above unused loss deduction information including the unused deduction tax amount of deferred income tax assets not recognized in the consolidated statement of financial position is as follows:

	June 30, 2023	June 30, 2022
Loss deduction		
Due in 2027	$ -	$ 70,168
Due in 2028	101,565	238,290
Due in 2029	89,609	89,609
Due in 2030	126,960	126,960
Due in 2032	320	-
Due in 2033	489	-
	$ 318,943	$ 525,027

(V) Income tax approval

The Company’s declaration cases before 2020 have been approved by the tax collection authority, and there is no significant difference between the approved number and the declared number.

The profit-seeking enterprise income tax returns filed by the Changyang, Yun-Sheng and Yun-Hsing, Houchang, Hengyoung, Hengli, and Youngli up to the fiscal year of 2021 have been approved by the tax authority. There was no major difference between the amount approved and that filed.

XXVII. Earnings per Share

The net income and the weighted average number of common shares used to calculate the earnings per share are as follows:

Current period net profit

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Used to calculate the basic and diluted earnings per share				
Profits attributable to shareholders of the Company	$ 143,107	$ 14,395	$ 319,212	$ 43,272

Shares

Unit: Thousand shares

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Weighted average number of common shares used to calculate the earnings per share	476,297	445,797	476,297	445,797
Assumed conversion of all dilutive potential ordinary shares:				
Employee compensation	455	56	547	80
Weighted average number of common shares used to calculate the diluted earnings per share	476,752	445,853	476,844	445,877

If the Company can choose to issue employee remuneration in the form of stock or cash, when calculating diluted earnings per share, it is assumed that the employee remuneration will be issued in the form of stock, and when the potential common shares have a dilutive effect, it will be included in the weighted average number of outstanding shares to calculate diluted earnings per share. When calculating diluted earnings per share before resolving the number of shares to distribute employee remuneration in the following year, the dilutive effect of these potential common shares will also continue to be considered.

As of June 30, 2023, the Company’s outstanding preferred stock shares were calculated based on the weighted average number of outstanding shares that were not included in the diluted earnings per share, as the right to transfer had not yet been exercised.

XXVIII. Share-based payment agreement

The Company completed a cash capital increase in June 2022, in which the party available for employees' subscription is calculated at $21,442 thousand based on the option evaluation model, and the capital reserve was increased by the same amount.

Information on relevant assumptions about employee stock options is disclosed as follows:

	Grant date
	June 14, 2022
Fair value of stock options	NT$7.03 per share
Exercise price	NT$26.5 per share
Lifetime	12 days
Stock price volatility	44.08%
Risk-free rate	0.6624%

XXIX. Information on cash flows

(I) Non-cash transactions

The Group conducted the investment transactions below partially in cash for the six months ended June 30, 2023 and 2022:

	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Purchase of property, plant and equipment	$ 632,463	$ 284,060
Net changes in prepayments for business facilities	85,862	449,759
Net changes in business facilities payable	(7,876)	13,731
Effect of exchange rate changes	555	838
Payment in cash	$ 711,004	$ 748,388

(II) Changes in liabilities from financing activities

For the six months ended June 30, 2023

			Non-cash changes					
	January 1, 2023	Cash flows	New leases	Long-term borrowings - Current portion	Amortization of interest expense	Effect of exchange rate changes	Others	June 30, 2023
Short-term borrowings	$ 939,962	($ 495,163)	$ -	$ -	$ -	$ -	$ -	$ 444,799
Short-term notes payable	329,513	10,260	-	-	3,312	-	(3,312)	339,773
Long-term borrowings - Current portion	218,604	(146,145)	-	262,886	-	-	-	335,345
Loan-term borrowings	1,931,346	465,775	-	(262,886)	-	-	-	2,134,235
Guarantee deposits received	3,705	54,295	-	-	-	-	-	58,000
Lease liabilities	10,869	(5,182)	7,110	-	214	-	(214)	12,797
Preferred stock liabilities	287,949	-	-	-	-	-	-	287,949
	$3,721,948	($ 116,160)	$ 7,110	$ -	$ 3,526	$ -	($ 3,526)	$3,612,898

For the six months ended June 30, 2022

	January 1, 2022	Cash flows	Non-cash changes: New leases	Non-cash changes: Long-term borrowings - Current portion	Non-cash changes: Amortization of interest expense	Non-cash changes: Effect of exchange rate changes	Others	June 30, 2022
Short-term borrowings	$ 598,972	$ 157,023	$ -	$ -	$ -	$ 8,587	$ -	$ 764,582
Short-term notes payable	-	399,676	-	-	1,096	-	(1,096)	399,676
Long-term borrowings - Current portion	412,623	(335,764)	-	967,961	-	-	-	1,044,820
Loan-term borrowings	2,140,785	227,400	-	(967,961)	-	-	-	1,400,224
Guarantee deposits received	3,705	-	-	-	-	-	-	3,705
Lease liabilities	10,711	(7,066)	4,064	-	355	-	(355)	7,709
Preferred stock liabilities	287,949	-	-	-	-	-	-	287,949
	$3,454,745	$ 441,269	$ 4,064	$ -	$ 1,451	$ 8,587	($ 1,451)	$3,908,665

XXX. Capital risk management

The Group manages its capital to ensure that all entities in the Group will be able to continue as ongoing concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Group's key management personnel review its capital structure from time to time based on the economic environment and the business plan. The Group balances its overall capital structure by means of issue of new shares through capital increase in cash and financing as per its key management personnel's assessment and suggestions while in accordance with laws and regulations.

XXXI. Financial instruments

(I) Fair value—financial instruments not at fair value

Of the financial assets and financial liabilities not at fair value, the carrying amounts thereof approximate the fair values thereof or the fair values thereof cannot be measured reliably.

(II) Fair value—financial instruments at fair value on a recurring basis

1. Fair value hierarchy

June 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	$ -	$ 287	$ -	$ 287

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss				
Derivatives	$ -	$ 637	$ -	$ 637
Hedging financial liabilities				
Derivatives	$ -	$ 218	$ -	$ 218

June 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Derivatives	$ -	$ 5,482	$ -	$ 5,482
Financial assets at fair value through other comprehensive income				
Investment in equity instruments				
- Foreign unlisted stocks	$ -	$ -	$ 5,604	$ 5,604

There were no transfers between Level 1 and Level 2 fair values during the six months ended June 30, 2023 and 2022.

2. Valuation technique and inputs in Level 2 fair value measurement

Category of financial instrument	Valuation technique and input
Derivatives - forward exchange agreements	Discounted cash flow method: The future cash flow is estimated based on the observable forward exchange rate at the end of the period and the exchange rate specified in the agreements, and is discounted at a rate that can reflect each counterparty's credit risk.

3. Reconciliation of financial instruments at Level 3 fair value

For the six months ended June 30, 2023

Financial assets	Financial assets at fair value through other comprehensive income Equity instruments
Opening balance	$ 6,063
Recognized in other comprehensive income	
Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(459)
Closing balance	$ 5,604

4. Valuation technique and assumptions adopted for Level 3 fair value measurement

The fair value of foreign unlisted equity investments is estimated by referring to the net worth of the investees' financial statements recently released and by adopting the market approach while being determined based on the value of the companies in the same type and the investees' operations.

(III) Types of financial instruments

	June 30, 2023	December 31, 2022	June 30, 2022
Financial assets			
At fair value through profit or loss			
Mandatorily at fair value through profit or loss at amortized cost (Note 1)	$ 287	$ -	$ 5,482
	2,150,081	2,460,944	1,789,372
Financial assets at fair value through other comprehensive income			
Investment in equity instruments	-	-	5,604
Financial liabilities			
At fair value through profit or loss	-	637	-
Hedging financial liabilities	-	218	-
At amortized cost (Note 2)	4,294,705	4,810,222	4,994,354

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost - current, accounts receivable, net, accounts receivable - net related parties, other receivables (excluding business tax refund receivable), other receivables-related parties, guarantee deposits paid (recognized in other non-current assets), and other financial assets-restricted assets (recognized in other current and non-current assets), as well as other financial assets at amortized cost.

Note 2: The balance includes short-term borrowings, short-term notes payable, notes payable, accounts payable, other payables (excluding salary and bonuses payable, labor and health insurance expenses, pension, dividends and business tax), long-term borrowings (including the current portion), preferred stock liabilities and guarantee deposits received, as well as other financial liabilities at amortized cost.

(IV) Financial risk management objective and policy

The Group's main financial instruments include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, accounts receivable, accounts payable, short-term borrowings, long-term borrowings, and lease liabilities. The Group's financial management department coordinates the investments in the domestic and international financial markets, analyzes the risks according to the depth and breadth of the risks, and manages the financial risks related to the Group's operations. Such risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

The Group adopts derivative financial instruments to hedge risk exposure to mitigate the impact of such risks. The use of derivative financial instruments is regulated by the policies adopted by the Group's Board of Directors. The Group's internal auditors continue to review compliance with such policies and the exposure limit. The Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

1. Market risk

The main market risks arising from the Group's operating activities are the risk of changes in foreign currency exchange rates and the risk of changes in interest rates.

The Group's exposure to the market risk related to financial instruments and its exposure management and measurement methods for said risk have not changed.

(1) Exchange rate risk

Please refer to Note 36 for the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies at the statement of financial position date (including monetary items denominated in non-functional currencies eliminated in the consolidated financial statements), and derivatives with exposure to the foreign currency risk.

Sensitivity analysis

The Group was mainly affected by the fluctuations in the exchange rates of USD.

The table below details the Group's sensitivity analysis when the NTD (functional currency) increases and decreases by 5% against each relevant foreign currency. Five percent is the percentage used for sensitivity when the foreign currency risk is reported to the key management personnel of the Group, and also represents the management's assessment of the reasonably possible range of changes in foreign exchange rates. The positive value in the table below represents the amount of increase in the net income before tax when the NTD appreciates 5% against each relevant foreign currency; when the NTD depreciates 5% against each relevant foreign currency, the net income before tax will be the negative value of the same amount.

	Effect of the USD	
	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Gain (loss)	$ 7,821	$ 53,817

The above is mainly from the Group's USD-denominated bank deposits, other financial assets-restricted assets, short-term borrowings, as well as accounts receivable and payable that are still outstanding without hedging the cash flow at the statement of financial position date.

The Group's decreased sensitivity to the exchange rate to USD during the current period was mainly due to the decrease in the short-term borrowings denominated in USD during the current period.

Hedge accounting

The hedging strategy adopted by the Company is to enter into forward exchange contracts to avoid the risk of exchange rate changes expected to occur in the future for machine purchase contracts denominated in foreign currencies, which will be designated as cash flow hedging. The hedge adjustment is an adjustment to the carrying amount of non-financial hedged items when the expected purchase transaction actually occurs.

For the hedging of highly likely expected purchase transactions, the main terms of the forward exchange contract (such as amount, period and currency) are agreed upon in conjunction with the item to be hedged. The qualitative assessment and determination of the value of forward exchange contracts and hedged expected transactions adopted by the Group would systematically and inversely change due to changes in the hedged exchange rate. The Group compares changes in the fair value of the forward exchange contracts with changes in purchase cost to evaluate the effectiveness of hedging.

The ineffectiveness of the hedging relationship mainly comes from the impact of the credit risk of the Group and the transaction counterparty on the fair value of the forward exchange contract. This credit risk will not affect the change in the fair value of the hedged item due to exchange rate changes and the changes in the timing of the hedged expected transaction. No other sources of hedging ineffectiveness emerged during the hedge period.

The information on the Group's exchange rate risk hedging is summarized as follows:

June 30, 2023

Hedging instruments	Currency	Amount (NT$ in thousands)	Term	Forward price	Statement of financial position line items	Carrying amount liabilities
Cash flow hedging						
Expected purchase - Forward exchange contracts	USD to NTD	USD 867/NTD 26,795	January 18, 2023	$ 30.905	Hedging financial liabilities	$ -
Expected purchase - Forward exchange contracts	USD to NTD	USD 289/NTD 8,817	April 25, 2023	30.507	Hedging financial liabilities	-
Expected purchase - Forward exchange contracts	RMB to NTD	RMB 6,690/NTD 29,712	April 25, 2023	4.441	Hedging financial liabilities	-

December 31, 2022

Hedging instruments	Currency	Amount (NT$ in thousands)	Term	Forward price	Statement of financial position line items	Carrying amount liabilities
Cash flow hedging						
Expected purchase - Forward exchange contracts	USD to NTD	USD 867/NTD 26,795	January 18, 2023	$ 30.905	Hedging financial liabilities	$ 218

Hedged items	Carrying amounts of other equities continue to apply hedge accounting
Cash flow hedging	
Expected purchase	($ 174)

For the six months ended June 30, 2023

Impact on comprehensive income	Hedge gain recognized in other comprehensive income
Cash flow hedging	
Expected purchase (i), (ii)	$ 75

(i) The Group has signed machine purchase contracts and forward exchange contracts to avoid the risk of exchange rate fluctuations that may arise in expected future purchase transactions. At that time, the amount originally deferred and recognized in equity will be included in the machinery and equipment book value.

(ii) For information on the adjustment of other equities related to hedging, please refer to Note 24.

(2) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to the interest rate risk at the statement of financial position date were as follows:

	June 30, 2023	December 31, 2022	June 30, 2022
Fair value interest rate risk			
- Financial liabilities	$ 640,519	$ 628,331	$ 695,334
Cash flow interest rate risk		$	
- Financial assets	1,013,290	1,093,939	884,359
- Financial liabilities	2,914,379	3,089,912	3,209,626

<u>Sensitivity analysis</u>

The sensitivity analysis below is determined based on the non-derivative financial instruments' exposure to the interest rate risk at the statement of financial position date. The rate of change used for reporting interest rates to the key management personnel of the Group is 25 basis points for an increase or decrease in interest rates, which also represents the management's assessment of the reasonably possible range of changes in interest rates.

If interest rates increase/decrease by 25 basis points, with all other variables held constant, the Group's net income before tax for the six months ended June 30, 2023 and 2022 will decrease/increase by NT$2,376 thousand/NT$2,907 thousand, respectively, mainly due to the exposure of the Group's long-term borrowings to the interest rate risk.

The Group's sensitivity to interest rates declined during the current period, mainly due to the decrease in bank borrowings at variable interest rates.

2. Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. At the statement of financial position date, the Group's maximum exposure to credit risk, which might cause financial losses due to a counterparty's failure to perform its obligations, approximated the carrying amounts of the financial assets recognized in the consolidated statement of financial position.

The Group rates its major clients based on the available financial information and the transaction records. The Group continuously monitors its credit exposure and counterparties' credit ratings.

The Group's credit risk mainly arises from its top 10 clients in terms of operating revenue. As of June 30, 2023, December 31, 2022, and June 30, 2022, the percentages of total accounts receivable from main clients were 79.30%, 88.42%, and 56.75%, respectively.

3. Liquidity risk

The Group managed and maintained sufficient cash and cash equivalents to support the Group's operations and to reduce the impact of cash flow fluctuations. The Group's management monitors the use of the bank financing facilities and ensures compliance with the terms of the borrowing terms.

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

The tables below show the remaining contractual maturity analysis of the Group's non-derivative financial liabilities during the agreed repayment period based on the earliest date at which the Group might be required to repay, and the analysis was compiled based on the undiscounted cash flows of financial liabilities.

June 30, 2023

	On-demand or less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Floating interest rate instruments	$ 11,506	$ 368,837	$ 464,738	$ 2,299,189
Fixed interest rate instruments	339,773	-	-	287,949
Non-interest bearing liabilities	334,611	248,805	112,056	57,132
Lease liabilities	627	1,254	5,643	5,586
	$ 686,517	$ 618,896	$ 582,437	$ 2,649,856

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years
Lease liabilities	$ 7,524	$ 5,586	$ -	$ -	$ -

December 31, 2022

	On-demand or less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Floating interest rate instruments	$ 281,350	$ 68,754	$ 926,374	$ 2,237,696
Fixed interest rate instruments	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

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years
Lease liabilities	$ 5,916	$ 5,486	$ -	$ -	$

June 30, 2022

	On-demand or less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year
Non-derivative financial liabilities				
Floating interest rate instruments	$ 39,003	$ 318,877	$ 1,524,600	$ 1,495,044
Fixed interest rate instruments	399,676	-	-	287,949
Non-interest bearing liabilities	638,158	416,689	42,256	-
Lease liabilities	785	1,527	5,503	-
	$ 1,077,622	$ 737,093	$ 1,572,359	$ 1,782,993

Further information on the lease liability maturity analysis is as follows:

	Less than 1 year	1–5 years	5–10 years	10–15 years	15–20 years
Lease liabilities	$ 7,815	$ -	$ -	$ -	$ -

(2) Liquidity and interest rate risk tables for derivative financial liabilities

For the liquidity analysis of derivative financial instruments, the information on the derivative instruments settled on a net basis is compiled based on undiscounted net cash inflows and outflows from contracts; the information on the derivatives settled on a gross basis is compiled based on undiscounted gross cash inflows and outflows.

June 30, 2023

	On-demand or less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year
Gross settlement				
Forward exchange agreements				
- Inflow	$ 17,409	$ -	$ -	$ -
- Outflow	(17,122)	-	-	-
	$ 287	$ -	$ -	$ -

December 31, 2022

	On-demand or less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year
Gross settlement				
Forward exchange agreements				
- Inflow	$ 113,014	$ -	$ -	$ -
- Outflow	(113,869)	-	-	-
	($ 855)	$ -	$ -	$ -

June 30, 2022

	On-demand or less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year
Gross settlement				
Forward exchange agreements				
- Inflow	$ 29,458	$ 82,563	$ 249,739	$ -
- Outflow	(28,490)	(79,158)	(248,630)	-
	$ 968	$ 3,405	$ 1,109	$ -

(3) Financing facilities

	June 30, 2023	December 31, 2022	June 30, 2022
Unsecured bank facilities			
- Drawn amount	$ 626,274	$ 1,380,758	$ 1,116,844
- Undrawn amount	1,473,152	477,943	793,860
	$ 2,099,426	$ 1,858,701	$ 1,910,704
Bank-secured facilities			
- Drawn amount	$ 3,006,800	$ 1,975,000	$ 3,382,200
- Undrawn amount	2,216,361	1,465,505	621,600
	$ 5,223,161	$ 3,440,505	$ 4,003,800

XXXII. Related-party Transactions

Except as disclosed in other notes, the transactions between the Group and its related parties are as follows, and the transaction terms and prices are negotiated additionally:

(I) Related parties and relationship

Related party	Relationship with the Group
Yuan-Yu	Associate
Holdgood	Associate

(II) Operating Revenue

Account title	Category of related party/Name	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Sales revenue	Associate	$ 70,076	$ 93,636	$ 70,080	$ 130,131

The prices and the payment terms of sales are subject to the contracts, which are equivalent to those of other general companies.

(III) Rent income

Category of related party/Name	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Associate				
Holdgood	$ 401	$ -	$ 680	$ -

Rent contracts are signed based on the general market condition, and the rents are collected monthly.

(IV) Other income

Category of related party/Name	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Associate				
Holdgood	$ 692	$ 802	$ 984	$ 1,494

They are the miscellaneous fees and power plant maintenance and cleaning fees collected. The prices and the payment terms of the transactions are subject to the contracts.

(V) Accounts receivable - related parties

Account title	Category of related party/Name	June 30, 2023	December 31, 2022	June 30, 2022
Accounts receivable - related parties	Associate			
	Holdgood	$ 24,859	$ 9,498	$ 13,474
	Yuan-Yu	-	-	31,411
		$ 24,859	$ 9,498	$ 44,885

Outstanding accounts receivable - Related party without guarantee deposits received, and is not overdue. Accounts receivable - Related parties as of June 30, 2023, December 31, 2022, and June 30, 2022 have been assessed, and there is no need to allocate allowance for losses.

(VI) Other receivables

Account title	Category of related party/Name	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables-related parties	Associate			
	Holdgood	$ 13,985	$ 1,296	$ 742
	Yuan-Yu	-	120	120
		$ 13,985	$ 1,416	$ 862

Payment for receiving cash dividends, general service expenses, and equipment maintenance and transportation fees.

(VII) Contract liabilities

Account title	Category of related party/Name	June 30, 2023	December 31, 2022	June 30, 2022
Contract liabilities	Associate	$ -	$ 685	$ 1,156

(VIII) Remuneration to key management personnel

	For the three months ended June 30, 2023	For the three months ended June 30, 2022	For the six months ended June 30, 2023	For the six months ended June 30, 2022
Short-term employee benefits	$ 22,367	$ 9,348	$ 44,522	$ 22,302
Post-employment benefits	162	144	324	252
	$ 22,529	$ 9,492	$ 44,846	$ 22,554

The remuneration of directors and other key management personnel is determined by the Remuneration Committee as per individual performance and market trends.

XXXIII. Assets Pledged as Collateral

The assets below have been pledged as collateral for import tariffs, bank-secured facilities, and loans for purchases of materials, contracting power plant business, and other credit facilities:

	June 30, 2023	December 31, 2022	June 30, 2022
Land	$ 1,071,526	$ 425,279	$ 1,071,526
Buildings and structures	1,871,569	758,252	80,046
Machinery and equipment	180,939	319,266	525,629
Investment property	90,947	92,093	144,506
Investments accounted for using equity method	133,815	94,212	96,270
Other financial assets-restricted assets (Recognized in "Other assets-current and non-current")	92,998	133,282	117,928
	$ 3,441,794	$ 1,822,384	$ 2,035,905

XXXIV. Material Contingent Liabilities and Unrecognized Contractual Commitments

As of June 30, 2023, December 31, 2022, and June 30, 2022, the Group's material commitments at the statement of financial position date are as follows:

(I) Promised construction contracts

	June 30, 2023	December 31, 2022	June 30, 2022
Purchase amount already requisitioned	$ 96,634	$ 458,897	$ 288,748
Purchase amount to be requisitioned in the future	133,283	140,303	290,487
Total contract amount	$ 229,917	$ 599,200	$ 579,235

(II) Promised material purchase contracts

	June 30, 2023	December 31, 2022	June 30, 2022
Purchase amount already requisitioned	$ 1,086,981	$ 586,901	$ 658,455
Purchase amount to be requisitioned in the future	945,257	1,101,911	1,457,873
Total contract amount	$ 2,032,238	$ 1,688,812	$ 2,116,328

(III) Promised equipment purchase contracts

	June 30, 2023	December 31, 2022	June 30, 2022
Purchase amount already requisitioned	$ 394,718	$ 386,646	$ 794,167
Purchase amount to be requisitioned in the future	83,674	457,954	238,880
Total contract amount	$ 478,392	$ 844,600	$ 1,033,047

XXXV. Material Events After the Balance Sheet Date: None

XXXVI. Foreign Currency Assets and Liabilities with Significantly Impact

The aggregate information below is presented in foreign currencies other than the functional currency adopted by the Group (including monetary items denominated in non-functional currencies that have been eliminated in the consolidated financial statements). The exchange rates disclosed refer to the rates at which these foreign currencies were exchanged for the functional currency. Foreign Currency Assets and Liabilities with Significantly Impact:

Unit: thousands in each foreign currency/NTD

June 30, 2023

	Foreign currency	Exchange rate	Carrying amount
Assets in foreign currencies			
Monetary items			
USD	$ 17,239	31.14 (USD: NTD)	$ 536,822
Non-monetary items			
USD	262	31.14 (USD: NTD)	8,167
Liabilities in foreign currencies			
Monetary items			
USD	12,216	31.14 (USD: NTD)	380,406

December 31, 2022

	Foreign currency	Exchange rate	Carrying amount
Assets in foreign currencies			
Monetary items			
USD	$ 17,928	30.71 (USD: NTD)	$ 550,569
Non-monetary items			
USD	263	30.71 (USD: NTD)	8,071
Liabilities in foreign currencies			
Monetary items			
USD	19,355	30.71 (USD: NTD)	594,392

June 30, 2022

	Foreign currency	Exchange rate	Carrying amount
Assets in foreign currencies			
Monetary items			
USD	$ 7,257	29.72 (USD: NTD)	$ 215,678
Non-monetary items			
JPY	25,683	0.2182 (JPY: NTD)	5,604
USD	262	29.72 (USD: NTD)	7,801
Liabilities in foreign currencies			
Monetary items			
USD	43,473	29.72 (USD: NTD)	1,292,018

The unrealized exchange gains (losses) on foreign currencies with significant influence are as follows:

	For the three months ended June 30, 2023		For the three months ended June 30, 2022	
Foreign currency	Exchange rate	Unrealized exchange gains (losses)	Exchange rate	Unrealized exchange gains (losses)
USD	30.55(USD: NTD)	$ 5,011	29.455(USD: NTD)	$ 12,463

	For the six months ended June 30, 2023		For the six months ended June 30, 2022	
Foreign currency	Exchange rate	Unrealized exchange gains (losses)	Exchange rate	Unrealized exchange gains (losses)
USD	30.55(USD: NTD)	$ 891	28.725(USD: NTD)	($ 7,964)

XXXVII. Additional Disclosures

(I) Information on Material Transactions:

1. Loan to others: (None).
2. Endorsements/ guarantees provided: (Table 1).
3. Marketable securities held at the end of the period (excluding investment in subsidiaries and associates): (Table 2).
4. Marketable securities acquired or sold amounting to at least NT$300 million or 20% of the paid-in capital: (None).
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital: (Table 3).
6. Disposal of real estate amounting to 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: (None).
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. Others: Business relations and important transactions between the parent company and subsidiaries and among subsidiaries and amounts: (None)

(II) Information on Investees: (Table 4).

(III) Information on Investment in Mainland China: (None).

(IV) Major Shareholder Information: Names of shareholders with a shareholding of at least 5%, their number of shares held, and percentage. (Table 5).

XXXVIII. Segment Information

Financial information on operating segments

Information reported to the chief operating decision-maker for resource allocation and segment performance assessment focuses on types of goods or services delivered or provided. The Group’s reportable segments are the solar module segment and other segments.

Solar module segment: Production and sales of solar modules and other relevant products.

(I) Segment revenues and business performance

	Module segment	Other segments	Inter-segment revenue and profit or loss eliminated	Total
For the six months ended June 30, 2023				
Revenue from clients outside the Group	$ 4,461,804	$ 85,999	$ -	$ 4,547,803
Inter-segment revenue	$ -	$ -	$ -	$ -
Profit (loss)	$ 248,990	($ 19,783)	$ 822	$ 230,029
For the six months ended June 30, 2022				
Revenue from clients outside the Group	$ 3,820,881	$ 76,207	$ -	$ 3,897,088
Inter-segment revenue	$ -	$ -	$ -	$ -
Profit (loss)	$ 79,150	$ 5,548	$ -	$ 84,698

(II) Total assets of segments

Assets of segments	June 30, 2023	December 31, 2022	June 30, 2022
Solar module segment	$ 10,673,474	$ 11,005,233	$ 10,326,696
Other segments	393,918	302,817	286,832
Total combined assets	$ 11,067,392	$ 11,308,050	$ 10,613,528

TSEC Corporation and Its Subsidiaries

Endorsements/guarantees provided

For the Six Months Ended June 30, 2023

Table 1

Unit: NT$ in thousands, unless specified otherwise

No.	Company Name	Party Endorsed/Guaranteed		Limit of Endorsement/Guarantee for Single Enterprise (Note 2)	Maximum Endorsement/Guarantee Balance for Current Period (Note 4)	Balance of Endorsement/Guarantee, End of Period (Note 4)	Amount Drawn	Endorsement/Guarantee Amount with Assets Pledged	Ratio of Cumulative Endorsement/Guarantee to Net Worth in the Latest Financial Statements (%) (Note 3)	Upper Limit of Endorsement/Guarantee Amount (Note 2)	Endorsement/Guarantee by Parent to Subsidiary (Note 5)	Endorsement/Guarantee by Subsidiary to Parent (Note 5)	Endorsement/Guarantee by Entity in Mainland China (Note 5)	Remarks
		Company Name	Relations (Note 1)											
0	TSEC Corporation	Yuan-Yu Solar Energy Co., Ltd.	5	$ 1,283,986	$ 120,000	$ 120,000	$ 120,000	$ 120,000	1.87	$ 1,283,986	N	N	N	
0	TSEC Corporation	Hou Chang Energy Co., Ltd.	2	1,283,986	195,000	195,000	150,028	-	3.04	1,283,986	Y	N	N	

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

1. A company with which it has business dealings.
2. The Company directly or indirectly holds more than 50% of the voting shares of the other company.
3. The other company directly or indirectly holds more than 50% of the voting shares of the Company.
4. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. However, the restriction does not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
5. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding four subparagraphs.

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

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

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

Note 5: “Y” shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to the subsidiary; endorsement/guarantee by the subsidiary to the publicly listed parent; endorsement/guarantee to the entity in Mainland China.

TSEC Corporation and Subsidiaries

Marketable securities held at the end of the period (excluding investment in subsidiaries and associates)

June 30, 2023

Table 2

Unit: NT$ in thousands

Holder	Type and Name of Marketable Securities	Relationship with the Issuer	Account Title	Ending of the Period				Remarks
				Shares (share)	Carrying amount	Shareholding percentage	Fair value	
TSEC Corporation	<u>Domestic unlisted common stocks</u> Eversol Corporation	—	Financial assets at fair value through other comprehensive income	62,591	$ -	2.23%	$ -	—

Note: None of the securities held at the end of the period listed above were pledged.

TSEC Corporation and Subsidiaries

Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital

For the Six Months Ended June 30, 2023

Table 3

Unit: NT$ in thousands

Company acquiring real property	Property Name	Date of the occurrence of the event	Transaction Amount	Payment Status	Counterparty	Relation	If the transaction counterparty is a related person, the data on the previous transfer				Reference for price determination	Purpose of acquisition and use status	Other provisions
							Owner	Relation with the issuer	Date of transfer	Amount			
TSEC Corporation	Buildings and structures	2021.8.26 (Note)	$ 326,115	$ 326,115	ENGTOWN CONSTRUCTION CORPORATION	Nil	—	—	—	$ -	Construction contract	Plant	Nil

Note: Transaction signing date.

TSEC Corporation and Subsidiaries
Information on name and location of investees (excluding investees in mainland China)
For the Six Months Ended June 30, 2023

Table 4

Unit: NT$ in thousands, unless specified otherwise

Investor	Name of Investee	Location	Principal Business	Initial Investment Amount		Held at the End of the Period			Gains (Losses) on Investee for the Current Period	Investment Gains (Losses) Recognized in the Current Period	Remarks
				At the End of the Current Period	At the End of the Last Period	Shares (Thousand Shares)	%	Carrying amount			
TSEC Corporation	TSEC AMERICA, INC.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of power generation equipment and solar energy-related products	$ 31,129 (USD 1,000,000)	$ 31,129 (USD 1,000,000)	100	100	$ 8,167	($ 17)	($ 17)	Notes 1, 4, and 6
	Hou Chang Energy Co., Ltd.	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	120,500	120,500	12,050	100	116,409	(2,446)	(2,446)	Notes 1 and 6
	Changyang Optoelectronics Co., Ltd.	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	400	400	40	80	384	1	1	Notes 1 and 6
	Yunsheng Optoelectronics Co., Ltd.	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	500	500	50	100	479	1	1	Notes 1 and 6
	Yunxing Optoelectronics Co., Ltd.	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	500	500	50	100	479	1	1	Notes 1 and 6
	TSECPV(HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of power generation equipment and solar energy-related products	200 (USD 6,500)	200 (USD 6,500)	-	100	59	(30)	(30)	Notes 1 and 6
	Heng Li Energy Co., Ltd.	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	89	89	10	100	80	-	-	Notes 1 and 6
	Holdgood Energy Co., Ltd.	8F, No. 225, Beixin Rd., Sec. 3, Fuxing Village, Xindian District, New Taipei City	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	213,804	213,804	21,380	45.49	239,953	32,913	14,973	Notes 2 and 5
	Yuan-Yu Solar Energy Co., Ltd.	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	120,000	120,000	12,000	20	133,815	189,811	39,602	Notes 3, 5, and 7
	Yuan-Jin Energy Co., Ltd.	8F, No. 225, Beixin Rd., Sec. 3, Fuxing Village, Xindian District, New Taipei City	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	26,100	-	2,610	90	26,120	22	20	Notes 1 and 6
Hou Chang Energy Co., Ltd.	Hengyoung Energy Co., Ltd.	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	100	100	10	100	89	-	-	Notes 1 and 6
	Youngli Energy Co., Ltd.	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry	100	100	10	100	89	-	-	Notes 1 and 6

Note 1: The gains or losses on investment in subsidiaries under the equity method were calculated based on the financial statements reviewed by the CPAs.

Note 2: The gains or losses on investment in associates under the equity method were calculated based on the financial statements reviewed by the CPAs.

Note 3: The gains or losses on investment in associates under the equity method were calculated based on the financial statements reviewed by the other CPAs.

Note 4: The Company’s Board of Directors resolved a decision to liquidate and dissolve its subsidiary TSEC America, Inc. on September 11, 2018. As of August 9, 2023, the process for liquidating the subsidiary, TSEC AMERICA, INC., had not been completed.

Note 5: The carrying amount includes unrealized gross profit.

Note 6: It has been eliminated upon consolidated financial statements.

Note 7: The Company offers the equity of Yuan-Yu to financial institutions as collateral for Yuan-Yu’s financing. Please refer to Note 33 for the information on the collateral.

TSEC Corporation

Major Shareholder Information

June 30, 2023

Table 5

Name of Major Shareholder	Shares	
	Shares Held	Shareholding percentage
Nil		

Note: The major shareholder information in this table is based on the Taiwan Depository & Clearing Corporation’s (TDCC’s) calculation to identify shareholders with a shareholding of 5% or more of the Company’s common shares, of which the dematerialized registration and delivery have been completed on the last business day of the quarter.