Stock Code: 6443

TSEC Corporation
The Annual Report, 2023

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

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

Spokesperson:

Name: Chiang, Zhi-Hao

Title: Vice President

Contact Number: (02)2912-2199

Email: ir@tsecpv.com

Deputy Spokesperson

Name: Liao, Wei-Ran

Title: Senior Vice President

Contact Number: (02) 2912-2199

Email: ir@tsecpv.com

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

Headquarter:

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

Tel: (02) 2912-2199

Plants:

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

Tel: (03) 696-0707

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

Tel: (08)753-6899

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

Name: Stock Affairs Agency Department, First Securities Inc.

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

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

Tel: (02)2563-5711

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

Name of CPAs: Cheng-Chuan Yu and Chiang-Hsun Chen.

Accounting Firm: Deloitte Taiwan

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

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

Tel: (02)2725-9988

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

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

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TSEC Corporation
2023 Business Report

I. 2023 Business Results

1. Achievement of business plan

Following its successful transformation in 2018, TSEC's business strategy has focused on domestic module sales. TSEC brand awareness and product sales continue to lead among peers in Taiwan's optoelectronics market. Installation of solar in Taiwan in 2023 was approximately 2.694GW. Although this represents an increase of 33% from 2.024GW in 2022, the overall sales volume manufactured in Taiwan has not increased correspondingly. The main reason for this is the large amount of competition from modules made overseas, resulting in 35% of the market being occupied by cheap overseas products. Although operations in 2023 remained focused on the domestic market, as Taiwan's market became weaker due to the election and the competition from modules made overseas, overseas markets such as the United States and Japan have begun to make progress due to geopolitical considerations regarding China. Major operating strategies in 2023 include:

(1). Connecting further to the international market and enhancing the differentiation of domestic products

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

(2). Strengthen the collaborative relationship with major international manufacturers

The US-based company has collaborated with TSEC for many years. Due to the long certification and testing time, coupled with the COVID19 pandemic and the continuous change in product specifications of G1 to M6, it is impossible to have a specific transaction volume between the two parties. After the COVID-19 pandemic slowed down, TSEC finally began to have a large number of transactions with the US-based client in 2023. Total sales in 2023 increased 23 times compared with 2022, which is a significant performance result.

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

(I) Completion of the syndicated loan for the Pingtung Plant to raise intermediate- and long-term working capital

The Pingtung module plant syndicated loan in 2018 has been repaid ahead of schedule, in December 2022. In order to raise intermediate- and long-term working capital and maximize the value of the land and plant assets in Pingtung, the new project was completed in March 2023. A five-year total credit facility of NTD 1,909.6 million was obtained as the Company's source for intermediate- and long-term working capital. The interest rate of the new loan project is significantly lower than the borrowing rate of the Hsinchu syndicated loan project.

(II) Completing the cash capital increase plan to reduce dependence on borrowing

In order to improve the financial structure, reduce dependence on bank borrowing, and increase the proportion of self-owned funds, the Company successfully completed the cash capitalization plan in August 2023. The amount of funds raised was NTD 989,150 thousand, and the paid-in capital after the fundraising is NTD 5,386,915 thousand. The fundraising was based on the amount of loans intended to be repaid and the rate of loans, it is expected that savings on interest expenditure for 2023 and 2024 will be NT$2,852 thousand and NT$8,556 thousand, respectively.

(III) Strive for government project financing to reduce the cost of borrowing funds

In order to connect with the international market and improve product competitiveness, the Board of Directors approved in June 2023 to accelerate the capital expenditure plan for the M10 TOPCon process upgrade for battery PERC production lines. In November 2023, the Company obtained a project financing qualification approval letter for NT$ 695.3 million based on the "Accelerated Investment Action Plan for Retention of Taiwan Enterprises". The financing line not only provides the Company with funds for intermediate- and long-term operations, but the project preferential interest rate is lower than the current long-term interest rate for syndicated loans. That is, for every $100 million in borrowings, $1,205 thousand in interest is saved.

The Company actively cultivated the Taiwan market in 2023. Under the guidance of the government's green energy policy, large-scale project sites have continued to emerge, production and sales are relatively stable, and the average production and sales success rate is almost 90%. Therefore, the overall gross margin, net profit margin and profit growth were better than in 2022, with profits in 2023 reaching a record high.

2. Budget execution: According to the current laws and regulations, the Company has not disclosed its 2023 financial budget.
3. Financial income and expenses and profitability analysis (IFRS)

   (1) Financial income

Unit: NTD in thousands

Item\ Year	2022	2023
Pre-tax net income	175,425	521,906
Net cash generated by operating activities	172,794	1,370,696
Net cash used in investing activities	(1,451,047)	(1,527,421)
Net cash inflow used in financing activities	1,063,542	516,268
Effect of exchange rate changes on cash and cash equivalents	(4,867)	(2,993)
Net cash inflows (outflows) of cash and cash equivalents	(219,578)	356,550
Opening balance of cash and cash equivalents	1,057,382	837,804
Cash and cash equivalents, end of period	837,804	1,194,354

(2) Profitability analysis

Unit: %

Item\ Year	2022	2023
Return on assets	2.28	4.95
Return on shareholders’ equity	3.36	7.64
Operating income to paid-in capital ratio	5.20	9.22
Profit margin	2.11	6.38
After-tax earnings per share (NT$)	0.41	1.07

4. Status of Research and Development

The Bureau of Energy of the Ministry of Economic Affairs has organized nomination of awards for high-quality solar products (Taiwan Excellent PV Awards) since 2013, and the Company has won these awards for 10 consecutive years (2014 to 2023). In response to domestic VPC demand, we are committed to improving the production quality of monocrystalline v-cells, while taking into consideration improvements to conversion efficiency and yield, in order to optimize the manufacturing process and reduce production costs. We have developed multi-busbar (MBB) technology, thereby improving battery efficiency. We have actively developed various niche solar cell products, such as those used in space to meet the needs of low-orbit satellites. We have also conducted studies on spectral dispersion to develop solar cell products with a more subtle visual appearance. For the space environment, we have developed technologies to manufacture solar cells with a passivation surface that can withstand high radiation. In addition, we have introduced equipment for large-sized batteries and M10-sized batteries, to increase the total battery wattage. Regarding the output wattage of 108-cell, 120-cell, 132-cell and 144-cell M10 modules, we have also introduced new materials to optimize the module packaging, further increasing the output wattage of modules.

II. Summary of **2024** Business Plan

1. Business Guidelines

In order to achieve the goals of energy transition and transform Taiwan into an island that utilizes safe, clean and sustainable smart energy, the Executive Yuan launched the Green Energy Technology Industry Innovation Promotion Plan 2.0 in 2021. The plan has four major visions, "Green energy promotion", "Industry development", "Technological innovation" and "Green finance". The relevant policies under the four topics of energy conservation, energy creation, energy storage and system integration adopt strategies to further coordinate energy use and develop market resilience in order to make Taiwan the center of green energy in the Asia-Pacific region. In response to the government's policies on green energy and carbon reduction, TSEC, as Taiwan's largest photovoltaic manufacturer, has formulated six related operating goals for 2024, including marketing, production, procurement, quality, R&D and finance, to build cohesion amongst employees towards the achievement of these goals.

2. Expected sales and basis: The Company has not disclosed its 2024 financial forecast.

3. Key manufacturing and sales policies

(1) Eliminate M6/G1 PERC and accelerate the introduction of M10 TOPCon process

In the past, the mainstream of the international market was dominated by the monocrystalline P-type process. While the N-type process cost was relatively high, and the price-performance ratio was still dominated by the PERC P-type chip process. Therefore, the market prefers larger size and larger light-receiving area for high wattage modules, and the growth of P-type wafer cell conversion efficiency has reached its limit. With the R&D and mass production of solar cells, TOPCon N-type cells/modules began to bloom everywhere in 2023. In addition to maintaining the original size of M10 and G12 wafers, TOPCon products' advantages are high bifacial ratio, low temperature coefficient and low degradation. The use of double-sided module technology can greatly improve the efficiency of outdoor power generation from 22.85% to 25%. In view of the international market's demand for high efficiency and high wattage, TSEC has also placed orders for the introduction of a new generation of production lines in the Q3 2023, and only a few Taiwanese manufacturers are capable of producing TOPCon.

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

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

(3) Improve procurement pricing power

We are already the leader in Taiwan's optoelectronics manufacturing industry in terms of production capacity, and we have a relatively strong presence with our upstream suppliers. With the expansion of our production capacity, our materials units should be able to develop more confidence in negotiating for more competitive prices with our upstream suppliers, while maintaining good partnerships.

(4) Actively develop customers in the U.S. and Japan and grasp opportunities to expand overseas

Global trade is still in a Cold War-like era, with the relationship between the United States, Japan and Europe vs. China continuing to be at a stalemate; this benefits to export situation for the Company's optoelectronic products. After a period of 2-3 years of product development, the foreign niche customers have started to add volume in 2023. We have also successfully connected with large Japanese power companies and begun to discuss specifications and shipping schedules. Since U.S. anti-tax avoidance measures in Southeast Asia are targeting several local Chinese manufacturers, the next challenges the Company will face will be to accelerate the improvement of product yield and reduce the cost per cell/module to counter the non-taxable suppliers among Southeast Asian manufacturers. According to the assessment of the sales unit, under the influence of the geopolitical atmosphere and an environment where customers deliberately seek non-Chinese supply chain partnerships, collaboration with niche customers in the United States is expected to continue to increase. The Company will take advantage of this favorable environment to shape product technology and cultivate a favorable image among international partners, which will contribute to the creation of a high-quality and profitable customer group to help the Company return to the global market.

(5) Strengthen risk control to ensure profitability

The deteriorating relationship between the US and China has made the overall economic environment in Asia even more turbulent. Various industries, including solar power, have also sold their inventories at low prices in exchange for cash to survive. As a result, overseas module inventories have soared. In addition to the need for procurement and financial departments to pay attention to the changes in costs and exchange rates in the supply chain, sales departments must pay attention to changes in the market when placing orders. In particular, the dumping of overseas imported modules at low prices in Taiwan requires consistent countermeasures. The education and training of marketing and sales units must be further strengthened.

III. Future Development Strategies

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

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

The competitive landscape in 2024 will not only follow the trajectory of 2023, it will be a mixed year for the sales of MIT products. In addition, the inflation pressure may have been relieved, and other major aspects include the challenge from overseas module imports, the transition period of old to new products, and the impact of rapid political and geopolitical changes on Taiwan-made products. The relevant analysis is carried out as follows:

1. Competition from imports of modules made overseas

   The government launched the optoelectronic pioneer VPC program in 2016, providing a protective umbrella for photovoltaics and batteries, effectively preventing overseas manufacturers from entering the Taiwanese market through unfair competition. However, this VPC certification is weaker than in previous years.

2. Transition from old to new products

   After the international optoelectronic market replaced G1 and M6 with P-type PERC monocrystalline cells M10 and G12 in 2021, the new N-type TOPCon technology began to be tested in major manufacturers at the end of the same year, and was gradually introduced from 2023. According to statistics from Infolink, a research institute, TOPCon has accounted for more than 30%

of the global market by the end of 2023, and is expected to exceed 60% next year, which will accelerate the phase-out of the existing PERC process. Although the TOPCon machine only adds 5 stations (boron diffusion, ALD-Al2O3, PE-Poly deposition, de-rounding cleaning, and post-COF optical injection treatment), its cell conversion efficiency of 25% is higher than PERC's 23%. However, due to the rapid changes in battery technology, the international market is facing the pain of transition from old to new products. In addition to the price competition of old PERC M6/M10 products, the market is unfamiliar with the new products. Therefore, the Company has to adjust its marketing strategy accordingly.

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

Because Taiwan is located in an important region in the Asia Pacific, the tension between China and the United States has many aspects, from politics, military to economics, on Taiwan, and the sales of solar energy products are no exception. In addition to the U.S. anti-circumvention investigations in Southeast Asia, which is conducive to giving Taiwanese manufacturers an opportunity to sell to the U.S. market, Japan's uneasy historical relationship with China has also surfaced. Important officials do not visit one another, and Japan's public power utilities which used to rely on Chinese products are seeking opportunities to cooperate with Taiwanese manufacturers. The geopolitical relations between the U.S. and Japan provide Taiwan with the opportunity to sell solar cells/modules.

V. Conclusion

For 2024, the Company will continue to make every effort to increase its domestic market share of modules and continue to develop project sites to meet domestic demand. It also plans to expand into the overseas market, to meet the expectations of all shareholders.

Our best wishes to all of our valued shareholders.

TSEC Corporation

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

President: Hung, Chen-Ren

Head of Accounting: Chang Wei-Che

March 6, 2024

I. Date of establishment: June 24, 2010

II. Company history

(I) Any mergers or acquisitions in the most recent fiscal years and up to the annual report publication date: Nil.

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

(III) Any restructuring in the most recent fiscal years and up to the annual report publication date: Nil.

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

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

(VI) Other Information:

Key milestones of the Company are the followings:

Date	Milestone
June 2010	Foundation of the Company, with capital of NT$ 600 million
July 2010	Plant construction commenced in Hsinchu Industrial Zone
October 2010	First capital increase in cash of 2010, NT$ 2.45 billion
February 2011	Beam raising ceremony for the plant
February 2011	Entering syndicated credit contract with 7 banks including Chang Hua Bank, for NT$ 3.5 billion
March 2011	The first capital increase in cash in 2011, NT$ 550 million
April 2011	Employment Contribution Award from the Presidential Office
June 2011	Trial of first production line
August 2011	Completion of the plant. Total level floor space of 75,375 m^2 (22,801 pings)
August 2011	Products passed the "RoHS/SVHC" test
August 2011	Official beginning of mass production
September 2011	Certified with ISO 9001
December 2011	Certified with ISO 14001
December 2011	Certified with OHSAS 18001
December 2011	First solar power station was built on the roof top of the plant, and connected to Taipower in parallel
March 2012	Established solar power station subsidiary, Formosa Sun Energy Corp.
June 2012	Entered long-term collaborative development and sales agreement with a major Japanese solar vendor, Company S
August 2012	First capital increase in cash in 2012, NT$ 300 million
October 2012	Certified with ISO 14064 of greenhouse gas qualification

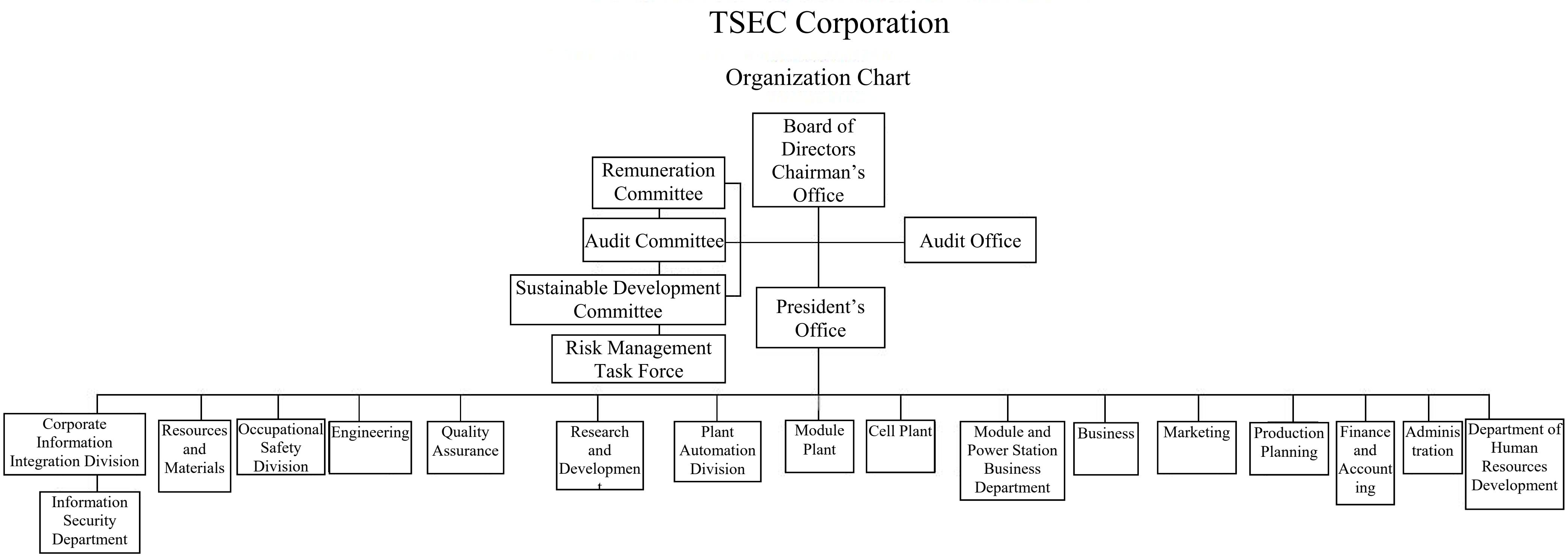
Date	Milestone
February 2013	Qualified with PAS 2050 Product Carbon Footprint
April 2013	Pass the Industrial Development Bureau's leading new product development review with the "high efficiency quasi-monocrystalline solar cell"
May 2013	Operations started to be profitable. The operating margin led most peers in Taiwan
July 2013	Entered subsidy agreement with the Industrial Development Bureau for the "Product Development Project for Quasi-Monocrystal Solar Cell"
November 2013	Shares became publicly listed
November 2013	Awarded as an "Excellent Service Unit and Collaboration Organization by the National Labor Safety and Health Community for 2012"
March 2014	Won the "Environmental Implementation Award" from the British Standards Institution (BSI)
May 2014	Ranked 517th in the domestic manufacturing industry for 2013 by Commonwealth Magazine; and the 13rd fastest growing company in the manufacturing industry
May 2014	Recognized as an "Excellent Manufacturer for Safety and Health in Hsinchu Industrial Zone, 2014" by the competent authority
June 2014	Completion of new share conversion for capital decrease in 2014. After the capital decrease, the paid-up capital was NT$ 3.003 billion
July 2014	First capital increase in cash in 2014, NT$ 150.15 million
September 2014	Shares registered with TPEx
September 2014	The cell and module product won the "Golden Energy Award" from the Bureau of Energy, Ministry of Economic Affairs
November 2014	Certified with ISO 50001 for energy management system
November 2014	Ranked 24th in the 2014 "Deloitte Technology Fast 500 Asia Pacific"; 2nd in Taiwan region
December 2014	Entered PERC/HJT development agreement with Company D in the U.S.
February 2015	Obtained "Opinion on High Technology Business" from the Industrial Development Bureau (IDB)
March 2015	Ranked 433rd in the domestic manufacturing industry for 2014 by Commonwealth Magazine
June 2015	Obtained approval letter for listing from Stock Exchange
September 2015	Entered syndicated credit contract with 8 banks including Chang Hua Bank, for NT$ 2.07 billion
October 2015	Became publicly listed (Stock code: 6443)
October 2015	First capital increase in cash in 2015, NT$ 365.4 million
October 2015	The cell and module product won the "Golden Energy Award" from the Bureau of Energy, Ministry of Economic Affairs, for the second

Date	Milestone
	time
May 2016	Ranked 378th in the domestic manufacturing industry for 2015 by Commonwealth Magazine
June 2016	Capital increase in cash in 2016 of NT$ 750 million
August 2016	Entered syndicated credit contract with 7 banks including Cooperative Bank, for NT$ 1 billion
December 2016	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for the third time
December 2016	Won the 13th National Innovation Award
April 2017	Commenced construction of Pingtung plant
April 2017	Ranked 353rd in the domestic manufacturing industry for 2016 by Commonwealth Magazine
November 2017	Capital increase in cash for 2017 of NT$ 525 million
December 2017	The cell and module product won the “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for the fourth time
February 2018	Entered syndicated credit contract with 8 banks including Chang Hua Bank, for NT$ 1.25 billion
April 2018	Commission ceremony for the Pingtung module plant
May 2018	Pingtung branch was founded
December 2018	The Pingtung plant was certified with ISO 14001, OHSAS 18001, and TOSHMS
September 2019	Capital increase in cash in 2019, NT$ 650 million
November 2020	Entered syndicated credit contract with 10 banks including Cooperative Bank, for NT$ 2 billion
December 2020	Capital increase in cash in 2020 of NT$ 667.8 million
December 2021	Capital increase in cash in 2021 of NT$ 615 million
July 2022	Capital increase in cash for NT$ 808 million
March 2023	Entering the syndicated credit contract with seven banks including Mega Bank, for NTD 1.9096 billion
August 2023	Capital increase in cash in 2023 for NT$ 989.15 million

Three. Corporate Governance Report

I. Organizational system:

(I) Organizational Structure



(II) Key functions of each department

Key Function	Key Business Duties
Audit Office	In charge of audit operations, including the establishment and implementation of the Company's internal audit system; monitoring of subsidiaries' audit operations, while assessing and documenting the implementation of internal audit system, and reporting such in writing to the Board of Directors and supervisors at least semi-annually.
human Resources	(I) Formulation and implementation of strategies in connection to the recruitment, employment, development and retaining of human resources.
Administration	(I) General affairs, administration, and management of fixed assets. (II) Staff administration, remuneration and benefits management.
legal affairs	(I) Review and control of legal documents. (II) Compliance, legal consultancy, and management of the Company's seals.
Finance and Accounting	(I) Deployment and management of financial resources. (II) Fundraising and application. (III) Short-term wealth management, long-term investments, and handling of accounts receivable/payable. (IV) Calculation of costs and accounting transaction handling. (V) Planning and implementation of budgets and settlements. (VI) Stock affairs handling. (VII) Supervision and handling of cashier's operations. (VIII) Handling the deduction/exemption of various taxes.
Marketing	(I) Formulation of marketing strategies and execution of marketing campaigns. (II) Production of the Company Introduction, product catalogues, and marketing tools, as well as website maintenance and gift preparation. (III) Planning and implementation of business training to enhance competitiveness. (IV) Checking of data regarding clients' equipment, and surveys and analyses of customer satisfaction. (V) Collection and analyses of market and new product intelligence for the sales department to strengthen competitiveness. (VI) Facilitation of establishment and maintenance of good relations with suppliers and media. (VII) Facilitation for control over the inventory and unmarketable products. (VIII) Handling product inspections, environmental labels, energy saving, and test reports. (IX) Formulation and amendment of related regulations.
Production Planning	(I) Scheduling the production, planning and implementation of manufacturing resources. (II) Import/export operations for raw materials and finished products warehouse management. (III) Analysis of production costs and assessment of benefits of new manufacturing processes. (IV) Planning and allocation of space for plants and machinery.

Project Business Division	(I) Formulation and implementation of global sales strategies for the Company's products. (II) Development of clients and maintenance of client relations regarding products. (III) Formulation and implementation of strategic marketing campaigns for products. (III) Planning and implementation of new product marketing. (IV) Introduction of technologies to clients and after-sales service. (V) Reflection on and handling of customer complaints. (VI) Market intelligence and industrial trends research. (VII) Management of clients' orders and documents. (VIII) Management of de-inventory of finished products. (IX) Coordination and arrangement of shipments to clients. (X) Tracking of sales payments and statistics. (XI) Establishment of product technical specifications
Module and Power Station Business Department	(I) Establishing the development goals and strategies of the business department. (II) Establishing the overall operational mechanism and controlling operational performance. (III) Promotion of the "7 day cycle" system for the production/sales of cell-module. (IV) Introduction of the "Accountability Center System." (V) Supervising each accountability center's basic operations to achieve operational goals. (VI) Formulation and control of the progression of projects. (VII) Implementation of document signing and archive management. (VIII) Maintenance of key seals. Module Plant (I) Production of solar modules required by the sales department. (II) Promotion of JIT and establishment of minimum inventory system. (III) Achieving various operating goals. (IV) Promotion of JIT and establishment of minimum inventory system. (V) Establishing and maintaining good customer relations.
	Module Business Department (I) Achieving various operating goals. (II) Establishing and maintaining good customer relations. (III) Sales management of module products. (IV) Maintenance and servicing of module products. (V) Management of procurement, sales, and warehousing for module products. (VI) Propose and bid for business related to power station building. (VII) Implementation of HR policies and cultivation of talent. (VIII) Formulation and amendment of related regulations.

	EPC Engineering (I) Building solar power stations. (II) Implementation of long-term maintenance, operation, and servicing for power stations. (III) Implementation HR policies and cultivation of talent. (IV) Establishing and maintaining good customer relations. (V) Management of procurement, sales, and warehousing of materials for power stations . (VI) Formulation and amendment of related regulations.
Research and Development	(I) R&D of high-performance solar cells. (II) Development and optimization of new manufacturing process technologies for solar cells. (III) Planning of new technologies for mass production and improvement of yield rates. (IV) Testing and assessing new materials and machines. (V) Discussion of literature regarding solar energy and positioning strategies for patents. (VI) Research on the integration of up- and downstream academic and industry technologies in the solar energy industry. (VII) Formation, execution, and tracking of new product development plans. (VIII) Establishing specifications for new products.
Module factory	(I) Production of solar modules required by the business department. (II) Promote the just-in-time supply system (JIT) and establish a minimum inventory system. (III) Achieve various business goals. (IV) Establish and maintain good customer relationships.
Cell Plant	(I) Planning and implementation of manufacturing and production processes for solar cells. (II) Improvement of product yield rate, efficiency, electrical properties, appearance, and manufacturing processes. (III) Analysis of abnormalities found during the manufacturing process. (IV) Assessing, installing, maintaining, servicing and improving production equipment for better capacity. (V) Planning capacity and achieving production volume objectives. (VI) Controlling manufacturing costs for better competitiveness. (VII) Regulating production conditions, personnel examination, and configurating and maintaining production programs.
Quality Assurance	(I) Quality monitoring of raw materials, manufacturing process, finished products and product packaging. (II) Assessment and management of raw material suppliers and related quality improvements. (III) Planning, establishing, and managing lab reliability verifications. (IV) Support the verification of new products and materials. (V) Monitoring and managing the routine ongoing reliability testing (ORT) of products. (VI) Leading analysis and reporting related to handling of customer feedback and complaints regarding product issues. (VII) Planning and implementation of calibration of measuring instruments. (VIII) Controlling documents in the document centers, and ensuring the effectiveness and adequacy of ISO documents.

	(IX) Leading the establishment and verification of quality management systems such as ISO 9001. (X) Leading internal and external audits, as well as quality improvement activities such as correction and prevention of abnormalities. (XI) EPC construction, quality auditing and improvement of case fields, to ensure their quality. (XII) Quality assurance of products for better customer satisfaction.
Engineering	(I) Designing, planning, and executing new construction and expansion of plants. (II) Operation, maintenance, and servicing of the factory supply system. (III) Promotion and implementation of energy-saving and carbon reduction. (IV) Implementation and auditing of environmental business. (V) Training and promotion regarding environmental education.
Occupational Safety	(I) Implementation and auditing of health and safety. (II) Training and promotion regarding health and safety. (III) Management and supervision of contractors' health and safety. (IV) Establishment of occupational safety and health system, and implementation of external filing operations.
Resources and Materials	(I) Procurement pursuant to various SOPs. (II) Proposing annual procurement and cost-saving plans, and implementing them to achieve set goals. (III) Obtaining the most favorable and competitive prices and procurement terms from suppliers. (IV) Development and management of suppliers. (V) Follow-up and management of supply orders and invoicing. (VI) Establishing detailed delivery agreements with suppliers. (VII) Controlling and assessing transactions with suppliers and their cooperation, quality and delivery schedules.
Plant Automation	(I) Establishing smart plants via data integration, process integration, and information integration, for more efficient production and plant management. (II) Establishing connection platforms for machinery in plants to improve data integration. (III) Establishing a production execution platform for process integration. (IV) Establishing a production and yield rate analysis platform for information integration.
Corporate Information Integration	(I) Management of operational process information, and support to internal control governance and process efficiency (II) Management of production process information, for more efficient production and plant management. (III) Establishment and production of various managerial benchmarks and reports/statements, as references for decision-making. (IV) Installation, maintenance, management of information equipment in the Company; formulation and drilling of disaster recovery procedures. (V) Establishing the information cycle; formulation and implementation of security strategies for data and IP protection. (VI) Establishment and maintenance of manufacturing automation. (VII) Establishment and maintenance of production statements. (VIII) Promote and handle the company's internal information security and personal data protection management matters

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

(I) Directors and Supervisors

1. Directors and Supervisors

March 26, 2024; share; %

Designation	Nationality or place of registration	Name	Gender Age	Date of election or inauguration	Term	Date when first elected	Shareholding when elected: Number of common stock shares / Number of preferred stock shares	Shareholding when elected: Shareholding Ratio (%)	Current shareholding: Number of common stock shares / Number of preferred stock shares	Current shareholding: Shareholding Ratio (%)	Shareholding of spouses and children of minor age: Number of common stock shares / Number of preferred stock shares	Shareholding of spouses and children of minor age: Shareholding Ratio (%)	Shareholding through nominees: Number of common stock shares / Number of preferred stock shares	Shareholding through nominees: Shareholding Ratio (%)	Major education and industry background	Concurrent positions in the Company and in subsidiaries	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship: Designation	Name	Relationship	Remarks
Chairman	Republic of China	Wei Jen Investment Co Ltd.	-	2022.06.09	3 years	2010.10.12	4,525,538	1.015%	2,996,817	0.584%	—	—	—	—	MBA, University of Tennessee President, Gintech Energy Corporation Chairman, Huxen Corporation. Vice President, CITI and ABN AMRO	Independent Director, Aurora Corporation; Director, An Chuang Industrial Corporation; Director, Wei Jen Investment Co Ltd.; Chairman, Holdgood Energy Co., Ltd.; Chairman, Hou Chang Energy Corporation; Chairman, Hengyoung Energy Co., Ltd.; Chairman, Heng Li Energy Corporation; Chairman, Youngli Energy Co., Ltd.; Chairman, Yunxing Optoelectronics Corporation; Chairman, Yunsheng Optoelectronics Corporation; Chairman, Zangyang Optoelectronics Corporation; Chairman, Yuanjin Energy Co., Ltd.	Director or Representative	Liao Wei-Ran	Father-son	—
							—	—	—	—	—	—	—	—						
	Republic of China	Representative: Liao, Kuo-Ron	Male 71~80				728,557	0.163%	7,524	0.001%	315,789	0.06%	—	—						
							—	—	—	—	—	—	—	—						
Director	Republic of China	An Chuang Industria	-	2022.06.09	3 years	2011.6.30	43,099	0.010%	47,963	0.009%	—	—	—	—	Master's Degree, New York State University	Director, Wei Jen Investment Co Ltd.; Chairman, An Chuang	Director or Repre	Liao, Ku	Father-son	—

		l Corporat ion					–	–	–	–	–	–	–	–	Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	Industrial Corporation; Director, Yuan-Yu Solar Energy Co., Ltd.; Director, Hou Chang Energy Corporation; Director, Heng Li Energy Corporation; Director, Hengyoung Energy Co., Ltd.; Director, Youngli Energy Co., Ltd.; Director, Zangyang Optoelectronics Corporation; Director, Yunsheng Optoelectronics Corporation; Director, Yunxing Optoelectronics Corporation; Director, TSECPV (HK) LIMITED; Director, Yuanjin Energy Co., Ltd.; Director, NFC III Renewable Power Co., Ltd.; Director, Yu Shen Chuang Neng Co., Ltd. ; Director, Gin Gin Power Company	sentat ive	o- Ro n		
	Repub lic of China	Represe ntative: Liao Wei-Ran	Male 41~50				290,623	0.061%	100,588	0.020%	175,264	0.03%								
							–	–	–	–	–	–	–	–						
Director	Repub lic of China	Cheng Hsi Investm ent Corporat ion	-	2022.06.09	3 years	2013.6.20	1,762,919	0.395%	1,652,338	0.322%	–	–	–	–	EMBA, National Taiwan University	President, Formosan Rubber Group Inc.; Director, Cheng Hsi Investment Corporation; Chairman, Rueifu Development Co., Ltd.; Director Rueifu Investment Co., Ltd.; Director, Shanxiajian Joint Venture Co., Ltd.; Director, Rueifu International Co., Ltd.; Director, Yu Ji Venture Capital Corporation	–	–	–	–
							–	–	–	–	–	–	–	–						
	Repub lic of China	Represe ntative: Hsu Cheng-Ji	Male 61~70				–	–	–	–	–	–	–	–			–	–	–	–
							–	–	–	–	–	–	–	–						
Director	Repub lic of China	Yu Sheng Energy Corporat ion	-	2022.06.09	3 years	2021.04.07	20,000	0.004%	20,000	0.004%	0	0.00%	–	–	Bachelor's, Tamkang University; Chief of Production Business Department and Marketing Department, Formosan Rubber Group Inc.; Deputy Assistant President, Head of Project, Audit Head, Xiwei Optoelectronics Co., Ltd. Advisor, Formosan Rubber Group Inc.	Chairman, Yu Sheng Energy Corporation	–	–	–	–
							17,684,210	68.293%	17,684,210	68.293%	0	0.00%	–	–						
	Repub lic of China	Represe ntative: Liu Weng-Cheng	Male 61~70				–	–	–	–	–	–	–	–			–	–	–	–
							–	–	–	–	–	–	–	–						
Director	Repub lic of China	National Develop ment Fund, Executiv	-	2022.06.09	3 years	2022.06.09	–	–	926,817	0.181%	–	–	–	–	Graduate School of Law, Soochow University; Deputy Executive Secretary/Section Head,	Advisor, National Development Council	–	–	–	–
							8,210,526	31.707%	8,210,526	31.707%	–	–	–	–						

		e Yuan Management Committee													Investment Commission, MOEA. Specialized Commissioner, Vice Director, Department of Commerce, MOEA					
	Republic of China	Representative: Yang Shu-Ling (Note 1)	Female 51~60				–	–	–	–	–	–	–	–			–	–	–	–
							–	–	–	–	–	–	–	–						
	Republic of China	Representative: KUNG MING-HSIN (Note 1)	Male 51~60				–	–	–	–	–	–			Doctor of Economics, National Chung Hsing University Associate Dean, Taiwan Institute of Economic Research Chairman, National Development Council Deputy Minister, Ministry of Economic Affairs	Cabinet Minister, Executive Yuan; Chairman, National Development Committee Convener, National Development Fund, Executive Yuan Representative Director, Taiwan Semiconductor Manufacturing Co., Ltd.				
							–	–	–	–	–	–								
Independent Director	Republic of China	Lin Gu-Tong	Male 61~70	2022.06.09	3 years	2019.03.29	–	–	–	–	440,373	0.09%	–	–	MBA, University of Tennessee Chairman, Deloitte Taiwan	Independent Director, TAIRX, INC.; Independent Director, Yi Shin Textile Industrial Co., Ltd.; Independent Director, INNOPHARMAX INC.	–	–	–	–
							–	–	–	–	–	–	–	–						
Independent Director	Republic of China	Cheng Hsien-Chih	Male 61~70	2022.06.09	3 years	2022.06.09	–	–	–	–	–	–	–	–	National Cheng Kung University; President, YARK TECHNOLOGY CO., LTD.; President for the Greater China Area, Department of Electronics and Communications, Global Business President, Microelectronic Integrated Circuit Department, and Chairman of Taiwan Branch, DuPont	Independent Director, Oriental Union Chemical Corp.; Chairman, Yun Shen Investment Corp.; Director, Avatack Co. Ltd.	–	–	–	–
							–	–	–	–	–	–	–	–						
Independent Director	Republic of China	Shen Chien-Ju	Female 41~50	2022.06.09	3 years	2022.06.09	–	–	–	–	–	–	–	–	National Taiwan University Master in Chemical Engineering, National Taiwan University; Sales Manager for Southeast Asia and Taiwan, DuPont Taiwan; Principal of Asia Pacific Region, CHASM New Materials Corp.	Supervisor, Chinyu International Co., Ltd. Principal, JSS Biotech Co., Ltd.	–	–	–	–
							–	–	–	–	–	–	–	–						
							–	–	–	–	–	–	–	–						

Note 1: The legal director representative resigned on December 28, 2023. A new legal director representative was appointed on February 27, 2024.

2. Major Shareholders of Juridical Person Shareholders:

March 26, 2024; Share; %

Name of juridical person shareholder	Major shareholders of juridical person shareholder	Shareholding proportion
Wei Jen Investment Co Ltd.	Liao-Wang Li-Hui	43%
	Chien Shu-Yin	0.5%
	Liao Wei-Ran	23%
	Liao Wei-Ren	23.5%
	Liao Pei-Lun	10%
An Chuang Industrial Corporation	Liao Wei-Ran	99.00%
	Liao Wei-Ren	1.00%
Yu Sheng Energy Corporation	Holdgood Energy Co., Ltd.	49.64%
	Brave C&H Supply Co., Ltd	19.00%
	Giga Solar Material Corporation	14.25%
	Gigastorage Corporation	11.88%
	Engtown Construction Corporation	2.85%
	Cheng Hsi Investment Corporation	2.38%
Cheng Hsi Investment Corporation	Yang Hsun-Wen	0.20%
	Hsu Cheng-Chi	99.50%
	HSU JU-I	0.15%
	HSU CHENG-HSI	0.15%
National Development Fund, Executive Yuan Management Committee	(N/A)	

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

March 31, 2024; Share; %

Name of the juristic person	Major shareholder of corporation
Holdgood Energy Co., Ltd.	Wei Jen Investment Co Ltd. 47.71%; TSEC Corporation 45.49%; Cheng Hsi Investment Corporation 4.26%; Liao-Wang Li-Hui 1.26%; Deguang Education Investment Co., Ltd. 0.28%; Chien, Shu-Ying 0.22%; Cheng, Chen-Kuo 0.28%; He, Hao 0.18%; Liu, Li-Ping 0.1%
Brave C&H Supply Co., Ltd	TSAI,FU-TE 5.94%; CHEN,KAN-FU 4.24%; Hsu Yu Industrial Co., Ltd. 2.28%; YU,PAI-TANG 2.16%; CHUNG,JUI-CHIAO 1.95%; LONG BON INTERNATIONAL CO.,LTD. 1.81%; JIN Chen Co., Ltd. 1.7%; Employees of China Trust Commercial Bank, Ltd., Brave C&H Supply Co., Ltd., have voting rights, Restricted Stock Trust Account with Dividend Distribution Rights Limitations 1.67%; TSAI,CHAO-TING1.35%; WANG,YU-FANG 1.12%
Giga Solar Material Corporation	Gigastorage Corporation 39.15%; Hungyang Venture Capital Co., Ltd. 10.54%; Tengxi Investment Co., Ltd 6.18%; Invesco Solar ETF held in custody by the HSBC 3.22%; WAFERING TECHNOLOGY CORPORATION 0.66%; SNC Investment Account operated by BNP under the custody of Citi 0.61%; JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds 0.55%; JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds 0.54%; Chunru Investment Co., Ltd. 0.44%; Jufeng Global Investment Co., Ltd. 0.40%
Gigastorage Corporation	CHEN,CHI-MING 4.03%; CHEN,SU-HUI 2.58%; VISION HOLDINGS LTD 2.58%; JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds 1.28%; LI,SHU-HUI 1.27%; JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds 1.18%; TRON ENERGY TECHNOLOGY CORPORATION 1.09%; CHEN,MIN-MIN 0.97%; WU,HSI-KUN 0.95%; KO,JU-YUN 0. 65%
Engtown Construction Corporation	Lin Kun-Jung 26%; Liu Jui-Yen 24.5%; Lin Yi-Chen 17.7%; Liu Yi-Ting 15%; Ting Yun-Lan 11%; Lin Man-Tang 0.3%; Chan Pao-Chu 5.5%
Cheng Hsi Investment Corporation	Hsu Cheng-Chi 99.50%; Yang, Hsun-Wen 0.20%; HSU,JU-I 0.15%; HSU,CHENG-HSI 0.15%

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

Name \ Qualification		Professional qualifications (Note 1)	Experience	Independence status (Note 1)	Number of other companies in which they are also concurrently serving as an independent director.
Chairman	Liao, Kuo-Ron	Possessing 5 or more years of work experience required for the Company's business; MBA, University of Tennessee; currently serves as the Chairman of the Company; not having any circumstance set forth in Article 30 of the Company Act.	University of Tennessee MBA President, Gintech Energy Corporation Chairman, Huxen Corporation. Vice President, CITI and ABN AMRO	(3)(4)(5)(6)(7)(8)(9)(11)	1
Director	Liao Wei-Ran	Possessing 5 or more years of work experience required for the Company's business; Master's degree, New York State University, currently serves as Senior Vice President of the Company; not having any circumstance set forth in Article 30 of the Company Act.	Master's Degree, New York State University Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	(3)(4)(5)(6)(7)(8)(9)(11)	0
Director	Liu Weng-Cheng	Possessing 5 or more years of work experience required for the Company's business; graduated from Tamkang University; currently serves as Chairman of Yu Sheng Energy Corporation; not having any circumstance set forth in Article 30 of the Company Act.	Bachelor, Tamkang University Chairman, Yu Sheng Energy Corporation Chief of Production Business Department and Marketing Department, Formosan Rubber Group Inc. Deputy Assistant President, Head of Project, Audit Head, Xiwei Optoelectronics Co., Ltd. Advisor, Formosan Rubber Group Inc.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Director	Hsu Cheng-Chi	Possessing 5 or more years work experience required for the Company's business; EMBA, National Taiwan University; currently serves as Director and President of Formosan Rubber Group; not having any circumstance set forth in Article 30 of the Company Act.	EMBA, National Taiwan University Director and President of Formosan Rubber Group Inc. Chairman, Ruifu Development	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Independent Director	Lin Gu-Tong	Possessing 5 or more years of work experience required for the Company's business; MBA, University of Tennessee, and holder of CPA license; served as Chairman, Deloitte Taiwan; and comes under none of the conditions under Article 30 of the Company Act.	MBA, University of Tennessee Bachelor's degree, Department of Accounting, NCCU Chairman, Deloitte Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	3
Director	Yang Shu-Ling (Note 2)	With 5 or more years of experience required for the Company's business; Master of Laws, Soochow University; currently serves as an advisor at the National Development Council; and comes under none of the conditions under Article 30 of the Company Act.	Master of Laws, Soochow University Deputy Executive Secretary/Section Head, Investment Commission, MOEA. Specialized Commissioner, Vice Director, Department of Commerce, MOEA	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Director	Kung Ming-Hsin (Note 2)	With 5 or more years of experience required for the Company's business; Doctor of Economics, National Chung Hsing University; currently serves as Chairman at the National Development Council; and comes under none of the conditions under Article 30 of the Company Act.	Doctor of Economics, National Chung Hsing University Associate Dean, Taiwan Institute of Economic Research Chairman, National Development Council Deputy Minister, Ministry of Economic Affairs	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)	0
Independent Director	Cheng Hsien-Chih	With 5 or more years of experience required for the Company's business; graduated from the National Cheng Kung University; currently serves as Independent Director of Oriental Union Chemical Corp.; and comes under none of the conditions under Article 30 of the Company Act.	National Cheng Kung University President, Yark Technology Co., Ltd. President for the Greater China Area, Department of Electronics and Communications, Global Business President, Microelectronic Integrated Circuit Department, and Chairman of Taiwan Branch, DuPont Independent Director, SCI Pharmtech, Inc. Supervisor, Sunny Pharmtech Inc.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1

Name \ Qualification		Professional qualifications (Note 1)	Experience	Independence status (Note 1)	Number of other companies in which they are also concurrently serving as an independent director.
Independent Director	Shen Chien-Ju	With five or more years of experience required for the Company's business; Master's in Chemical Engineering, National Taiwan University; Current Person in Charge of the Asia-Pacific Region, US CHASM High-tech Materials Company Limited; and comes under none of the conditions under Article 30 of the Company Act.	Master's in Chemical Engineering, National Taiwan University; Sales Manager for Southeast Asia and Taiwan, DuPont Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 2: Note 1: The legal director representative resigned on December 28, 2023. A new legal director representative was appointed on February 27, 2024.

5. Diversity and independence of the board of directors:

(1) Diversity of the board of directors:

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

- Implementation of board diversity:

Areas of Diversification Core Item / Director Name	Basic conditions										Professional knowledge and skills					
	Nationality	Gender	Concurrently serves as the Company's employee	Age				Independent director tenure			Industry	Commerce	Accounting	Finance	Law	Marketing
				Under 50	51-60	61-70	71 above	Under 3 years	4-6years	7-9 years						
Liao, Kuo-Ron	Republic of China	Male	ˇ				ˇ				ˇ	ˇ		ˇ		ˇ
Liao Wei-Ran	Republic of China	Male	ˇ	ˇ							ˇ	ˇ		ˇ		ˇ
Hsu Cheng-Chi	Republic of China	Male				ˇ						ˇ				ˇ
Liu Weng-Cheng	Republic of China	Male				ˇ						ˇ				ˇ
Yang Shu-Ling (Note 1)	Republic of China	Female			ˇ										ˇ	
Kung Ming-Hsin (Note 1)	Republic of China	Male			ˇ						ˇ	ˇ		ˇ		
Cheng Hsien-Chih	Republic of China	Male				ˇ		ˇ			ˇ	ˇ				ˇ
Shen Chien-Ju	Republic of China	Female		ˇ				ˇ			ˇ	ˇ				ˇ
Lin Gu-Tong	Republic of China	Male				ˇ			ˇ			ˇ	ˇ	ˇ		

Note 1: Note 1: The legal director representative resigned on December 28, 2023. A new legal director representative was appointed on February 27, 2024.

(2) Independence of the Board of Directors:

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

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

March 26, 2024; Share; %

Designation	Nationality	Name	Gender	Date inaugurated	Shareholding		Shareholding of spouses and children of minor age		Shareholding through nominees		Major education and industry background	Concurrent positions in the Company and in subsidiaries	Spouse or relatives within the second degree of kinship or closer			Remarks
					Number of common stock shares	Shareholding Ratio (%)	Number of common stock shares	Shareholding Ratio (%)	Number of common stock shares	Shareholding Ratio (%)			Designation	Name	Relationship	
					Number of preferred stock shares	Shareholding Ratio (%)	Number of preferred stock shares	Shareholding Ratio (%)	Number of preferred stock shares	Shareholding Ratio (%)						
President	Republic of China	Hung, Chen-Ren	Male	101.07.05	934	0.000%	5,000	0.001%	–	–	Ph.D. in Chemistry, University of Missouri-Rolla Vice President, Powertec Energy Deputy Assistant President, Resources and Materials, Gintech Energy Corporation	–	–	–	–	–
					–	–	–	–	–	–						
Senior Executive Vice President	Republic of China	Liao Wei-Ran	Male	2010.11.01	100,588	0.021%	175,264	0.034%	–	–	Master's Degree, New York State University Deputy Assistant President, DBS Deputy Assistant President, Standard Charter Deputy Assistant President, ABN AMRO	Director, Wei Jen Investment Co Ltd.; Chairman, An Chuang Industrial Corporation; Director, Yuan-Yu Solar Energy Co., Ltd.; Director, Hou Chang Energy Corporation; Director, Heng Li Energy Corporation; Director, Hengyoung Energy Co., Ltd.; Director, Youngli Energy Co., Ltd.; Director, Zangyang Optoelectronics Corporation; Director, Yunsheng Optoelectronics Corporation; Director, Yunxing Optoelectronics Corporation; Director, TSECPV (HK) LIMITED; Director, Yuanjin Energy Co., Ltd.; Director, NFC III Renewable Power Co., Ltd.; Director, Yu Shen Chuang Neng Co., Ltd. ; Director, Gin Gin Power Company	Chairman	Liao, Kuo-Ron	Father-son	–
					–	–	–	–	–	–						
Vice President	Republic of China	Chiang, Chih-Hao	Male	2017.11.01	43,460	0.008%	–	–	–	–	Master's degree, National Chiao Tung University Head of Technology Information Department, Gintech Energy Corporation Manufacturing Department, SMIC Automation Department, TSMC	–	–	–	–	–
					–	–	–	–	–	–						
Vice President	Republic of China	Wang, Liang-Kai	Male	2010.08.02	2,372	0.000%	38,386	0.007%	–	–	Master's degree, National Taiwan University of Science and Technology Deputy Director, Technology, Gintech Energy Corporation Manager of Product Marketing, KLA-Tencor Corp. Manager of Quality Assurance, Sheng-Bao Electronic Chemical Technology Corporate	–	–	–	–	–
					–	–	–	–	–	–						

Designation	Nationality	Name	Gender	Date inaugurated	Shareholding		Shareholding of spouses and children of minor age		Shareholding through nominees		Major education and industry background	Concurrent positions in the Company and in subsidiaries	Spouse or relatives within the second degree of kinship or closer			Remarks
					Number of common stock shares	Shareholding Ratio (%)	Number of common stock shares	Shareholding Ratio (%)	Number of common stock shares	Shareholding Ratio (%)			Designation	Name	Relationship	
					Number of preferred stock shares	Shareholding Ratio (%)	Number of preferred stock shares	Shareholding Ratio (%)	Number of preferred stock shares	Shareholding Ratio (%)						
Vice President	Republic of China	Wu Chuan-Chieh	Male	2010.07.21	53,686	0.010%	–	–	–	–	Master's degree, Tamkang University Head of Technology and Production Department, Resources, Gintech Energy Corporation Manager of Administration Department, Aiko International Deputy Manager, IE Department, TSMC	–	–	–	–	–
					–	–	–	–	–	–						
Deputy Assistant President	Republic of China	Cheng, Chen-Kuo	Male	2010.07.26	213,495	0.042%	–	–	–	–	Law and Business School, National Chung Hsing University Head of Legal Department, Gintech Energy Corporation Director, Legal Office, Aurora Group	Supervisor, Holdgood Energy Co., Ltd.	–	–	–	–
					–	–	–	–	–	–						
Vice President	Republic of China	Yu Cheng-Yeh	Male	2017.09.18	15,000	0.003%	–	–	–	–	PhD, Graduate Institute of Electronic, National Taiwan University Chief Engineer, R&D Department, TSMC Manager, Technology Research and Development Department, Gintech Energy Corporation	Director, Hou Chang Energy Corporation	–		–	–
					–	–	–	–	–	–						
Deputy Assistant President (Note 1)	Republic of China	Chen, Tai-An	Male	2018.08.13	–	–	–	–	–	–	Master's in Accounting, Fu Jen Catholic University Head of Accounting Section, Chimei Communications Deputy Head, Deloitte Taiwan	Director, Holdgood Energy Co., Ltd.; Director, Hou Chang Energy Corporation; Supervisor, Heng Li Energy Corporation; Supervisor, Hengyoung Energy Co., Ltd.; Supervisor, Youngli Energy Co., Ltd.; Supervisor, Zangyang Optoelectronics Corporation; Supervisor, Yunsheng Optoelectronics Corporation, Ltd.; Supervisor, Yunxing Optoelectronics Corporation; Yu Shen Chuang Neng Co., Ltd.; Director, Yuanjin Energy Co., Ltd.; Director, Gin Gin Power Company	–	–	–	–
					–	–	–	–	–	–						

Designation	Nationality	Name	Gender	Date inaugurated	Shareholding		Shareholding of spouses and children of minor age		Shareholding through nominees		Major education and industry background	Concurrent positions in the Company and in subsidiaries	Spouse or relatives within the second degree of kinship or closer			Remarks
					Number of common stock shares / Number of preferred stock shares	Shareholding Ratio (%)	Number of common stock shares / Number of preferred stock shares	Shareholding Ratio (%)	Number of common stock shares / Number of preferred stock shares	Shareholding Ratio (%)			Designation	Name	Relationship	
Deputy Assistant President	Republic of China	Kang, Jen-He	Male	2022.05.01	43,000	0.008%	–	–	–	–	Master's in Chemistry, National Tsing Hua University Vice Director, R&D Department, Gintech Energy Corporation Assistant Manager, R&D Department, Gigastorage Corporation	–	–	–	–	–
					–	–	–	–	–	–						
Deputy Assistant President	Republic of China	Hsiao, Chao-Ming	Male	2022.05.01	–	–	1,445	0.000%	–	–	Master's in Industrial Engineering and Administration, Yuan Ze University Deputy Manager, Department of Resources and Materials, Gintech Energy Corporation Deputy Manager, Procurement Department, ProMOS Technologies, Inc.	–	–	–	–	–
					–	–	–	–	–	–						
Deputy Assistant President	Republic of China	Kuo Chun-Hung	Male	2022.05.01	5,893	0.001%	2,740	0.001%	–	–	Master's in Information Management, National Central University Vice Director, Factory Integration and Automation Office, Gintech Energy Corporation Manager, Department of Customer Information Service, United Microelectronics Corporation	–	–	–	–	–
					–	–	–	–	–	–						
Deputy Assistant President	Republic of China	Wang Chi-Che	Male	2023.05.29	50,094	0.010%	192	0.000%	–	–	MSc, Feng Chia University Manager, Information Department, Want Want Group Head of Technology Information Department, EVERSOL CORPORATION	–	–	–	–	–
					–	–	–	–	–	–						
Head of Finance	Republic of China	Li Ming-Hua	Female	2019.12.27	–	–	–	–	–	–	Bachelor of Economics, National Chung Hsing University Deputy Manager, Finance Section, An-Shin Food Services Co., Ltd.	–	–	–	–	–
					–	–	–	–	–	–						
Head of Accounting	Republic of China	Chang Wei-Che(Note 1)	Male	2022.03.08	–	–	–	–	–	–	Bachelor's in Accounting, Tamkang University Manager, Deloitte Taiwan	–	–	–	–	–
					–	–	–	–	–	–						

Note 1: On March 8, 2023, the Board of Directors assigned Chang, Wei-Che as the new Head of Accounting and Chen, Tai-An was discharged from the post of Head of Accounting.

III. Remuneration to Directors, Audit Committee, President, and Vice Presidents in the Recent Year (2023)

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

Unit: NTD thousand; %

Designation	Name	Directors' Remuneration								Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from concurrently serving as employees								Sum of A, B, C, D, E, F, and G as a percentage of net income after tax		Remuneration from investees other than subsidiaries
		Wages (A)		Pension upon retirement (B)		Compensation for Director (C)		Service Expenses (D)				Wages, bonuses, special allowances, etc. (E)		Pension upon retirement (F)		Employee Compensation (G)						
																The Company		Companies included in the financial statements				
		The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company	Companies included in the financial statements	The Company	Companies included in the financial statements	The Company	Companies included in financial statements	Cash Amount	Share Amount	Cash Amount	Share Amount	The Company	Companies included in the financial statements	
Chairman	Wei Jen Investment Co Ltd. Representative: Liao, Kuo-Ron	1,080	1,080	–	–	4,000	4,000	–	–	5,080 (0.96%)	5,080 (0.96%)	7,020	–	–	–	40	–	–	–	12,140 (2.30%)	12,140 (2.30%)	
Director	An Chuang Industrial Corporation Representative: Liao Wei-Ran	1,080	1,080	–	–	2,000	2,000	–	–	3,080 (0.58%)	3,080 (0.58%)	3,776	–	108	108	40	–	–	–	7,004 (1.33%)	7,004 (1.33%)	
Director	Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji	1,080	1,080	–	–	2,000	2,000	–	–	3,080 (0.58%)	3,080 (0.58%)	–	–	–	–	–	–	–	–	3,080 (0.58%)	3,080 (0.58%)	
Director	Yu Sheng Energy Corporation Representative: Liu Weng-Cheng	1,080	1,080	–	–	2,000	2,000	–	–	3,080 (0.58%)	3,080 (0.58%)	–	–	–	–	–	–	–	–	3,080 (0.58%)	3,080 (0.58%)	
Director	National Development Fund, Executive Yuan Management Committee	978	978	–	–	2,000	2,000	–	–	2,978 (0.56%)	2,978 (0.56%)	–	–	–	–	–	–	–	–	2,978 (0.56%)	2,978 (0.56%)	
Director	National Development Fund, Executive Yuan Representative: Yang Shu-Ling	102	102	–	–	–	–	–	–	102 (0.02%)	102 (0.02%)	–	–	–	–	–	–	–	–	102 (0.02%)	102 (0.02%)	
Independent Director	Cheng Hsien-Chih	1,200	1,200	–	–	2,000	2,000	–	–	3,200 (0.61%)	3,200 (0.61%)	–	–	–	–	–	–	–	–	3,200 (0.61%)	3,200 (0.61%)	

Independent Director	Shen Chien-Ju	1,200	1,200	—	—	2,000	2,000	—	—	3,200 (0.61%)	3,200 (0.61%)	—	—	—	—	—	—	—	—	3,200 (0.61%)	3,200 (0.61%)	
Independent Director	Lin Gu-Tong	1,200	1,200	—	—	2,000	2,000	—	—	3,200 (0.61%)	3,200 (0.61%)	—	—	—	—	—	—	—	—	3,200 (0.61%)	3,200 (0.61%)	

1. Please state the remuneration policies, systems, standards and packages for independent directors, and the connection of factors such as responsibilities, risk and hours spent, with the amount of remuneration: The Company's independent directors receive fixed monthly remuneration based on the "Procedures for Management of Remuneration and Compensations to Directors and Managerial Officers."
2. Other than the remuneration disclosed in said table, remuneration received by any of the Company's directors for providing services to any companies included in the financial statement, e.g., as an advisor other than employee in the most recent year: 0

Range of Remuneration

Unit: NTD in thousands; Thousand Shares

Range of Remuneration Paid to Each Director of the Company	Name of Director			
	Sum of foregoing three items (A+B+C)		Sum of foregoing 7 items (A+B+C+D+E+F+G)	
	The Company	Companies included in financial statements	The Company	Companies included in financial statements
Below NT$ 1,000,000	—	—	—	—
1,000,000 (inclusive) ~ 2,000,000 (exclusive)	—	—	—	—
2,000,000 (inclusive) ~ 3,500,000 (exclusive)	An Chuang Industrial Corporation Representative: Liao Wei-Ran Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji; Yu Sheng Energy Corporation Representative: Liu Weng-Cheng, National Development Fund, Executive Yuan: Lin Gu-Tong Representative: Yang Shu-Ling; Lin Gu-Tong, Shen Chien-Ju, Cheng Hsien-Chih	An Chuang Industrial Corporation Representative: Liao Wei-Ran Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji, Yu Sheng Energy Corporation Representative: Liu Weng-Cheng, National Development Fund, Executive Yuan: Lin Gu-Tong Representative: Yang Shu-Ling; Lin Gu-Tong, Shen Chien-Ju, Cheng Hsien-Chih	Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji, Yu Sheng Energy Corporation Representative: Liu Weng-Cheng, National Development Fund, Executive Yuan: Lin Gu-Tong Representative: Yang Shu-Ling; Lin Gu-Tong, Shen Chien-Ju, Cheng Hsien-Chih	Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji, Yu Sheng Energy Corporation Representative: Liu Weng-Cheng, National Development Fund, Executive Yuan: Lin Gu-Tong Representative: Yang Shu-Ling; Lin Gu-Tong, Shen Chien-Ju, Cheng Hsien-Chih
3,500,000 (inclusive) ~ 5,000,000 (exclusive)	Wei Jen Investment Co Ltd.	Wei Jen Investment Co Ltd.	—	—

Range of Remuneration Paid to Each Director of the Company	Name of Director			
	Sum of foregoing three items (A+B+C)		Sum of foregoing 7 items (A+B+C+D+E+F+G)	
	The Company	Companies included in financial statements	The Company	Companies included in financial statements
	Representative: Liao, Kuo-Ron	Representative: Liao, Kuo-Ron		
5,000,000 (inclusive) ~ 10,000,000 (exclusive)	–	–	An Chuang Industrial Corporation Representative: Liao Wei-Ran	An Chuang Industrial Corporation Representative: Liao Wei-Ran
10,000,000 (inclusive) ~ 15,000,000 (exclusive)	–	–	Wei Jen Investment Co Ltd. Representative: Liao, Kuo-Ron	Wei Jen Investment Co Ltd. Representative: Liao, Kuo-Ron
15,000,000 (inclusive) ~ 30,000,000 (exclusive)	–	–	–	–
30,000,000 (inclusive) ~ 50,000,000 (exclusive)	–	–	–	–
50,000,000 (inclusive) ~ 100,000,000 (exclusive)	–	–	–	–
Over 100,000,000 (inclusive)	–	–	–	–
Total	8 persons	8 persons	8 persons	8 persons

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

3. Remuneration to President and Vice Presidents

(1) Approach to disclose name individually

Unit: NTD in thousand; Share; %

Designation	Name	Wages (A)		Pension upon retirement (B)		Bonus and special expenditure (C)		Employee Compensation (D)				Sum of A, B, C, and D as a percentage of net income after tax (%)		Compensation paid to directors from the parent company or an invested company other than the Company's subsidiary
		The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company		Companies included in financial statements		The Company	Companies included in financial statements	
								Cash Amount	Share Amount	Cash Amount	Share Amount			
President	Hung, Chen-Ren	4,814	4,814	108	108	—	—	40	—	40	—	4,962 (0.94%)	4,962 (0.94%)	—
Senior Vice President	Liao Wei-Ran	3,930	3,930	108	108	—	—	40	—	40	—	4,078 (0.77%)	4,078 (0.77%)	—
Vice President	Chiang, Chih-Hao	3,367	3,367	108	108	—	—	40	—	40	—	3,515 (0.67%)	3,515 (0.67%)	—
Vice President	Wang, Liang-Kai	3,629	3,629	108	108	—	—	40	—	40	—	3,777 (0.72%)	3,777 (0.72%)	—
Vice President	Yu Cheng-Yeh	2,549	2,549	108	108	—	—	40	—	40	—	2,697 (0.51%)	2,697 (0.51%)	—
Vice President	Wu Chuan-Chieh	3,484	3,484	108	108	—	—	40	—	40	—	3,632 (0.69%)	3,632 (0.69%)	—

Range of Remuneration

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

*The remuneration disclosed in the table is different from the income-tax context. The table is for disclosure only, not for tax purposes.

(2) Top 5 Executives with the Highest Remunerations

December 31, 2023; Unit: NTD in thousands

Designation	Name	Wages (A)		Pension upon retirement (B)		Bonuses and special allowances (C)		Employee Compensation (D)				Sum of A, B, C, and D as percentage of net income after tax (%)		Remuneration from investees other than subsidiaries
		The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company		Companies included in financial statements		The Company	Companies included in financial statements	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Hung, Chen-Ren	4,814	4,814	108	108	—	—	40	—	40	—	4,962 (0.94%)	4,962 (0.94%)	—
Senior Vice President	Liao Wei-Ran	3,930	3,930	108	108	—	—	40	—	40	—	4,078 (0.77%)	4,078 (0.77%)	—
Senior Vice President	Wang, Liang-Kai	3,629	3,629	108	108	—	—	40	—	40	—	3,777 (0.72%)	3,777 (0.72%)	—
Vice President	Wu Chuan-Chieh	3,484	3,484	108	108	—	—	40	—	40	—	3,632 (0.69%)	3,632 (0.69%)	—
Senior Vice President	Chiang, Chih-Hao	3,367	3,367	108	108	—	—	40	—	40	—	3,515 (0.67%)	3,515 (0.67%)	

4. Names of managers responsible for distributing employee bonuses, and distribution details:

December 31, 2023; Unit: NTD in thousands

Designation	Name	Share Amount	Cash Amount	Total	Total Amounts in Relation to Net Profit After Tax (%)
President	Hung, Chen-Ren	0	560	560	0.10%
Senior Vice President	Liao Wei-Ran				
Vice President	Chiang, Chih-Hao				
Vice President	Wang, Liang-Kai				
Vice President	Wu Chuan-Chieh				
Vice President	Yu Cheng-Yeh				
Deputy Assistant President	Cheng, Chen-Kuo				
Deputy Assistant President	Chen, Tai-An				
Deputy Assistant President	Kang, Jen-He				
Deputy Assistant President	Hsiao, Chao-Ming				
Deputy Assistant President	Wang Chi-Che				
Deputy Assistant President	Kuo Chun-Hung				
Head of Finance	Li Ming-Hua				
Head of Accounting	Chang Wei-Che				

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

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

Unit: NTD in thousands

Item / Designation	2022				2023			
	Total		Percentage of net income after tax (%)		Total		Percentage of net income after tax (%)	
	The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company	Companies included in financial statements	The Company	Companies included in financial statements
Director	17,048	17,048	8.9%	8.9%	27,000	27,000	5.1%	5.1%
Audit Committee	7,026	7,026	3.7%	3.7%	9,600	9,600	1.8%	1.8%
President and Vice Presidents	21,793	21,793	11.4%	11.4%	22,661	22,661	4.3%	4.3%

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

(1) Remuneration policies, standards and packages

The remuneration of the directors of the Company is handled in accordance with the provisions of the "Articles of Incorporation" and the "Regulations Governing the Remuneration of Directors and Managers". The salary for directors performing their duties is determined by considering the usual level of remuneration in the industry and evaluating the value of individual directors' participation and contributions to the company's operations. This is submitted to the Remuneration Committee for evaluation of the company's financial condition and operational performance. The results of the evaluation are presented to the Board of Directors for approval and disbursement, in accordance with the "Regulations on the Organization of the Remuneration Committee", which are periodically reviewed for their reasonableness. Additionally, if the Company is profitable in a fiscal year, up to 5% of the profit is allocated for director remuneration as stipulated in Article 24-1 of the Articles of Incorporation. The distribution and disbursement of director remuneration are conducted in accordance with the principles specified in the "Regulations Governing the Remuneration of Directors and Managers". Key distribution principles include the weight of fulfilling annual performance goals (80%), adherence to corporate governance by attending meetings (15%), and hours spent on director training courses (5%). The distribution results are reviewed by the Remuneration Committee and approved by the Board of Directors before disbursement, with reports provided to the shareholders' meeting.
The remuneration of Company executives is determined in accordance with the "Remuneration Management Regulations" and the "Regulations Governing the Remuneration of Directors and Managers", specifying various salary components (including base salary, allowances, subsidies, and bonuses) to recognize and reward employees' efforts in their work. Related bonuses are granted based on the company's annual operating performance, financial condition, operational status, and individual job performance. Additionally, if the Company is profitable in a fiscal year, at least 5% of the profit is allocated for employee remuneration as stipulated in Article 24-1 of the Articles of Incorporation. The performance evaluation results conducted under the "Performance Appraisal Method" serve as a reference for the disbursement of executive bonuses. The evaluation of executives is based on the achievement of their annual performance goals, with their operational performance bonuses calculated accordingly. The remuneration system is subject to periodic review based on actual operating conditions and relevant laws and regulations.
The combination of remuneration provided by the Company is determined in accordance with the "Regulations on the Organization of the Remuneration Committee", includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope is consistent with the remuneration to directors and managers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(2) Remuneration Establishment Procedure

To periodically evaluate the remuneration of directors and executives, assessments are conducted based on the "Board of Directors Performance Evaluation Method" and the performance appraisal methods applicable to executives and employees. These assessments are linked to the company's operational performance indicators and submitted to the Board of Directors for review to fully demonstrate the achievement of operational performance indicators.
The performance assessments and the reasonableness of remuneration for directors and executives are reviewed and audited annually by the Remuneration Committee and the Board of Directors. In addition to considering individual performance achievement rates and contributions to the company, overall operational performance, industry risks, and future development trends are taken into account. The remuneration system is regularly reviewed based on actual operating conditions, relevant laws and regulations, and current trends in corporate governance to provide fair compensation while ensuring sustainable operations and risk management. The actual disbursement of director and executive remuneration is determined after review by the Remuneration Committee and approval by the Board of Directors.

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

The review of the Company's remuneration policy, related payment standards, and systems primarily considers the overall operational condition of the company. Payment standards are determined based on performance achievement rates and contributions to enhance the overall organizational effectiveness of the Board of Directors and management departments. In addition, with reference to the compensation and remuneration criteria in the industry, it is ensured that the compensation and remuneration to the management of the Company are competitive so that outstanding management talent may be retained.
All of the Company's manager performance goals are combined with “risk control” in order to ensure that possible risks within the scope of responsibility can be managed and mitigated against and respective human resources and related compensation and remuneration policies are combined according to ratings given on the basis of actual performance. Important decisions are made by the management of the Company after respective risk factors are weighed. The related decision-making performance is reflected in the Company’s profitability. The compensation and remuneration of the management has to do with the performance in risk control.

III. Status of Corporate Governance

(I) Operation of the Board of Directors

During the current year (2023) and 2024 up to the publication date of annual report, 7 (A) meetings were held; the attendance of the directors is as following:

Title	**Name**	**Actual attendance (B)**	**Attendance by proxy**	**Actual Actual attendance rate (%) (B/A)**	**Remarks**
Chairman	Wei Jen Investment Co Ltd. Representative: Liao, Kuo-Ron	7	0	100%	
Director	An Chuang Industrial Corporation Representative: Liao Wei-Ran	7	0	100%	
Director	National Development Fund, Executive Yuan Management Committee Representative: Yang Shu-Ling	5	1	85.71%	The legal director representative resigned on December 28, 2023.
Director	National Development Fund, Executive Yuan Management Committee Representative: Kung Ming-Hsin	1	0		A new legal director representative was appointed on February 27, 2024.
Director	Yu Sheng Energy Corporation Representative: Liu Weng-Cheng	7	0	100%	
Director	Cheng Hsi Investment Corporation Representative: Hsu Cheng-Ji,	7	0	100%	
Independent director	Lin Gu-Tong	7	0	100%	
Independent director	Cheng Hsien-Chih	7	0	100%	
Independent director	Shen Chien-Ju	7	0	100%	

Other items to be stated:

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

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

Board of Directors Term/Date	Content of Proposal	Independent director Opinion	The Company's Treatment of Opinions of Independent Directors
7th meeting of the 5th term 2023.03.08	1. For the CPA's audit service fee for 2023 2. Approval the Company's "Statement of Internal Control System," 2022 3. Proposal to re-appoint the Head of Accounting 4. Intended revisions of the "Rules of Procedure for Board of Directors' Meetings", the "Rules of Procedure for Shareholders' Meetings", and the "Corporate Governance Best Practice Principles"	Nil	Nil
8th meeting of the 5th term 2023/05/09	1. Proposal to issue maximum 40,000,000 shares for the capital increase in cash 2. Proposal to participate in fundraising project for domestic fishery and electricity co-generation site (hereinafter as Pingcheng Power Plant) by NFC III Renewable Power Co., Ltd. 3. Proposal for WANG CHI-CHE, director of Corporate Information Integration Division and EPC Engineering Department, to the position of Deputy Assistant President.	Nil	Nil
9th meeting of the 5th term 2023/06/26	Capital expenditure on upgrade of the battery production line at the Company's Hsinchu Plant to TOPCon; tabled for review and discussion.	Nil	Nil
10th meeting of the 5th term 2023/08/9	For accounting estimate adjustments within the company.	Nil	Nil
11th meeting of the 5th term 2023/11/13	Partial amendment of internal control system	Nil	Nil
12th meeting of the 5th term 2023/12/18	Partial amendment of internal control system.	Nil	Nil
13th meeting of the 5th term 2024/03/06	1. For the CPA's audit service fee for 2024 2. Approval the Company's "Statement of Internal Control System," 2023 3. Intended revisions of the "Rules of Procedure for Board of Directors' Meetings"and the "Audit Committee Organization Regulations"	Nil	Nil

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

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

Board of Directors Term/Date	Content of Proposal	Implementation
7th meeting of the 5th term 2023.03.08	1. Cause: Implementation results of the incentive solution for Q4 of 2022 and submission of the reward proposal; brought forth for review and discussion. 2. Intended preparation of the incentive proposal for the second half of 2023; brought forth for review and discussion.	1. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection. 2. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection.

8th meeting of the 5th term 2023/05/09	1. Implementation results of the incentive solution for Q1 of 2023 and submission of the reward proposal; brought forth for review and discussion. 2. Distribution of remuneration to managers and employees from 2022's earnings	1. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection. 2. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection.
10th meeting of the 5th term 2023/08/9	1. Implementation results of the incentive solution for Q2 of 2023 and submission of reward proposal; brought forth for review and discussion. 2. Intended preparation of the incentive proposal for the second half of 2023; brought forth for review and discussion. 3. To formulate an incentive plan for TOPCon technology conversion.	1. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection. 2. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection. 3. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection.
11th meeting of the 5th term 2023/11/13	Implementation results of the incentive solution for Q3 of 2023 and submission of the reward proposal; brought forth for review and discussion.	Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection.
13th meeting of the 5th term 2024.03.06	1. Implementation results of the incentive solution for Q4 of 2023 and submission of the reward proposal; brought forth for review and discussion. 2. Intended preparation of the incentive proposal for the first half of 2024; brought forth for review and discussion. 3. Proposal for relieving directors from non-competition restrictions	1. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection. 2. Due to conflicts of interest with Chairman Liao, Kuo-Ron, Director Liao Wei-Ran, and attending managers including General Manager Hung, Chen-Ren and Associate Manager Cheng, Cheng-Kuo, they have abstained. Therefore, Director Hsu Cheng-Ji temporarily assumes the chairmanship. After consulting Director Hsu Cheng-Ji for the opinions of the remaining directors present, all agreed to approve the matter without objection. 3. In consideration of the conflict of interest between this case and Director Kung Ming-Hsin. The chair inquired the opinions of present directors; the proposal was unanimously approved.

III. Implementation of Board Appraisal

Appraisal Cycle	**Evaluated Period** (Note)	**Appraisal Scope**	**Appraisal Method**	**Appraisal Content**
Implemented annually	2023/01/01 ~ 2023/12/31	Individual board member	Self-assessment of director	Performance appraisal for individual board member: 1. Keeping track of corporate goals and missions 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relations and communication 5. Internal control over professionalism and continuing education of directors

Implemented annually	2023/01/01 ~ 2023/12/31	Functional committees	Internal self-assessments of functional committees	Performance appraisal of functional committees: 1. Participation in the operation of the company 2. Awareness of the duties of functional committees 3. Improvement of decision quality of functional committees 4. Internal control over the composition and election of members to functional committees
Implemented every three years	2022/01/01 ~ 2022/12/31	Board of Directors	External Evaluation Framework	Performance appraisal for individual board member: 1. Composition and Professional Development of the Board of Directors 2. Quality of Board Decision-Making 3. Efficiency of Board Operations 4. Internal Control and Risk Management 5. Degree of Board Engagement in Corporate Social Responsibility

Note: Directors were re-elected in 2023 and hence the evaluation of the Board of Directors of the current intake began with the date of inauguration of the newly elected directors.

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

Enhancing the functions of the Board of Directors	Implementation Evaluation
Establishing independent directors	Enhancing the objectivity and independence of independent directors to supervise the Board's operation
Establishing the Remuneration Committee	Facilitating the Board to implement and assess the overall remuneration and benefit system, and regularly reviewing the appropriateness of compensation to directors and managers.
Establishing the Audit Committee	Exercise the duties set forth in the Securities and Exchange Act, the Company Act, and other laws and regulations.
Establish a sustainable development committee	To implement sustainable development, the board of directors approved the establishment of a sustainable development committee on July 5, 2024. Formulate the sustainable development of the company, including sustainable governance, honest management, environmental and social aspects Formulation of goals, strategies and execution plans.
Continuously improving information transparency	The Company has assigned a dedicated unit for disclosing information and updating information on the Company's website.
Actively establishing communications with stakeholders	The spokesperson and deputy spokespersons are assigned as the communication channel for stakeholders. The proposals of shareholders are accepted by schedule of AGM. Shareholders entitled to propose may apply to do so during the acceptance period. The Company will convene Board meetings to review proposals, pursuant to regulations.
Improving the operational efficiency and decision-making ability of the Board	The Company has established the "Rules of Agenda for Board Meetings," for better implementation of the Board's functions, and promotion of the beneficial development of the Board's engagement in decision-making.
Improving professional knowledge	The directors shall participate in continuing education for the hours required by the competent authorities every year. The board members are also encouraged to attend professional courses, with promotion of related laws and regulations in the Board, to meet the legal requirements.
Establishing the corporate governance officer	To implement corporate governance policies, and improve the effectiveness of the Board, on August 8, 2019, the Board approved to establish a corporate governance officer to provide assistance with regard to information required for directors performing their duties, as well as other necessary assistance.

(II) Operation of the Audit Committee, or its engagement with the operation of the board of directors:

During the current year (2023) and up to the publication date of annual report, the Audit Committee held 6 (A) meetings; the attendance of the independent directors was as follows:

Designation	Name	Actual attendance (B)	Attendance by proxy Batch	Actual attendance rate (%) [B/A] (Note)	Remarks
Independent director	Lin Gu-Tong	6	0	100%	
Independent director	Cheng Hsien-Chih	6	0	100%	
Independent director	Shen Chien-Ju	6	0	100%	

Other items to be stated:

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

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

Audit Committee Term/Date	**Content of Proposal**	**Resolutions and follow-up**	**The Company's treatment of the opinions of the Audit Committee**
6th meeting of the 2nd term 2023.03.08	1. 2022 parent-only and consolidated financial statements 2. For the CPA's audit service fee for 2023 3. Approval the Company's "Statement of Internal Control System," 2022	Approved by all members unanimously	Nil
7th meeting of the 2nd term 2023.05.09	1. For 2023 Q1 consolidated financial statements 2. Proposal to issue maximum 40,000,000 shares for capital increase in cash	Approved by all members unanimously	Nil
9th meeting of the 2nd term 2023.08.09	For accounting estimate adjustments within the company.	Approved by all members unanimously	Nil
10th meeting of the 2nd term 2023.11.13	1. For consolidated financial statements, 2023 Q3 2. Partially amend internal control system	Approved by all members unanimously	Nil
11th meeting of the 2nd term 2023.12.18	1. To prepare the business plan (financial budget included) for 2024. 2. Partially amend internal control system 3. Formulating the 2024 audit plan	Approved by all members unanimously	Nil
12th meeting of the 2nd term 2024.03.06	1. 2023 parent-only and consolidated financial statements 2. For the CPA's audit service fee for 2024 3. Partially amend internal control system 4. Approval of the Company's "Statement of Internal Control System," 2023	Approved by all members unanimously	Nil

(II) Besides those mentioned in the foregoing, other resolutions with approval by two-thirds or more of all directors, despite not being approved by the Audit Committee: Did not occur.

II. An independent director recused themselves due to a conflict of interest: There has been no such recusal of an independent director due to a conflict of interest.

III. Communication among independent directors, internal audit supervisors and accountants (including important matters, methods, and results of Accton's finance and operations):

(I) In normal times, the audit officer and the CPA may contact independent directors directly as needed; this communication has been smooth.

(II) Besides receiving the audit report on a monthly basis, the audit officer in the Company reports separately to the independent directors during workshops that take place on at least a quarterly basis, which also cover important business operations of the Company and its subsidiaries. Communication regarding the implementation and efficacy of audits has been smooth and effective.

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

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

The Audit Committee met 6 times in 2023. The review primarily covered:

1. Auditing of financial statements and accounting policies and procedures
2. Internal control system and related policies and procedures
3. Material transactions of assets or derivatives
4. Material loaning of funds, endorsements, and guarantees
5. Placement or issuance of negotiable securities
6. Status of derivatives or cash investments
7. Compliance
8. Whether there are any transactions between managers and directors with related parties, and potential conflicts of interest
9. Appealing report
10. Corruption prevention programs and investigation of reports of corruption
11. Information security
12. Risk management
13. Assessment of CPA's qualifications, independence, and performance
14. Assignment, discharge, or compensation of CPA
15. Assignment and discharge of finance, accounting, and internal audit officers
16. Performance of the Audit Committee's duties
17. Self-assessment questionnaires for Audit Committee's performance

● Reviewing financial reports

The Board of Directors prepared the 2023 Business Report, financial statements, and proposal on the distribution of earnings. Financial statements, in particular, have been completely audited by Deloitte Taiwan, with the Audit Report issued. Said business report, financial statements, and proposals for offsetting losses have been audited by the Audit Committee, and have been deemed to have no inconsistencies.

● Assessing the effectiveness of the internal control system

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

● Assigning CPAs

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

To ensure the independence and suitability of the CPA firm, the Audit Committee has referred to Article 47 of the Certified Public Accountant Act, and the "Integrity, Objectivity and Independence" set forth in The Bulletin of Norms of Professional Ethics for Certified Public Accountants No. 10, to assess the independence, professionalism, and suitability of CPAs. These assessment items include if the CPAs and the Company are related parties to each other, or if any relationship in terms of business or financial interests exists. In addition, as is required by Article 29, Paragraph 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies, review of the 2021 Audit Quality Indicator Report (AQI Report) prepared by Deloitte Taiwan (June 1, 2023 through May 31, 2024) revealed that the audit experience and training hours completed by the firm and the audit team both exceed the industrial average level and that the audit quality meets the requirements and needs of the Company. The Audit Committee of the second intake, during its 12th meeting on March 6, 2024, and the Board of Directors of the fifth intake, during its 13th meeting on March 6, 2024, reviewed and approved CPA Yu, Cheng-Chuan and CPA Connie Chen of Deloitte Taiwan as having met the independence and suitability criteria; they are capable of serving as the CPAs for the Company in the areas of finance and taxation.

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

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

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best-practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies?	✓		The Company has established its own "Corporate Governance Best Practice Principles" pursuant to the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," while disclosing such on the MOPS and the Company's website.	No significant variance
II. Shareholding Structure & Shareholders' Rights (I) Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		The Company has assigned a spokesperson, shareholder affairs staff, and legal staff and has properly handled shareholders' advice and disputes. In case of any legal issues, the Company's legal staff and lawyers are engaged.	No significant variance
(II) Does Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		The Company tracks the shareholding status of directors, managers, and Top 10 primary shareholders, and reports the related information pursuant to the regulations.	No significant variance
(III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates?	✓		The Company has established the "Operational Procedures for the Transactions with Certain Companies, Related Parties, and Group Entities." Such matters are handled pursuant to the internal control system, to implement the risk control and firewall mechanisms.	No significant variance
(IV) Has the Company established internal rules prohibiting insider trading based on undisclosed information?	✓		The Company has established the "Operational Procedures for Handling Material Inside Information and Preventing Insider Trading" pursuant to the related laws and regulations, to regulate insiders and parties subject to the insider trading and thereby prevent such incidents.	No significant variance
III. Composition and Responsibilities of the Board of Directors: (I) Has the board of directors formulated a diversity policy and concrete management targets, and implemented them accordingly?	✓		Refer to "5 Diversification and Independence of Board of Directors" of this Annual Report. (Page 17).	No significant variance
(II) Other than the establishment of Remuneration Committee and Audit Committee which are required by law, does the Company plan to set up other functional committees?	✓		To fulfill its corporate social responsibilities, connect with international trends, proactively address the evaluation of risks on all fronts in terms of the environment, society, and corporate governance of stakeholders, and come up with countermeasures for the ultimate goal of sustainable management, the Company set up the "Sustainable Development Committee" in July 2022 to take charge of corporate social responsibility, define sustainable development directions and goals and related management policies, and introduce and implement substantive promotion plans. The Company's "Sustainable Development Committee" consists of at least three members delegated by the board of directors, at least half of whom shall be independent directors and one the chairman. The chairman shall serve as the convener and report to the board of directors periodically on implementation status and future action plans.	No significant variance
(III) Does the Company stipulate performance assessment regulations and assessment methods for the board of directors and conduct	✓		The Company approved through the board of directors the "Directors Performance Evaluation Guidelines." Evaluation of the performance of the board of directors and functional committees (including the Remuneration Committee, Audit Committee and Sustainable Development Committee) takes place	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
performance evaluation periodically each year?			at least once a year and the results are reported to the board of directors. At the end of each year, the agenda working group of the board of directors is responsible for conducting and organizing the evaluation procedure. Internal questionnaires are adopted for internal self-assessment, self-assessment of the members of the board of directors and those of the functional committees. The scope of evaluation covers the whole board of directors, individual directors, the Remuneration Committee, the Audit Committee, and the Sustainable Development Committee. The criteria of the performance appraisals of the board of directors and functional committees mainly consist of degree of participation in the Company's operations, upgrading the quality of the board of directors' and functional committees' decision making, formation and structure of the board of directors and functional committees, election and continuing education of board and committee members, and internal controls. The appraisal outcomes are reported to the board, and serve as reference for determining remuneration to individual directors, as well as election and nomination of directors. The 2023 performance evaluation outcome is broadly good and was submitted to the board of directors and disclosed on the corporate website on March 6, 2024.	
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		The Audit Committee evaluates the independence and competency of the CPAs every year. In addition to providing the "Independence Statement of Auditor" by the CPAs, the evaluation is conducted pursuant to the standards set forth in Article 47 of the Accountant Act and No. 10 of the Norms of Professional Ethics for Certified Public Accountants in the Republic of China (Note 2) In addition, as is required by Article 29 Paragraph 5 of the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies, review of the 2022 Audit Quality Indicator Report (AQI Report) prepared by Deloitte Taiwan (June 1, 2022 through May 31, 2023) confirmed that the audit experience and training hours completed of the CPAs and the firm both exceed the industrial average level. After confirming that the CPAs and the Company have no other financial interests or business relationship except for in the areas of certification and taxation, and that the CPAs' family members do not violate the independence requirements, the independent CPA evaluation results of the most recent year have been discussed and approved by the Audit Committee on March 6, 2024, and submitted to the board of directors on the same day for approval.	No significant variance
IV. Does the Company have an appropriate number of suitable corporate governance people and appoint a corporate governance officer to be in charge of corporate governance matters (including, without limitation, providing directors with required information for business execution, assisting directors in following laws and regulations, handling matters in relation to board meetings and shareholders' meetings, and producing the minutes of the board of directors and shareholders' meetings according to law)?	✓		By the resolution of the board on August 8, 2019, Liao Wei-Ran, Senior Vice President of the Chairman's office was assigned as the corporate governance officer to take charge of corporate governance-related affairs, protect shareholder equity and reinforce the functions of the board of directors. Liao Wei-Ran, S.V.P served as a vice president in a financial institution for more than three years and thus is qualified. The key functions of a corporate governance officer include handling matters relating to board meetings and shareholders' meetings according to laws; producing minutes of board meetings and shareholders' meetings; assisting in on-boarding and continuing education of directors; furnishing information required for business execution by directors; and assisting directors with legal compliance; reporting to the board of directors findings from reviews regarding compliance of independent directors' eligibility according to applicable regulatory requirements during nomination, appointment, and inauguration; and taking care of matters concerning changes to the board of directors.	No significant variance

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

Highlights of 2023 Business Implementation:

1. Assisting the independent and general directors to perform duties, furnishing information required, and arranging continuing educations for directors:
   (1) Furnishing the latest amendments and developments regarding the businesses the Company operates and corporate governance to directors, and updating them promptly.
   (2) Reviewing the classification of information, and providing the information required to directors, to maintain smooth communication and interaction among directors and heads of departments.
   (3) Pursuant to the Corporate Governance Best Practice Principles, the independent directors meet the internal audit officer and CPAs individually, to understand the Company's financial position, and assist the arrangement of such meetings if required.
   (4) Assist in the arrangement of annual continuing education for the independent and general directors.
2. Assisting in the agenda-setting process of board meetings and compliance with resolutions:
   (1) Reporting the implementation of corporate governance to the board, independent directors, and the Audit Committee, and confirming that the convention of board meetings complies with the requirements set forth in related laws and regulations and the Corporate Governance Best Practice Principles.
   (2) Assisting and reminding directors to comply with laws and regulations while performing their duties or making official resolutions in Board meetings; should there be any resolution that violates laws, advice shall be provided.
   (3) In charge of the verification and disclosure of material information related to the key resolutions made in Board meetings, to ensure the legitimacy and correctness of material information for the equal investment information received by investors.
3. Formulating the agenda of Board meetings, and informing directors 7 days in advance to convene the meeting and provide information. If any director may have to recuse themselves from any proposal due to conflict of interest, they shall be reminded in advance. The minutes shall be prepared and distributed to each director 20 days after the meeting.
4. Registering the date of the AGM in advance, preparing the meeting notice, agenda handbook and meeting minutes within the required period, and handling the change registration in case of amendment of the articles of incorporation or re-election of directors.

Continuing Education for the Year

Date of Session		Sponsor Name of Session	Sponsor Name of Session	Hours of Education	Total Hours of Continuing Education
From	To				
2023/11/21	2023/11/21	Taiwan Corporate Governance Association	Awareness of Regulatory Supervision Among Directors and Executives of Listed Companies	3.0	12.0
2023/11/17	2023/11/17	Securities and Futures Institute	Exploring Practical Approaches to Anti-Money Laundering and	3.0	

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td></td><td>Countering the Financing of Terrorism</td><td></td><td></td></tr>
<tr><td>2023/11/10</td><td>2023/11/10</td><td>Securities and Futures Institute</td><td>Trends in Sustainable Finance and ESG Integration in Investment</td><td>3.0</td><td></td></tr>
<tr><td>2023/09/19</td><td>2023/09/19</td><td>Securities and Futures Institute</td><td>How Boards Utilize OKRs to Enhance Corporate Governance Effectiveness</td><td>3.0</td><td></td></tr>
</table></td><td></td></tr>
<tr><td>V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.) and created an area for stakeholders on the Company's website. Does it appropriately respond to the important corporate social responsibility subjects concerns raised by stakeholders?</td><td>✓</td><td></td><td>1. The Company has assigned a spokesperson, shareholder affairs staff, and staff in charge of various businesses to establish smooth communication channels, and respect and protect the legal rights of each stakeholder.
2. On the Company’s website, the CSR section and Stakeholder section have been established; the contact numbers and e-mails of staff in charge of sales, investor relations, supplier relations, and employee benefits. Stakeholders may communicate through telephone and e-mail as required. Issues concerning stakeholders and communication access are also disclosed in the CSR and Stakeholder sections.</td><td>No significant variance</td></tr>
<tr><td>VI. Has the Company appointed a professional registrar for its Shareholders’ Meetings?</td><td>✓</td><td></td><td>Shareholder meetings are handled by a professional stock affairs agency: Stock Affairs Agency Department, First Securities Incorporation.</td><td>No significant variance</td></tr>
<tr><td>VII. Information Disclosure
(I) Has the Company established a website for the disclosure of information on its financial position and operations, as well as on corporate governance?</td><td>✓</td><td></td><td>The Company has established an official website to disclose and update information related to finance, business, and corporate governance, as required, for all investors to refer to. The URL of the website is http://www.tsecpv.com. The stock code of the Company is 6443; Company information related to finance, business, and corporate governance is also provided via MOPS.</td><td>No significant variance</td></tr>
<tr><td>(II) Has the Company adopted other methodology regarding information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection and disclosure of Company information, implementing the spokesperson system, or uploading videos of investor conferences to the Company’s website)?</td><td></td><td>✓</td><td>The Company’s website is multi-lingual for information disclosure. Dedicated staff are assigned to collect information related to the Company from printed media and over the internet. Material information is disclosed on the Company’s website and MOPS as required by laws. For the implementation of the spokesperson system, Vice President Chiang, Chih-Hao is assigned as the spokesperson to represent the Company in its external communications.</td><td>No significant variance</td></tr>
<tr><td>(III) Does the Company announce and report annual financial statements within 2 months of the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month, before the prescribed deadline?</td><td></td><td>✓</td><td>The Company had announced and reported early the quarterly financial statements for Q1, Q2, and Q3, as well as monthly operational status. However, the annual financial report has not yet been announced within 2 months after the end of the fiscal year. This report is expected to be completed early, within the period required by laws.</td><td>Except for the annual financial report, other reports conform to this requirement.</td></tr>
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Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
VIII. Does the Company have other important information that can help people to understand the operation of corporate governance (including but not limited to employees' rights, employee care, investor relations, supplier relation, rights of stakeholders, continuing education of directors and supervisors, implementation status of risk management policies and standards of risk measurement, implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company, etc.)?	✓		(I) Employee rights and employee care: Refer to "5. Operational Overview/V. Labor-management Relations" (Pages 89 to 91) of this Annual Report. (II) Investor relations: As required by laws, the Company's finance and business information is disclosed on MOPS and the official website. The Stakeholder section and contact person have also been established to protect the rights of investors and stakeholders. Other than the AGM and the Stakeholder section on the website, the contact details of the Spokesperson and related business units are also provided by way of offering diversified channels for investor communication. (III) Supplier relations: Good interactions with suppliers are maintained. For the goal of joint enhancement of CSR, the Company requires suppliers to observe laws and regulations related to labor, human rights, environment, safety, or health, while encouraging continuous improvement. The Company has established "Procedures of Supplier Management" and "Regulations for Auditing Supplier Quality." These procedures carefully define the quality, service level, green products, environmental risks, health and safety, ethical codes, and social responsibility requirements regarding suppliers, and enable selection qualified suppliers. .The "Ethical Corporate Management Best Practice Principles" are followed in interactions with suppliers. Good relationships are maintained, while audits are conducted from time to time in order to ensure suppliers' quality. (IV) Rights of stakeholders: The Company has provided the contact numbers and e-mail addresses for the spokesperson, deputy spokesperson, sales, investor relations, supplier relations, and employee benefits staff, to allow direct communication with stakeholders. The Company's website (http://www.tsecpv.com) has been established to disclose information regarding finance, business, corporate governance, and stock agency. (V) Continuing education of directors: Professional continuing education at external institutions is arranged for directors to attend from time to time. Alternatively, directors arrange their own external continuing education. The number of continuing education hours completed by directors generally meets regulatory requirements. (VI) Risk management policies and risk evaluation: The Company has adopted "Risk Management Policy and Procedures" pursuant to laws, for risk management and assessment. Refer to the descriptions under "Seven. Review and Analysis of Financial Position and Operational Performance, and risk management/ VI. Risk Management and Assessment"(Pages 258-262) of this Annual Report. (VII) Implementation of customer policies: The Company maintains effective communication channels with clients. The Company also strictly fulfills contracts entered with clients and related agreements to ensure clients' rights. (VIII) Liability Insurance Bought for Directors: The Company has purchased the "Liability Insurance for Directors, Supervisors, and Key Employees" from Shinkong Insurance Co., Ltd. for USD 5 million.	No significant variance
IX. Please explain the improvement status of the corporate governance	✓		The Company has proposed improvement approaches regarding the results of the 9th (2022) Corporate Governance Evaluation as	No significant variance

Assessment Item	Implementation Status			Variance from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance
	Yes	No	Summary	
assessment results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose improvement measures for those matters that have not yet been improved. (Not required if not included in the evaluation)			The company's results for the tenth (2023) corporate governance evaluation As a result, the improvement directions for each aspect are proposed as follows: 1. Improve information transparency Improve the completeness of information disclosure, such as annual shareholder meetings and company reports Information related to the company's official website. 2. Strengthen the internationalization of company information Upload the English version of the sustainability report to the company website and enhance the English version of the official website Education level.	

Project and Implementation Status

1. Describes the supervision and governance of climate-related risks and opportunities by the Board of Directors and management.

Implementation Status: TSEC CORPORATION is mainly discussed and assessed for climate risk management by the Sustainability Committee. The results of climate change resolutions are then reported to senior management by the Chairman of the Committee for performance Implementation and necessary improvements. The results of the current year's implementation and the next year's work plan are reported to the Board of Directors in the fourth quarter of each year. Based on the Board's opinions, adjustments are made and climate change risk-related issues and management objectives are incorporated.

2. Describes how identified climate risks and opportunities affect the company's operations, strategies, and finances (short-term, med-term, long-term).

Implementation Status: Climate change, leading to impacts such as extreme weather, may affect various aspects of a company's operations, strategies, and finances. The Company utilizes the climate-related framework provided by the Task Force on Climate-related Financial Disclosures (TCFD) to identify climate risks and opportunities, as shown in the table below:

Risk	Factor	Climate Change Risk Issue	Potential Business, Strategy, and Financial Impacts	Risk Level		
				Short term	Mid term	Long term
Transition Risks	Policy and Regulation	R1 Increased greenhouse gas emission pricing	Carbon taxes imposed, increasing operational costs	Low	Low	Medium
		R2 Strengthened emission reporting obligations	Increased reporting costs, increasing operational costs	Low	Low	Medium
		R3 Requirements and regulations for existing products and services	Compliance with regulatory measures, increasing operational costs	Low	Low	Low
		R4 Facing litigation risks	Cost increases and/or reduced product demand due to fines and judgments	Low	Low	Low
	Technique	R5 Substitution of low-carbon products for existing products and services	Decreased demand for products and services, reducing revenue	Low	Low	Low
		R6 Failure of investment in new technologies	Capital investment in the development of new technologies, increasing operational costs	Low	Low	Low
		R7 Costs of low-carbon technology transformation	Costs of adopting/implementing new practices and processes, increasing operational costs	Low	Low	Low
	Market	R8 Changes in customer behavior	Changes in consumer preferences leading to decreased demand for goods, reducing revenue	Low	Low	Low
		R9 Market risks	Impacted by competitors, leading to decreased demand for goods, reducing revenue	High	High	High
		R10 Increase in raw material costs	Increases operational costs, decreases profitability.	High	High	High
	Reputation	R11 Shifts in consumer preferences - industry stigmatization	Decreased demand for goods, reducing revenue	Low	Low	Low
		R12 Increasing stakeholder attention and negative feedback	Decreased demand for goods, reducing revenue	Low	Low	Low
Physical Risks	Immediate	R13 Severity increase of extreme weather events such as typhoons, floods	Decreased capacity or interruption (e.g., production stoppage, transportation difficulties, supply chain disruption), increasing operational costs	Low	Low	Low
	Long-term	R14 Changes in rainfall (water) patterns and extreme climate changes	Impact on workforce management and planning (e.g., health, safety, absenteeism)	Low	Low	Low
		R15 Rising average temperatures	Increased electricity consumption, higher operational costs	Low	Low	Low
		R16 Rising sea levels	Write-off and premature scrapping of existing assets, higher operational costs	Low	Low	Low

Opportunity	Factor	Climate Change Opportunity Issues	Potential Business, Strategy, and Financial Impacts	Risk Level		
				Short term	Mid term	Long term
Opportunity	Resource Efficiency	O1 Adoption of more efficient transportation methods	Reduced operational costs	Low	Low	Low
		O2 Use of more efficient production and distribution processes	Increased capacity, increased revenue	Low	Low	Low
		O3 Recycle and Reuse	Reduced operational costs	Low	Low	Low
		O4 Transition to more efficient buildings	Reduced operational costs	Low	Low	Low
		O5 Reduce Water Usage	Reduced operational costs	Low	Low	Low
Opportunity	Energy Source	O6 Use of low-carbon energy	Reduced exposure to future increases in fossil fuel prices	Low	Low	Low
Opportunity	Market	O7 Adoption of incentive policies	Entry into new markets, increase in demand for goods/services, increased profitability	Low	Medium	Medium
Opportunity	Product/Service	O8 Use of new technologies	Improved reputation and increased demand for goods/services, increased profitability	Low	Low	Low
Opportunity	Resilience	O9 Participation in carbon trading markets	Reduced greenhouse gas emission risks, therefore reducing sensitivity to carbon trading price changes	Low	Medium	Medium
Opportunity		O10 Transition to decentralized energy	Avoidance of risks from a single energy source, increased operational resilience	Low	Low	Low

Note 1: Short-term refers to 1-3 years, medium-term refers to 4-5 years, long-term refers to 6 years and above.

3. Describes the impact of extreme weather events and transition actions on finances.

Implementation Status: The frequent occurrence of disaster events due to abnormal climate conditions, particularly, significantly affects finances. Immediate and long-term risks generated by extreme weather events and transition risks are detailed (please refer to Project 2).

4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.

Implementation Status: Identified risks and opportunities scenarios are controlled through the management system as follows:

I. Transition Risks - Two significant risks identified are market risk and increased raw material costs.
   (I). Market Risk: In alignment with government policy directives, continual promotion strategies include active energy conservation, diversified energy creation, intelligent energy storage, flexible scheduling, and a robust market under four major axes: energy conservation, new energy creation, smart energy storage, flexible dispatch, and a sound market, aiming to establish Taiwan as the Asia-Pacific green energy center. Continuous efforts are made to enhance product quality and promote streamlined management. Diversified development is pursued in product strategy, ranging from solar field power generation and communication applications to energy storage systems.
   (II). Increased Raw Material Costs: TSEC CORPORATION seeks to reduce reliance on single suppliers by establishing cooperative relationships with multiple suppliers. Long-term trust and cooperation are built with suppliers to secure support and preferential treatment. Market and industry changes, including trends in raw material prices and supply. These are closely monitored to anticipate potential issues and, if necessary, secure long-term supply contracts to ensure stable supply and prices.

II. Although not classified as significant risk items, considering risk reduction, improvement operations are focused on projects with relatively higher occurrence and impact.
   (I). Policy and Regulatory Risks - Two transition risks identified: Increased greenhouse gas emission pricing and strengthened emission reporting obligations. In response to climate change policies, carbon fees will be levied on direct or indirect high-emission products in 2024. The financial impact of this aspect of risk may lead to increased operational costs. However, as the company does not belong to a high-carbon emitting industry at present, the overall financial impact is not expected to be significant. A comprehensive greenhouse gas inventory was conducted in 2023, using data from that year as a baseline. Carbon reduction targets were set considering operational requirements.

5. If resilience to climate change risks is analyzed using scenario analysis, explain the scenarios used, parameters, assumptions, analysis factors, and major financial impacts.

Implementation Status: TSEC Corporation references scenario analysis related to climate change by the TCFD, employing both quantitative and qualitative approaches to adopt corresponding strategies. Discussions at the Sustainability Committee meetings include the 2°C scenario (2DS). Tools provided by the TCCIP (Climate Change Integrated Service Platform) are utilized for assessing physical climate change risk scenarios. The 2DS/RCP2.6 scenario is chosen for evaluating climate change physical risk scenarios. According to ISO 31000 Risk Management Guidelines, descriptions of climate change risks and opportunities are based on impact and occurrence for the aforementioned scenarios, including transition risks and physical risks related to climate change. Climate risks and opportunities relevant to the company's operational scope are identified, considering a ten-year timeframe for long-term operational development, with short-term defined as 1-3 years, medium-term as 3-5 years, and long-term as 6-10 years. Financial impacts can be found in the analysis charts of Project 2.

6. If there are transformation plans to manage climate-related risks, explain the content of the plan, indicators and goals used to identify and manage physical and transition risks.

Implementation Status: TSEC Corporation sets goals based on indicators established by the TCFD for climate risks and opportunities:

I. Achieve an average annual energy-saving rate of 1% or more.
II. Reduce carbon emissions by over 1% annually.
   Implementation measures:
   a. Comparative analysis of process energy usage efficiency to determine optimal operation modes, applied to enhance energy usage efficiency on-site.
   b. In terms of load management, FAB lighting management involves replacing old lamps with LEDs to achieve energy savings.
   c. Energy-saving measures involve adjusting air compressor pressure to reduce start-stop cycles and electricity consumption.
   d. When replacing facilities, priority is given to purchasing energy-efficient facilities to reduce electricity consumption.
III. Implement greenhouse gas management according to ISO 14064-1, conducting annual verifications to maintain effectiveness and ensure the effective operation of the management mechanism.

7. If internal carbon pricing is used as a planning tool, explain the basis for price determination.

Implementation Status: The company has not yet utilized internal carbon pricing as a planning tool.

8. If climate-related targets are set, explain the activities covered, scope of greenhouse gas emissions, planning schedule, progress towards annual targets, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to achieve these targets, explain the source and quantity of carbon offsetting or RECs.

Implementation Status: Please refer to Project 6.

9. Greenhouse Gas Inventory and Assurance Status, Reduction Targets, Strategies, and Specific Action Plans (to be filled in Sections 1-1 and 1-2).

1-1

Greenhouse Gas Inventory and Assurance Status for the Past Two Years

1-1-1 Greenhouse Gas Inventory Information

Describe the greenhouse gas emissions for the past two years (metric tons of CO_2e), intensity (metric tons of CO_2e/MW capacity), and data coverage.

Data Coverage: Factory sites (Hsinchu Plant, Pingtung Plant)

Year	2022		2023	
	Hsinchu Plant	Pingtung Plant	Hsinchu Plant	Pingtung Plant
Scope 1 (tonCO2e)	6076.064	87.306	6673.313	86.744
Scope 2	33723.016	13480.003	36437.909	15545.771
Total	39799.080	13567.309	43111.222	15632.515
Carbon emission intensity (ton/MW capacity)	52.784	20.332	58.472	26.041

Note: The Taipei company did not conduct a greenhouse gas inventory in 2022 The greenhouse gas inventory data for 2023 has not been verified by a third party.

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., emissions resulting from imported electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions generated by company activities, not energy indirect emissions, but emissions from sources owned or controlled by other companies).

Note 2: The scope of direct emissions and energy indirect emissions should be processed according to the schedule set forth in Article 10, Paragraph 2 of this Regulation, and information on other indirect emissions may be voluntarily disclosed.

Note 3: Greenhouse Gas Inventory Standards: Greenhouse Gas Protocol or ISO 14064-1 published by the International Organization for Standardization.

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least data calculated based on revenue (in million New Taiwan dollars) should be provided.

1-1-2 Greenhouse Gas Assurance Verification Information

Describe the verification status for the past two years up to the date of printing of the annual report, including verification scope, verification agency, verification criteria, and verification opinions.

Certification signing dates for the past two years: The greenhouse gas inventory data for 2023 has not been verified by a third party.

Hsinchu Plant: November 13, 2023

Pingtung Plant: January 5, 2024

Details on verification scope, **verification** agency, **verification** criteria, and **verification** opinions can be found on the company's website, with information regularly updated: (https://www.tsecpv.com/zh-tw/download/index/11).

Note 1: Processing should be conducted according to the schedule set forth in Article 10, Paragraph 2 of this Regulation. If the company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it should be noted that "Complete assurance information will be disclosed in the sustainability report". If the company has not prepared a sustainability report, it should be noted that "Complete assurance information will be disclosed on MOPS", and complete assurance information should be disclosed in the next year's annual report.

Note 2: Assurance agencies should comply with the relevant provisions of the Taiwan Stock Exchange Corporation and Taipei Exchange regarding assurance agencies for sustainability reports.

Note 3: Disclosure content can refer to the best practice reference examples on the Taiwan Stock Exchange Corporate Governance Center website.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the baseline year and data, reduction targets, strategies, specific action plans, and progress towards reduction targets.

TSEC Corporation sets goals based on indicators established by the TCFD for climate risks and opportunities:

- Achieve an average annual energy-saving rate of 1% or more.
- Implement greenhouse gas management in accordance with ISO 14064-1, conducting annual verifications to maintain effectiveness and ensure the efficient operation of management mechanisms.
- Reduce carbon emissions by over 1% annually.

Note 1: Processing should be conducted according to the schedule set forth in Article 10, Paragraph 2 of this Regulation.

Note 2: The baseline year should be the fiscal year in which the greenhouse gas inventory within the scope of the consolidated financial statements is completed. For example, according to the regulations set forth in Article 10, Paragraph 2 of this Regulation, companies with a capital of over 10 billion NT dollars should complete the inventory of 2024 in 2025. Therefore, the baseline year is 2024, but if the company has completed the inventory of the consolidated financial statements in advance, it can use the earlier fiscal year as the baseline year. Additionally, the data for the baseline year can be calculated based on a single year or the average of several years.

Note 3: Disclosure content can refer to the best practice reference examples on the Taiwan Stock Exchange Corporate Governance Center website.

Note (1): Refer to Page 19
Note (2):

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

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

(IV) If a remuneration committee is established, its composition, duties, and operation shall be disclosed. 1. Membership of Remuneration Committee

March 31, 2024

Designation	Name	Professional qualification	Experience	Independence status conformity	Number of positions as a Remuneration Committee Member in other public listed companies
Independent director	Cheng Hsien-Chih	With the 5 or more years of experience required for the Company's business; graduated from the National Cheng Kung University; current Independent Director of Oriental Union Chemical Corp.; meets none of the conditions under Article 30 of the Company Act .	President, Yark Technology Co., Ltd. President for the Greater China Area, Department of Electronics and Communications, DuPont Global Business President, Microelectronic Integrated Circuit Department (Chairman of Taiwan Branch) Independent Director, SCI Pharmtech, Inc. Supervisor, Sunny Pharmtech Inc.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1
Independent director	Shen Chien-Ju (Convener)	With the 5 or more years of experience required for the Company's business; Master's in Chemical Engineering, National Taiwan University; currently serves as an advisor at the National Development Council; meets none of the conditions under Article 30 of the Company Act.	Sales Manager for Southeast Asia and Taiwan, DuPont Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent director	Lin Gu-Tong	Possessing the 5 or more years of work experience required for the Company's business; MBA, University of Tennessee, and holder of CPA license; served as Chairman, Deloitte Taiwan; meets none of the conditions under Article 30 of the Company Act.	MBA, University of Tennessee Bachelor's degree, Department of Accounting, NCCU Chairman, Deloitte Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	3

Note: The following conditions must be met for each director during the 2 years prior to and during their tenure.

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

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

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

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

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

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

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

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

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

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

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

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

2. Responsibilities
   (1). Determine and periodically review the performance appraisal on the Company's directors and managers, and remuneration policy, system, standards and structure.
   (2). Periodically evaluate and determine the Company's remuneration to directors and managers.
   When performing the duties above, the following principles shall be applied:
      A. The performance evaluation and remuneration to directors, supervisors, and managers shall be given with reference to the prevailing standards of the industry and take into account the reasonableness of the correlation between the Company's business performance and future risks.
      B. Directors and managers should not be guided to overstep the company's appetite for risk in pursuit of compensation.
      C. The proportion of remuneration for the short-term performance of Directors and senior managers, as well as the time of payment of partial changed remuneration, shall be determined in consideration of industry characteristics and the nature of the Company's business.
      D. No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual remuneration.
      E. "Remuneration" as used in the preceding 2 paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the remuneration to directors, supervisors, and managers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

3. Operation of the Remuneration Committee:
   (1). There are 3 members in the Company’s Remuneration Committee.
   (2). Current term of members: from June 9, 2022, to June 8, 2025. In the most recent fiscal year (2023) and up to the annual report publication date, the Remuneration Committee held four meetings, qualifications of members and their attendance, and operations are as the following:

Designation	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Member	Lin Gu-Tong	6	0	100%	
Convener	Shen Chien-Ju	6	0	100%	
Member	Cheng Hsien-Chih	6	0	100%	

Other items to be stated:

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

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

In 2023 and as of the annual report publication date, the Remuneration Committee's operations were as follows:

Date	Implementation Status
4th meeting of 4th term 2023.03.08	1. Subject: Proposal to re-appoint the Head of Accounting Resolution: Approved after discussion by all attending members. 2. Cause: Implementation results of the incentive solution for Q4 of 2022 and submission of the reward proposal; brought forth for review and discussion. Resolution: Approved after discussion by all attending members. 3. Cause: Intended preparation of the incentive proposal for the first half of 2023; brought forth for review and discussion. 1. Resolution: Approved after discussion by all attending members.
5th meeting of 4th term 2023.05.09	1. Cause: Intended revision of some articles of the Company's "Director and Manager Compensation and Remuneration Management Guidelines"; brought forth for review and discussion. Resolution: Approved after discussion by all attending members. 2. Cause: Implementation results of the incentive solution for Q1 of 2023 and submission of the reward proposal; brought forth for review and discussion. Resolution: Approved after discussion by all attending members. 3. Cause: Remuneration Adjustment for 2023 Managerial Officers. Resolution: Approved after discussion by all attending members. 4. Cause: Proposal for WANG CHI-CHE, director of Corporate Information Integration Division and EPC Engineering Department, to be appointed to the position of Deputy Assistant President. Resolution: Approved after discussion by all attending members. 5. Cause: Distribution of remuneration to directors from 2022's earnings Resolution: Approved after discussion by all attending members. 6. Cause: Distribution of remuneration to managers and employees from 2022's earnings Resolution: Approved after discussion by all attending members. 7. Subject: 2023 Dragon Boat Festival bonus distribution for managerial officers.

	Resolution: Approved after discussion by all attending members.
6th meeting of 4th term 2023.08.09	1. Cause: Implementation results of incentive solution for Q2 of 2023 and submission of the reward proposal; brought forth for review and discussion. Resolution: Approved after discussion by all attending members. 2. Cause: Intended preparation of incentive proposals for the second half of 2023; brought forth for review and discussion. Resolution: Approved after discussion by all attending members. 3. Cause: To formulate an incentive plan for TOPCon technology conversion. Resolution: Approved after discussion by all attending members. 4. Cause: 2023 Mid-Autumn Festival bonus distribution for managerial officers. Resolution: Approved after discussion by all attending members.
7th meeting of 4th term 2023.11.13	1. Cause: Implementation results of incentive solution for Q3 of 2023 and submission of reward proposal; brought forth for review and discussion. Resolution: Approved after discussion by all attending members.
8th meeting of 4th term 2023.12.18	1. Cause: Proposal for adjusting job responsibilities and personnel promotion for certain managers Resolution: Approved after discussion by all attending members. 2. Cause: Extension of the consulting contract with Manager and Administration Officer Cheng Chen-Kuo for 2024; brought forth for review and discussion. Resolution: Approved after discussion by all attending members. 3. Cause: 2024 Remuneration Committee working plan. Resolution: Approved after discussion by all attending members.
9th meeting of 4th term 2023.03.06	1. Cause: Implementation results of incentive solution for Q4 of 2023 and submission of reward proposal; brought forth for review and discussion. Resolution: Approved after discussion by all attending members. 2. Cause: Intended preparation of incentive proposal for second half of 2024; brought forth for review and discussion. Resolution: Approved after discussion by all attending members.

(V) If the Sustainable Development Committee is established, its composition, duties, and operation shall be disclosed

1. Information on members of Sustainable Development Committee

March 31, 2024

Designation	Name	Professional qualifications	Experience	Independence status Conformity	Number of positions as a Remuneration Committee member in other publicly listed companies
Independent director	Cheng Hsien-Chih (Convener)	With the 5 or more years of experience required for the Company's business; graduated from the National Cheng Kung University; current Independent Director of ORIENTAL UNION CHEMICAL CORP.; meets none of the conditions under Article 30 of the Company Act	President, Yark Technology Co., Ltd. President for the Greater China Area, Department of Electronics and Communications, DuPont Global Business President, Microelectronic Integrated Circuit Department (Chairman of Taiwan Branch) Independent Director, SCI Pharmtech, Inc. Supervisor, Sunny Pharmtech Inc.	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	1
Independent director	Shen Chien-Ju	With the 5 or more years of experience required for the Company's business; Master's in Chemical Engineering, National Taiwan University; currently serves as an advisor at the National Development Council; meets none of the conditions under Article 30 of the Company Act.	Sales Manager for Southeast Asia and Taiwan, DuPont Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	0
Independent director	Lin Gu-Tong	Possessing the 5 or more years of work experience required for the Company's business; MBA, University of Tennessee, and holder of CPA license; served as Chairman, Deloitte Taiwan; meets none of the conditions under Article 30 of the Company Act.	MBA, University of Tennessee Bachelor's degree, Department of Accounting, NCCU Chairman, Deloitte Taiwan	(1)(2)(3)(4)(5)(6)(7)(8)(9)(10)(11)(12)	3

Note: The following conditions must be met for each director during the 2 years prior to and during their tenure.

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

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

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

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

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

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

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

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

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

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

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

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

4. Responsibilities

When performing the duties above, the following principles shall be applied:

A. Drafting the Company's sustainable development policy.
B. Development of sustainable development goals, strategies, and implementation plans, including sustainable governance, ethical operation, and environmental and social aspects.
C. Review, tracking, and revision of the company's sustainable development implementation and its effectiveness, with regular reporting to the board of directors.
D. Addressing concerns and supervising communication plans related to various stakeholders, including shareholders, customers, suppliers, employees, government, non-profit organizations, communities, and media.
E. Handling other matters instructed by the board of directors for the committee's responsibility.

5. Operation of the Sustainable Development Committee:

(1). There are 3 members in the Company's Sustainable Development Committee.

(2). Current term of members: from June 9, 2022, to June 8, 2025. In the most recent fiscal year (2023) and up to the annual report publication date, the Remuneration Committee held 2 meetings. Members' qualifications,r attendance, and operations were as follows:

Designation	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remarks
Member	Lin Gu-Tong	2	0	100%	
Convener	Shen Chien-Ju	2	0	100%	
Member	Cheng Hsien-Chih	2	0	100%	
Member	Hung, Chen-Ren	2	0	100%	
Member	Liao Wei-Ran	2	0	100%	
Member	Chen cheng-cong	2	0	100%	

Other items to be stated:

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

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

In 2023 and as of the annual report publication date, the Remuneration Committee's operation was as follows:

Date	Implementation Status
2nd meeting of 1st term 2023.05.09	1. Cause: To propose the drafting of sustainable development policy for our company, request for review. Resolution: Approved after discussion by all attending members.
2nd meeting of 2st term 2023.12.08	1. There are no matters for discussion at this meeting, only matters for reporting

(V) Implementation status of sustainable development and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons for such variance

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for any such variance
	Yes	No	Summary	
I. Has the company established an exclusively (or concurrently) dedicated unit to promote sustainable development and have executives been appointed by the board of directors to handle the promotion of such under the board's supervision?	✓		The Company has defined its "Corporate Governance Best Practice Principles" and "Sustainable Development Best Practice Principles" to govern the promotion of sustainable developments throughout the Company. The Sustainable Development Committee was formed in 2022 to be the exclusive unit for the promotion of sustainable development. It consists of 6 members in total (including 3 independent directors and 3 high-ranking managers from inside the Company, and one of the independent directors has been elected as Chairman On the basis of its sustainable development strategy, the Company has had the Sustainable Development Committee set up working groups on "corporate governance", "ethical corporate management", "risk management", "environmental protection", and "social relations" in order to consolidate corporate governance, develop a sustainable environment, protect the public interest in society, and reinforce disclosure of information on corporate sustainable development. Article 9 of the Company's "Sustainable Development Best Practice Principles" stipulates periodic reports to the board of directors. The Committee met once in total during 2023 to discuss the revision of "risk management policy and procedure", among other items. Besides listening to the presentation provided by the Sustainable Development Committee on accomplishments in the implementation of ESG, the board of directors gave guidance on corrective actions that shall be reinforced in the promotion of sustainable development, which will serve as reference for the operation of the Sustainable Development Committee.	No significant variance.
II. Does the Company follow the materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operations, and establish risk management related policy and strategy?	✓		The Company has put in place the "Risk Management Policy and Procedures," as approved by the board, and the "Risk Management Task Force" has been set up under the Sustainable Development Committee. The President is responsible for coordinating the promotion and operation of risk management plans, and the accountable unit in each department is in charge of undertaking risk management in their respective department. The risks are, in honor of the materiality principle, assessed annually and are reported to the Board. The scope of risk management include hazard-related risks, operational risks, financial risks, strategic risks, compliance/contractual risks, and other risks. Through the effective execution of this process (including risk identification, risk measurement, risk monitoring, risk reporting and disclosures, responses to risks), the risk management strategies of the Company will be implemented.	No significant variance.
III. Environmental Topic				

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for any such variance
	Yes	No	Summary	
(I) Has the Company set up an environmental management system designed to industry characteristics?	✓		The Company is a professional solar cell and module manufacturer. While pursuing corporate growth, we promote renewable energy and apply resources properly to reduce environmental pollution, for the sustainable development of the environment. Therefore, high standards of environmental specifications and pollution prevention facilities were referenced when designing the plant. Once the plant was completed, an ISO 14001 environment management system was also developed. The plants in Hsinchu and Pingtung were certified as ISO14001 environment management systems in 2011 and in 2018, and this certification is still valid. Continual improvements are made based on P.D.C.A system management and pollution prevention facilities are tested by qualified testing institutions regularly while establishing relevant operational regulations and monitoring to maintain their normal operation. No significant variance.	No significant variance.
(II) Is the Company committed to improving energy utilization efficiency and to the use of renewable materials with low environmental impacts?	✓		Since 2012, TSEC Corporation has annually verified the greenhouse gas emissions of its Hsinchu plant as the first step in its energy conservation and carbon reduction efforts. In 2023, it was designated as a subject for registration and declaration, thus adjusting the baseline year for the Hsinchu plant to 2022. The Pingtung plant conducted its initial inventory in 2022, hence its baseline year is set as 2021. Both plants continue to implement various energy-saving measures, with the goal of reducing carbon intensity by over 1% annually starting from 2023, as disclosed on the company's website.	No significant variance.
(III) Does the Company evaluate current and future climate change potential risks and opportunities and take measures related to such topics?	✓		The Company has formulated the “Procedures and Policy of Risk Management,” and regularly holds meetings of its risk management task force, which also proposes responses to severe weather events resulting from climate change.	No significant variance.
(IV) Has the Company collected data on greenhouse gas emissions, water usage and waste quantities in the past 2 years, and set policies regarding energy conservation, greenhouse gas emissions reduction, water usage reduction and waste management?	✓		1. Disclose greenhouse gas emissions, power consumption, water consumption and waste at the Hsinchu plant on the Company's website, and set targets for reduction. 2. The plants in Hsinchu and Pingtung maintain ISO14001 Environmental and Management System certification; the Hsinchu plant has been verified every year since being certified with ISO 14064 in 2012 and the Pingtung plant since 2022; this verification continues on an annual basis.	No significant variance.
IV. Social Topic				
(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		To fully fulfill its corporate social responsibility, and protect the basic human rights of all employees, clients and stakeholders, TSEC observes internationally recognized human right standards, such as Universal Declaration of Human Rights, The United Nations Global Compact, and International Labor Convention, as well as the Labor Standards Act of Taiwan, local labor related laws and regulations at the locations	No significant variance.

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for any such variance
	Yes	No	Summary	
			where we are present, with related managerial policies and procedures established.	
(II) (II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salaries and compensation?	✓		Reasonable employee benefits have been formulated and implemented, and employee appraisals have been conducted by complying with national labor laws; business performance is appropriately reflected in employee benefits and remuneration through employee bonuses.	No significant variance.
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		1. The Hsinchu and Pingtung plants have obtained ISO 45001 Occupational Safety and Health Management System, and Taiwan Occupational Safety and Health Management System (TOSHMS) certificates, and the validity of these certifications is maintained. 2. 2. The number of occupational incidents (excluding traffic-related occupational incidents) at the Company in 2023 was 12 cases involving 12 people, and the number of occupational incident days was 88. The FSI in 2021 was 0 for the Hsinchu plant and 0.57 for the Pingtung plant. When any occupational incident occurs, investigations are conducted for improvement and prevention purposes, to avoid recurrence, and to ensure the safety of employees at work.	No significant variance.
(IV) Has the Company established effective career development training plans?	✓		The “Training Committee” is in place to formulate training policies and plan annual training programs based on the 6 major training pillars of the “Education and Training Management Procedure,” for diversified training and excellent on-the-job education. Introduced the TTQS from the Workforce Development Agency to the training system, and won a "Bronze Medal" in recognition.	No significant variance.
(V) Do the Company’s products and services comply with related regulations and international rules for customers’ health and safety, privacy, sales, labelling and polices to protect consumer and customer rights, including relevant appeal procedures?	✓		The Company has put “Procedures of Supplier Management” in place. Before engaging a supplier, its history of environmental and social impacts is assessed. The “Regulations for Auditing Supplier Quality” have also been established to carefully define the quality, service level, green products, environmental risks, health and safety, ethic codes, and social responsibility of suppliers, and select qualified suppliers.	No significant variance.
(VI) Does the Company set supplier management policy and request suppliers to comply with standards related to environmental matters, occupational safety and health, and labor rights, and monitor their implementation status?	✓		The Company has put “Procedures of Supplier Management” in place. Before engaging a supplier, its history of environmental and social impacts is assessed. The “Regulations for Auditing Supplier Quality” have also been established to carefully define the quality, service level, green products, environmental risks, health and safety, ethic codes, and social responsibility of suppliers, and select qualified suppliers. In addition, RBA certification was promoted in 2022, further requiring suppliers to implement and comply with labor rights and	No significant variance.

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for any such variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>regulations.</td><td></td></tr>
<tr><td>V. Does the Company refer to international reports to prepare standards or guidelines, such as sustainability reports that disclose non-financial related information of the Company? Has said Report acquired any verification or statement of assurance from a third-party validating institution?</td><td>✓</td><td></td><td>The Company intends to complete the preparation of the 2023 ESG Report in 2024, which will be certified by a third-party validating institution.</td><td>Completed in 2023.</td></tr>
<tr><td colspan="5">VI. If the Company has established its own Corporate Sustainability Development Best Practice Principles in accordance with the “Corporate Sustainability Development Best Practice Principles for TWSE/GTSM Listed Companies”, please describe its implementation and any differences between them:
The Company has established its “Corporate Social Responsibility Best Practice Principles.” The actual operations do not differ from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies” significantly.</td></tr>
<tr><td colspan="5">VII. Other important information to help understand implementation status and promotion of sustainable development measures:
● Green Energy Promotional Tour: As the Company established power stations in Pingtung, it learned about the shortage of green energy education for children living in rural areas. Since 2013, a regular tour promoting green energy has taken place. So far, the tour has been to Chang-Le Elementary School, Lin-Bian Elementary School, Shui-Chunag Elementary School (Longchuan Branch), and Yukuang Elementary School. In addition to classroom sessions, site visits to power stations have been included. The tours have been well received. To promote the concept of energy saving and carbon reduction, and expand renewable energy production, we expect to be a pioneer of green energy in Taiwan as part of our fulfillment of CSR.
● Environment, Safety, and Health Policy: TSEC is a professional solar cell and module manufacturer. While pursuing corporate growth, we value the prevention of pollution, devote ourselves to energy conservation and carbon reduction, mitigation of global warming, bio-diversity and protection of the ecosystem, and promote renewable energy and sustainable application of resources in order to improve environmental performance. Also, the Company is committed to enhancing safe and healthy working conditions to prevent injuries and hazards to health, and abides by or exceeds environmental safety and health-related laws, regulations, and obligations. The scope of advice and engagement includes both workers related to the Company and other stakeholders. We also promise to integrate information and resources to execute the following environmental, safety, and health policies so as to fulfill our CSRs and achieve the goal of sustainable development:
● (1) Be compliant with and committed to environmental protection; (2) Control environmental safety risks and continually improve performance in this regard; (3) Promote wide participation in environmental safety education; (4) Be committed to energy saving and carbon reduction and adopt green procurement policies.
● December 2022: The Hsinchu plant was certified with ISO 14064-1:2018 Greenhouse Gas
● December 2020: The Hsinchu and Pingtung plants were certified for ISO 45001:2018 Occupational Health and Safety Management System.
● August 2019: The Hsinchu plant was awarded as an “Excellent Workplace with Friendly Breastfeeding Room” by the Hsinchu County Government.
● December 2018: The Pingtung plant was awarded with the “Certification of Healthy Workplace- Health Promotion Label” by the Health Promotion Administration, MOHW,
● December 2018: The Pingtung plant was certified with ISO 14001, OHSAS 18001, and TOSHMS
● August 2018: The Pingtung plant was certified as a “Workplace with Friendly Breastfeeding Room” by the Pingtung County Government.
● December 2016: The Hsinchu plant was again awarded with “Certification of Healthy Workplace- Health Promotion Label” by Health Promotion Administration, MOHW,
● October 2016: Awarded as “Excellent Specialist in Occupational Health and Safety”
● April 2016: The Hsinchu plant’s “Recognition of Industrial Unit Labor Safety and Health Management System Performance” by the Labor Commission, Executive Yuan, was extended for 5 years
● October 2015: Two silicon crystalline solar module products and three silicon crystalline solar cell products were certified with ISO/TS 14067:2013 product carbon footprint validation</td></tr>
</table>

Assessment Item	Implementation Status			Variance from the Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies, and the reasons for any such variance
	Yes	No	Summary	
● August 2015: The Hsinchu plant was awarded as an “Excellent Unit of Occupational Health and Safety” by the Ministry of Labor ● July 2015: The Hsinchu plant was certified as a “Workplace with Friendly Breastfeeding Room” by the Hsinchu County Government. ● December 2014: The Hsinchu plant received ISO 50001:2011 Energy Management System certification. ● December 2014: Won “Environmental Implementation Award” from the British Standards Institution (BSI) ● January 2014: The Hsinchu plant was awarded “Certification of Health Workplace- Health Promotion Label” by Health Promotion Administration, MOHW, ● November 2013: The Hsinchu plant was awarded as an “Excellent Service Unit of the Collaboration Organization for the National Labor Safety and Health Community” by the Labor Commission, Executive Yuan for 2012. ● June 2013: The Hsinchu plant was received “Recognition of Industrial Unit Labor Safety and Health Management System Performance” from the Labor Commission, Executive Yuan. ● February 2013: Monocrystalline and polycrystalline solar cell series products were certified with PAS 2050:2011 product carbon footprint validation ● October 2012: The Hsinchu plant was certified with ISO 14064-1:2006 for Greenhouse Gas ● December 2011: The Hsinchu plant was certified with ISO 14001:2004 Environment Management System; TOSHMS Taiwan Occupation Health and Safety Management System; and CNS 15506:2011, OHSAS18001:2007 Occupational Health and Safety Management System				

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

Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
I. Stipulate ethical management policies and plans				
(I) Does the Board of Directors of the Company stipulate and approve ethical management policies and clearly state the policies and methods of ethical management in the regulations and external documents, and does the Board of Directors and high level executives actively implement the business policies to fulfill the commitment?	✓		(I) The Company has related regulatory systems on ethical corporate management such as the “Corporate Governance Best Practice Principles”, the “Ethical Corporate Management Best Practice Principles”, the “Procedure for Ethical Corporate Management and Behavioral Guide” and the “Ethical Code of Conduct for Directors and Manager”, among others, approved by the Board of Directors; they specify the policy and practice of ethical corporate management and members of the Board of Directors (8) and managers (15) have all signed the “Ethical Corporate Management Policy Compliance Declaration”.	No significant variance
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) In order to implement the policy of ethical business conduct and prevent dishonest behaviors, the Company adopted the "Operating Procedures and Code of Conduct for Ethical Business Conduct" on April 26, 2022, as approved by the Board of Directors. It established a mechanism for assessing the risks of dishonest behaviors, formulated measures to prevent dishonest behaviors, and conducted educational campaigns on ethical standards and integrity. In the fiscal year 2023, the Audit Department handled one case related to ethical business conduct reported through the whistleblowing system, concerning the procurement of packaging materials. The investigation results did not reveal any violations of ethical business conduct.	No significant variance
(III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?	✓		(III) The Company has the “Ethical Corporate Management Best Practice Principles” and the “Procedure for Ethical Corporate Management and Behavioral Guide” in place specifying the unethical behavior prevention proposal, the educational training and evaluation, the whistleblowing system, the disciplinary and complaint-filing systems, and the foregoing proposal is reflected upon and revised periodically reflective of the regulatory requirements of the competent authority.	No significant variance
II. Ethic Management Practice				
(I) Does the Company evaluate business parties’ ethical records and include ethics-related clauses in contracts entered into with the partners?	✓		(I) Before the Company trades with a customer, the sales unit must have the customer profile in place and have checked the customer’s debt and credit background. They are to be reviewed and approved by the financial authority before business interactions may begin. Some transactions shall be registered along with the conditions according to the Personal Property Secured Transactions Act. Some transactions are taking place according to the	No significant variance

Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
			loan limit approved by the Loan and Credit Committee. The purchase order or contract entered into between the parties includes confidentiality terms about integrity.	
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation and supervision of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) The Company assigns the administration officer that reports to the President's Office to take charge of the preparation (revision) and enforcement of policies such as the Ethical Corporate Management Best Practice Principles, planning and review and proposed improvement of related procedures, processing of complaints, and ethical corporate management-related communications and educational training, among others. The Audit Office is responsible for supervision and implementation to ensure consolidation of the Principles. Fulfillment of ethical corporate management in 2023 was reported to the Board of Directors on December 18, 2023 and was disclosed right away on the corporate website and in the Annual Report.	No significant variance
(III) Has the Company established policies to prevent against conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		(III) The Company has the "Ethical Code of Conduct for Directors and Managers" and the "Procedure for Ethical Corporate Management and Behavioral Guide" approved by the Board of Directors in the place where the policy on how to prevent conflicts of interest and avoid the pursuit of personal interests is specified. The Company has whistleblowing and complaint-filing mailboxes in place and reported cases are processed confidentially; violators are subject to appropriate punishments. In 2023, a resigned employee reported that someone at the EPC engineering unit was engaged in unethical behavior; the investigation revealed no evidence to support such an accusation and hence the case was closed.	No significant variance
IV) To implement relevant policies on ethical conducts, has the Company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPAs periodically?	✓		(IV)1. In order to enforce the ethical corporate management policy, the Company already has an effective accounting system and internal control system in place. No risk of unethical behavior involving a high-risk coefficient is found according to the risk assessment findings. As such, no specific audit plan was prepared. Unethical behavior was not found during audits involving ethical corporate management, either. 2. The Company has the "Procurement Management Procedure" in place that strictly governs operating procedures for purchases, tendering, and acceptance, among others, particularly a project worth more than NT$3 million where the audit officer and the administration officer are involved in the tender-opening procedure. 3. The subjects who signed the Integrity Transaction Commitment include a total of 592 qualified suppliers established by the materials unit and miscellaneous vendors meeting the	No significant variance

Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
			criteria. A total of 591 commitments were returned, achieving a rate of 99.83%. There were no significant differences noted.	
V) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		1. The Company regularly conducts internal and external education and training on ethical business conduct. For newly hired employees, a "Code of Ethics" course was conducted 49 times, with 135 participants, accumulating 12.5 hours. Additionally, training sessions on "Ethical Business Conduct" were arranged for supervisors, procurement, and general affairs personnel, conducted once with 42 participants, totaling 3 hours. 2. Simultaneously, micro-courses on "Ethical Business Conduct" were recorded and made available in the Announcement Area/HR Department/Education & Training/TSEC CORPORATION Lecture for all employees to access. 3. Newly appointed manager, WANG CHI-CHE, was briefed on "Procedure for Handling Major Internal Information to Prevent against Insider Trading". 4. On August 1, 2023, an internal memo was issued to all employees reiterating the zero-tolerance policy on unethical behaviors such as bribery, blackmailing, and corruption, regardless of its form, was issued to all staff. Violators, once found, will be punished according to the management regulations. Those involving severe circumstances will be turned into the prosecution authority. The staff is asked to read carefully and abide by the "Ethical Corporate Management Best Practice Principles" and the "Procedure for Ethical Corporate Management and Behavioral Guide" announced on the Intranet.	No significant variance
III. Implementation of Complaint Procedures				
I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		The Company has the "Procedure for Managing Reports, Complaints, and Suggestions and Employee Engagement" in place and specialists are available to take charge of the reporting system (as is shown below) so that employees, suppliers, and other external stakeholders can report illegal acts or any behavior against human rights, the work rules, the behavioral guide, or the Ethical Corporate Management Best Practice Principles". In addition, the opinion box for employees, e-mails, and appealing hotline are established, with the options of reporting to line managers or the audit unit, as diversified and smooth reporting channels. Reporting system: 6443@tsecpv.com。	No significant variance

Item	Implementation Status			Variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies , and the reason for any such variance
	Yes	No	Summary	
(II) Whether the company has established standard operation procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	✓		The Company has the “Procedure for Managing Reports, Complaints, and Suggestions and Employee Engagement” in place where requirements about how to protect whistleblowers and privacy of the client and rights of other people are specified.	No significant variance
(III) Does the company adopt proper measures to prevent a whistleblower from retaliation for his/her whistleblowing?	✓		The Company confidentially handles the whistleblowing and protects the whistleblowers while providing appealing changes to the other party, to serve the legal rights entitled by both parties.	No significant variance
IV. Information Disclosure Does the Company disclose its ethical corporate management best practice principles as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?	✓		The Company has disclosed the ethical corporate management best practice principles and the implementation at the Company’s website and MOPS.	No significant variance
V. If the company has established its own ethical corporate management best practice principles based on the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please describe any discrepancy between the policies and their implementation: The Company has established the “Ethical Corporate Management Best Practice Principles” to specify the requirements to be observed the Company’s staff. Whistleblowing and disciplinary actions are also set forth in the related procedures. There is no major variance from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies.”				
VI. Other important information that helps understand the implementation of ethical corporate management of the company: 1. The Company complies with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/GTSM listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management. The Company also makes the best efforts to comply with the environmental and quality policies for high standards. 2. In the Company’s “Regulations Governing Procedure for Board of Directors Meetings,” the director’s recusal for conflict of interest is specified. When a proposal at a given board of directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the directors, if his or her participation is likely to prejudice the interest of the Company, the concerned person may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another director. 3. The Company has the “Company has established the “Operational Procedures for Handling Material Inside Information and Preventing Insider’s Trading” in place, other than establishing a good internal material information handling and disclosing mechanism, the legitimacy and correctness of the material information is also ensured. No director, supervisor, managerial officer, or employee of this Corporation may inquire about or collect any non-public material inside information of the Company not related to their individual duties from a person with knowledge of such information, nor may they disclose to others any non-public material inside information of the Company of which they become aware for reasons other than the performance of their duties. Moreover, it specifies that pursuant to laws, upon actually knowing of any material information, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the insiders, quasi-insiders, and information receivers, shall not sell shares of the company that are listed or traded at securities dealers, or any other equity-type security of the company, or sell the non-equity-type corporate bonds of such company that are listed or traded at securities dealers, so that anyone knows material information would not conducting insider trading without knowing it. 4. The second amendment to the Company’s “Ethical Corporate Management Best Practice Principles” was approved by the Board of Directors on March 7, 2022 and was brought forth during the 2022 General Shareholders’ Meeting for acknowledgment, with records on file . 5. Contents of the first edition of the Company’s “Operating Procedure and Behavioral Guide for the Ethical Corporate Management Best Practice Principles” were approved by the Board of Directors on April 26, 2022, with records on file.				

(VII) In case the Company has the corporate governance best practice principles and related regulations in place, the inquiry methods shall be disclosed: The related information is disclosed in the MOPS http://mops.twse.com.tw

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

(IX) Implementation of the internal control system shall disclose the following:

1. Internal Control Statement

TSEC Corporation

Statement of Internal Control System

Date: March 6, 2024

Based on self-assessment findings, the Company hereby declares as follows about its 2023 Internal Control System:

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

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

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

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

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

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

VII. This Statement was passed by the Board of Directors in their meeting held on March 6, 2024, with none of the 8 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

TSEC Corporation

Chairman: Signature/Seal

President: Signature/Seal

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

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

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

1.The Company held the 2023 General Shareholders' Meeting on May 24, 2023. The resolutions of the present shareholders and the implementation of the resolutions are as following:

Key proposals to be resolved by AGM	Resolutions and implementation
Ratifying the business report of 2022 and each financial statement.	Resolved.
Acknowledgment of 2022 Earnings Distribution Proposal	Resolved. Implemented as the resolution. Ex-dividend (ex-interest) trading day:2023/06/29 Cash dividend payment date:2023/07/18
Distribution of cash dividends from capital surplus	Resolved. Implemented as the resolution. Ex-dividend (ex-interest) trading day:2023/06/29 Cash dividend payment date:2023/07/18
Amending the provisions of the Shareholder Meeting Rules of Procedures.	Resolved. Implemented as the resolution.
Proposal for relieving directors from the non-competition restrictions	Resolved. Implemented as the resolution.

2. The key proposals resolved by the Board of Directors from January 1, 2023 up to when this Annual Report was printed, are summarized as follows:

Date of Meeting	**Key proposals to be resolved by Board meetings**	**Implementation**
7th meeting of the 5th term 2023/03/08	Proposal to appropriate the 2022 employees' and directors' remunerations.	Executed according to the resolution.
	2022 parent-only and consolidated financial statements	Executed according to the resolution.
	The 2022 earnings distribution proposal is prepared	Executed according to the resolution.
	Distribution of cash dividends from capital surplus	Executed according to the resolution.
	Assessment of the independence and suitability and hiring of the Company's CPAs	Executed according to the resolution.
	For the CPA's audit service fee for 2023	Executed according to the resolution.
	Approval the Company's "Statement of Internal Control System," 2022	Executed according to the resolution.
	Proposal to re-appoint the Head of Accounting	Executed according to the resolution.
	It is intended to authorize the Mega International Commercial Bank Co., Ltd. (hereinafter as Mega Bank) to take charge of organizing the 5-year syndicated loan and authorize the Chairman or his/her designee to discuss details of the syndicated loan and related documents, provide the collaterals, sign the syndicated contract, the promissory note, the promissory note authorization letter,	Executed according to the resolution.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
	documents on the pledge set for the collaterals, and other related documents on behalf of the Company and the banking group.	
	For the Company's derivative transactions settled.	Executed according to the resolution.
	Intended revisions of the "Rules of Procedure for Board of Directors' Meetings", the "Rules of Procedure for Shareholders' Meetings", and the "Corporate Governance Best Practice Principles"	Executed according to the resolution.
	Formulating the matters related to convening the AGM 2023	Executed according to the resolution.
8th meeting of the 5th term 2023/05/09	For 2023 Q1 consolidated financial statements	Executed according to the resolution.
	Proposal to issue maximum 40,000,000 shares for capital increase in cash	Executed according to the resolution.
	Proposal to provide endorsement guarantee to Hou Chang Energy Co., Ltd., in the amount of NT$195 million.	Executed according to the resolution.
	Proposal to participate in fundraising project for domestic fishery and electricity co-generation site (hereinafter as Pingcheng Power Plant) by NFC III Renewable Power Co., Ltd.	Executed according to the resolution.
	For the Company's derivative transactions occurred, settled, and added	Executed according to the resolution.
	To amend some of the "Procedures for Management of Remunerations and Compensations to Directors and Managers"	Executed according to the resolution.
	Remuneration Adjustment for 2023 Managerial Officers.	Executed according to the resolution.
	Proposal for WANG CHI-CHE, director of Corporate Information Integration Division and EPC Engineering Department, to the position of Deputy Assistant President.	Executed according to the resolution.
	Distribution of remuneration to directors with the earnings from 2022	Executed according to the resolution.
	Distribution of remuneration to managers and employees from 2022's earnings	Executed according to the resolution.
	Dragon Boat Festival Bonus Distribution for 2023 Managerial Officers.	Executed according to the resolution.
9th meeting of the 5th term 2023/06/26	Capital expenditure on upgrade of the battery production line to TOPCon of the Company's Hsinchu Plant; it is brought forth for review and discussion.	Executed according to the resolution.
	For the Company's derivative transactions occurred, settled, and added	Executed according to the resolution.
	Intended determination of the range of the issue price per share and the share subscription record date, among other matters in order to organize capital increase in cash with issuance of common stock shares in 2023.	Executed according to the resolution.
10th meeting of the 5th term 2023/08/09	For accounting estimate adjustments within the company.	Executed according to the resolution.
	For consolidated financial statements, 2023 Q2	Executed according to the resolution.
	Setting the ex-dividend date for the distribution of A-Preferred shares dividends for 2022	Executed according to the resolution.
	Mid-Autumn Festival Bonus Distribution for 2023 Managerial Officers.	Executed according to the resolution.

Date of Meeting	Key proposals to be resolved by Board meetings	Implementation
11th meeting of the 5th term 2023/11/13	For consolidated financial statements, 2023 Q3	Executed according to the resolution.
	For the Company's derivative transactions settled.	Executed according to the resolution.
	Partially amend internal control system	Executed according to the resolution.
12th meeting of the 5th term 2023/12/18	It is intended to prepare the business plan (financial budget included) for 2024.	Executed according to the resolution.
	Partially amend internal control system	Executed according to the resolution.
	Formulating the 2024 audit plan	Executed according to the resolution.
	Propose to increase the endorsement guarantee limit for our subsidiary, Hou Chang Energy Co., Ltd., by NT$50,000 thousand.	Executed according to the resolution.
13th meeting of the 5th term 2024/03/06	Proposal to appropriate the 2023 employees' and directors' remunerations.	Executed according to the resolution.
	2023 parent-only and consolidated financial statements	Executed according to the resolution.
	The 2023 earnings distribution proposal is prepared	Executed according to the resolution.
	Proposal to evaluate the independence and suitability for hiring of the CPAs	Executed according to the resolution.
	For the CPA's audit service fee for 2024	Executed according to the resolution.
	For the banking credit requirements of Jinjing Power Co., Ltd., our company proposes to provide an endorsement guarantee.	Executed according to the resolution.
	Partially amend internal control system	Executed according to the resolution.
	Approval of the Company's "Statement of Internal Control System," 2023	Executed according to the resolution.
	Intended revisions of the "Rules of Procedure for Board of Directors' Meetings"and the "Audit Committee Organization Regulations"	Executed according to the resolution.
	Termination of the non-compete agreement for managers within our company.	Executed according to the resolution.
	Proposal for relieving directors from non-competition restrictions	Executed according to the resolution.
	Formulating the matters related to convening the AGM 2024	Executed according to the resolution.

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

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

Designation	Name	Date of inauguration	Date of discharge	Reason of resignation or discharge

Head of Accounting	Chen, Tai-An	2022.11.08	2023.03.08	Duty adjustment

IV. Information on CPA professional fees

(I) Public Expenditure on CPAs for 2023

Unit: In NTD in thousand

Name of Accounting Firm	Name of Accountants	Audit Period	Audit Fee	Non-Audit Fees					Total
				System design	Commercial/industrial registration	Human resources	Others	Subtotal	
Deloitte Taiwan	Yu, Cheng-Chuan	2023.1.1~2023.12.31	2,470	0	0	0	200	200	2,670
	Connie Chen	2023.1.1~2023.12.31							

Unit: In NTD in thousand

Amount Range \ Fee Items		Audit Fee	Non-Audit Fees	Total
1	Less than NT$2,000 thousand	—	—	—
2	NT$2,000 thousand (inclusive) ~ NT$4000 thousand	2,470	200	2,670
3	NT$4,000 thousand (inclusive) ~ NT$6,000 thousand	—	—	—
4	NT$6,000 thousand (inclusive) ~ NT$8,000 thousand	—	—	—
5	NT$8,000 thousand (inclusive) ~ NT$10,000 thousand	—	—	—
6	Over NT$10,000 thousand (inclusive)	—	—	—

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

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

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

V. Information about replacement of CPAs:

(I) About the former CPA

<table>
<tr><td>Date of replacement</td><td colspan="3">Resolved by the Board on March 8, 2023</td></tr>
<tr><td>Cause and Notes</td><td colspan="3">Due to the necessity of CPA rotation as required by relevant regulations, our company, starting from 2023 Q1, will replace the signing CPA from Alice Huang and Connie Chen to Yu, Cheng-Chuan and Connie Chen.</td></tr>
<tr><td rowspan="3">To specify whether the client or CPA terminates or rejects the appointment</td><td>Counterpart / Status</td><td>Certified Public Accountant</td><td>Client</td></tr>
<tr><td>Terminate the appointment voluntarily</td><td>N/A</td><td>N/A</td></tr>
<tr><td>The appointment is not accepted (continue)</td><td>N/A</td><td>N/A</td></tr>
</table>

Issuance of the audit report other than the audit report containing unqualified opinions in the most recent two years, and cause thereof	None of such cases		
Disagree with the Company	Yes		Accounting principles or practices
			Disclosure of financial report
			Scope or steps of audit
			Others
	Nil	V	
	Description:		
Other disclosures (To be disclosed under the item 1-4 to item 1-7 of Subparagraph 6 of Article 10 of the Standards.)	Nil		

(II) About the successor CPA

Name of Accounting Firm	Deloitte Taiwan
Name of Accountants	CPA Yu, Cheng-Chuan and CPA Connie Chen.
Date of Appointment	Resolved by the Board on March 8, 2023
Pre-appointment consultation on specific transactional accounting methods or accounting principles, and opinions that may be issued on financial statements. Consultation Matters and outcomes.	Nil
Written opinion of the successor CPA regarding discrepancies with the predecessor CPA .	Nil

(III) The former CPA's response to the items referred to in the item 1 and item 2-3 of Subparagraph 6 of Article 10 of the Standards: N/A

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

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

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

Designation	Name	2023				Current year as of March 26, 2024			
		Common stock shares (Note 1)		Preferred shares		Common shares		Preferred shares	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Wei Jen Investment Co Ltd.	(213,510)	0	0	0	(10,000)	0	0	0
	Representative: Liao, Kuo-Ron	0	0	0	0	0	0	0	0
Director	An Chuang Industrial Corporation	2,635	0	0	0	0	0	0	0
	Representative: Liao Wei-Ran	0	0	0	0	0	0	0	0
Director	Cheng Hsi Investment Corporation	90,796	0	0	0	0	0	0	0
	Representative: Hsu Cheng-Ji,	0	0	0	0	0	0	0	0
Director	Yu Sheng Energy Corporation	0	0	0	0	0	0	0	0
	Representative: Liu Weng-Cheng	0	0	0	0	0	0	0	0
Director	National Development Fund, Executive Yuan Management Committee	502,097	0	0	0	0	0	0	0
	Representative: Yang Shu-Ling (Note 4)	0	0	0	0	0	0	0	0
	Representative: Kung Ming-Hsin (Note 5)	0	0	0	0	0	0	0	0
Independent director	Lin Gu-Tong	0	0	0	0	0	0	0	0
Independent director	Cheng Hsien-Chih	0	0	0	0	0	0	0	0
Independent director	Shen Chien-Ju	0	0	0	0	0	0	0	0
President	Hung, Chen-Ren	0	0	0	0	0	0	0	0
Vice President	Liao Wei-Ran	0	0	0	0	0	0	0	0
Vice President	Chiang, Chih-Hao	0	0	0	0	0	0	0	0
Vice President	Wang, Liang-Kai	130	0	0	0	0	0	0	0
Deputy Assistant President	Wu Chuan-Chieh	2,950	0	0	0	0	0	0	0
Deputy Assistant President	Cheng, Chen-Kuo	(13,000)	0	0	0	(8,000)	0	0	0
Deputy Assistant President	Yu Cheng-Yeh	0	0	0	0	0	0	0	0
Deputy Assistant President	Chen, Tai-An (Note 2)	0	0	0	0	0	0	0	0
Deputy Assistant President	Kang, Jen-He	8,547	0	0	0	0	0	0	0

Designation	Name	2023				Current year as of March 26, 2024			
		Common stock shares (Note 1)		Preferred shares		Common shares		Preferred shares	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Deputy Assistant President	Hsiao, Chao-Ming	0	0	0	0	0	0	0	0
Deputy Assistant President	Kuo Chun-Hung	0	0	0	0	0	0	0	0
Deputy Assistant President	Wang Chi-Che (Note 3)	50,000	0	0	0	0	0	0	0
Head of Finance	Li Ming-Hua	(8,000)	0	0	0	0	0	0	0
Head of Accounting	Chang Wei-Che (Note 2)	0	0	0	0	0	0	0	0

Note 1: Capital increase in cash for common stock shares in August 2023
Note 2: As part of the duty adjustment on March 8, 2023, the Board of Directors assigned Chang, Wei-Che as the new head of accounting and Chen, Tai-An was discharged from the post of head of accounting.
Note 3: Took office on May 9, 2023
Note 4: Resigned on December 28, 2023
Note 5: Assigned by the legal entity on February 27, 2024

(II) Equity transfer information

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

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

(III) Equity pledge information:

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

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

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

March 26, 2024; Unit: Share; %

Name	Shareholdings by oneself		Shareholding of spouses and children of minor age		Shareholding through nominees		Disclosure of information on related parties, defined as IAS 6, or spousal relationship or relations within second degree of kinship, among top ten shareholders, including their names and Name relationships		Remarks
	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Shares	Shareholding Ratio (%)	Name	Relationship	
Yu Sheng Energy Corporation	17,704,210	3.29%	—	0.00%	—	—	—	—	—
Invesco Solar ETF held in custody by the HSBC	15,708,000	2.92%	—	0.00%	—	—	—	—	—

iShare II, trusted to Standard Charter	11,466,693	2.13%	—	0.00%	—	—	—	—	—	—
National Development Fund, Executive Yuan Management Committee	9,137,343	1.70%	—	0.00%	—	—	—	—	—	—
iShares Global Clean Energy Index, trusted to Standard Charter	8,281,235	1.54%	—	0.00%	—	—	—	—	—	—
Unisuper pension fund trustee U under custody of HSBC	4,562,813	0.85%	—	0.00%	—	—	—	—	—	—
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,307,908	0.61%	—	0.00%	—	—	—	—	—	—
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,272,803	0.61%	—	0.00%	—	—	—	—	—	—
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, Trust Stock Index II Investment Fund.	3,271,785	0.61%	—	0.00%	—	—	—	—	—	—
Wei Jen Investment Co Ltd.	2,996,817	0.56%	—	0.00%	—	—	—	—	—	—

Note 1: the shareholders disclosed in the table are the top ten shareholders after adding the number of preferred shares
Note 2: the shareholding percentage is calculated based on the total issued shares 538,691,466 shares.

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

Four. Information on Capital Raising Activities

I. Capital and Shares

(I) Share Capital

1. Formation of capital stock

March 26, 2024 Unit: Thousand shares; NTD in thousands

Month and Date	Issuance Price (NT$)	Approved Share Capital		Paid-in Share Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Share Capital	Shares paid with properties other than cash	Others
June 2010	10	360,000	3,600,000	60,000	600,000	Share capital for establishment	—	Note 1
October 2010	10	360,000	3,600,000	305,000	3,050,000	Capital increase in cash $2,450,000 thousand	—	Note 2
March 2011	10.5	360,000	3,600,000	360,000	3,600,000	Capital increase in cash $550,000 thousand	—	Note 3
August 2012	10.5	500,000	5,000,000	390,000	3,900,000	Capital increase in cash $300,000 thousand	—	Note 4
June 2014	10	500,000	5,000,000	300,300	3,003,000	Capital decrease $897,000 thousand	—	Note 5
August 2014	11	500,000	5,000,000	315,315	3,153,150	Capital increase in cash $150,150 thousand	—	Note 6
August 2015	13.5	500,000	5,000,000	351,855	3,518,550	Capital increase in cash $365,400 thousand	—	Note 7
June 2016	12	500,000	5,000,000	426,855	4,268,550	Capital increase in cash $750,000 thousand	—	Note 8
December 2017	10.5	500,000	5,000,000	476,855	4,768,550	Capital increase in cash $500,000 thousand	—	Note 9
May 2019	10	700,000	7,000,000	314,017	3,140,167	Capital decrease $1,628,383 thousand	—	Note 10
October 2019	7	700,000	7,000,000	379,017	3,790,167	Capital increase in cash $650,000 thousand	—	Note 11
December 2020	25.8	700,000	7,000,000	445,796	4,457,967	Capital increase in cash $667,800 thousand	—	Note 12
January 2022	23.75	700,000	7,000,000	471,691	4,716,914	Issued the preferred shares for NT$258,947 thousand	—	Note 13
July 2022	26.5	700,000	7,000,000	502,191	5,021,914	NT$305,000 thousand for capital increase in cash	—	Note 14
August 2023	27.1	700,000	7,000,000	538,691	5,386,914	NT$365,000 thousand for capital increase in cash	—	Note 15

Note 1: Approved by Letter Jing-Shou-Shang-Zi No. 09901129020, dated June 24, 2010
Note 2: Approved by Letter Jing-Shou-Shang-Zi No. 09901220130, dated October 6, 2010
Note 3: Approved by Letter Jing-Shou-Shang-Zi No. 10001038270, dated March 4, 2011
Note 4: Approved by Letter Jing-Shou-Shang-Zi No. 10101177960, dated August 28, 2012
Note 5: Approved by Letter Jing-Shou-Shang-Zi No. 10301126840, dated June 30, 2014
Note 6: Approved by Letter Jing-Shou-Shang-Zi No. 10301159440, dated August 4, 2014
Note 7: Approved by Letter Jing-Shou-Shang-Zi No. 10401220380, dated October 16, 2015
Note 8: Approved by Letter Jing-Shou-Shang-Zi No. 10501168750, dated July 20, 2016
Note 9: Approved by Letter Jing-Shou-Shang-Zi No. 10601169400 dated December 18, 2017
Note 10: Approved by Letter Jing-Shou-Shang-Zi No. 10801062100, dated May 29, 2019
Note 11: Approved by Letter Jing-Shou-Shang-Zi No. 10801145800, dated October 23, 2019
Note 12: Approved by Letter Jing-Shou-Shang-Zi No. 10901241590 dated December 22, 2020
Note 13: Approved by Letter Jing-Shou-Shang-Zi No.11001236160, dated January 4, 2022
Note 14: Approved by Letter Jing-Shou-Shang-Zi No. 11101145960, dated August 4, 2022
Note 15: Approved by Letter Jing-Shou-Shang-Zi No. 11230171520, dated August 31, 2023

2. Types of Shares

March 26, 2024; Unit: Share

Types of Shares	Approved Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common shares	512,796,730	161,308,534	700,000,000	Listed Shares
Preferred shares	25,894,736			Not listed (TWSE/TPEx)

3. Information on shelf registration: Nil.

(II) Shareholder Structure

1. Common stock shares

March 26, 2024: Unit: Person(s); Share

Shareholder structure / Quantity	Government agencies	Financial institution	Other juridical persons	Individual	Foreign Institute and others	Total
Persons	1	1	238	107,280	163	107,683
Shares Held	926,817	150,000	10,191,346	427,145,494	74,383,073	512,796,730
Shareholding proportion	0.18%	0.03%	1.99%	83.30%	14.51%	100.00%

2. A-Preferred shares

March 26, 2024: Unit: Person(s); Share

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

(III) Distribution of Common Stock Equity

March 26, 2024

Shareholding category	Number of shareholders	Shares Held	Shareholding proportion
1 to 999	36,601	3,052,823	0.60%
1,000 to 5,000	54,037	113,275,753	22.09%
5,001 to 10,000	8,930	68,393,857	13.34%
10,001 to 15,000	3,008	37,241,210	7.26%
15,001 to 20,000	1,656	30,308,715	5.91%
20,001 to 30,000	1,456	36,387,638	7.10%
30,001 to 40,000	647	22,685,597	4.42%
40,001 to 50,000	409	18,687,333	3.64%
50,001 to 100,000	583	41,177,892	8.03%
100,001 to 200,000	224	31,121,658	6.07%
200,001 to 400,000	83	23,517,803	4.59%
400,001 to 600,000	17	8,146,818	1.59%
600,001 to 800,000	10	6,960,502	1.36%
800,001 to 1,000,000	7	6,283,226	1.23%
1,000,001 and above	15	65,555,905	12.78%
Total	107,683	512,796,730	100.00%

(IV) Preferred shares

March 26, 2024

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

(V) List of Major Shareholders

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

March 26, 2024; Unit: Share

Name of major shareholder \ Shares	Shares Held	Shareholding proportion
Yu Sheng Energy Corporation	17,704,210	3.29%
Invesco Solar ETF held in custody by the HSBC	15,708,000	2.92%
iShare II, trusted to Standard Charter	11,466,693	2.13%
National Development Fund, Executive Yuan Management Committee	9,137,343	1.70%
iShares Global Clean Energy Index, trusted to Standard Charter	8,281,235	1.54%
Unisuper pension fund trustee U under custody of HSBC	4,562,813	0.85%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	3,307,908	0.61%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	3,272,803	0.61%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, Trust Stock Index II Investment Fund.	3,271,785	0.61%
Wei Jen Investment Co Ltd.	2,996,817	0.56%

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

Note 2: the shareholding percentage is calculated based on the total issued shares 538,691,466 shares.

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

Unit: Thousand Shares; NTD

Item \ Unit: Thousand Shares; NTD/Year			2022	2023
Market price per share	Highest		50.40	41.50
	Lowest		29.85	27.15
	Average		37.09	33.10
Net value per share	Before distribution		12.91	14.91
	After distribution		12.835	(Note 1)
Earnings per Share	Weighted average number of shares (thousand shares) (Before adjustment)		460,169	491,497
	EPS (deficits) (before adjustment)		0.41	1.07
	EPS (deficits) (after adjustment)		0.41	(Note 1)
Dividends per share	Cash dividends		0.075	(Note 1)
	Free-Gratis Dividends.	Out of earnings	—	—
		Out of additional paid-in capital	—	—
	Accumulated, unpaid dividends		—	—
ROI analysis	Price-to-earning ratio (Note 2)		90.46	30.93
	Price-to-dividend ratio (Note 3)		494.5	(Note 1)
	Cash dividend yield rate (Note 4)		0.2%	(Note 1)

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

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

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

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

(VII) Company's Dividend Policy and Implementation Status 1. The dividend policy set forth in the Articles of Incorporation

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

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

(2) Make up for past losses;

(3) Allocate 10% as legal reserve;

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

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

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

2. Dividend distribution proposed to the AGM the Board of Directors decided on March 6, 2024 that cash dividends at $0.4 per share will be assigned. This proposal, however, is pending approval during the General Shareholders' Meeting of 2023.

3. If a material change in dividend policy is expected, provide an explanation: none

(VIII) The effects of stock grants proposed at this shareholders' meeting on business performance and EPS:

Not applicable. (IX) Remuneration to employees, directors, and supervisors

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

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

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

(1) The basis for estimating the amount of employee, director, and supervisor remuneration: the Company estimates the employee, director, and supervisor compensation by deducting the accumulated losses from the profit before tax and distribution of employee, director, and supervisor remuneration; for 2023, the Articles of Incorporation are to be followed after it is calculated according to the foregoing method.

(2) The basis for calculating the number of shares to be distributed as employee remuneration: shall there be shares distributed as employee remuneration, the shares to be distributed will be based on

the closing price of the day before the date of the Board's resolution.

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

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

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

1. Remuneration to employees in cash: $31,800,000.

2. Remuneration to Directors in cash: $18,000,000.

There is no difference between the value of the remuneration for employees and that for directors distributed as mentioned above and that estimated in the 2023 Financial Statements.

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

4. If there is any discrepancy between the actual amount of remuneration distributed to employees and Directors (including number and dollar amount of shares distributed, as well as share price) and the recognized amount of remuneration of employees and Directors in the previous fiscal year, the amount, causes and treatment of such discrepancies should be stated:

(1)Remuneration to employees: $9,586,200; the actual distribution is identical to that originally proposed by the Board of Directors.

(2)Remuneration to directors: $6,710,300; the actual distribution is identical to that originally proposed by the Board of Directors.

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

II. Issuance of Corporate Bonds: Nil.

III. Issuance of Preferred Shares:

March 31, 2024

Item / Date of issue (Note 1)			2022.01.17 Privately Placed A-Preferred Shares (Note 3)
Par value			NTD 10
Issuance Price			NTD 23.75 per share
Shares			25,894,736 shares
Total amount			NTD 614,999,980
Rights and obligations	Distribution of dividend and bonus		2% per annum (accumulated)
	Distribution of remaining properties		For distributing the Company's remaining properties, the A-Preferred Shares has higher priority over the common shares, but shall not exceed the sum of issuance priced plus the payable dividends.
	Exercise of voting right		Entitled to the voting rights in the common shareholders' meetings, and entitle to elect directors (independent directors included)
	Others		Nil
Outstanding preferred shares	Amount of collected or converted		0
	Balance of uncollected or unconverted		25,894,736 shares
	Terms of collection or conversion		1. The A-Preferred Shares are entitled to be converted to common shares from the next day of the third anniversary of holding. 2. The issuance period of A-Preferred Shares is infinite. The holders of Preferred A-Shares are not entitled to request the Company to reacquire the A-Preferred Shares held by them early. However, the Company may reacquire all or part of the A-Preferred Shares from the next day of the third anniversary since issuance, with the actual issuance price in cash, or other method permitted by laws and regulations. The rights and obligations of the remaining Preferred Shares-A follow the issuances condition until being reacquired.
Market price per share	2021	Highest	N/A
		Lowest	N/A
		Average	N/A
	Current year as of April 30, 2022 (Note 4)	Highest	N/A
		Lowest	N/A
		Average	N/A
With other rights	Amount of collected or converted as of the publication date of the annual report		Years yet lapsed to conversion
	Procedures for issuance, conversion, or subscription		Same as the description for the terms of collection or conversion
Effects of the issuance terms on the rights of holders of preferred shares, possible dilution to the equity, and effects on the rights of current shareholders			The pricing of the privately placed preferred shares is conducted pursuant to the "Directions for Public Companies Conducting Private Placements of Securities," while taking account into the Company's future development. As the timing to transfer, subject, and quantity the privately placed securities are restricted, and inferior liquidity resulted from prohibition of public-listing, it is deemed the pricing method is reasonable, and shall not materially affect shareholders' interests.

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

IV. Global Depositary Receipts: Nil.

V. Employee Share Option Certification: Nil.

VI. New Restricted Employee Shares: Nil.

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

VIII. Implementation of the Capital Allocation Plans:

Up to now, among all the programs related to fundraising or negotiable securities placement, these programs whose actual completion dates are within three years from the filing, the 2017 Cash Capital Increase Program, the 2020 Cash Capital Increase Program, the 2021 Private Placement of Class A Preferred Stock Shares Program, the 2022 Cash Capital Increase Program, and the 2023 Cash Capital Increase Program, related contents and implementation status of securities issuance plans are described as follows:

(I) Capital increase in cash program in 2017

1. Plan description and expected effect

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

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

(3)① Source of fund: 50,000 thousands new common shares were issued for the domestic capital increase in cash. The par value per share was NT$10, and the issuance price was NT$10.5 per share. The total fund raised was NT$525,000 thousand.

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

(4) Projects and progress of fund application

Unit: NTD in thousands

Project	Expected date of completion	Total capital required	Plan of the expected application				
			2017		2018		
			Q3	Q4	Q1	Q2	Q3
Plant construction	2018.8.31	789,987	155,496	227,648	312,744	32,200	61,899
Purchasing machines and equipment	20181.9.30	320,000	96,000	48,000	144,000	-	32,000
Total		1,109,987	251,496	275,648	456,744	32,200	93,899

2. Implementation

Unit: NTD in thousands

Project	Execution as of June 30, 2021			Description of execution
Plant construction	Amount used	Expectation	789,987	(1) Plant building: Implementation completed in 2019 Q1, without material variance. (2) Purchasing machines and equipment: The project was completed on June 30, 2021. However, due to the exchange rate difference of payment, and some equipment not meeting the specifications promised by the supplier, the price was
		Actual	789,987	
	Actual progress	Expectation	100.00%	
		Actual	100.00%	
Purchasing machines and equipment	Amount used	Expected	320,000	
		Actual	288,673	
	Implementation progress	Expected	100.00%	
		Actual	90.21%	
Total	Amount used	Expectation	1,109,987	
		Actual	1,078,660	
	Actual progress	Expectation	100.00%	
		Actual	97.18%	

				lower than expected, and the actual capital expenditure was lower than expected.

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

3. Effect evaluation

Unit: kW; NTD in thousands

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

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

(II) Capital increase in cash program in 2020

1. Program description and expected effect

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

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

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

(4) Projects and progress of fund application

Unit: NTD in thousands

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

2. Implementation

Unit: NTD in thousands

Project	Execution as of March 31, 2022			Description of execution
Purchasing machines and equipment	Amount used	Expectation	526,290	(1)Purchasing machines and equipment: The fund utilization plan has
		Actual	526,290	
	Actual progress	Expectation	100.00%	

<table>
<tr><th>Project</th><th colspan="3">Execution as of March 31, 2022</th><th>Description of execution</th></tr>
<tr><td></td><td></td><td>Actual</td><td>100.00%</td><td rowspan="13">been completed in Q1 2022 as planned, and there was no major irregularity.

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

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

3. Effect evaluation

(1) Purchasing machines and equipment

Unit: kW; NTD in thousands

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

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

(2) Repayment of loans

Unit: NTD in thousands

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

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

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

Unit: NTD in thousands

Year / Item	Before capital increase in cash	After capital increase in cash
	Second quarter of 2020	End of 2021
Current asset	1,476,798	3,719,656
Current liabilities	3,193,619	2,650,468
Property, Plant and Equipment	5,283,956	4,873,104
Total liabilities	4,875,719	5,100,377

Item / Year	Before capital increase in cash	After capital increase in cash
	Second quarter of 2020	End of 2021
Total Equity	2,821,948	5,129,452
Ratio of debts to total assets	63.34%	49.86%
Long-Term Fund to Property, Plant and Equipment Ratio	85.24%	155.53%
Current Ratio (%)	46.24%	140.34%
Quick Ratio (%)	24.52%	81.02%

(3) Supplement to the operating funds

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

Unit: NTD in thousands

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

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

1. Program description and expected effect

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

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

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

(4) Projects and progress of fund application

Unit: NTD in thousands

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

2. Implementation

Unit: NTD in thousands

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

3. Effect evaluation

Unit: kW; NTD in thousands

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

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

(IV) 2022 Cash Capital Increase Program

1. Program description and expected effect

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

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

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

(4) Projects and progress of fund application

Unit: NTD in thousands

Project	Expected date of completion	Total fund needed	Progress of expected application	
			2022 Q3	2022 Q4
Repayment of loans	2022 Q4	537,091	213,489	323,602
Supplement to the operating funds	2022 Q4	271,159	271,159	0
Total		808,250	484,648	323,602

2. Implementation

Unit: NTD in thousands

Project	Status of implementation		(As of the Fourth quarter of 2022	Cause of progress ahead of or behind schedule and corrective plan
Repayment of loans	Amount used	Expectation	537,091	Completed as planned.
		Actual	537,091	

Project	Status of implementation		(As of the Fourth quarter of 2022)	Cause of progress ahead of or behind schedule and corrective plan
	Implementation progress (%)	Expectation	100.00%	
		Actual	100.00%	
Supplement to the operating funds	Amount used	Expectation	271,159	Completed as planned.
		Actual	271,159	
	Implementation progress (%)	Expectation	100.00%	
		Actual	100.00%	
Total	Amount used	Expectation	808,250	Completed as planned.
		Actual	808,250	
	Implementation progress (%)	Expectation	100.00%	
		Actual	100.00%	

3. Effect evaluation

Unit: NTD in thousands

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

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

(V) 2023 Cash Capital Increase Program

1. Program description and expected effect

(1) Date and document number of approval by the competent authority: Filing took effect as indicated in the letter from the Financial Supervisory Commission (Jin-Guan-Zheng-Fa-Zi No. 1120345484) dated June 19, 2023.

(2) Total fund needed for the program: NT$989,1500 thousand.

(3) Source of funding: 36,500 thousands new common shares were issued for the domestic capital increase in cash. The par value per share was NTD 10, and the issue price was NTD 27.1 per share. The total fund expected was NTD 989,1500 thousand.

(4) Projects and progress of fund application

Unit: NTD in thousands

Project	Expected date of completion	Total fund needed	Progress of expected application	
			2023 Q4	2023 Q4
Repayment of loans	2023 Q4	404,000	372,000	32,000
Supplement to the operating funds	2023 Q4	585,150	300,000	285,150
Total		989,150	672,000	317,150

2. Implementation

Unit: NTD in thousands

Project	Status of implementation		2023 Q4	As of Q4 of 2022	Cause of progress ahead of or behind schedule and corrective plan
Repayment of loans	Amount used	Expectation	32,000	404,000	In progress according to schedule.
		Actual	32,000	404,000	
	Implementation progress (%)	Expectation	7.92%	100.00%	
		Actual	7.92%	100.00%	
Supplement to the operating funds	Amount used	Expectation	285,150	585,150	Due to increased demand, the utilization of funds has advanced ahead of schedule.
		Actual	132,879	585,150	
	Implementation progress (%)	Expectation	48.73%	100.00%	
		Actual	22.71%	100.00%	
Total	Amount used	Expectation	317,150	989,150	In progress according to schedule.
		Actual	164,879	989,150	
	Implementation progress (%)	Expectation	32.06%	100.00%	
		Actual	16.67%	100.00%	

3. Effect evaluation

Unit: NTD in thousands

Year / Item	Before capital increase in cash	After capital increase in cash
	2022	2023
Current asset	4,005,069	4,325,178
Current liabilities	2,827,755	2,028,364
Property, Plant and Equipment	5,442,722	6,229,578
Total assets	11,224,589	12,066,671
Total liabilities	5,073,919	4,417,648
Total Equity	6,150,670	7,649,023
Ratio of debts to total assets	45.20%	36.61%
Long-Term Fund to Property, Plant and Equipment Ratio	154.28%	161.14%
Current Ratio (%)	141.63%	213.23%
Quick Ratio (%)	80.28%	146.34%
Operating Revenue	9,005,063	8,260,947
Interest expenditure	87,031	80,449
Earnings Per Share (NT$)	0.41	1.07

As far as the financial structure is concerned, after the said capital increase, the debts ratio of the Company dropped from 45.20% to 36.61% while the current ratio and the quick ratio climbed from 141.63% and 80.28% to 213.23% and 146.34%. Meanwhile, the operating income and earnings per share in 2023 grew significantly from those in 2022, indicating that the financial structure has improved somewhat.

Five. Operation Overview

I. Business

(I) Scopes

1. Major Businesses of the Company

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

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

2. Weights of Major Businesses of the Company (2023)

Unit: NTD in thousands

Item \ Year	2023	
	Amount	Percentage (%)
Solar Module	7,843,537	94.95%
Solar cell	256,470	3.10%
Others	160,940	1.95%
Total	8,260,947	100.00%

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

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

(A) High-performance solar PERC cells

V-Cell series of products

Passivated Emitter and Rear Cell (PERC), one of the core technologies of TSEC is applied. Currently the major application is for the production of mono-crystalline batteries. The actual power generation conversion efficiency may greatly improve the threshold of 23.3% for mono-crystalline cells. This technology is a product technology of leading global cell manufacturers for commercialization and mass production currently. V-Cell products have been recognized with “Golden Energy Award” from the Bureau of Energy, Ministry of Economic Affairs for many consecutive years. The Company’s product was the first product to pass the PID test, the strictest test provided by UL in the U.S and IRTI in Taiwan. We expect to provide the products with higher performance and quality to the clients.

(B) High-performance solar modules

From January 2014, TSEC expanded to the production and sales of solar modules. Facing the increasingly competitive industry environment, TSEC established module plant in 2017 and expanded to the module business downstream. The capacity of its Pingtung module plant has been the domestic leader. The module products have been recognized with the “Golden Energy Award” from the Bureau of Energy for many consecutive years. We expect to provide products with higher and more holistic quality to the clients. To accommodate the requirements at different geographic environment, TSEC introduces the differentiation of module product, develop the Eagle and Shield series products. to increase the effects of modules while lowering the production costs. By working with the international giant, DuPont, the durable model Telbar is jointly developed, suitable for the island weather with high-temperature, high humidity, and high salt hazard.

4. New products (services) to be developed

(A) High-performance solar modules products

To cope with the growing domestic market, TSEC established the largest solar module plant of Taiwan in Pingtung on April 30, 2018, with an annual throughput of 1000~1500 MW and started deployment of the production line for greater-size modules in 2021 and mass production began in the second quarter of 2022. The size of the factory and the throughput have made TSEC a world-class solar module manufacturer.

(B) High-efficiency N-type Tunnel Oxide Passivated Contact (TOPCon) solar cell products

As the traditional P-type silicon wafer products face technical bottlenecks, the development of next-generation N-type silicon wafers used in new materials is essential. Currently, mass products are offered overseas, but there is no mass product or technology in Taiwan. The Company, with the principle of developing forward-looking technologies, started early research for the feasibility and possibility of mass products for this product. In 2023, we will invest in new equipment for mass production.

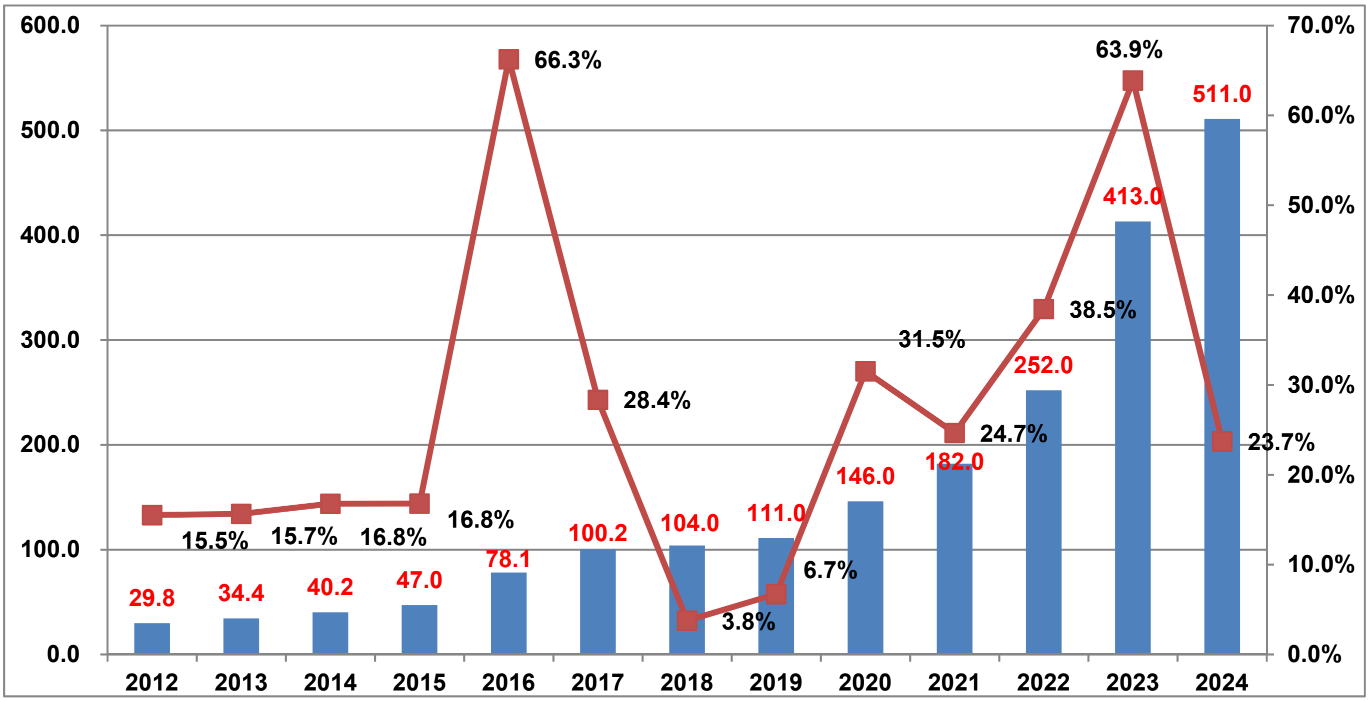
(C) Niche Products

TSEC also focuses on solar energy products with additional functions for special purposes or environments. Apart from developing products suitable for future electric vehicles or specific environmental areas like offshore applications, it also develops solar module materials for space environments. This will help the company become a leading manufacturer in solar cell and module technology development and cost control.

(II) Industry Overview

Review of the International Solar Photoelectronic Market in 2023

With the cooling of COVID-19 and the surge in silicon raw material production, module prices have also loosened. In 2023, the overall global solar photovoltaic installation remained highly dynamic. Due to the skyrocketing prices of silicon wafers, which soared from around 30 cents per piece to 98.9 cents per piece and then dropped back to a low of 29.6 cents per piece in the fourth quarter of this year, the downward adjustment of solar cell prices drove demand for terminal module installation. Moreover, the energy panic effects caused by the Russia-Ukraine war stimulated the rapid installation of previously accumulated ground-based utility-scale projects worldwide, as well as the release of large-scale distributed power stations. According to Bloomberg's research, the estimated annual growth of photovoltaic installations in 2023 is expected to exceed 63.9%, reaching 413GW. Significantly, China, the United States, Brazil, South Africa, and other regions have significantly increased the release of previously accumulated ground-based power stations, while Europe maintains rapid growth. The figure below shows the total annual installations around the world each year:

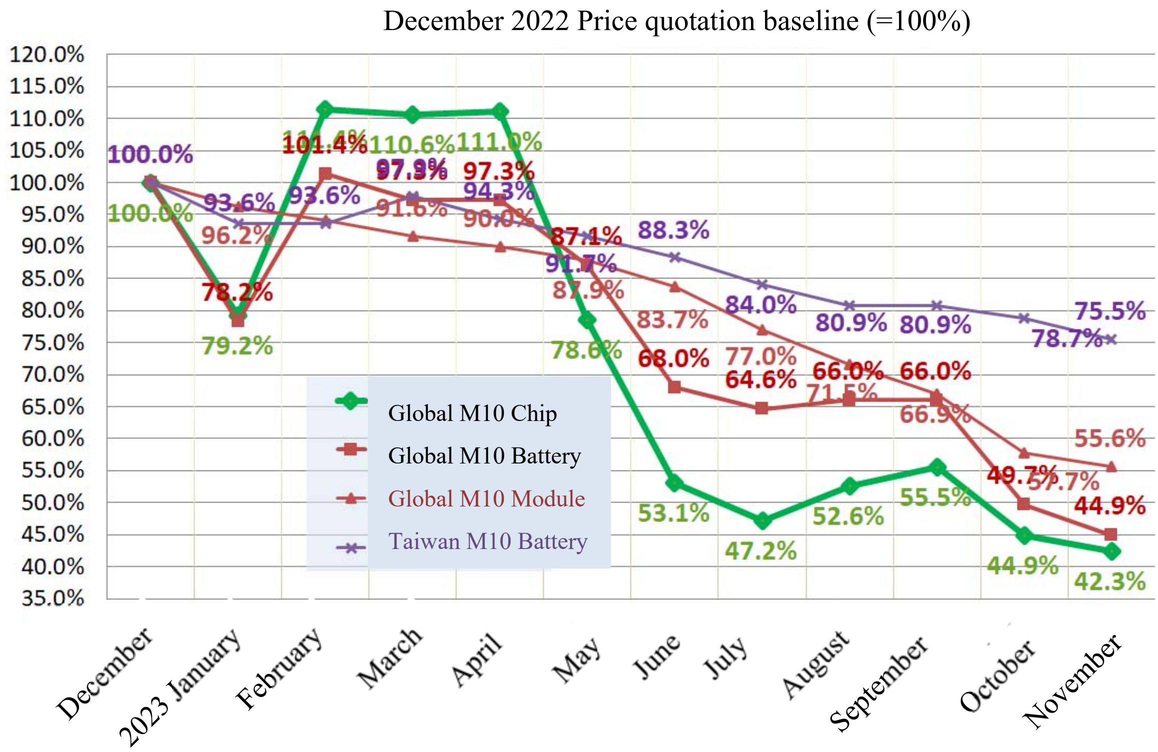


Source: PVInfoLink, marketing unit of TSEC

Key event in the 2023 industry include the followings:

1. Softening of upstream silicon material prices, leading to supply-demand imbalance

   Following the mono-crystalline vs. multi-crystalline battle in 2018, monocrystalline silicon chips have overwhelmingly defeated multicrystalline chips in terms of high CP value. However, this has also led to the monopolization of the upstream chip market by Longi and Zhonghuan, which collectively control nearly 70% of the market share. Consequently, since 2021, the prices of upstream chips have continued to soar until other manufacturers gradually expanded their production capacities in 2023, causing prices to soften to a lower level. The decline in the price of polycrystalline silicon raw materials has also led to adjustments at various stages of the industry. International module prices have dropped from the original 23 cents/watt to 11 cents/watt, with global module inventories exceeding one year's worth of demand. While Taiwanese module prices have responded, the price drop is relatively small.



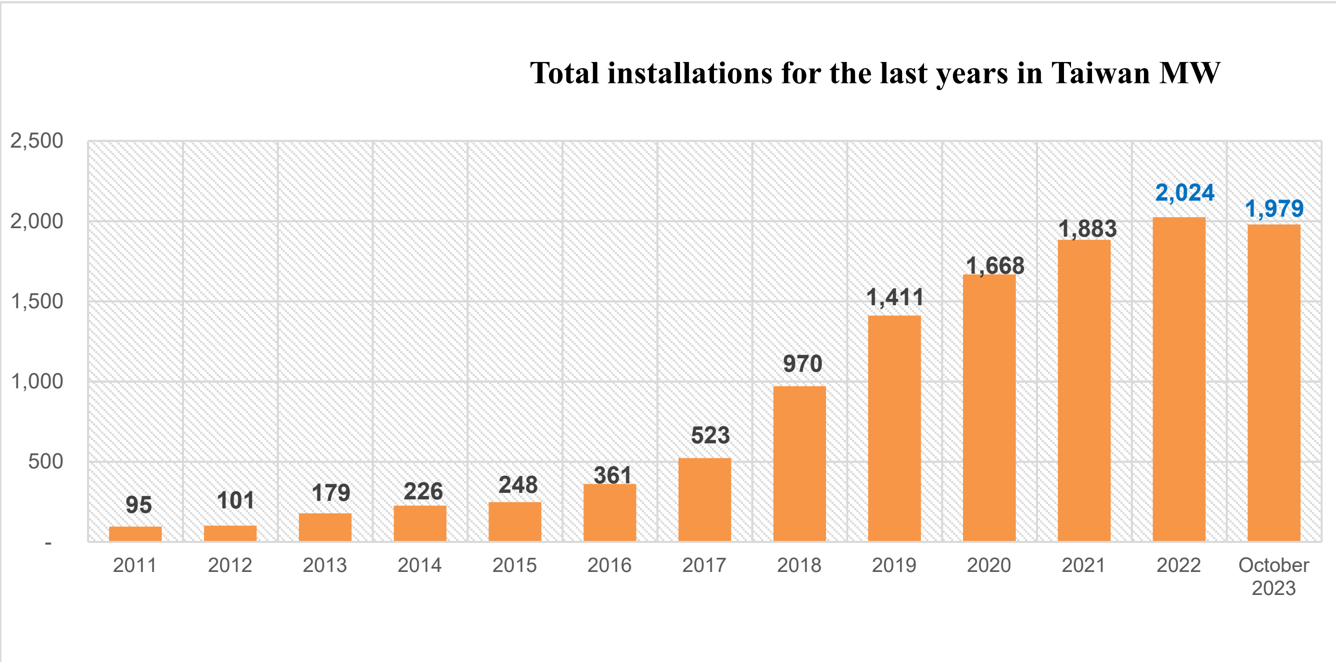
2. <u>China Accelerates Grid Connection, Accounting for over 58% of Global Market Share</u>
According to Bloomberg statistics, China's expected total photovoltaic installation in 2023 is 240GW, equivalent to half of the global market share, with grid connection capacity maintaining high momentum year after year. As countries worldwide increasingly focus on international carbon rights issues, the Chinese government has been planning and integrating the photovoltaic industry chain since 2012. In addition to vigorously promoting central energy policies, provincial governments have provided unprecedented subsidies to the photovoltaic (PV) industry. According to Rystad Research, as of mid-June this year, China plans to grid-connect large-scale utility projects of 60/77GW in 2023/2024, with an additional approximately 20GW delayed from 2022 to 2023 due to the pandemic and supply chain issues. Therefore, it is predicted that the grid connection of large-scale projects this year will exceed 80GW, accounting for half of this year's national grid-connected total of 160GW, representing an 83% increase compared to last year.

3. <u>G1/M6-type solar photovoltaic products will be completely phased out by the end of 2023</u>
The solar chip market has long been dominated by two major groups: Xi'an Longi and central state-owned enterprises. These two companies together account for over 60% of the market share. As solar products emphasize annual increases in module wattage, the two major chip manufacturers have transitioned from producing the original G1 and M6 to larger-sized M10 and G12 chips to maximize cost-effectiveness. Both companies announced at the end of September 2023 that they would cease production of G1 and M6 chips starting in October, which will force solar cell/module manufacturers that only have G1 and M6 on hand to be phased out prematurely. It is estimated that Taiwanese manufacturers, including our company, United Renewable Energy, Motech, Sino-American Silicon, Neo Solar Power, Ming Hui, and Raycome, will be affected by early depreciation of equipment.

4. <u>Increased European demand for solar photovoltaics after the Russia-Ukraine war and COVID-19 pandemic</u>
After the pandemic, global attention has once again shifted to the use of green energy to protect the planet. While the European Union has been implementing green energy for years, the conflict between Russia and Ukraine has accelerated the transformation of Europe's energy policy. Before

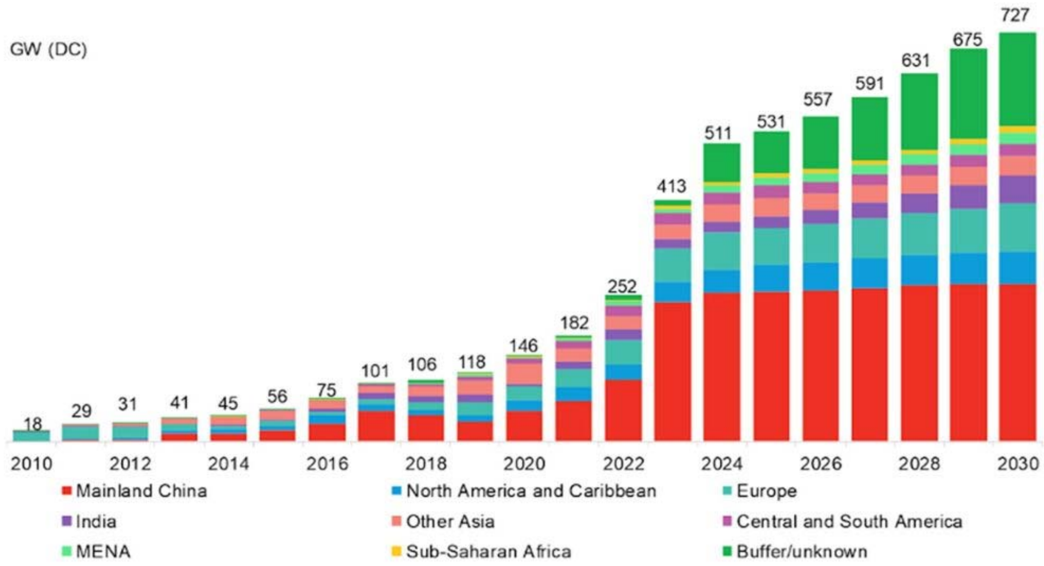
the Russia-Ukraine conflict, about 40% of Europe's natural gas and 27% of its oil came from Russia. However, when Russia imposed sanctions and reduced exports, energy prices soared, triggering a series of subsequent crises. Many European countries experienced inflation not seen in decades, with rising living costs, followed by a surge in strikes and protests. This has increased the demand for clean, self-sufficient solar photovoltaic systems, prompting the EU to consider raising the target for renewable energy to account for 45% of total energy consumption by 2030. It is estimated that the added solar photovoltaic installations in Europe in 2023 will reach 60GW, a 33% increase compared to the previous year.

5. Growths in Installations Throughout Taiwan Yet Behind Schedule
According to Energy Bureau statistics, the grid connection in 2021 was 2GW, and the installed capacity from January to October 2022 was 1,979MW. Originally, based on the average calculation, this year's estimated total installation should exceed 2.5GW. However, due to the elections in 2023, with various factions in local governments and intense public scrutiny, local governments avoided making too many mistakes, while the opposition did not want to help the ruling party. This led to a more severe situation of market inertia in the second half of 2023, with a conservative estimate of about 2.3GW, only slightly higher than last year's 2GW. The total cumulative solar photovoltaic installed capacity in Taiwan is approximately 11.7GW. However, there is still a remaining 8.3GW to achieve the first-stage goal of 20GW by 2024. An average annual installation of over 4GW will be required in the next two years to meet this target. Given the current trend of installation in Taiwan, it is evident that the government's goal of achieving 20GW by 2025 is still a considerable distance away.



Outlook for the Solar Photovoltaic Market in 2024

According to Bloomberg's forecast, there is an opportunity for the overall growth in 2024 to exceed 511GW, representing a growth of over 23.7% compared to 2023. Below is the analysis of the global solar photovoltaic market context and installation volume for 2024:



The photovoltaic effect of solar energy was first discovered by French physicist Alexandre Edmond Becquerel in 1839. Although solar energy has been in the market for a long time, solar module boards focus on achieving breakthroughs in power generation efficiency every three to five years due to demand. Apart from the elimination of G1 and M6 in 2023, 2024 will also usher in different technologies, and market demand will increasingly rely on green energy to sustain the sustainable development of the Earth. The following is the context of the global solar photovoltaic market and the analysis of photovoltaic installation volume in 2024:

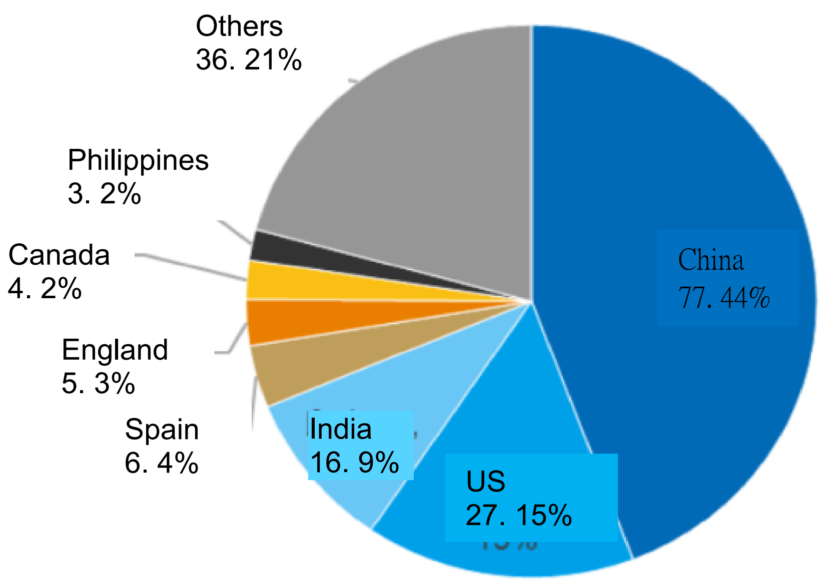
1. <u>N-type (TopCon) and P-type (PERC) will undergo another elimination round</u>
   Following the elimination of G1/M6 by the M10/G12 large-size chips, another elimination round will take place between N-type (TOPCon) and P-type (PERC). The market yearns for higher CP values in photovoltaic products every year, driving manufacturers to enhance technological advancement throughout the industry chain. The existing dominant P-type PERC technology in the solar photovoltaic industry will be replaced by N-type TOPCon. Currently, PERC and TOPCon account for approximately 70% and 30% of the international market, respectively. The main reason is that various manufacturers in the upstream and downstream of the industry chain, from chip factories and cell factories to module manufacturers, still have relatively heavy P-type equipment yet to be fully depreciated. However, TOPCon's performance is more significant compared to PERC. Besides having a more durable photovoltaic effect, its conversion efficiency of 25.5% is approximately 2% higher than PERC's 23.5%. The market share of N-type TOPCon in 2024 is expected to exceed 60% or higher.

2. <u>International Acceleration of Carbon Border Tax</u>
   After the European Union announced the formal implementation of the Carbon Border Adjustment Mechanism (CBAM) in 2026, specific products exported to the EU must bear the same carbon reduction costs as EU manufacturers. Once products from overseas production sites with lower carbon pricing (carbon taxes, carbon fees, or recognized carbon trading system prices) are imported into the EU customs territory, they must purchase CBAM certificates (also known as "carbon tariffs"). As the European Union's Carbon Border Adjustment Mechanism (CBAM) is set to be implemented in October 2023, the U.S. Clean Competition Act (CCA) is also planned to be implemented in 2024. The difference is that the U.S. CCA does not have a trial period, meaning that international companies' carbon reduction and use of renewable energy have become another

competitive posture.

3. Continued Vigorous Development in Major Solar Photovoltaic Markets in 2024
According to Rystad Research, as of June 30, large-scale utility projects planned for grid connection in 2024 in various countries worldwide have reached a scale of 173GW. Among them, China, the United States, and India still maintain the top three positions in planned installations, accounting for a total of 68% of global planned installations.

Chart 3: 2024E Global Large Utility Project Distribution (GW, percentage)



Source: Rystad Research

The following is an analysis of the top three markets:
A. China: Distributed solar power blossoms everywhere, ground-based power stations continue to grow
The expected new installations in China in 2023 and 2024 are 209GW and 232GW, respectively, with an annual growth rate of 11%. This is mainly due to the continuous growth of reserved projects for ground-based power stations. The number of large-scale ground-based projects that have been announced and are either in progress or grid-connected basically meets the government's expectations. Meanwhile, other small-scale users, industrial, and commercial distributed photovoltaic markets have the opportunity to exceed expectations due to the decline in system costs. Comprehensive forecast of ground-based power stations and distributed demand.

B. United States: Rich in large-scale utility projects, solar photovoltaic installations are expected to grow exponentially
According to data from the U.S. Energy Information Administration (EIA), the planned grid-connected solar photovoltaic station projects from June to December 2023 reached 22GW (this part only counts projects with an installation capacity greater than 1MW). The planned projects for grid connection in 2024 can reach 30GW, and as time goes by, the expected numbers will continue to increase. Bloomberg predicts that the new solar photovoltaic installations in North America in 2023 and 2024 will be approximately 35GW and 39GW, respectively, with an annual growth rate of 11.4%. However, the U.S. postponement of imposing anti-avoidance taxes on Southeast Asia will expire on June 6, 2024. Whether this will affect the import of modules from Southeast Asia remains to be seen.

C. Europe: Construction efforts are increasing rather than decreasing, and installations are expected to continue to grow

The Russia-Ukraine conflict has led to a sharp rise in electricity prices for European residents, coupled with the collapse of imported module prices, stimulating the installation of small-scale photovoltaic and energy storage systems, mainly for households. Even after experiencing high growth in 2022 and 2023, the installation speed of solar photovoltaic systems in Europe still cannot meet the power supply gap caused by Russia. Therefore, to accelerate the deployment of spontaneous photovoltaic energy and alleviate inflationary pressure, European countries passed a series of measures at the end of 2022 to further encourage rooftop solar photovoltaic system installations by increasing subsidies, reducing taxes, and simplifying approval processes. At the same time, the approval time for centralized power stations will be shortened to within 6 months, significantly improving the situation of construction progress not meeting expectations due to excessively long approval periods, which will boost the demand for solar photovoltaic systems in Europe in 2023 and 2024, with expected annual installations of 55GW and 60GW, respectively.

4. <u>Outlook of the Taiwan market</u>

In recent years, the development of solar photovoltaic systems in Taiwan has mainly relied on fishery-electricity coexistence. However, the much-anticipated agricultural-electricity coexistence has repeatedly been embroiled in controversies of "fake farming, real power selling" since 2014, forcing the Council of Agriculture to amend relevant regulations on July 7, 2020, not approving changes in land use for plots smaller than 2 hectares, also known in the industry as the "photovoltaic July 7 Incident." After the door to agricultural land for photovoltaic power generation was closed, the government shifted the focus of ground-based photovoltaics to larger single areas, namely fish ponds, or fishery-electricity coexistence. The Council of Agriculture has announced a target of achieving 4GW of fishery-electricity coexistence capacity by 2025, equivalent to about 10,000 hectares, or one-fourth of the total national fish pond area. Whether agricultural-light coexistence (agriculture and business) photovoltaic facilities will be relaxed remains to be determined by new government policies.

Taiwan's solar photovoltaic installation target for 2025 is 8GW for rooftop systems and 12GW for ground-based systems, totaling 20GW for the government's first-stage goal. The presidential and legislative elections that delayed installations in the second half of 2023 are scheduled for January 13, 2024. This factor should be resolved after the elections and the lunar new year in 2024. Also, with 2025 approaching, it is generally estimated in the market that the next two years will be a period of rapid growth for Taiwan's photovoltaic industry. It is estimated that next year's installations will reach around 2.5 to 3GW.

The following are the installation volumes and forecasts for the past three years in major global markets.

	2022	2023 (estimated)	2024 (estimated)
China	107	240	264
Europe	43	55	60
North America	25	35	39
Asian and others	23	25	27
Central and South America	18	21	20
India	18	16	19
Middle East and North Africa	7	7	7
South Africa	3	6	9
Others	8	8	66
TOTAL	252	413	511

Overview of Technologies and R&D:

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

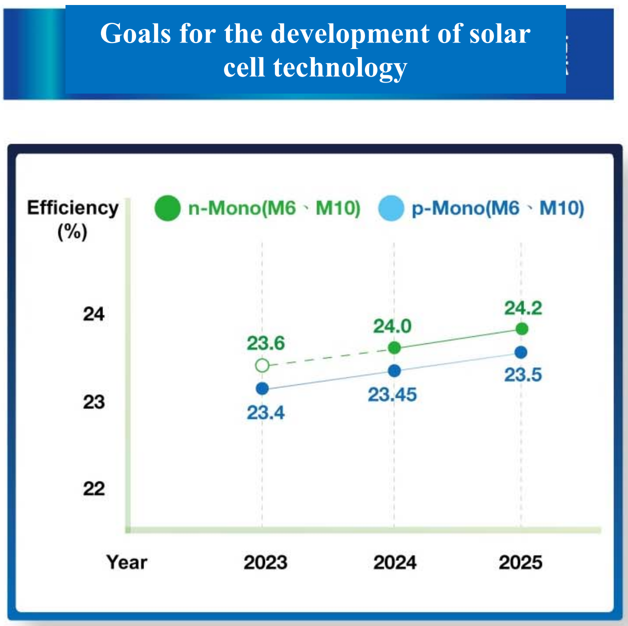
(A) Core technology innovation: All core technologies have been successfully developed and introduced into mass production to expand the leading edge with competitors.

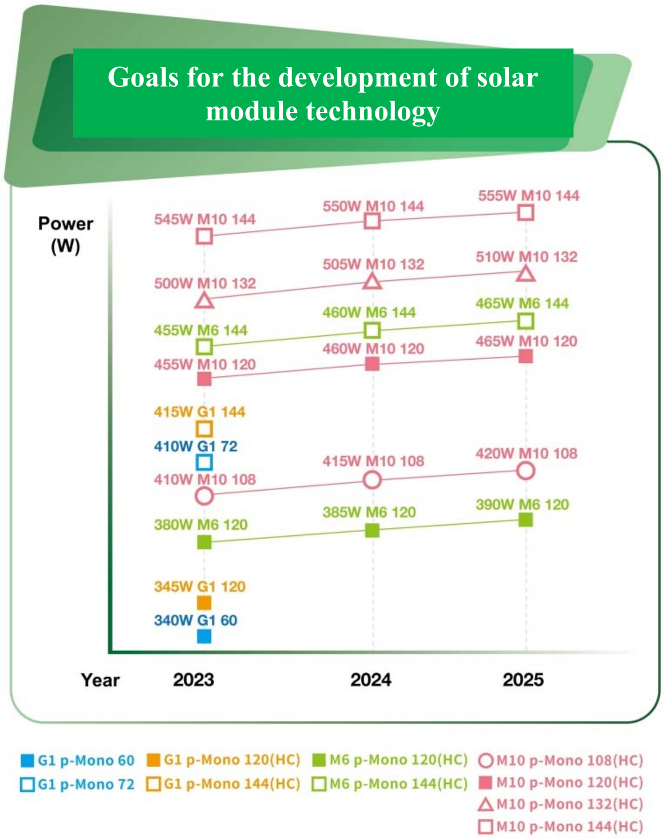
(B) Forward-looking technology development: develop the next generation of innovative forward-looking technologies in advance, and simultaneously carry out industry-academia collaborative plans with the academic community, seeking to develop a new generation of manufacturing process technology, while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

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

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

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





PERC (Passivated Emitter and Rear Cell) technology
Through advanced process improvements and the introduction of new material designs, achieving the highest conversion efficiency for monocrystalline solar cell products

23.5%
Utilizing novel optical structure designs on the front side of solar cells, MBB monocrystalline cells can achieve a conversion efficiency increase of over 23.5%.

TOPCon
Tunnel Oxide Passivated Contact
With outstanding surface passivation capabilities and the utilization of tunneling effects to mitigate severe metal-semiconductor recombination, thereby enhancing conversion efficiency.

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

Unit: NTD in thousands

Item \ Year	2023	
	Individual financial statement	Consolidated financial statement
Net Revenue (A)	8,242,495	8,260,947
R&D Expense (B)	68,103	68,103
Percentage of R&D Expense in the Net Revenue (%) (B/A)	0.83%	0.82%

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

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

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

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

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

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

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

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

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

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

In 2023 our company completed the only M10 module 17-level wind tunnel test at the Ministry of the Interior's Building Research Institute in Taiwan. We anticipate being able to offer our customers a wider selection of high-efficiency and high-quality module products in the future.

Year	R&D Accomplishment	
2011	Integration of key equipment	Integration of electrical property testing and classification equipment
	Σ-serial products	6” 2BB polycrystalline solar cells
		6” 3BB polycrystalline solar cells
		6” 2BB monocrystalline solar cells
		6” 3BB monocrystalline solar cells
2012	Σ-serial products	5” 3BB monocrystalline solar cells
		Non-consecutive backside of solar cells
	E-Cell serial products	E-Cell polycrystalline solar cells
		E-Cell monocrystalline solar cells
2013	Passed the development of new leading product project by IDB, Ministry of Economic Affairs	The V-Cell quasi-monocrystalline solar cell with high efficiency, was expected for development
	V-Cell serial products	V-Cell passivated back monocrystalline solar cell with high efficiency

Year	R&D Accomplishment	
2014	Conclusion of the project for IDB’s development of new leading product	V-Cell passivated back polycrystalline solar cell with high efficiency
	V-Cell serial products	Achieved the intended efficiency goal of the project and passed the reliability testing
	V-Cell serial products	V-Cell passivated back quasi-monocrystalline solar cell with high efficiency
	V-Cell serial products	V-Cell passivated back quasi-monocrystalline solar cell with high efficiency
	Awarded as outstanding solar optoelectronic products 2014 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
2015	E-Cell serial products	6” 4BB E-Cell polycrystalline solar cells
		6” 4BB E-Cell monocrystalline solar cells
	V-Cell serial products	6” 4BB V-Cell polycrystalline solar cells
		6” 4BB V-Cell square monocrystalline solar cells
		6” 4BB V-Cell quasi monocrystalline solar cells
		6” 4BB V-Cell monocrystalline solar cells
	Awarded as outstanding solar optoelectronic products 2015 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	
	Certified with EU IEC 61215:2005 and IEC61730:2004 for solar modules	Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (340W)
		Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (285W)
	Certified with Japan Electrical Safety & Environment Technology Laboratories in Japan for solar modules	Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (325W)
		Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (270W)
2016	Passed the “Industrial Energy Technology Project” of the Bureau of Energy, Ministry of Economic Affairs	The V-Cell monocrystalline solar cell products with high efficiency, was expected for development
	E-Cell serial products	6” 5BB E-Cell polycrystalline solar cells
		6” 5BB E-Cell monocrystalline solar cells
	V-Cell serial products	6” 5BB V-Cell polycrystalline solar cells
		6” 5BB V-Cell monocrystalline solar cells
	Won the Enterprise Innovation Awards of the 2016 National Innovation Award	6” 5BB V-Cell quasi monocrystalline solar cells
		6” 5BB V-Cell square monocrystalline solar cells
	Awarded as outstanding solar optoelectronic products 2016 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)	Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (375W)
	Certified by the American UL 1703 2002/03/15 Ed:3 for solar modules	
		Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (315W)

<table>
<tr><th>Year</th><th colspan="2">R&D Accomplishment</th></tr>
<tr><td rowspan="11">2017</td><td>Concluded the “Industrial Energy Technology Project” of the Bureau of Energy, Ministry of Economic Affairs</td><td>Achieved the intended efficiency goal of the project and passed the reliability testing</td></tr>
<tr><td rowspan="4">V-Cell serial products</td><td>6” 4BB V-Cell polycrystalline half-cut solar cells</td></tr>
<tr><td>6” 4BB V-Cell monocrystalline half-cut solar cells</td></tr>
<tr><td>6” 5BB V-Cell polycrystalline half-cut solar cells</td></tr>
<tr><td>6” 5BB V-Cell monocrystalline half-cut solar cells</td></tr>
<tr><td>The first Taiwanese company received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td>Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (290W)</td></tr>
<tr><td rowspan="2">Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td>Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (360W)</td></tr>
<tr><td>Solar photoelectric module of 60 pieces 6” polycrystalline solar cells (285W)</td></tr>
<tr><td>The first Taiwanese company certified with the new European standards IEC 61215:2016 and IEC61730:2016</td><td>Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (370W)</td></tr>
<tr><td>The simulated solar photoelectric modules were installed in the high-humid environments such as fish ponds, ponds, and dams, and tested via Module IEC 60529 IPX8</td><td rowspan="2">Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (310W)</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2017 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td rowspan="3">2018</td><td>The first Taiwanese company received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td rowspan="3">Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (315W)</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2018 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td>Simulated the impacts from solar photoelectric modules to the ecosystems in dams, and the test was conducted on drinking water where the module was immersed.</td></tr>
</table>

<table>
<tr><th>Year</th><th colspan="2">R&D Accomplishment</th></tr>
<tr><td rowspan="4"></td><td>The aluminum frame passed the 24-day Copper Accelerated Salt Spray Test (CASS Test)</td><td></td></tr>
<tr><td rowspan="3">Development of modules of Shield Series</td><td>Water surface solar photoelectric module of 60 pieces 6” monocrystalline cells</td></tr>
<tr><td>Salt beach solar photoelectric module of 60 pieces 6” monocrystalline cells</td></tr>
<tr><td>General solar photoelectric module of 60 pieces 6” monocrystalline</td></tr>
<tr><td rowspan="3">2019</td><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td rowspan="3">Solar photoelectric module of 60 pieces 6” monocrystalline solar cells (325W)
Solar photoelectric module of 72 pieces 6” monocrystalline solar cells (380W)
Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (330W)
Solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (390W)</td></tr>
<tr><td>Obtained the MIT Simile Label for products made in Taiwan</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2019 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td rowspan="3">2020</td><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td><td rowspan="3">Solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (345W)
Bifacial solar photoelectric module of 60 pieces 6” monocrystalline half-cut (120 sub-panes) solar cells (340W)
Solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (410W)
Bifacial solar photoelectric module of 72 pieces 6” monocrystalline half-cut (144 sub-panes) solar cells (405W)</td></tr>
<tr><td>Obtained the MIT Simile Label for products made in Taiwan</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2020 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td rowspan="5">2021</td><td>Obtained the MIT Simile Label for products made in Taiwan (M6 Battery)</td><td rowspan="5">Development of M6 single crystalline PERC cells
Solar photoelectric module of 60 pieces M6 monocrystalline half-cut (120 sub-panes) solar cells (385W)
Solar photoelectric module of 72 pieces M6 monocrystalline half-cut (144 sub-panes) solar cells (465W)</td></tr>
<tr><td>Integration of new key equipment</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2021 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td>M6 Module certified with IEC 61215:2016 and IEC61730:2016</td></tr>
<tr><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td></tr>
</table>

<table>
<tr><th>Year</th><th colspan="2">R&D Accomplishment</th></tr>
<tr><td rowspan="5">2022</td><td>Obtained the MIT Simile Label for products made in Taiwan (M10 Battery)</td><td rowspan="5">Development of M10 single crystalline PERC cells
Solar photoelectric module of 54-pane M10 monocrystalline silicon half-cut (120 sub-panes) solar cells (410W)
Solar photoelectric module of 60-pane M10 monocrystalline silicon half-cut (144 sub-panes) solar cells (460W)
Solar photoelectric module of 66-pane M10 monocrystalline silicon half-cut (120 sub-panes) solar cells (505W)
Solar photoelectric module of 72-pane M10 monocrystalline silicon half-cut (144 sub-panes) solar cells (540W)</td></tr>
<tr><td>M10 Module certified with IEC 61215:2016 and IEC61730:2016</td></tr>
<tr><td>M10 Module was UL certified.</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2022 by the Bureau of Energy, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td></tr>
<tr><td rowspan="4">2023</td><td>Passed the Ministry of Industrial Development Administration,Ministry of Economic Affairs Industry's Upgrading and Innovation Platform Guidance Program.</td><td rowspan="4">Solar photoelectric module of 54-pane M10 monocrystalline silicon half-cut (120 sub-panes) solar cells (420W)
Solar photoelectric module of 60 pieces M10 monocrystalline half-cut (144 sub-panes) solar cells (465W)
Solar photoelectric module of 66-pane M10 monocrystalline silicon half-cut (120 sub-panes) solar cells (515W)</td></tr>
<tr><td>Awarded as outstanding solar optoelectronic products 2023 by the Energy Administration, Ministry of Economic Affairs (cells and modules)</td></tr>
<tr><td>Received the high-performance solar photoelectric module certification under the voluntary product verification program of the Bureau of Standards, Metrology and Inspection (BSMI), MOEA</td></tr>
<tr><td>Completion of wind tunnel testing for Module 17, Level M10, at the Wind and Rain Wind Tunnel Laboratory of the Architecture and Building Research Institute, Ministry of the Interior</td></tr>
</table>

3.Future R&D Plans

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

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

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

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

II. Overview of Market and Production/Sales

(I) Market Analysis

1. Sales Regions of Major Products

Unit: NTD in thousands; %

Sales Region \ Year	2022		2023	
	Amount	Percentage (%)	Amount	Percentage (%)
Asia	8,989,304	99.82	8,104,305	98.10
Europe	-	-	150,854	1.83
America	15,759	0.18	4,899	0.06
Others	-	-	889	0.01
Total	9,005,063	100.00	8,260,947	100.00

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

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

2. Production/Preparation Processes of Primary Products

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

(III) Supply Status of Major Materials

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

1. Balance the inventory level and the inventory cost depending on the circumstances to stabilize the supply of raw materials and to strike a balance between the inventory level and the inventory cost.
2. Work with mainstream gel materials and module aids suppliers in Taiwan and in Mainland China and proactively introduce other competitive suppliers. Continue to screen and test

optimized and weather-resistant conforming materials, and obtain the most competitive prices through open tenders. Ensure steady supply of gel materials and module aids and that they are the best preferred prices.

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

1. Major supplier in the recent 2 years

Unit: NTD in thousands

Item	2022				2023			
	Name	Amount	Percentage in the net purchase of whole year	Relation with the issuer	Name	Amount	Percentage in the net purchase of whole year	Relation with the issuer
1	XIL	1,643,838	26.60	Nil	XIL	957,345	22.52	Nil
2	ZHH	1,269,422	20.54	Nil	ZHH	437,089	10.28	Nil
3	Flat Group	408,108	6.60	Nil	FST	222,069	5.22	Nil
	Others	2,858,535	46.26	—	Others	2,635,092	61.98	—
Net purchase		6,179,903	100.00	—	Net purchase	4,251,595	100.00	—

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

2. Major clients in the recent 2 years

Unit: NTD in thousands

Item	2022				2023			
	Name	Amount	Percentage in the net sale of whole year	Relation with the issuer	Name	Amount	Percentage in the net sale of whole year	Relation with the issuer
1	Company S	1,432,853	15.91	Nil	Company L	1,401,053	16.96	Nil
2	Company G	857,363	9.52	Nil	Company U	1,099,587	13.31	Nil
3	—	—	—		Company Z	880,115	10.66	
4	—	—	—		Company S	826,303	10.00	
	Others	6,714,847	74.57	—	Others	4,053,889	49.07	—
Net sales		9,005,063	100.00	—	Net sales	8,260,947	100.00	—

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

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

Unit of throughput: MW; NTD in thousands

Year / Sales volume and value / Major product (or by department)	2022			2023		
	Capacity	Production volume	Production value	Capacity	Production volume	Production value
Solar cell panes	800	754.14	4,944,467	800	737.34	4,089,213
Solar Module	800	667.32	7,800,130	800	600.30	6,360,390
Total	1,600	1,421.46	12,744,597	1,600	1,337.64	10,449,603

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

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

Year / Sales volume and value / Major product (or by department)	2022				2023			
	Domestic sale		Overseas sale		Domestic sale		Overseas sale	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Solar cell	0.07	4,520	28.24	104,366	7.23	30,009	49.15	226,461
Solar Module	673.81	8,734,197	—	—	600.42	7,842,649	0.06	888
Other operating revenue	-	161,980	—	—	-	160,940	—	—
Total	673.88	8,900,697	28.24	104,366	607.65	8,033,598	49.21	227,349

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

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

Unit: person/year/year-old

Item		2021	2022	2023
Number of employee (persons)	Manager	11	12	15
	Direct employees	190	203	195
	Indirect employees	1165	1671	1423
	Total	1366	1886	1633
Mean age (year old)		33.3	33.75	34.62
Mean number of years in service		3.73	3.68	4.28
Distribution of academic background %	Ph D.	0.59	0.37	0.43
	Master	6.73	5.57	5.88
	Junior college	65.30	68.61	58.73
	Senior high school	25.70	23.59	33.37
	Junior high and lower	1.68	1.86	1.59
	Total	100.00%	100.00%	100.00%

IV. Disbursements for Environmental Protection

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

1. Application of pollution discharge permits

March 31, 2024

A. Hsinchu Plant

Item Table of	Name and description of the Permit
Operation permit of stationary pollution source	On March 30, 212, Hsinchu County Government approved the changes of the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Chu-Xian-Huan-Kong-Tsao-Zheng-Zi No. J0922-06) On March 9, 2023, Hsinchu County Government approved the changes of the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Chu-Xian-Huan-Kong-Tsao-Zheng-Zi No. J0922-06)
Permit of Water Pollution Prevention Measure Program	On September 26, 2011, Hsinchu County Government approved the changes of the operation permit of stationary pollution source under the Water Pollution Prevention and Control Permit Documentation (Chu-Xian-Huan-Pai-Hsu-Zi No. 00814-00) On October 29, 2021, Hsinchu County Government approved the extension and change to the permit document of water pollution prevention (Approved with Letter Chu-Xian-Huan-Pai-Hsu-Zi No. 00814-04)
Waste Disposal Plan	On September 15, 2011, Hsinchu County Government approved the changes to the industrial waste disposal plan (Approved with Letter Fu-Shou-Huan-Ye-Zi No. 1000107925) On February 1, 2024, Hsinchu County Government approved the changes to the industrial waste disposal plan (Approved with Letter Fu-Shou-Huan-Ye-Zi No. 1098658107)
Toxicity and Hazardous Chemicals Authorization Documentation	On April 13, 2021, the Hsinchu plant has been approved by Hsinchu County Government for the Chemicals Authorization Documentation (Approved with Letter Fu-Huan-Yeh-Zi No. 1108652752) On February 1, 2023, the Hsinchu plant has been approved by Hsinchu County Government for the Chemicals Authorization Documentation (Approved with Letter Fu-Huan-Yeh-Zi No. 1128650902) On January 9, 2024, the Hsinchu plant has been approved by Hsinchu County Government for the Hazardous Chemicals Authorization Documentation (Approved with Letter Fu-Huan-Yeh-Zi No.1138650046)

B. Pingtung Plant:

Item	Name and description of the Permit
Stationary pollution source installation permit	On January 30, 2023, the Pingtung Plant was approved by the Pingtung County Government for the installation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M03) (Ping-Fu-Huan-Kong-She-Zheng-Zi No.

Item	Name and description of the Permit
	T0704-00)
Operation of stationary pollution source permit	On March 14, 2019, the Pingtung plant has been approved by Pingtung County Government for the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0875-00) On October 7, 2021, Pingtung County Government approved the changes of the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0875-02) On May 26, 2022, the Pingtung Plant was approved by Pingtung County Government for the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M02) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0932-00) On January 5, 2024, the Pingtung plant has been approved by Pingtung County Government for the operation permit of stationary pollution source under the "Manufacturing Procedures of Solar Cell Manufacturing" (M01) (Ping-Fu-Huan-Kong-Tsao-Zheng-Zi No. T0954-00)
Permit of Water Pollution Prevention Measure Program	On March 20, 2018, the Pingtung plant has been approved by Pingtung County Government for the permit document of water pollution prevention (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-00)
Permit of Water Pollution discharge Measure Program	On November 21, 2018, the Pingtung Plant was approved by Pingtung County Government for the discharge permit of waste water to the surface water (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-00) On February 4, 2023, the Pingtung Plant was approved by Pingtung County Government for the discharge permit of waste water to the surface water (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 02405-02) On September 19, 2023, the Pingtung Plant was approved by Pingtung County Government for the discharge permit of waste water to the surface water (Approved with Letter Ping-Xian-Huan-Shui-Hsu-Zi No. 00126-00)
Waste Disposal Plan	On June 29, 2018, the Pingtung plant has been approved by Pingtung County Government for the industrial waste disposal plan (Approved with Letter Ping-Fu-Huan-Fei-Zi No. 10732516100) On March 2, 2022, Pingtung County Government has approved the industrial waste disposal plan (Approved with Letter Ping-Fu-Huan-Fei-Zi No. 11130941100) On June 20, 2022, Pingtung County Government has approved the industrial waste disposal plan (Approved with Letter Ping-Fu-Huan-Fei-Zi No. 11232897100)

2. Pollution prevention fee payables and the payment

Unit: NTD in thousands

Category	2021	2022	2023
Hsinchu plant- treatment expenses for polluted water	5,192	8,042	6,290
Hsinchu plant- air pollution prevention expenses	310	509	348
Hsinchu plant- soil pollution prevention expenses	22	23	20
Pingtung plant- water pollution prevention expenses	3	23	16
Pingtung plant- air pollution prevention expenses	1,085	1,217	988
Pingtung plant- soil pollution prevention expenses	2	1	1

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

A. Hsinchu Plant

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

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

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

B. Pingtung Plant

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

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

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

A. Hsinchu Plant:

December 31, 2023; Unit: NTD in thousands

Name of Equipment	Quantity	Obtained Date	Investment Cost	Undiscounted Balance	Purpose and expected potential effects generated
Scrubbing tower	1 set	2011/04	79,978	32,086	Preventive equipment for air pollution/ Proper treatment of wasted gas; compliant with the regulatory requirements
Equipment for organic treatment of gas emission	1 set	2011/04	12,142	4,915	
SEX-004 Equipment for organic treatment of gas emission	1 set	2016/10	994	492	
AEX-004 Scrubbing tower	1 set	2016/10	841	428	
NOx emission treatment system	1 set	2016/10	444	226	
Dust collection and emission treatment system for manufacturing process	1 set	2016/10	4,600	2,355	
Wasted water treatment system	1 set	2011/06	62,953	13,581	Preventive equipment for water pollution/ Proper treatment of wasted water; compliant with the regulatory requirements

B. Pingtung Plant:

December 31, 2023; Unit: NTD in thousands

Name of Equipment	Quantity	Obtained Date	Investment Cost	Undiscounted Balance	Purposes and Anticipated Potential Benefits
Gas emission system for general manufacturing process	1 set	2018/05	7,324	4,936	Preventive equipment for air pollution/ Proper treatment of wasted gas; compliant with the regulatory requirements
Air pollution control equipment	1 set	2021/04	6,720	5,600	
Line 4 Air pollution control equipment	1 set	2022/10	13,410	78,125	
Wasted water treatment system	1 set	2018/05	16,700	11,022	Preventive equipment for water pollution/ Proper treatment of wasted water; compliant with the regulatory requirements

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

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

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

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

(IV) In the most recent fiscal years and up to the annual report publication date, losses and penalties suffered by the Company due to environmental pollution incidents (including any compensation), and disclosing corresponding measures being or to be taken (including corrective measures and possible expenditure (including the estimated amounts of possible losses, penalties, and compensation if the corresponding measures are not taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.): Nil.

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

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

1. Establishment of occupational health and safety management system: Once the plant was completed, the environment, safety, and health management system was created based on OHSAS 18001, and TOSHMS standards. The Hsinchu Plant in 2011 and the Pingtung Plant in 2018 were certified for their Environmental and Occupation Health and Safety Management System and Taiwan Occupational Safety and Health Management System (OHSAS 18001 & TOSHMS) and external certification has occurred thereafter each year to keep the OHSAS 18001 (ISO 45001 since 2020) and TOSHMS certificates valid. The occupational health and safety management system is conducted via identification the hazardous factors, risk assessment, and control. The systematic operations are applied to prevent incidents and lower the hazardous risk to employees for safer environment.
2. Safety trainings: The safety trainings are the means to communicate the safety concept and knowledge to the employees. Annual safety training plans are established every year. Not only the newly recruited shall complete the statutory trainings such as general health and safety and hazard knowledge, the fire drills are conducted every year. Through the practices of using fire extinguishers, operating fire hydrants, and the simulations of evacuation from indoor smoke, the fire drills for all are executed. Also for the contingency skills, the employees assigned with firefighting duties are trained for contingency training, including wearing fire fighting suit, A-class protective suits, SCBA, and operating wireless communication, fire fighting towers, and devices for handling disasters.
3. Preparedness for emergencies on the premises: To keep the premises safe and to prevent emergency disasters from occurring and spreading, sufficient equipment to prevent disasters and deter damages needs to be available. The following equipment needs to be available reflective of the characteristics on the premises in order to fulfill damage prevention and control goals:

(1) ERC is established as the command center for disaster.

(2) Medical room is in place; dedicated medical staff provide health advice to employees and the first-aids to injured persons.

(3) More than 300 CCTVs are in place for monitoring and commanding by ERC and the Central Monitoring Room

(4) The detectors and alerts for toxic gases are in place, to achieve the safety objective of the operation sites.

(5) Diesel power generators and EUPS are in place for uninterrupted power supply to the key equipment in plants.

(6) Earthquake monitors are in place to monitor the impacts from earthquakes to the plants, and switch off the supply of special gases if required.

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

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

V. Labor relations:

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

1. Employee benefit measures:

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

(2) Employee benefit implementations

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

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

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

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

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

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

(3) Health and Safety

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

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

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

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

2. Employee education and training

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

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

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

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

3. Retirement system and implementation

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

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

Pension Scheme	Old system	New system
Laws applicable	Labor Standards Act	Labor Pension Act
Contribution method	2% of the total employee wage is contributed to the special account in Bank of Taiwan (originally the Central Trust Bureau) under the Company's name.	6% of personal insured wage is contributed to the personal pension account at the Labor Insurance Bureau based on the insurance range.
Amount of Contribution	Nil	NT$41,586 thousand was contributed in 2023.

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

4. Negotiation between Laborer and Employer:

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

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

5. Implementation of Employee Benefit Protection:

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

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

2. Request for resolving infringement between the Company and the TSEC Corporation Labor Union (the Union). The Union, on the cause that the requirement in the Company's Compensation Management Guidelines that "no shift rotation allowances will be paid for leaves" infringes upon the rights of its members, filed in November 2020 with the Taiwan Hsinchu District Court for resolving the infringement. A civil verdict was rendered by the court (2021 Lao-Su-Zi-No. 26); it

was ruled in favor of the Company. The Union appealed with the Taiwan High Court and a civil verdict was rendered by the High Court (2021 Lao-Su-Zi-No. 137); it was ruled partially in favor and partially against respective clients. Both parties appealed. The whole case is being heard in the Supreme Court now.

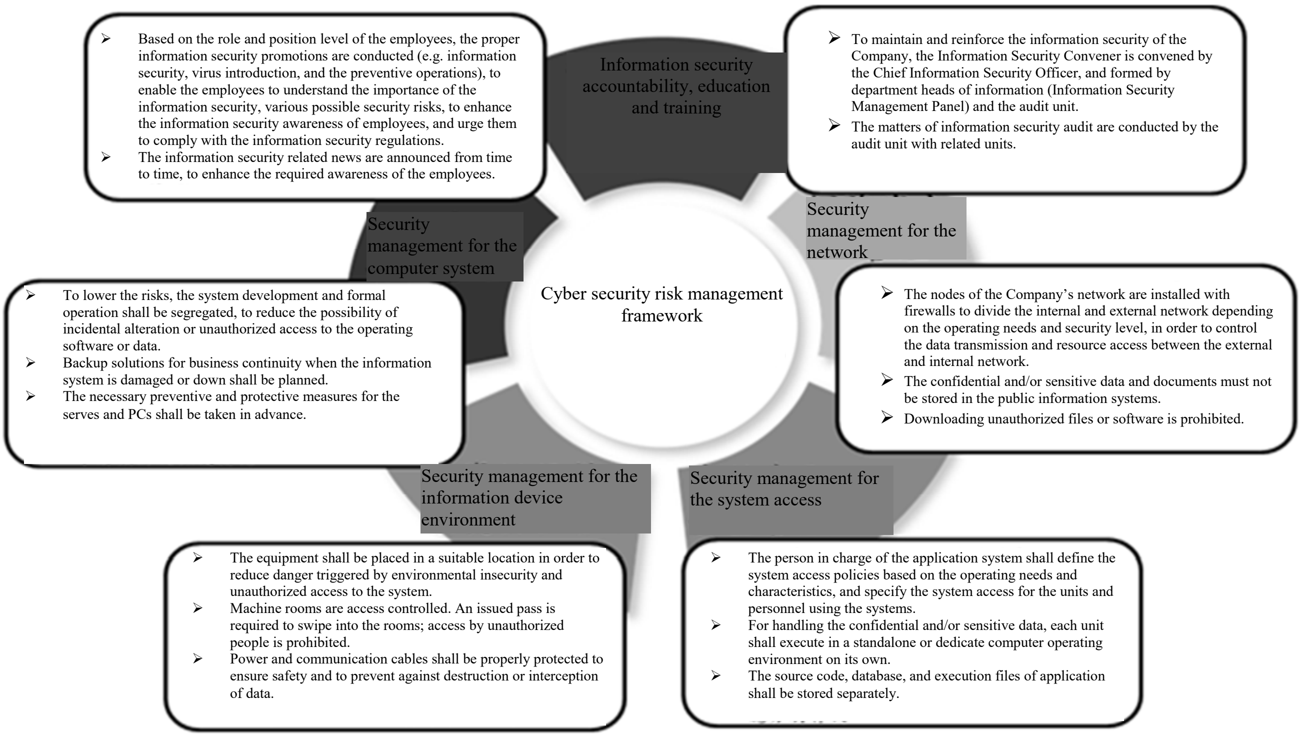
The above-said non-major labor–management disputes did not impact the Company's operations and finance significantly.

VI. Cyber security management:

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

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

(1) Cyber security risk management framework



(2) Cyber security policies

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

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

VII. Important contracts

March 31, 2024

Contract Type	Counterpart	Starting and End Dates of Contracts Date	Major Content	Restrictive Terms
Syndicated Credit Contract	Cooperative Bank, Changhua Bank, Banxin Bank, Aetna Bank, Taiwan Small and Medium Enterprises Bank, No. First Bank, Land Bank, South China Bank, Cooperative Treasury coupons, Mega coupons.	5 years from the date of first use	Loan of NT$ One Billion Nine Hundred Nine.Six Million	The financial statements shall maintain certain financial ratios
Syndicated Credit Contract	Mega International Commercial Bank, Cooperative Bank, Land Bank Bank of China, Changhua Bank, Antai Bank, Wing Bank of China and China Trust Bank. .	5 years from the date of first use	Loan of NT$ Two Billion	The financial statements shall maintain certain financial ratios
Early Stage Technology License Agreement	Chen, Yi-Chen and National Central University	2016/02/01~2023/01/31	Technology License	Nil
Early Stage Technology Transfer License Agreement	Chen, Yi-Chen and National Central University	2021/06/01~2022/05/31	Technology License	Nil
Transaction contract of modules	Company A	2023/7/5~2024/05/31	Module transaction	Nil
Transaction contract of modules	Company A	2023/7/12~2024/04/30	Module transaction	Nil
Transaction contract of modules	Company B	2024/01/13~2025/12/31	Module transaction	Nil
Transaction contract of modules	Company C	2024/01/31~2025/12/31	Module transaction	Nil

Six. Financial Status

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

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

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

(1) Condensed Consolidated Balance Sheets (Consolidated)

Unit: NTD in thousands

Item \ Year		Financial Data in the Recent 5 Years				
		2019	2020	2021	2022	2023
Current asset		1,312,690	3,450,180	3,728,864	4,027,329	4,325,178
Property, Plant and Equipment		6,009,318	4,951,333	4,873,104	5,442,722	6,229,578
Intangible asset		3,047	1,436	4,254	4,708	7,800
Other assets		526,127	1,015,496	1,623,709	1,833,291	1,504,115
Total assets		7,851,182	9,418,445	10,229,931	11,308,050	12,066,671
Current liabilities	Before distribution	2,936,219	2,106,104	2,650,475	2,911,121	2,028,364
	After distribution	2,936,219	2,106,104	2,650,475	2,961,340	Note 2
Non-current liabilities		1,685,267	2,534,007	2,449,909	2,246,164	2,389,284
Total liabilities	Before distribution	4,621,486	4,640,111	5,100,384	5,157,285	4,417,648
	After distribution	4,621,486	4,640,111	5,100,384	5,207,504	Note 2
Equity attributable to shareholders of the parent		3,224,420	4,756,645	5,129,452	6,150,670	7,646,034
Share capital		3,790,167	4,457,967	4,457,967	4,762,967	5,127,967
Capital reserve		5,460	1,154,811	800,321	1,325,024	1,965,635
Retained earnings	Before distribution	(395,691)	(681,541)	46,317	233,728	723,332
	After distribution	(395,691)	(681,541)	46,317	196,064	Note 2
Other equities		(175,516)	(174,592)	(175,153)	(171,049)	(170,900)
Treasury shares		0	0	0	0	0
Non-controlling interests		5,276	21,689	95	95	2,989
Total Equity	Before distribution	3,229,696	4,778,334	5,129,547	6,150,765	7,649,023
	After distribution	3,229,696	4,778,334	5,129,547	6,100,546	Note 2

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

(2) Condensed Comprehensive Income Statement (Consolidated)

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

Item \ Year	Financial Data in the Recent 5 Years				
	2019	2020	2021	2022	2023
Operating Revenue	4,440,874	4,623,829	6,157,192	9,005,063	8,260,947
Operating Gross Income	219,233	487,351	410,762	679,014	1,279,725
Operating Income (Loss)	(96,424)	(295,041)	56,702	247,815	472,627
Non-operating income and expense	(86,504)	(30,362)	(10,453)	(72,390)	49,279
Pre-tax net income	(182,928)	(325,403)	46,249	175,425	521,906
Continuing operations Current period net profit	(200,415)	(284,866)	47,702	189,650	527,262
Loss from discontinuing operation	0	0	0	0	0
Current period net profit (loss)	(200,415)	(284,866)	47,702	189,650	527,262
Other comprehensive income recognized for the period (net amount after tax)	533	924	(511)	1,865	50
Total comprehensive income in the current period	(199,882)	(283,942)	47,191	191,515	527,312
Net income attributable to: Parent Company	(200,616)	(285,850)	46,317	189,650	527,268
Net profit attributable to uncontrolled equity	201	984	1,385	0	6
Total comprehensive income Attributable to the owner of parent	(200,083)	(284,926)	45,756	191,515	527,318
Total comprehensive income Attributable to uncontrolled equity	201	984	1,435	0	6
Earnings (deficits) per share (NT$)	(0.60)	(0.74)	0.10	0.41	1.07

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

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

(1) Condensed Balance Sheet (Standalone)

Unit: NTD in thousands

Item \ Year		Financial Data in the Recent 5 Years				
		2019	2020	2021	2022	2023
Current asset		1,299,188	3,509,202	3,719,656	4,005,069	4,257,097
Property, Plant and Equipment		5,970,526	4,851,851	4,873,104	5,442,722	5,943,366
Intangible asset		3,047	1,436	4,254	4,708	7,800
Other assets		544,875	1,008,022	1,632,815	1,772,090	1,659,116
Total assets		7,817,636	9,370,511	10,229,829	11,224,589	11,867,379
Current liabilities	Before distribution	2,907,949	2,080,665	2,650,468	2,827,755	2,000,206
	After distribution	2,907,949	2,080,665	2,650,468	2,877,974	Note 2
Non-current liabilities		1,685,267	2,533,201	2,449,909	2,246,164	2,221,139
Total liabilities	Before distribution	4,593,216	4,613,866	5,100,377	5,073,919	4,221,345
	After distribution	4,593,216	4,613,866	5,100,377	5,124,138	Note 2
Share capital		3,790,167	4,457,967	4,457,967	4,762,967	5,127,967
Capital reserve		5,460	1,154,811	800,321	1,325,024	1,965,635
Retained earnings	Before distribution	(395,691)	(681,541)	46,317	233,728	723,332
	After distribution	(395,691)	(681,541)	46,317	196,064	Note 2
Other equities		(175,516)	(174,592)	(175,153)	(171,049)	(170,900)
Treasury shares		0	0	0	0	0
Total Equity	Before distribution	3,224,420	4,756,645	5,129,452	6,150,670	7,646,034
	After distribution	3,224,420	4,756,645	5,129,452	6,100,451	Note 2

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

(2) Condensed Comprehensive Income Statement (Standalone)

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

Item \ Year	Financial Data in the Recent 5 Years				
	2019	2020	2021	2022	2023
Operating Revenue	4,454,956	4,702,866	6,253,966	9,005,063	8,242,495
Operating Gross Income	217,395	482,992	400,688	679,014	1,269,879
Operating Income (Loss)	(97,800)	(298,598)	48,790	248,091	464,503
Non-operating income and expense	(85,558)	(28,393)	(4,779)	(72,666)	55,962
Pre-tax net income	(183,358)	(326,991)	44,011	175,425	520,465
Continuing operations Current period net profit	(200,616)	(285,850)	46,317	189,650	527,268
Loss from discontinuing operation	0	0	0	0	0
Current period net profit (loss)	(200,616)	(285,850)	46,317	189,650	527,268
Other comprehensive income recognized for the period (net amount after tax)	533	924	(561)	1,865	50
Total comprehensive income in the current period	(200,083)	(284,926)	45,756	191,515	527,318
Earnings (deficits) per share (NT$)	(0.60)	(0.74)	0.10	0.41	1.07

Note 1: The abovementioned financial data are certified by the CPAs.

Note 2: The Company only prepares parent-only financial reports on an annual basis.

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

Year	Name of Accounting Firm	Name of Accountants	Audit opinion
2019	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2020	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2021	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2022	Deloitte Taiwan	Alice Huang and Connie Chen	Unqualified opinions
2023	Deloitte Taiwan	Yu, Cheng-Chuan, Connie Chen.	Unqualified opinions

II. Financial Analysis in the Recent 5 Years

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

(1) Financial analysis - Consolidated financial report

Analysis Item (Note 2)	Year (Note 1)	Financial analysis in the recent 5 years				
		2019	2020	2021	2022	2023
Finance Structure (%)	Liability to Asset ratio	58.86%	49.27%	49.86%	45.61%	36.61%
	Long-term Fund to Property, Plant and Equipment Ratio	81.79%	147.68%	155.54%	154.28%	161.14%
Solvency (%)	Current Ratio (%)	44.71%	163.82%	140.69%	138.34%	213.23%
	Quick Ratio (%)	27.39%	118.27%	72.30%	74.81%	146.34%
	Times Interest Earned (Times)	(0.54)	(2.67)	1.66	3.52	9.22
Operating	Average Collection Turnover (Times)	16.90	10.77	8.55	9.39	6.04
	Days Sales Outstanding	22	34	43	39	60
	Average Inventory Turnover (Times)	8.10	6.42	4.83	5.09	4.70
	Average Payment Turnover (Times)	8.18	8.25	7.11	8.77	9.82
	Average Inventory Turnover Days	45	57	76	72	78
	Property, Plant and Equipment Turnover (Times)	0.70	0.84	1.25	1.75	1.42
	Total Assets Turnover (Times)	0.55	0.54	0.63	0.84	0.71
Profitability	Return on Total Assets (%)	(1.30%)	(2.48%)	1.06%	2.28%	4.95%
	Return on Equity (%)	(6.47%)	(7.11%)	0.96%	3.36%	7.64%
	Operating Income to Paid-in Capital Ratio (%) (Note 6)	(4.83%)	(7.30%)	1.04%	3.68%	10.18%
	Net Margin (%)	(4.51%)	(6.16%)	0.77%	2.11%	6.38%
	Earnings Per Share (NT$)	(0.60)	(0.74)	0.10	0.41	1.07
Cash Flow	Cash Flow Ratio (%)	14.53%	(6.81%)	18.90%	5.94%	67.58%
	Cash Flow Adequacy Ratio (%)	30.33%	11.11 %	12.45 %	17.31%	47.93%
	Cash Flow Reinvestment Ratio (%)	2.67%	(1.46%)	4.83%	1.55%	11.00%
Leverage	Operating Leverage	(14.45)	(5.28)	27.00	8.45	6.36
	Financial Leverage	0.45	0.77	(4.28)	1.39	1.16

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

1. Liquidity and Quick Ratio: Mainly reduced short-term borrowings by the end of 2023, resulting in a decrease in current liabilities.
2. Interest Protection Multiples: Mainly because of the increase in profit of 2023.
3. Financial Capability: The composition of major customers differed in the two years, with varying credit conditions, resulting in a decrease in accounts receivable turnover and an increase in average collection days.
4. Profitability: Mainly due to an increased proportion of sales of large-size products in 2023, resulting in increased gross profit, operating profit, and net profit after tax.
5. Cash Flow: Mainly due to an increase in net cash flow from operating activities in 2023, resulting in increased cash flow ratio and cash reinvestment ratio.
6. Leverage: The decrease in operating leverage and the increase in financial leverage are due to the increased operating profit in 2023.

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

Note 2: The above calculation formulas are listed below:

1. Financial structure

(1) Liability to Asset Ratio=Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Solvency

(1) Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities

(3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

(1) Receivable (Including the Receivable and Notes Receivable from Operation)= Net Sales / Average Trade Receivables (Including the Receivable and Notes Receivable from Operation)

(2) Days Sales Outstanding = 365 / Average Collection Turnover

(3) Average Inventory Turnover = Cost of Sales / Average Inventory

(4) Payables (Including the Payables and Notes Payables from Operation)= Sale Costs / Average Trade Payables (Including the Payables and Notes Payables from Operation)

(5) Average Inventory Turnover Days = 365 / Average Inventory Turnover

(6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability

(1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity= Net Income / Average Equity

(3) Net Margin = Net Income / Net Sales

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

5. Cash Flow

(1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities.

(2) Cash Flow Adequacy Ratio = 5-year Sum of Cash from Operations / 5-year Sum of Capital (Expenditures, Inventory Additions, and Cash Dividend)

(3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital). (Note 4)

6. Leverage

(1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations (Note 5)

(2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

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

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

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

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

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

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

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

Analysis Item (Note 2) \ Year (Note 1)		Financial analysis in the recent 5 years				
		2019	2020	2021	2022	2023
Finance Structure (%)	Liability to Asset ratio	58.75%	49.24%	49.86%	45.20%	35.57%
	Long-term Fund to Property, Plant and Equipment Ratio	82.23%	150.25%	155.53%	154.28%	166.02%
Solvency (%)	Current Ratio (%)	44.68%	168.66%	140.34%	141.63%	212.83%
	Quick Ratio (%)	27.19%	122.57%	71.95%	76.23%	145.11%
	Times Interest Earned (Times)	(0.55)	(2.71)	1.64	3.56	9.66
Operatin g .	Average Collection Turnover (Times)	18.09	10.98	8.69	9.39	6.05
	Days Sales Outstanding	20	33	42	39	60
	Average Inventory Turnover (Times)	8.13	6.55	4.92	5.09	4.69
	Average Payment Turnover (Times)	8.21	8.41	7.24	8.77	9.80
	Average Inventory Turnover Days	45	56	74	72	78
	Property, Plant and Equipment Turnover (Times)	0.71	0.87	1.29	1.75	1.45
	Total Assets Turnover (Times)	0.55	0.55	0.64	0.84	0.71
Profitabil ity .	Return on Total Assets (%)	(1.31%)	(2.51%)	1.03%	2.28%	4.98%
	Return on Equity (%)	(6.48%)	(7.16%)	0.94%	3.36%	7.64%
	Net profit before tax to paid-up capital ratio (%) (Note 6)	(4.84%)	(7.33%)	0.99%	3.68%	10.15%
	Net Margin (%)	(4.50%)	(6.08%)	0.74%	2.11%	6.4%
	Earnings Per Share (NTD)	(0.60)	(0.74)	0.10	0.41	1.07
Cash Flow	Cash Flow Ratio (%)	14.67%	(10.86%)	19.00%	6.51%	68.69%
	Cash Flow Adequacy Ratio (%)	34.91%	15.33%	25.01%	25.34%	51.88%
	Cash Flow Reinvestment Ratio (%)	4.42%	(2.30%)	4.86%	1.65%	11.19%
Leverage	Operating Leverage	(14.26)	(5.20)	31.03	8.44	6.43
	Financial Leverage	0.45	0.77	(2.49)	1.38	1.15

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

1. Liquidity and Quick Ratio: Mainly reduced short-term borrowings by the end of 2023, resulting in a decrease in current liabilities.
2. Interest Protection Multiples: Mainly because of the increase in profit of 2023.
3. Operating ability: The composition of major customers differed in the two years, with varying credit conditions, resulting in a decrease in accounts receivable turnover and an increase in average collection days.
4. Profitability: Mainly due to an increased proportion of sales of large-size products in 2023, resulting in increased gross profit, operating profit, and net profit after tax.
5. Cash Flow: Mainly due to an increase in net cash flow from operating activities in 2023, resulting in increased cash flow ratio and cash reinvestment ratio.
6. Leverage: The decrease in operating leverage and the increase in financial leverage are due to the increased operating profit in 2023.

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

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

III. Audit Committee’s Review Report of the past year’s financial statement

TSEC Corporation
Audit Committee’s Audit Report

The Board of Directors has produced the Company’s 2023 business report, financial statements and annual profit distribution table, and the financial statements (both consolidated and standalone) have been audited by certified accountants Yu, Cheng-Chuan and Connie Chen of Deloitte Taiwan, with the auditing report attached. The abovementioned documents have been audited and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

Sincerely,

The 2024 Annual General Meeting

Convener of the Audit Committee: Lin Gu-Tong

March 6, 2024

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

TSEC Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, TSEC Corporation and its subsidiaries did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TSEC CORPORATION

By

ELLICK LIAO
Chairman

March 6, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TSEC Corporation

Opinion

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

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph) the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

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

The sales revenue from customers added to the top twenty revenue-contributing sections for the year ended December 31, 2023 was $2,364,565 thousand, which accounted for 28.62% of the Group's operating revenue and is material to the Group's consolidated financial statements. Since management may be under pressure to achieve financial goals, the inherent risk of fraud in revenue recognition is high. Thus, we identified the risk of revenue recognition as a key audit matter. For the related accounting policies, refer to Note 4 of the consolidated financial statements.

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

Other Matter

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

We have also audited the parent company only financial statements of TSEC Corporation as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chuan Yu and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2024

<u>*Notice to Readers*</u>

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,194,354	10	$ 837,804	8
Financial assets at amortized cost - current (Notes 4 and 8)	139,120	1	134,929	1
Notes receivable (Notes 4, 9 and 25)	83,894	1	-	-
Accounts receivable (Notes 4, 9 and 25)	1,487,008	12	1,164,930	10
Accounts receivable from related parties (Notes 4, 9, 25 and 32)	42,437	-	9,498	-
Other receivables (Notes 4 and 9)	2,640	-	15,449	-
Other receivables from related parties (Notes 4 and 32)	1,385	-	1,416	-
Current tax assets (Notes 4 and 26)	2,340	-	382	-
Inventories (Notes 4 and 10)	1,274,866	11	1,699,321	15
Other current assets (Notes 18 and 33)	97,134	1	163,600	2
Total current assets	4,325,178	36	4,027,329	36
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4 and 8)	63,698	1	123,282	1
Investments accounted for using the equity method (Notes 4, 13 and 33)	781,105	6	325,622	3
Property, plant and equipment (Notes 4, 5, 14, 19 and 33)	6,229,578	52	5,442,722	48
Right-of-use assets (Notes 4 and 15)	16,216	-	10,770	-
Investment properties (Notes 4, 16 and 33)	-	-	163,159	1
Other intangible assets (Notes 4 and 17)	7,800	-	4,708	-
Deferred tax assets (Notes 4 and 26)	244,812	2	236,844	2
Other non-current assets (Notes 18, 29 and 33)	398,284	3	973,614	9
Total non-current assets	7,741,493	64	7,280,721	64
TOTAL	$ 12,066,671	100	$ 11,308,050	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19, 29 and 33)	$ 341,836	3	$ 939,962	8
Short-term bills payable (Notes 19, 29 and 33)	79,904	1	329,513	3
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	724	-	637	-
Financial liabilities for hedging - current (Notes 4 and 31)	-	-	218	-
Contract liabilities (Notes 4, 25 and 32)	90,007	1	117,745	1
Notes payable (Note 20)	23	-	24	-
Accounts payable (Note 20)	525,327	4	898,218	8
Other payables (Notes 21 and 29)	442,012	4	393,148	4
Lease liabilities - current (Notes 4, 15 and 29)	11,736	-	5,473	-
Current portion of long-term borrowings (Notes 19, 29 and 33)	518,933	4	218,604	2
Other current liabilities (Note 21)	17,862	-	7,579	-
Total current liabilities	2,028,364	17	2,911,121	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 19, 29 and 33)	2,068,284	17	1,931,346	17
Provisions (Note 4)	25,021	-	17,140	-
Deferred tax liabilities (Notes 4 and 26)	3,346	-	628	-
Lease liabilities - non-current (Notes 4, 15 and 29)	4,684	-	5,396	-
Preferred stock liabilities - non-current (Notes 4 and 23)	287,949	3	287,949	3
Guarantee deposits received (Notes 21 and 29)	-	-	3,705	-
Total non-current liabilities	2,389,284	20	2,246,164	20
Total liabilities	4,417,648	37	5,157,285	46
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 24)				
Share capital	5,127,967	42	4,762,967	42
Capital surplus	1,965,635	16	1,325,024	12
Retained earnings				
Legal reserve	23,373	-	4,632	-
Special reserve	171,049	2	41,685	-
Unappropriated earnings	528,910	4	187,411	2
Total retained earnings	723,332	6	233,728	2
Other equity	(170,900)	(1)	(171,049)	(2)
Total equity attributable to owners of the Company	7,646,034	63	6,150,670	54
NON-CONTROLLING INTERESTS	2,989	-	95	-
Total equity	7,649,023	63	6,150,765	54
TOTAL	$ 12,066,671	100	$ 11,308,050	100

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 25, 32 and 38)	$ 8,260,947	100	$ 9,005,063	100
OPERATING COSTS (Notes 10, 22 and 25)	6,986,706	84	8,328,524	92
GROSS PROFIT	1,274,241	16	676,539	8
UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES	5,329	-	2,425	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	155	-	50	-
REALIZED GROSS PROFIT	1,279,725	16	679,014	8
OPERATING EXPENSES (Notes 22, 25 and 32)				
Selling and marketing	110,181	1	104,289	1
General and administrative	302,002	4	233,815	3
Research and development	68,103	1	49,839	1
Expected credit loss (Note 9)	1,669	-	18,714	-
Total operating expenses	481,955	6	406,657	5
OTHER OPERATING INCOME AND EXPENSES (Note 25)	(325,143)	(4)	(24,542)	-
PROFIT FROM OPERATIONS	472,627	6	247,815	3
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 25)	(72,170)	(1)	(80,746)	(1)
Share of profit or loss of associates (Note 13)	46,851	1	1,956	-
Interest income (Note 25)	23,331	-	6,456	-
Rental income (Note 32)	25,072	-	22,702	-
Other income (Note 32)	24,184	-	13,069	-
Foreign exchange loss, net (Note 25)	(375)	-	(20,382)	-
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	2,667	-	(15,445)	-
Miscellaneous expenses	(281)	-	-	-
Total non-operating income and expenses	49,279	-	(72,390)	(1)

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	$ 521,906	6	$ 175,425	2
INCOME TAX BENEFIT (Notes 4 and 26)	5,356	-	14,225	-
NET PROFIT	527,262	6	189,650	2
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	1,404	-
Gain or loss on hedging instruments subject to basis adjustment (Note 24)	119	-	(218)	-
Income tax relating to items that will not be reclassified to profit or loss (Note 26)	(44)	-	44	-
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(24)	-	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of the financial statements of foreign operations (Note 24)	(2)	-	794	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	1	-	(159)	-
Other comprehensive income (loss) for the year, net of income tax	50	-	1,865	-
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 527,312	6	$ 191,515	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 527,268	6	$ 189,650	2
Non-controlling interests	(6)	-	-	-
	$ 527,262	6	$ 189,650	2

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 527,318	6	$ 191,515	2
Non-controlling interests	(6)	-	-	-
	$ 527,312	6	$ 191,515	2
EARNINGS PER SHARE (Note 27)				
Basic	$ 1.07		$ 0.41	
Diluted	$ 1.04		$ 0.41	

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company (Notes 24)											
							Other Equity					
	Share Capital			Retained Earnings			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments			
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings				Total	Non-controlling Interests (Note 24)	Total Equity
BALANCE AT JANUARY 1, 2022	445,797	$ 4,457,967	$ 800,321	$ -	$ -	$ 46,317	$ (869)	$ (174,284)	$ -	$ 5,129,452	$ 95	$ 5,129,547
Appropriation of the 2021 earnings												
Legal reserve	-	-	-	4,632	-	(4,632)	-	-	-	-	-	-
Special reserve	-	-	-	-	41,685	(41,685)	-	-	-	-	-	-
Issuance of ordinary shares for cash	30,500	305,000	503,250	-	-	-	-	-	-	808,250	-	808,250
Compensation cost of employee share options (Notes 24 and 28)	-	-	21,442	-	-	-	-	-	-	21,442	-	21,442
Changes in percentage of ownership interests in investment accounted for using the equity method (Note 24)	-	-	11	-	-	-	-	-	-	11	-	11
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 11 and 24)	-	-	-	-	-	(2,239)	-	2,239	-	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	189,650	-	-	-	189,650	-	189,650
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	635	1,404	(174)	1,865	-	1,865
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	189,650	635	1,404	(174)	191,515	-	191,515
BALANCE AT DECEMBER 31, 2022	476,297	4,762,967	1,325,024	4,632	41,685	187,411	(234)	(170,641)	(174)	6,150,670	95	6,150,765
Appropriation of the 2022 earnings												
Legal reserve	-	-	-	18,741	-	(18,741)	-	-	-	-	-	-
Special reserve	-	-	-	-	129,364	(129,364)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(37,664)	-	-	-	(37,664)	-	(37,664)
Cash dividends from capital surplus	-	-	(12,555)	-	-	-	-	-	-	(12,555)	-	(12,555)
Issuance of ordinary shares for cash	36,500	365,000	624,150	-	-	-	-	-	-	989,150	-	989,150
Compensation cost of employee share options (Notes 24 and 28)	-	-	29,016	-	-	-	-	-	-	29,016	-	29,016
Basis adjustments to gain on hedging instruments	-	-	-	-	-	-	-	-	99	99	-	99
Increase in non-controlling interests, net	-	-	-	-	-	-	-	-	-	-	2,900	2,900
Net profit for the year ended December 31, 2023	-	-	-	-	-	527,268	-	-	-	527,268	(6)	527,262
Other comprehensive income for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(1)	(24)	75	50	-	50
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	527,268	(1)	(24)	75	527,318	(6)	527,312
BALANCE AT DECEMBER 31, 2023	512,797	$ 5,127,967	$ 1,965,635	$ 23,373	$ 171,049	$ 528,910	$ (235)	$ (170,665)	$ -	$ 7,646,034	$ 2,989	$ 7,649,023

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

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

TSEC CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 521,906	$ 175,425
Adjustments for:		
Depreciation	888,946	591,358
Amortization	3,495	1,855
Expected credit loss recognized on accounts receivable	1,669	18,714
Net (gain) loss on fair value changes of financial instruments at fair value through profit or loss	(2,667)	15,445
Finance costs	72,170	80,746
Interest income	(23,331)	(6,456)
Shared-based payment expenses	29,016	21,442
Share profit of associates	(46,851)	(1,956)
Loss on disposal of property, plant and equipment	318,921	16,105
Write-down of inventories	69,196	97,900
Unrealized loss on transactions with associates	(5,329)	(2,425)
Realized gain on transactions with associates	(155)	(50)
Net unrealized gain on foreign currency exchange	(3,619)	(3,029)
Gain on modification of lease	(13)	-
Provisions for liabilities	7,881	2,445
Prepayments for equipment transferred to loss	4,000	8,436
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,754	(15,051)
Notes receivable	(83,894)	-
Accounts receivable	(323,764)	(429,168)
Accounts receivable from related parties	(32,939)	78,986
Other receivables	13,402	(1,546)
Other receivables from related parties	31	(1,220)
Inventories	355,259	(225,081)
Other current assets	62,466	80,062
Contract liabilities	(27,738)	(176,487)
Notes payable	(1)	24
Accounts payable	(366,463)	(97,912)
Other payables	7,744	38,061
Other current liabilities	10,283	1,151
Cash generated from operations	1,452,375	267,774
Interest received	22,738	5,116
Finance costs paid	(102,522)	(99,813)
Income tax paid	(1,895)	(283)
Net cash generated from operating activities	1,370,696	172,794

(Continued)

TSEC CORPORATION AND SUBSIDIARIES

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at amortized cost	$ 63,328	$ -
Purchases of financial assets at amortized cost	(8,310)	(156,708)
Proceeds from sale of financial assets at fair value through other comprehensive income	-	7,504
Proceeds from sale of financial assets for hedging	(99)	-
Acquisition of associates (Note 13)	(432,000)	-
Payments for property, plant and equipment (Note 29)	(1,196,177)	(1,300,521)
Proceeds from disposal of property, plant and equipment	16,931	830
Increase in refundable deposits	-	(1,981)
Decrease in refundable deposits	6,665	-
Payments for intangible assets	(6,587)	(2,309)
Dividends received from investments accounted for using equity method	28,828	2,138
Net cash used in investing activities	(1,527,421)	(1,451,047)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	340,990
Repayments of short-term borrowings	(514,777)	-
Proceeds from short-term bills payable	-	329,513
Repayments of short-term bills payable	(249,609)	-
Proceeds from long-term borrowings	536,332	894,000
Repayments of long-term borrowings	(182,414)	(1,297,458)
Decrease in guarantee deposits received	(3,705)	-
Repayments of the principal portion of lease liabilities	(11,390)	(11,753)
Distributed cash dividends	(50,219)	-
Proceeds from issuance of ordinary shares	989,150	808,250
Increase in non-controlling interests, net	2,900	-
Net cash generated from financing activities	516,268	1,063,542
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,993)	(4,867)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	356,550	(219,578)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	837,804	1,057,382
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,194,354	$ 837,804

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

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

TSEC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	**Effective Date Announced by IASB (Note 1)**
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

See Note 12 and Table 5 of Note 37 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Noncontrolling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

f. Foreign currencies

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

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

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

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

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

g. Inventories

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

h. Investments in associates

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

The Group uses the equity method to account for its investments in associates.

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

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

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

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

i. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

j. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

n. Hedge accounting

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

Cash flow hedges

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

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

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

o. Provisions

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

p. Revenue recognition

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

Revenue from the sale of goods

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

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

Power plant sales

When the power plant is accepted, the customer already has the right to use it and the control of ownership of the power plant has been transferred. Therefore, the Group recognizes revenue and accounts receivable at that point in time and obtains confirmation documents signed by customers.

Sale of electricity

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

q. Leases

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

1) The Group as lessor

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

2) The Group as lessee

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

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

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

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

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

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

r. Borrowing costs

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

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

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

s. Government grants

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

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

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

u. Share-based payment arrangements - employee share options

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

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

v. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group 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.

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 Group, and after the assessment of the economic benefits and status of the machinery and equipment to be replaced, it is proposed to change the estimated service life of those machinery and equipment to reflect the actual service life and reasonably amortize costs to facilitate the provision of reliable and more relevant information. Therefore, the service life of some of the machinery and equipment is shortened starting May 1, 2023. The change in estimate increases the depreciation expenses in 2023 by $167,653 thousand, which has been fully reflected in the Group's 2023 consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 609	$ 609
Checking accounts and demand deposits	734,023	686,570
Cash equivalents		
Time deposits with original maturities of 3 months or less	459,722	150,625
	$ 1,194,354	$ 837,804

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

	December 31	
	2023	2022
Demand deposits	0.001%-1.45%	0.05%-1.05%
Time deposits with original maturities of 3 months or less	0.55%-5.65%	1.70%-4.70%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2023			
Buy	USD/NTD	2024.01.10	RMB1,120/NTD4,923
	USD/NTD	2024.01.10	RMB585/NTD2,572
	USD/NTD	2024.01.10	RMB1,258/NTD5,520
	USD/NTD	2024.01.10	RMB2,000/NTD8,759
	USD/NTD	2024.01.10	RMB7,345/NTD32,245
December 31, 2022			
Buy	USD/NTD	2023.01.10	USD1,000/NTD31,242
	USD/NTD	2023.01.10	USD790/NTD24,447
	USD/NTD	2023.01.10	USD1,000/NTD30,532

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

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturities of more than 3 months	$ 85,344	$ 124,929
Restricted assets - Cash in banks	53,776	10,000
	$ 139,120	$ 134,929
Non-current		
Restricted assets-Time deposits with original maturities of more than 3 months	$ 63,698	$ 123,282

As of December 31, 2023 and 2022, the interest rate range was 0.53% - 5.65% and 0.2% - 3.5%, respectively

The financial assets at amortized cost - restricted assets of Groups were used as pledged deposits and reserve accounts for secured borrowings from banks, performance guarantee and borrowings for purchases. Refer to Note 33 for the details.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31 2023	December 31 2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 83,894	$ -
Less: Allowance for impairment loss	-	-
	$ 83,894	$ -
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 1,507,068	$ 1,183,321
Less: Allowance for impairment loss	(20,060)	(18,391)
	$ 1,487,008	$ 1,164,930
Accounts receivable from related parties		
At amortized cost		
Gross carrying amount	$ 42,437	$ 9,498
Less: Allowance for impairment loss	-	-
	$ 42,437	$ 9,498
Other receivables		
Interest receivable	$ 2,149	$ 1,556
Value-added tax rebate	-	8,415
Rent receivables	-	5,408
Others	491	70
	$ 2,640	$ 15,449

a. Notes receivable

The Group's average cash days for notes receivable ranged from 45 to 90 days.

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

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

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

b. Accounts receivable/Accounts receivable from related parties

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

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

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

The following table details the loss allowance of trade receivables (including related parties) based on the Group's provision matrix:

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	Over 121 Days	Individual Assessment	Total
Expected credit loss rate	0.06%	4.27%	-	-		
Gross carrying amount	$ 1,527,554	$ 2,928	$ -	$ -	$ 19,023	$ 1,549,505
Loss allowance (Lifetime ECLs)	(911)	(126)	-	-	(19,023)	(20,060)
Amortized cost	$ 1,526,643	$ 2,802	$ -	$ -	$ -	$ 1,529,445

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	Over 121 Days	Individual Assessment	Total
Expected credit loss rate	0.30%	4.87%	-	-		
Gross carrying amount	$ 1,160,338	$ 13,458	$ -	$ -	$ 19,023	$ 1,192,819
Loss allowance (Lifetime ECLs)	(3,467)	(656)	-	-	(14,268)	(18,391)
Amortized cost	$ 1,156,871	$ 12,802	$ -	$ -	$ 4,755	$ 1,174,428

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

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

c. Other receivables

The Group's account of other receivables is mainly the tax refund receivable and interest receivable. The Group adopted a policy of dealing only with creditworthy counterparties. The Group determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of December 31, 2023 and 2022, the Group assessed that the expected credit loss rate of other receivables was 0%.

10. INVENTORIES

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

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

	December 31	
	2023	2022
Cost of inventories sold	$ 6,892,804	$ 8,213,221
Inventory write-downs	69,196	97,900
Others	24,706	17,403
	$ 6,986,706	$ 8,328,524

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

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

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

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2023	Proportion of Ownership (%) December 31 2022	Remark
TSEC Corporation	TSEC America, Inc.	Sales of solar related products; main operating risk is exchange rate	100.00	100.00	a
	Houchang Energy Corporation	Energy storage of regulation reserve; main operating risks are government regulations and natural disasters	100.00	100.00	c
	Changyang Optoelectronics Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	80.00	80.00	
	Yunsheng Optoelectronics Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00	
	Yunxing Optoelectronics Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00	
	TSECPV (HK) LIMITED	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00	e

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2023	2022	Remark
	Hengli Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00	b
	Yuan-Jin Energy Co., Ltd.	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	90.00	-	d
Hou Chang Energy Corporation	Hengyong Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00	
	Hengli Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	-	-	b
	Yongli Energy Corporation	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	100.00	
Yuan Jin Energy Co., Ltd.	Jinjing Electric Power Co., Ltd.	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	100.00	-	f

(Concluded)

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

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

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

d. The Company established Yuan-Jin Energy Co., Ltd. in February 2023 to engage in power development for $26,100 thousand in cash, shareholding became 90%, operation and sales businesses of solar power generation systems, and the business registration has been completed.

e. The Company increased its capital in the subsidiary TSECPV (HK) LIMITED by $50 thousand in November 2023, and the Company’s shareholding percentage remained unchanged.

f. In December 2023, Yuan-Jin Energy Co., Ltd. purchased the entire equity of Jinjing Electric Power Co., Ltd. from KWE Corporation with cash of $24 thousand, and the Company's shareholding became 100% after the acquisition, and increased its capital in the subsidiary Jinjing Electric Power Co., Ltd. by $28,000 thousand in December 2023, and the Company's shareholding percentage remained unchanged.

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

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

a. Material associate

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2023**	**2022**
Holdgood	45.49%	45.49%
Yuan-Yu	20%	-
NFC III	24%	-

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

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

In July 2023, the Group acquired 43,200 thousand common shares from NFC III with NTD432,000 thousand in cash, with a shareholding of 24%.

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

Holdgood

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

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

Yuan-Yu

	December 31, 2023
Current assets	$ 191,432
Non-current assets	1,717,821
Current liabilities	(151,720)
Non-current liabilities	(1,139,810)
Equity	$ 617,723
Proportion of the Group's ownership	20%
The rights and interests of the Company	$ 123,545
Unrealized gains and losses on downstream transactions	(1,370)
Carrying amount	$ 122,175

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

NFC III

	December 31, 2023
Current assets	$ 203,725
Non-current assets	1,577,843
Current liabilities	(110)
Non-current liabilities	-
Equity	$ 1,781,458
Proportion of the Group's ownership	24%
The rights and interests of the Company	$ 427,550
Unrealized gains and losses on downstream transactions	-
Carrying amount	$ 427,550

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

b. Associates that are not individually material

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

Aggregate information of associates that are not individually material:

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

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

Refer to Note 33 for the merged company issued the equity of Yuan-Yu to the financial bank as collateral for Yuan-Yu financing.

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

14. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Group

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2023	$ 1,071,526	$ 3,477,828	$ 3,192,654	$ 24,917	$ 344,535	$ 530,800	$ 8,642,260
Additions	-	257,303	1,539,926	-	33,049	6,709	1,836,987
Disposals	-	-	(2,163,059)	(179)	(79,263)	-	(2,242,501)
Reclassification	-	798,278	6,701	-	-	(509,895)	295,084
Balance at December 31, 2023	1,071,526	4,533,409	2,576,222	24,738	298,321	27,614	8,531,830
Accumulated depreciation and impairment							
Balance at January 1, 2023	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Depreciation expense	-	167,053	672,299	40	31,199	-	870,591
Disposals	-	-	(1,829,056)	(179)	(77,414)	-	(1,906,649)
Reclassification	-	138,696	76	-	-	-	138,772
Balance at December 31, 2023	-	1,555,349	531,597	24,634	190,672	-	2,302,252
Carrying amount at December 31, 2023	$ 1,071,526	$ 2,978,060	$ 2,044,625	$ 104	$ 107,649	$ 27,614	$ 6,229,578
Cost							
Balance at January 1, 2022	$ 1,071,526	$ 3,414,260	$ 3,236,862	$ 24,806	$ 263,933	$ 64,974	$ 8,076,361
Additions	-	30,149	543,612	160	81,147	499,245	1,154,313
Disposals	-	-	(587,820)	(49)	(545)	-	(588,414)
Reclassification	-	33,419	-	-	-	(33,419)	-
Balance at December 31, 2022	1,071,526	3,477,828	3,192,654	24,917	344,535	530,800	8,642,260
Accumulated depreciation and impairment							
Balance at January 1, 2022	-	1,109,070	1,849,304	24,323	220,560	-	3,203,257
Depreciation expense	-	140,530	409,860	499	16,871	-	567,760
Disposals	-	-	(570,886)	(49)	(544)	-	(571,479)
Balance at December 31, 2022	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Carrying amount at December 31, 2022	$ 1,071,526	$ 2,288,228	$ 1,504,376	$ 144	$ 107,648	$ 530,800	$ 5,442,722

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

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

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

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

Refer to Notes 19 and 33 for the carrying amounts of property, plant and equipment pledged by the Group to secure borrowings.

Refer to Note 25.i for capitalized interest for the years ended December 31, 2023 and 2022.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

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

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

b. Lease liabilities

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

Ranges of discount rates for lease liabilities were as follows:

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

c. Material leasing activities and terms

The Group leases certain cars and buildings to be use as company vehicles, employee dormitories and offices with lease terms of 2-4 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 4,608	$ 6,493
Total cash outflow for leases	$ (16,498)	$ (18,733)

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

16. INVESTMENT PROPERTIES

	Buildings
Cost	
Balance at January 1, 2023	$ 295,084
Reclassification (Note)	(295,084)
Balance at December 31, 2023	-
Accumulated depreciation	
Balance at January 1, 2023	131,925
Depreciation expenses	6,847
Reclassification (Note)	(138,772)
Balance at December 31, 2023	-
Carrying amount at December 31, 2023	$ -

(Continued)

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

(Concluded)

Note: Reclassified to property, plant and equipment.

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

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

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

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:

	December 31	
	2023	2022
Year 1	$ -	$ 43,705
Year 2	-	48,000
Year 3	-	48,000
Year 4	-	8,000
	$ -	$ 147,705

The fair value of the investment properties was not evaluated by independent qualified professional valuers. The Group management only adopted evaluation models commonly used by market participants, and measured by using Level 3 inputs, the evaluation is based on the cash flow method. The fair value as appraised was as follows:

	December 31	
	2023	2022
Fair value	$ -	$ 441,246

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

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

17. OTHER INTANGIBLE ASSETS

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

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

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

Summary of amortization by function

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

18. OTHER ASSETS - CURRENT AND NON-CURRENT

	December 31	
	2023	2022
Current		
Prepayments	$ 53,200	$ 114,485
Prepayment expenses	28,711	35,828
Others	15,223	13,287
	$ 97,134	$ 163,600

(Continued)

	December 31	
	2023	2022
Non-current		
Prepayments for equipment (capitalized interest included)	$ 222,898	$ 791,563
Refundable deposits	175,386	182,051
	$ 398,284	$ 973,614

(Concluded)

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Bank credit loans	$ 341,836	$ 939,962
Interest rate interval		
Bank credit loans	2.39%-2.58%	2.21%-2.87%

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2023

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

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Mega Bills Finance Co., Ltd.	$ 50,000	$ 103	$ 49,897	2.218%	Machinery
Mega Bills Finance Co., Ltd.	50,000	60	49,940	2.288%	Machinery
Taiwan Cooperative Bills Finance Corporation	50,000	103	49,897	2.218%	Machinery
Taiwan Cooperative Bills Finance Corporation	50,000	60	49,940	2.288%	Machinery

(Continued)

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
International Bills Finance Corporation	$ 30,000	$ 32	$ 29,968	2.288%	None
China Bills Finance Corporation	50,000	38	49,962	2.138%	None
China Bills Finance Corporation	50,000	91	49,909	2.138%	None
	$ 330,000	$ 487	$ 329,513		

(Concluded)

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

c. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings		
Syndicated loans (Administration fee for syndicated loans)	$ 1,539,600	$ 1,334,154
Bank mortgage loans	646,315	815,796
Unsecured borrowings		
Bank borrowings	401,302	-
	2,587,217	2,149,950
Less: Current portion	(518,933)	(218,604)
Long-term borrowings	$ 2,068,284	$ 1,931,346
Interest rate (%)	1.60%-3.09%	1.35%-3.10%

1) Syndicated loans

a) In March 2023, the Group signed a syndicated loan agreement with a bank syndicate with Mega International Commercial Bank as the lead bank. The credit line is $1,909,600 thousand (including $1,573,600 thousand for the limit of Type A loan and $336,000 thousand for Type B loan), and the loan period is five years from the date the loan is first utilized. The principal of Type A loan should be paid off before the date the credit period expires. As for Type B loans, the 12-month period after the loan is first utilized is considered period 1, and the subsequent period is one month; the principal is divided into 48 installments, with the remaining principal being paid off in the last period. As of December 31, 2023, the balance of Type A loan was $250,000 thousand; as of December 31, 2023, the balance of Type B loan was $336,000 thousand.

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

b) In November 2020, the Group signed a syndicated loan agreement with a bank syndicate with Taiwan Cooperative Bank as the lead bank. The credit line is $2,000,000 thousand (including $1,600,000 thousand for the limit of Type A loan and $400,000 thousand for the Type B loan), and the loan period is up to November 2025. The first installment shall be paid upon three months after the first drawdown, and the 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 December 31, 2023 and 2022, the balances of the Type A loan were $966,000 thousand, and $1,344,000 thousand, respectively. As of December 31, 2022, the balance of Type B loan was $200,000 thousand, which was recorded in short-term notes payable.

   In the course of the duration of the above-mentioned borrowings, the Group's financial statements are required to be in compliance with certain financial ratios. In the event of a non-conformity with any of the financial ratios, the 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.

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

   In the course of the duration of the above-mentioned borrowings, the Group's financial statements must comply with certain financial ratios. 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 Company shall make improvements to meet the requirements of the agreement between the provision of the financial statements to the provision of the next first-half or annual financial statements. If the Company completes the improvement within said improvement period and meets the requirements of the agreement, the nonconformity shall not be deemed as a breach of the Group's financial commitment.

2) The contract period of the bank mortgage loan is from 5 years 3 month to 7 years and the principal and interest are repaid monthly.

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

20. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

21. OTHER PAYABLES

	December 31 2023	December 31 2022
Current		
Other payables		
Payables for salaries or bonuses	$ 172,225	$ 151,828
Payables for purchases of equipment	97,292	55,577
Payables for transportation and customs clearance	42,931	37,403
Payables for labor and health insurance	20,491	12,340
Payables for value-added tax	21,705	11,123
Payables for environmental cost	6,302	9,232
Others	81,066	115,645
	$ 442,012	$ 393,148
Other liabilities		
Deferred revenue-government grants	$ 10,000	$ -
Others	7,862	7,579
	$ 17,862	$ 7,579
Non-current		
Other liabilities		
Guarantee deposits received	$ -	$ 3,705

22. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

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

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

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 35,611	$ 34,103
Operating expenses	5,862	5,720
	$ 41,473	$ 39,823

23. CONVERTIBLE PREFERRED STOCK

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

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

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

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

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

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

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

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

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

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

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

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

24. EQUITY

a. Share capital - ordinary shares

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

The par value of the issued ordinary shares is NT$10. Each share entitles its holder to the right to vote and to receive dividends. And released convertible preferred stock (Preferred A) through private placement 25,895 thousand shares, please refer to Note 23.

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

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

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

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Premium from issuance of ordinary shares	$ 1,624,201	$ 991,729
Expired employee share options	14,372	6,233
May only be used to offset a deficit		
Changes in percentage of ownership interest in invested company accounted for using the equity method	11	11
May not be used for any purpose		
Preferred stock share options (Note 23)	327,051	327,051
	$ 1,965,635	$ 1,325,024

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

The movements in capital surplus for the years ended December 31, 2023 and 2022 are as follows:

	Premium from Issuance of Ordinary Shares	Expired Employee Share Options	Preferred Stock Share Options	Changes in Percentage of Ownership Interest in Investments Company Accounted for Using the Equity Method	Total
Balance at January 1, 2022	$ 473,270	$ -	$ 327,051	$ -	$ 800,321
Issuance of ordinary shares	503,250	-	-	-	503,250
Recognized as cost of employee share options	15,209	6,233	-	-	21,442
Changes in capital surplus in investments in associates accounted for using the equity method	-	-	-	11	11
Balance at December 31, 2022	991,729	6,233	327,051	11	1,325,024
Issuance of ordinary shares	624,150	-	-	-	624,150
Recognized as cost of employee share options	20,877	8,139	-	-	29,016
Cash dividends from capital surplus	(12,555)	-	-	-	(12,555)
Balance at December 31, 2023	$ 1,624,201	$ 14,372	$ 327,051	$ 11	$ 1,965,635

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's amended Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 25.g.

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

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

The 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:

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

The board of shareholders held a meeting on May 24, 2023 and proposed the distribution of cash dividends, $0.025 per share, from capital surplus - stock issuance premium of $12,555 thousand.

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

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

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

d. Other equity items

1) Exchange differences on the translation of foreign operations

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

2) Unrealized gain on financial assets at FVTOCI

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

3) Gain (Loss) on Hedging Instruments

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

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 95	$ 95
Attributable to non-controlling interests		
Net loss for the year	(6)	-
Increase in non-controlling interest by acquiring Yuan-Jin Energy Co., Ltd.	2,900	-
Balance at December 31	$ 2,989	$ 95

25. NET INCOME

a. Operating revenue

1) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 9)	$ 83,894	$ -	$ -
Accounts receivable (Note 9)	$ 1,487,008	$ 1,164,930	$ 754,026
Accounts receivable from related parties (Note 9 and 32)	$ 42,437	$ 9,498	$ 88,484
Contract liabilities			
Sale of goods	$ 90,007	$ 117,745	$ 294,232

Refer to Note 9 for the explanation of accounts receivable generated from contracts.

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

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

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the beginning of the year		
Sale of goods	$ 109,380	$ 293,400

2) Details of revenue from contracts with customers

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

3) Partially completed contracts

	December 31	
	2023	2022
Sale of goods		
- from January 1 to December 31, 2023	$ -	$ 117,745
- from January 1 to December 31, 2024	90,007	-
	$ 90,007	$ 117,745

b. Interest income

	For the Year Ended December 31	
	2023	2022
Cash in banks	$ 16,865	$ 2,043
Financial assets at amortized cost	5,251	3,871
Others	1,215	542
	$ 23,331	$ 6,456

c. Other operating income and expenses

	For the Year Ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment, net	$ (318,921)	$ (16,105)
Others	(6,222)	(8,437)
	$ (325,143)	$ (24,542)

d. Depreciation and amortization expenses

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 870,591	$ 567,760
Right-of-use assets	11,508	11,497
Investment properties	6,847	12,101
Intangible assets	3,495	1,855
	$ 892,441	$ 593,213

Refer to Note 17 for information relating to the line items in which any amortization of intangible assets is included.

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 861,673	$ 565,085
Operating expenses	27,273	26,273
	$ 888,946	$ 591,358
An analysis of amortization by function		
Operating costs	$ 1,878	$ 1,048
Operating expenses	1,617	807
	$ 3,495	$ 1,855

Details of amortization expense of intangible assets allocated to individual line item are set out in Note 17.

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Generating rental income		
Depreciation expense	$ 6,847	$ 12,101
Tax expense	234	398
	$ 7,081	$ 12,499

f. Employee benefit expenses

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans (Note 22)	$ 41,473	$ 39,823
Share-based payments (Note 28)	29,016	21,442
Payroll expenses	1,007,489	965,852
Labor and health insurance expenses	111,288	100,500
Remuneration of directors	33,451	16,023
Other employee benefits	98,471	86,383
Total employee benefit expenses	$ 1,321,188	$ 1,230,023
An analysis of employee benefit expense by function		
Operating costs	$ 1,058,979	$ 1,029,214
Operating expenses	262,209	200,809
	$ 1,321,188	$ 1,230,023

g. Compensation of employees and remuneration of directors

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

The compensation of employees and remuneration of directors for the year ended December 31, 2023 and 2022, which were approved in the board of directors' meeting held on March 6, 2024 and March 8, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	5.58%	5%
Remuneration of directors	3.16%	3.5%

Amount

	For the Year Ended December 31	
	2023	2022
Compensation of employees	$ 31,800	$ 9,586
Remuneration of directors	$ 18,000	$ 6,710

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign currency exchange gains	$ 54,539	$ 61,293
Foreign currency exchange losses	(54,914)	(81,675)
Net loss	$ (375)	$ (20,382)

i. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense	$ 80,449	$ 88,057
Interest on preferred stocks liabilities	13,311	12,300
Finance costs	7,272	9,996
Interest on lease liabilities	500	487
Others	891	585
Less: Capitalized interest	(30,253)	(30,679)
	$ 72,170	$ 80,746

Information about capitalized interest is as follows:

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

26. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax benefits are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Adjustments for prior years	$ (63)	$ (44)
Deferred tax		
In respect of the current year	(5,293)	(14,181)
Income tax benefit recognized in profit or loss	$ (5,356)	$ (14,225)

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 521,906	$ 175,425
Income tax expense calculated at the statutory rate	$ 104,422	$ 35,085
Non-taxable income and nondeductible expenses in determining taxable income	(6,440)	926
Realized loss carryforwards	(108,920)	(42,717)
Unrecognized loss carryforwards	5,645	(7,475)
Adjustments for prior years' current income tax	(63)	(44)
Income tax benefit recognized in profit or loss	$ (5,356)	$ (14,225)

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Loss carryforwards	$ 188,009	$ (4,851)	$ -	$ 183,158
Inventory write-downs	37,149	13,839	-	50,988
Impairment loss of property, plant and equipment	2,031	(1,937)	-	94
Loss on investments in subsidiaries and associates accounted for using the equity method	4,574	26	-	4,600
Allowance for bad losses	1,294	(530)	-	764
Provisions for liabilities	3,428	1,576	-	5,004
Unrealized gain on transactions with associates	130	(130)	-	-
Exchange differences on the translation of the financial statements of foreign operations	58	-	1	59
Unrealized loss on financial instruments	127	18	-	145
Loss on hedge instrument	44	-	$ (44)	-
	$ 236,844	$ 8,011	$ (43)	$ 244,812
Deferred tax liabilities				
Temporary differences				
Unrealized foreign exchange gains	$ 628	$ 96	$ -	$ 724
Unrealized loss on transactions with associates	-	1,175	-	1,175
Property, plant and accelerated depreciation of equipment	-	1,447	-	1,447
	$ 628	$ 2,718	$ -	$ 3,346

For the year ended December 31, 2022

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

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

	December 31 2023	December 31 2022
Loss carryforwards	$ 1,487,108	$ 2,003,476
Deductible temporary differences		
Impairment loss of financial assets	$ 1,705	$ 1,705

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 24,607	2027
238,290	2028
89,609	2029
126,960	2030
320	2032
794	2033
$ 480,580	

g. Income tax assessments

The income tax returns of the Company, Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, Houchang Energy Corporation, Hengyong Energy Corporation, Hengli Energy Corporation, Yongli Energy Corporation, Jinjing Electric Power Co., Ltd. and through 2021 have been assessed by the tax authorities, and there is no significant difference between the number of cases assessed and declared. Yuan-Jin Energy has not filed income tax returns since its establishment in 2023.

27. EARNINGS PER SHARE

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

Net Earnings for the Year

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

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

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

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

28. SHARE-BASED PAYMENT ARRANGEMENTS

The Company issued ordinary shares for a capital increase in cash in July 2023 and June 2022, respectively, in which a portion of the shares is reserved for employees' subscription, and shared-based payment expenses calculated according to the Black-Scholes model amounted to $29,016 thousand and $21,442 thousand, respectively. An increase in the same amount was recognized for capital surplus.

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

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

29. CASH FLOW INFORMATION

a. Non-cash transactions

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

	For the Year Ended December 31	
	2023	**2022**
Cash paid for part of the cost of acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 1,836,987	$ 1,154,313
Net changes increase in prepayments for equipment	(599,017)	165,109
Net changes increase in payables for purchase of equipment	(41,715)	(15,257)
Effect of foreign currency exchange differences	(78)	(3,644)
Cash paid	$ 1,196,177	$ 1,300,521

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Balance as of January 1, 2023	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Long-term Borrowings - Current Portion	Non-cash Changes: Amortization of Interest Expenses	Others	Balance as of December 31, 2023
Short-term borrowings	$ 939,962	$ (514,777)	$ -	$ -	$ -	$ (83,349)	$ 341,836
Short-term bills payable	329,513	(249,609)	-	-	4,441	(4,441)	79,904
Long-term borrowings - current portion	218,604	(182,414)	-	482,743	-	-	518,933
Long-term borrowings	1,931,346	536,332	-	(482,743)	-	83,349	2,068,284
Guarantee deposits received	3,705	(3,705)	-	-	-	-	-
Lease liabilities	10,869	(11,390)	18,013	-	500	(1,572)	16,420
Preferred stock liabilities	287,949	-	-	-	-	-	287,949
	$ 3,721,948	$ (425,563)	$ 18,013	$ -	$ 4,941	$ (6,013)	$ 3,313,326

For the year ended December 31, 2022

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

30. CAPITAL MANAGEMENT

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

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

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2023

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

December 31, 2022

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

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

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

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

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

For the year ended December 31, 2022

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

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

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

c. Categories of financial instruments

	December 31	
	2023	**2022**
Financial assets		
Financial assets at amortized cost (1)	$ 3,189,922	$ 2,460,944
Financial liabilities		
Financial liabilities at FVTPL	724	637
Financial liabilities for hedging	-	218
Financial liabilities at amortized cost (2)	4,042,586	4,810,222

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

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

Sensitivity analysis

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

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

	U.S. Dollar	
	USD:NTD	
	For the Year Ended December 31	
	2023	**2022**
(Loss) profit	$ (1,122)	$ 2,191

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

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

Hedge accounting

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

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

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

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

December 31, 2023

Hedging Instrument	Currency	Notional Amount (thousand)	Maturity	Forward Rate	Line Item in Balance Sheet	Carrying Amount Liability
Cash flow hedge						
Forecast sales - forward exchange contracts	USD/NTD	USD867/NTD26,795	January 18, 2023	$ 30.905	Financial liabilities for hedging	$ -
Forecast sales - forward exchange contracts	USD/NTD	USD289/NTD8,817	April 25, 2023	30.507	Financial liabilities for hedging	-
Forecast sales - forward exchange contracts	RMB/NTD	RMB6,690/NTD 29,712	April 25, 2023	4.441	Financial liabilities for hedging	-

December 31, 2022

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

(ii) Refer to Note 24 for a reconciliation of hedge-related other equity.

b) Interest rate risk

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

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial liabilities	$ 384,273	$ 628,331
Cash flow interest rate risk		
Financial assets	1,395,830	1,093,939
Financial liabilities	2,929,053	3,089,912

Sensitivity analysis

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

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit (loss) for the years ended December 31, 2023 and 2022 would have decreased/increased by $3,833 thousand and $4,990 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risk on its long-term borrowings.

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

2) Credit risk

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

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

The Group's concentration of credit risk of 93.42% and 88.42% in total trade receivables as of December 31, 2023 and 2022, respectively, was related to the Group's ten largest customers.

3) Liquidity risk

The Group managed and maintained sufficient cash and cash equivalents to support the operations of the Group and mitigate the impact of fluctuations in cash flows with long-term borrowings of $536,322 thousand and $894,000 thousand in 2023 and 2022, respectively; issued private placement preferred stock of $989,150 thousand and $808,250 thousand in 2023 and 2022. The Group's management supervised the use of bank financing quotas and ensures compliance with the terms of the loan contract.

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

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

December 31, 2023

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 66,725	$ 314,400	$ 541,908	$ 2,194,842
Fixed interest rate liabilities	79,904	-	-	287,949
Non-interest bearing liabilities	383,863	273,751	88,066	-
Lease liabilities	1,003	2,006	9,029	4,756
	$ 531,495	$ 590,157	$ 639,003	$ 2,487,547

Additional information about maturity analysis for lease liabilities:

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

December 31, 2022

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

Additional information about maturity analysis for lease liabilities:

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

b) Liquidity and interest rate risk for derivative financial liabilities

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

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Year
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 54,021	$ -	$ -	$ -
Outflows	(54,745)	-	-	-
	$ (724)	$ -	$ -	$ -

December 31, 2022

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

c) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities:		
Amount used	$ 822,868	$ 1,380,758
Amount unused	1,563,214	477,943
	$ 2,386,082	$ 1,858,701

(Continued)

	December 31	
	2023	2022
Secured bank overdraft facilities:		
Amount used	$ 2,973,184	$ 1,975,000
Amount unused	2,030,880	1,465,505
	$ 5,004,064	$ 3,440,505

(Concluded)

32. TRANSACTIONS WITH RELATED PARTIES

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

a. The Group's related parties

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

b. Operating revenue

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

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

c. Rent revenue

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2023**	**2022**
Rent revenue	Associate	$ 1,367	$ 465

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

d. Other revenue

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

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

e. Accounts receivable - associates

Line Item	**Related Party Category/Name**	**December 31** 2023	2022
Accounts receivable	Associate/Holdgood	$ 42,437	$ 9,498

No collateral was received for outstanding accounts receivable - related parties. No allowance for bad debt was required for accounts receivable - related parties as of December 31, 2023 and 2022.

f. Other receivables- associates

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

Receivables for power plant maintenance fees and rent.

g. Endorsements and guarantees

Endorsements and guarantees provided by the groups.

Related Party Category/Name	**December 31** 2023	2022
Associate/Yuan-Yu	$ 120,000	$ 120,000

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

h. Contract liabilities

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

i. Remuneration of key management personnel

	For the Year Ended December 31 2023	2022
Short-term employee benefits	$ 61,841	$ 42,773
Post-employment benefits	648	575
Share-based payments	-	886
	$ 62,489	$ 44,234

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

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2023	**2022**
Land	$ 1,071,526	$ 425,279
Buildings	1,835,015	758,252
Machinery	634,672	319,266
Investment properties	-	92,093
Investments accounted for using equity method	122,175	94,212
Financial assets at amortized cost	117,474	133,282
	$ 3,780,862	$ 1,822,384

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Commitments for construction contracts

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

b. Commitments for material purchasing contracts

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

c. Commitments for equipment purchasing contracts

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

35. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

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

December 31, 2022

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

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

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

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. investees:

1) Financing provided to others: None

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

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

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 3 (attached)

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

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

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

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

9) Trading in derivative instruments: Notes 7 and 31

10) Intercompany relationships and significant intercompany transactions: None

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

d. Information on investments in mainland China: None

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

38. SEGMENT INFORMATION

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

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

a. Segment revenue and results

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

	Solar Module	Others	Eliminations	Total
For the year ended December 31, 2023				
Revenue from external customers	$ 8,100,021	$ 160,926	$ -	$ 8,260,947
Segment (loss) income	$ 476,487	$ (5,306)	$ 1,446	$ 472,627
For the year ended December 31, 2022				
Revenue from external customers	$ 8,843,083	$ 161,980	$ -	$ 9,005,063
Segment income	$ 210,496	$ 37,319	$ -	$ 247,815

b. Segment total assets

	December 31 2023	December 31 2022
Solar modules	$ 11,575,683	$ 11,005,233
Others	490,988	302,817
Consolidated total assets	$ 12,066,671	$ 11,308,050

c. Geographical information

The Group operates principally in Asia.

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

	Revenue from External Customers For the Year Ended December 31 2023	Revenue from External Customers For the Year Ended December 31 2022
Asia	$ 8,104,305	$ 8,989,304
Europe	150,854	-
Others	5,788	15,759
	$ 8,260,947	$ 9,005,063

d. Information about major customers

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

	For the Year Ended December 31	
	2023	**2022**
Customer F	NA (Note)	$ 1,432,853
Customer N	$ 1,099,587	NA (Note)
Customer V	1,401,053	NA (Note)
Customer X	880,115	NA (Note)
Customer Z	826,303	NA (Note)

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

TABLE 1

TSEC CORPORATION AND SUBSIDIARIES

GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Guarantor	Guarantee		Limit on Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Guaranteed During the Year (Note 4)	Outstanding Guarantee at the End of the Year (Note 4)	Actual Amount Borrowed	Amount Guaranteed by Collateral	Ratio of Accumulated Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Guarantee Limit (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries (Note 5)	Guarantee Given by Subsidiaries on Behalf of Parent (Note 5)	Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Relationship (Note 1)											
0	TSEC Corporation (the "Company")	Yuan-Yu Solar Energy Co., Ltd.	e.	$ 1,529,207	$ 120,000	$ 120,000	$ 120,000	$ 122,175	1.57	$ 3,440,715	N	N	N	
0	TSEC Corporation (the "Company")	Houchang Energy Corporation	b.	1,529,207	245,000	245,000	194,481	-	3.20	3,440,715	Y	N	N	

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

a. A company with which it has business dealings.

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

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

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

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

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

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

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

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

TSEC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
TSEC Corporation (the "Company")	Domestic unlisted ordinary shares							
	Eversol Corporation	-	Financial assets at fair value through other comprehensive income (FVTOCI)	62,591	$ -	2.23	$ -	-

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

TSEC CORPORATION AND SUBSIDIARIES

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

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

TABLE 4

TSEC CORPORATION AND SUBSIDIARIES

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

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

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

TABLE 5

TSEC CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Less)	Other Items
				December 31, 2023	December 31, 2022	Number of Shares (Thouand Shares)	%	Carrying Amount			
TSEC Corporation	TSEC America, Inc.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of solar related products	$ 31,129 (US$ 1,000,000)	$ 31,129 (US$ 1,000,000)	100	100.00	$ 8,077	$ 7	$ 7	(Notes 1, 4 and 6)
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,500	120,500	12,050	100.00	120,530	1,675	1,675	(Notes 1 and 6)
	Changyang Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	400	400	40	80.00	385	3	2	(Notes 1 and 6)
	Yunsheng Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	481	3	3	(Notes 1 and 6)
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	481	3	3	(Notes 1 and 6)
	TSECPV (HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of solar related products	250 (US$ 8,038)	200 (US$ 6,500)	-	100.00	-	(136)	(136)	(Notes 1 and 6)
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	89	89	10	100.00	80	-	-	(Notes 1 and 6)
	Yuan Jin Energy Co., Ltd.	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	26,100	-	2,610	90.00	26,038	(69)	(62)	(Notes 1 and 6)
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	213,804	213,804	21,380	45.49	231,380	17,138	7,796	(Notes 2 and 5)
	Yuan-Yu Solar Energy Co., Ltd.	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,000	120,000	12,000	20.00	122,175	209,318	43,505	(Notes 3, 5 and 7)
	NFC III Renewable Power Co., Ltd.	12F-4, No. 89, Songren Road, Xinyi District, Taipei City 110413, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	432,000	-	43,200	24.00	427,550	(18,510)	(4,450)	(Note 3)
Hou Chang Energy Corporation	Hengyong Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 6)
	Yongli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 6)
Yuan Jin Energy Co., Ltd.	Jinjing Electric Power Co., Ltd.	No. 85, Guangfu N. Rd., Hukou Township, Hsinchu County 303036, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	28,024	-	2,810	100.00	27,873	(166)	(151)	(Notes 1 and 6)

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

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

Note 3: The investment gains and losses of the associates accounted for using the equity method are calculated based on the financial statements that have been audited by the other CPAs.

Note 4: The board of directors resolved to liquidate and dissolve the subsidiary TSEC America, Inc. on September 11, 2018. As of March 6, 2024, TSEC America, Inc. has not completed the liquidation procedures.

Note 5: Carrying amount includes unrealized gross margin.

Note 6: Eliminated from the consolidated financial statements.

Note 7: The Company has issued the equity of Yuan Yu Solar Energy Co., Ltd. to a financial institution as collateral for Yuan Yu Solar Energy Co., Ltd financing. Refer to Note 33 for mortgage information.

TABLE 6

TSEC CORPORATION AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

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

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

TSEC Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TSEC Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

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

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

We obtained an understanding of the Company’s internal controls over sales transactions with customers added to the top twenty revenue-contributing sections and designed the corresponding audit procedures to confirm and assess the operating effectiveness of the related controls. We also performed substantive testing by selecting samples of the transactions with customers added to the top twenty revenue-contributing sections and inspected third-party shipping documents, the customers’ receipts of delivery, cash payments and material sales returns after the reporting period. We confirmed that sales revenue from the customers added to the top twenty revenue-contributing sections is free from material misstatements.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Cheng-Chuan Yu and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 6, 2024

Notice to Readers

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

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

TSEC CORPORATION

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

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

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

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

TSEC CORPORATION

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

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

(Continued)

TSEC CORPORATION

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

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

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

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

TSEC CORPORATION

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

	Share Capital (Note 23)			Retained Earnings (Note 23)			Other Equity (Note 23)			
	Shares (In Thousands)	Amount	Capital Surplus (Notes 23 and 27)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gain (Loss) on Hedging Instruments	Total Equity
BALANCE AT JANUARY 1, 2022	445,797	$ 4,457,967	$ 800,321	$ -	$ -	$ 46,317	$ (869)	$ (174,284)	$ -	$ 5,129,452
Appropriation of 2021 earnings										
Legal reserve	-	-	-	4,632	-	(4,632)	-	-	-	-
Special reserve	-	-	-	-	41,685	(41,685)	-	-	-	-
Issuance of ordinary shares for cash	30,500	305,000	503,250	-	-	-	-	-	-	808,250
Compensation cost of employee share options (Notes 23 and 27)	-	-	21,442	-	-	-	-	-	-	21,442
Changes in percentage of ownership interests in investment accounted for using equity method (Note 23)	-	-	11	-	-	-	-	-	-	11
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 11 and 23)	-	-	-	-	-	(2,239)	-	2,239	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	189,650	-	-	-	189,650
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	635	1,404	(174)	1,865
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	189,650	635	1,404	(174)	191,515
BALANCE AT DECEMBER 31, 2022	476,297	4,762,967	1,325,024	4,632	41,685	187,411	(234)	(170,641)	(174)	6,150,670
Appropriation of 2022 earnings										
Legal reserve	-	-	-	18,741	-	(18,741)	-	-	-	-
Special reserve	-	-	-	-	129,364	(129,364)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(37,664)	-	-	-	(37,664)
Cash dividends from capital surplus	-	-	(12,555)	-	-	-	-	-	-	(12,555)
Issuance of ordinary shares for cash	36,500	365,000	624,150	-	-	-	-	-	-	989,150
Compensation cost of employee share options (Notes 23 and 27)	-	-	29,016	-	-	-	-	-	-	29,016
Basis adjustments to hedging instruments	-	-	-	-	-	-	-	-	99	99
Net profit for the year ended December 31, 2023	-	-	-	-	-	527,268	-	-	-	527,268
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(1)	(24)	75	50
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	527,268	(1)	(24)	75	527,318
BALANCE AT DECEMBER 31, 2023	512,797	$ 5,127,967	$ 1,965,635	$ 23,373	$ 171,049	$ 528,910	$ (235)	$ (170,665)	$ -	$ 7,646,034

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

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

TSEC CORPORATION

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

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

(Continued)

TSEC CORPORATION

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

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

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

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

TSEC CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

The subsidiaries refer to entities controlled by the Company.

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

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

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

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

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

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

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

g. Investments in associates

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

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

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

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

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

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent that interests in the associate are not related to the Company.

h. Property, plant and equipment

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

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

j. Intangible assets

1) Individually acquired

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

2) Derecognition

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

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

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

ii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

m. Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Cash flow hedges

The effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gains or losses relating to the ineffective portion are recognized immediately in profit or loss.

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

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

n. Provisions

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

o. Revenue recognition

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

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

Revenue from the sale of goods

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

Power plant sales

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

Sale of electricity

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

p. Leases

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

s. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

t. Share-based payment arrangements - employee share options

Equity-settled share-based payments granted to employees are measured at the fair value of the equity instruments at the grant date.

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately.

u. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact of inflation and interest rate fluctuations on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Property, plant and equipment

The board resolution considered that the introduction of advanced production lines for large-size products could replace some of the machinery and equipment of the Company, and after the assessment of the economic benefits and status of the machinery and equipment to be replaced, it is proposed to change the estimated service life of those machinery and equipment to reflect the actual service life and reasonably amortize costs to facilitate the provision of reliable and more relevant information. Therefore, the service life of some of the machinery and equipment is shortened, starting May 1, 2023. The change in estimate increases the depreciation expenses in 2023 by $167,653 thousand, which has been fully reflected in the Company's 2023 consolidated financial statements.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 609	$ 609
Checking accounts and demand deposits	691,014	674,244
Cash equivalents		
Time deposits with original maturities of 3 months or less	459,722	150,625
	$ 1,151,345	$ 825,478

The market interest rate intervals of demand deposits and time deposits with maturities of 3 months or less at the end of reporting period were as follows:

	December 31	
	2023	2022
Demand deposits	0.001%-1.45%	0.05%-1.05%
Time deposits with original maturities of 3 months or less	0.55%-5.65%	1.70%-4.70%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Financial liabilities - held for trading		
Derivative financial instruments (not under hedge accounting)		
Forward exchange contracts	$ 724	$ 637

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2023			
Buy	CNY/NTD	2024.01.10	CNY1,120/NTD4,923
	CNY/NTD	2024.01.10	CNY585/NTD2,572
	CNY/NTD	2024.01.10	CNY1,258/NTD5,520
	CNY/NTD	2024.01.10	CNY2,000/NTD8,759
	CNY/NTD	2024.01.10	CNY7,345/NTD32,245
December 31, 2022			
Buy	USD/NTD	2023.01.10	USD1,000/NTD31,242
	USD/NTD	2023.01.10	USD790/NTD24,447
	USD/NTD	2023.01.10	USD1,000/NTD30,532

The Company entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The purpose of its financial hedging strategy is to hedge against most of the market price risk.

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Time deposits with original maturities of more than 3 months	$ 85,344	$ 124,929
Restricted assets - bank deposits	53,776	10,000
	$ 139,120	$ 134,929
Non-current		
Restricted assets - bank deposits	$ 55,388	$ 123,282

As of December 31, 2023 and 2022, the interest rate range was 0.54%-5.65% and 0.2%-3.5% respectively.

The financial assets at amortized cost - restricted assets of Company were used as pledged deposits and reserve accounts for secured borrowings from banks, performance guarantee and borrowings for purchases. Refer to Note 32 for the details.

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
At amortized cost		
Gross carrying amount	$ 83,894	$ -
Less: Allowance for impairment loss	-	-
	$ 83,894	$ -
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 1,498,053	$ 1,183,321
Less: Allowance for impairment loss	(20,060)	(18,391)
	$ 1,477,993	$ 1,164,930
Account receivable - related parties	$ 42,437	$ 9,498
Other receivables		
Interest receivable	$ 2,149	$ 1,556
Value-added tax rebate	-	8,415
Rent receivables	-	5,408
Others	491	70
	$ 2,640	$ 15,449

a. Notes receivable

The average credit period of notes receivable is 45-90 days.

The Company measures the loss allowance for notes receivable based on the lifetimes ECLs. The existing period ECLs are based on the past default records of the customer, and the economic situation of the industry. As of December 31, 2023 and 2022, the Company assessed that the notes receivable are not required to be recognized as ECLs.

The aging analysis of notes receivable based on the account journal date is as follows:

	December 31	
	2023	2022
1-60 days	$ 75,100	$ -
61-90 days	8,794	-
	$ 83,894	$ -

b. Accounts receivable/Accounts receivable from related parties

The average credit period of accounts receivable is 30-75 days. No interest is charged on accounts receivable. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced. The Company's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as GDP forecast and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

The Company writes off a trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables (including related parties) based on the Company's provision matrix.

December 31, 2023

	Not Past Due	1 to 60 Days	61 to 120 Days	Over 121 Days	Individual Evaluation	Total
Expected credit loss rate	0.06%	4.27%	-	-		
Gross carrying amount	$ 1,518,539	$ 2,928	$ -	$ -	$ 19,023	$ 1,540,490
Loss allowance (Lifetime ECLs)	(911)	(126)	-	-	(19,023)	(20,060)
Amortized cost	$ 1,517,628	$ 2,802	$ -	$ -	$ -	$ 1,520,430

December 31, 2022

	Not Past Due	1 to 60 Days	61 to 120 Days	Over 121 Days	Individual Evaluation	Total
Expected credit loss rate	0.30%	4.87%	-	-		
Gross carrying amount	$ 1,160,338	$ 13,458	$ -	$ -	$ 19,023	$ 1,192,819
Loss allowance (Lifetime ECLs)	(3,467)	(656)	-	-	(14,268)	(18,391)
Amortized cost	$ 1,156,871	$ 12,802	$ -	$ -	$ 4,755	$ 1,174,428

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31	
	2023	2022
Balance, beginning of year	$ 18,391	$ 29,552
Add: Net remeasurement of loss allowance	1,669	18,714
Less: Amounts written off	-	(29,875)
Balance, end of year	$ 20,060	$ 18,391

c. Other receivables

The Company's other receivables are mainly comprised of tax refund receivable and interest receivable. The Company adopted a policy of dealing only with creditworthy counterparties. The Company determines whether credit risk has increased significantly since initial recognition and measures the loss allowance for other receivables by continuous monitoring of the debtor, with reference to the past default experience of the debtor and an analysis of the debtor's current financial position. As of December 31, 2023 and 2022, the Company assessed that the expected credit loss rate of other receivables was 0%.

10. INVENTORIES

	December 31	
	2023	**2022**
Raw materials	$ 461,124	$ 958,385
Finished goods	701,846	539,952
Construction in progress	55,794	68,401
Work in process	56,102	132,583
	$ 1,274,866	$ 1,699,321

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2023	**2022**
Cost of inventories sold	$ 6,892,804	$ 8,213,221
Inventories write-downs	69,196	97,900
Others	16,100	17,403
	$ 6,978,100	$ 8,328,524

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2023	**2022**
Non-current		
Domestic investments		
Unlisted shares		
Ordinary shares - Eversol Corporation	$ -	$ -

For investment purposes, the Company disposed of its overseas equity in SAGA Heavy Ion Medical Accelerator in Tosu, Japan. The proceeds the Company received from the disposal of its overseas equity in July 2022 was $7,504 thousand. Therefore, the relevant other equity - FVOCI unrealized valuation loss of $2,239 was transferred to retained earnings.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 156,072	$ 128,432
Investments in associates	781,105	325,622
	$ 937,177	$ 454,054

a. Investments in subsidiaries

	December 31	
	2023	2022
Unlisted equity investments		
TSEC America, Inc.	$ 8,077	$ 8,071
Yunsheng Optoelectronics Co., Ltd. (Yunsheng)	481	478
Yunxing Optoelectronics Co., Ltd. (Yunxing)	481	478
Hou Chang Energy Co., Ltd. (Hou Chang Energy)	120,530	118,855
Changyang Optoelectronics Co., Ltd. (Changyang)	385	383
Heng Li Energy Co., Ltd. (Heng Li Energy)	80	80
TSECPV (HK) Limited	-	87
Yuan-Jin Energy Co., Ltd. (Yuan-Jin Energy)	26,038	-
	$ 156,072	$ 128,432

Proportion of ownership of subsidiaries is as follows:

	December 31	
	2023	2022
TSEC America, Inc.	100.00%	100.00%
Yunsheng	100.00%	100.00%
Yunxing	100.00%	100.00%
Hou Chang Energy	100.00%	100.00%
Changyang	80.00%	80.00%
Heng Li Energy	100.00%	100.00%
TSECPV (HK) Limited	100.00%	100.00%
Yuan-Jin Energy	90.00%	-

The nature of activities, principal places of business and countries information of Company registration of the above-mentioned subsidiaries, refer to Table 5 of Note 36.

On September 11, 2018, the Company resolved to liquidate and dissolve its subsidiary TSEC America, Inc. On March 6, 2024, TSEC America, Inc. has yet to execute its liquidation process.

In March 2022, the Company acquired all the equity interests of Heng Li Energy held by its subsidiary, Hou Chang Energy, with a consideration of $89 thousand in cash and ownership interest of 100%.

In June 2022, the Company increased the capital of its subsidiary, Houchang Energy Development Corporation, by $120,000 thousand, and its shareholding ratio remained unchanged.

In February 2023, the Company incorporated a subsidiary of Yuan-Jin Energy, which engaged in power development, transportation and sales of solar power generation systems with a consideration of $26,100 thousand and ownership interest of 90%. The establishment registration has been filed.

In November 2023 and September 2022, the Company increased the capital of its subsidiary, TSECPV (HK) LIMITED, by $50 thousand and $143 thousand, and its shareholding ratio remained unchanged.

For the years ended December 31, 2023 and 2022, the share of income or loss of subsidiaries using the equity method is recognized based on the financial statements of the subsidiaries audited during the same periods.

For the details on changes in investments accounted for using the equity method, refer to Statement 4.

b. Investments in associates

	December 31	
	2023	**2022**
Material associates		
Holdgood Energy Co., Ltd. (Holdgood)	$ 231,380	$ 231,410
Yuan-Yu Solar Energy Co., Ltd. (Yuan-Yu)	122,175	-
NFC III Renewable Power Co., Ltd. (NFC III)	427,550	-
Associates that are not individually material		
Yuan-Yu	-	94,212
	$ 781,105	$ 325,622

1) Aggregate information of material associates

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2023**	**2022**
Holdgood	45.49%	45.49%
Yuan-Yu	20.00%	-
NFC III	24.00%	-

The nature of activities, principal place of business and country information of company registration of the above-mentioned associates, refer to Note 36, Table 5 “Information on Investees”.

The Company uses equity method to associate associates above-mentioned.

In July 2023, the Company acquired 43,200 thousand ordinary shares of NFC III with an aggregate amount of $432,000 thousand in cash and ownership interest of 24%.

The financial information below was based on the associates' financial statements prepared under IFRS Accounting Standards and adjusted for equity-method accounting purpose.

Holdgood

	December 31 2023	December 31 2022
Current assets	$ 63,214	$ 23,544
Non-current assets	709,277	682,658
Current liabilities	(67,248)	(66,375)
Non-current liabilities	(212,530)	(135,999)
Equity	$ 492,713	$ 503,828
Proportion of the Company's ownership	45.49%	45.49%
Equity attributable to the Company	$ 224,135	$ 229,191
Unrealized intercompany transactions	7,245	2,219
Carrying amount	$ 231,380	$ 231,410

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Operating revenue	$ 90,421	$ 41,122
Net profit for the year	$ 17,138	$ 31,691
Other comprehensive loss	(52)	(79)
Total comprehensive income for the year	$ 17,086	$ 31,612

Yuan-Yu

	December 31, 2023
Current assets	$ 191,432
Non-current assets	1,717,821
Current liabilities	(151,720)
Non-current liabilities	(1,139,810)
Equity	$ 617,723
Proportion of the Company's ownership	20%
Equity attributable to the Company	$ 123,545
Unrealized intercompany transactions	(1,370)
Carrying amount	$ 122,175

	For the Year Ended December 31, 2023
Operating revenue	$ 528,182
Net profit for the year	$ 209,318
Other comprehensive income	-
Total comprehensive income for the year	$ 209,318

NFC III

	December 31, 2023
Current assets	$ 203,725
Non-current assets	1,577,843
Current liabilities	(110)
Non-current liabilities	-
Equity	$ 1,781,458
Proportion of the Company's ownership	24%
Equity attributable to the Company	$ 427,550
Unrealized intercompany transactions	-
Carrying amount	$ 427,550

	For the Year Ended December 31, 2023
Operating revenue	$ -
Net loss for the year	$ (18,510)
Other comprehensive income	-
Total comprehensive loss for the year	$ (18,510)

2) Associates that are not individually material

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	**2023**	**2022**
Yuan-Yu	-	20%

Aggregate information of associates that are not individually material:

	For the Year Ended December 31, 2022
The Company's share of:	
Loss from continuing operations	$ (12,460)
Other comprehensive income	-
Total comprehensive loss for the year	$ (12,460)

Refer to Table 5 of Note 36 for the nature of activities, principal places of business and countries of incorporation of the associates. For details of investments accounted for using the equity method, refer to Statement 4.

The Company issued the equity of Yuan-Yu to a financial institution as collateral for Yuan-Yu's financing. Refer to note 32 for mortgage information.

Except for associates Yuan-Yu for the year ended December 31, 2022, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2023 and 2022 were based on the associates' financial statements audited by the auditors for the same years. The Company has assessed that the situation mentioned above will not have a material impact.

13. PROPERTY, PLANT AND EQUIPMENT

Assets Used by the Company

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2023	$ 1,071,526	$ 3,477,828	$ 3,192,654	$ 24,917	$ 344,535	$ 530,800	$ 8,642,260
Additions	-	257,303	1,254,141	-	33,049	6,709	1,551,202
Disposals	-	-	(2,163,059)	(179)	(79,263)	-	(2,242,501)
Reclassification	(9,012)	798,278	6,701	-	-	(509,895)	286,072
Balance at December 31, 2023	1,062,514	4,533,409	2,290,437	24,738	298,321	27,614	8,237,033
Accumulated depreciation and impairment							
Balance at January 1, 2023	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Depreciation expense	-	167,053	663,714	40	31,199	-	862,006
Disposals	-	-	(1,829,056)	(179)	(77,414)	-	(1,906,649)
Reclassification	-	138,696	76	-	-	-	138,772
Balance at December 31, 2023	-	1,555,349	523,012	24,634	190,672	-	2,293,667
Carrying amount at December 31, 2023	$ 1,062,514	$ 2,978,060	$ 1,767,425	$ 104	$ 107,649	$ 27,614	$ 5,943,366
Cost							
Balance at January 1, 2022	$ 1,071,526	$ 3,414,260	$ 3,236,862	$ 24,806	$ 263,933	$ 64,974	$ 8,076,361
Additions	-	30,149	543,612	160	81,147	499,245	1,154,313
Disposals	-	-	(587,820)	(49)	(545)	-	(588,414)
Reclassification	-	33,419	-	-	-	(33,419)	-
Balance at December 31, 2022	1,071,526	3,477,828	3,192,654	24,917	344,535	530,800	8,642,260

(Continued)

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ -	$ 1,109,070	$ 1,849,304	$ 24,323	$ 220,560	$ -	$ 3,203,257
Depreciation expense	-	140,530	409,860	499	16,871	-	567,760
Disposals	-	-	(570,886)	(49)	(544)	-	(571,479)
Balance at December 31, 2022	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Carrying amount at December 31, 2022	$ 1,071,526	$ 2,228,228	$ 1,504,376	$ 144	$ 107,648	$ 530,800	$ 5,442,722

(Concluded)

No impairment loss or reversal of impairment loss was recognized for the years ended December 31, 2023 and 2022.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	50 years
Building improvements	5-20 years
Machinery	3-20 years
Office equipment	3 years
Miscellaneous equipment	3-15 years

Refer to Note 33 for details on the purchases of machines required for production and the significant commitments stated in the construction contracts.

Refer to Notes 18 and 32 for the carrying amounts of property, plant and equipment pledged by the Company to secure borrowings for the years ended December 31, 2023 and 2022.

Refer to Note 24. (I). for capitalized interest for the years ended December 31, 2023 and 2022.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Buildings	$ 15,266	$ 10,770
Transportation equipment	950	-
	$ 16,216	$ 10,770

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 18,013	$ 11,911
Depreciation charge for right-of-use assets		
Buildings	$ 10,904	$ 10,657
Transportation equipment	604	543
Machinery	-	297
	$ 11,508	$ 11,497

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 11,736	$ 5,473
Non-current	$ 4,684	$ 5,396

Range of discount rates for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	2.33%-3.06%	2.33%-2.43%
Transportation equipment	3.06%	-

c. Material leasing activities and terms

The Company leases certain vehicles and buildings for the use of official vehicles, employee dormitories and offices with lease terms of 2 to 4 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 4,608	$ 6,493
Total cash outflow for leases	$ (16,498)	$ (18,733)

The Company's leases of certain parking space and employee dormitory qualify as short-term leases and leases of certain photocopiers qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

15. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2023	$ -	$ 295,084	$ 295,084
Reclassification (Notes 1 and 2)	9,012	(295,084)	(286,072)
Balance at December 31, 2023	9,012	-	9,012
Accumulated depreciation			
Balance at January 1, 2023	-	131,925	131,925
Depreciation expenses	-	6,847	6,847
Reclassification (Notes 1 and 2)	-	(138,772)	(138,772)
Balance at December 31, 2023	-	-	-
Carrying amounts at December 31, 2023	$ 9,012	$ -	$ 9,012
Cost			
Balance at January 1, 2022 and December 31, 2022	$ -	$ 295,084	$ 295,084
Accumulated depreciation			
Balance at January 1, 2022	-	119,824	119,824
Depreciation expenses	-	12,101	12,101
Balance at December 31, 2022	-	131,925	131,925
Carrying amounts at December 31, 2022	$ -	$ 163,159	$ 163,159

Note 1: Reclassified from property, plant and equipment to investment property.

Note 2: Reclassified to property, plant and equipment.

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings of plants	50 years
Plant improvements	3-20 years

The investment properties are leased out for 4 to 10 years, and the lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	December 31 2023	December 31 2022
Year 1	$ 960	$ 43,705
Year 2	960	48,000
Year 3	960	48,000
Year 4	960	8,000
Year 5	960	-
Year 5 onwards	4,640	-
	$ 9,440	$ 147,705

In 2023 and 2022, the investment properties were not evaluated by an independent valuer but valued by the management of the Company using the valuation model that market participants would use in determining the fair value, and the fair value was measured by using Level 3 inputs. The valuation was arrived at by cash flow analysis.

The fair value as appraised was as follows:

	December 31 2023	December 31 2022
Fair value	$ 20,050	$ 441,246

All of the Company's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 32.

There was no capitalized interest for the investment properties for the years ended December 31, 2023 and 2022.

16. OTHER INTANGIBLE ASSETS

	December 31 2023	December 31 2022
Computer software	$ 7,800	$ 4,708

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Cost		
Balance at January 1	$ 54,004	$ 51,695
Additions	6,587	2,309
Balance at December 31	60,591	54,004
Accumulated amortization		
Balance at January 1	49,296	47,441
Amortization expense	3,495	1,855
Balance at December 31	52,791	49,296
Carrying amount at December 31	$ 7,800	$ 4,708

Computer software is amortized on a straight-line basis over 1-4 years.

Summary of amortization by function

	For the Year Ended December 31	
	2023	2022
Operating cost	$ 1,878	$ 1,048
Selling expenses	1,291	524
Management expenses	300	268
Research and development	26	15
	$ 3,495	$ 1,855

17. OTHER ASSETS - CURRENT AND NON-CURRENT

	December 31	
	2023	2022
Current		
Prepayments	$ 53,200	$ 114,485
Prepayments expenses	26,625	35,718
Others	1,252	3,463
	$ 81,077	$ 153,666
Non-current		
Prepayments for equipment (including capitalized interest)	$ 222,898	$ 601,930
Refundable deposits	173,613	182,051
	$ 396,511	$ 783,981

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Bank credit loans	$ 341,836	$ 856,613
Interest rate intervals		
Bank credit loans	2.39%-2.58%	2.21%-2.87%

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Mega Bills Finance Co., Ltd.	$ 30,000	$ 34	$ 29,966	2.168%	None
Taiwan Cooperative Bills Finance Corporation	30,000	34	29,966	2.168%	None
China Bills Finance Corporation	20,000	28	19,972	2.168%	None
	$ 80,000	$ 96	$ 79,904		

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
Commercial paper					
Mega Bills Finance Co., Ltd.	$ 50,000	$ 103	$ 49,897	2.218%	Machinery
Mega Bills Finance Co., Ltd.	50,000	60	49,940	2.288%	Machinery
Taiwan Cooperative Bills Finance Corporation	50,000	103	49,897	2.218%	Machinery
Taiwan Cooperative Bills Finance Corporation	50,000	60	49,940	2.288%	Machinery
International Bills Finance Corporation	30,000	32	29,968	2.288%	None
China Bills Finance Corporation	50,000	38	49,962	2.138%	None
China Bills Finance Corporation	50,000	91	49,909	2.138%	None
	$ 330,000	$ 487	$ 329,513		

Guarantees provided for the above-mentioned short-term bills payable are disclosed in Note 32.

c. Long-term borrowings

	December 31	
	2023	2022
Secured borrowings		
Syndicated loans (including administration fee for syndicated loans)	$ 1,539,600	$ 1,334,154
Bank mortgage loans	490,731	815,796
Unsecured borrowings		
Bank borrowings	362,405	-
	2,392,736	2,149,950
Less: Current portion	(491,150)	(218,604)
Long-term borrowings	$ 1,901,586	$ 1,931,346
Interest rate intervals	1.60%-3.09%	1.35%-3.10%

1) Syndicated loans

a) In March 2023, the Company signed a syndicated loan agreement with a bank syndicate with Mega International Commercial Bank as the lead bank. The credit line is $1,909,600 thousand (including $1,573,600 thousand for the limit of Type A loan and $336,000 thousand for Type B loan), and the loan period is five years from the date the loan is first utilized. The principal of Type A loan should be paid off before the date the credit period expires. As for Type B loans, the 24-month period after the loan is first utilized is considered period 1, and the subsequent period is one month; the principal is divided into 48 installments, with the remaining principal being paid off in the last period. As of December 31, 2023, the balance of loans of Type A and Type B was $250,000 thousand and $336,000 thousand, respectively.

During the course of the above-mentioned borrowings, the Company's financial statements are required to be in compliance with certain financial ratios. If any non-conformity with the agreed financial ratios occurs, the Company should make improvements to the agreement through cash capital increase or other means. Financial commitments are not deemed to have been breached if completed within the specified time period.

b) In November 2020, the Company signed a syndicated loan agreement with a bank syndicate with Taiwan Cooperative Bank as the lead bank. The credit line is $2,000,000 thousand (including $1,600,000 thousand for the limit of Type A loan and $400,000 thousand for the Type B loan), and the loan period is up to November 2025. The first installment shall be paid upon three months after the first drawdown, and the Company shall pay the following installments every three months in a total of 20 installments to pay off the principal of the loan. The Company shall repay 2% of the principal from the 1st to the 12th installments, 4% of the principal from the 13th to the 19th installments, and the remaining principal in the last installment. As of December 31, 2023, and 2022, the balances of the Type A loan were $966,000 thousand, $1,344,000 thousand, respectively. As of December 31, 2022, the balance of Type B loan was $200,000 thousand, which was recorded in short-term notes payable.

In the course of the duration of the above-mentioned borrowings, the Company's financial statements are required to be in compliance with certain financial ratios. In the event of a non-conformity with any of the financial ratios, the Company shall conduct capital increase in cash or make improvements by other means while paying compensation to the Company of banks in a lump sum at 0.20% of the outstanding balance of the loan drawn down. Also, the Company shall make improvements to meet the requirements of the agreement between the provision of the financial statements to the provision of the next first-half or annual financial statements. If the Company completes the improvement within said improvement period and meets the requirements of the agreement, the non-conformity shall not be deemed as a breach of the Company's financial commitment.

c) In February 2018, the Company entered into a syndicated credit agreement with a consortium led by Chang Hwa Commercial Bank. The credit line is $1,250,000 thousand (including $500,000 thousand for land financing under category A and $750,000 thousand for plant financing under category B). The borrowing period extends until February 2023. Commencing from the first utilization date, the repayment schedule is structured into seven periods. The first period spans 24 months from the initiation date, followed by subsequent periods every six months. During the first four periods, 5% of the principal is to be repaid in each installment, while in the fifth and sixth periods, 10% of the principal is to be repaid in each installment. The remaining principal is to be settled in the final period. This syndicated loans were repaid in advance in December 2022.

   In the course of the duration of the above-mentioned borrowings, the Company's financial statements must comply with certain financial ratios. In the event of a non-conformity with any of the financial ratios, the Company shall pay compensation to the credit limit management bank in accordance with the agreement while providing written documents on specific financial improvement measures immediately to the credit limit management bank. Also, the Company shall make improvements to meet the requirements of the agreement between the provision of the financial statements to the provision of the next first-half or annual financial statements. If the Company completes the improvement within said improvement period and meets the requirements of the agreement, the nonconformity shall not be deemed as a breach of the Company's financial commitment.

2) The contract period of the bank unsecured and secured borrowings is from 5 years 3 months to 7 years and the principal and interest are repaid monthly.

   For guarantees provided by the Company for long-term borrowings, refer to Note 32.

19. NOTES AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
Notes payable - operating	$ 23	$ 24
Accounts payable - operating	$ 525,327	$ 898,218

The average credit period for purchases was 60 to 115 days. The Company has established financial risk management policies to ensure that all payables are repaid within the pre-agreed credit periods.

20. OTHER PAYABLES

	December 31	
	2023	2022
Current		
Other payables		
Payables for salaries or bonuses	$ 172,033	$ 151,828
Payables for purchases of equipment	97,292	55,577
Payables for transportation and customs clearance	42,931	37,403
Payables for labor and health insurance	20,491	12,340
Payables for sales tax	21,705	11,123
Payables for environmental cost	6,302	9,232
Others	80,883	115,638
	$ 441,637	$ 393,141
Other liabilities		
Deferred revenue - government grants	$ 10,000	$ -
Others	7,862	7,569
	$ 17,862	$ 7,569
Non-current		
Other liabilities		
Guarantee deposits received	$ -	$ 3,705

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Pension expenses for these defined contribution plans are classified under the following accounts:

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 35,611	$ 34,103
Operating expenses	5,862	5,720
	$ 41,473	$ 39,823

22. CONVERTIBLE PREFERRED STOCKS

On April 7, 2021, the Company’s shareholders approved to issue 75,000 thousand shares of convertible preferred stock (Preferred A) with par value of $10 through private placement. On November 18, 2021, the Company’s board of directors approved the issuance of 25,895 thousand shares of the Preferred A stock at a price of $23.75 per share. The Company collected the total amount of $615,000 thousand on December 2, 2021, and completed the registration of the share issuance. Subject to the conditions of the issuance, the preferred shares were split into preferred stock liability of $287,949 thousand (included in non-current liabilities) and conversion options of $327,051 thousand (included in capital surplus). The rights and obligations of the preferred stock in this issuance are as follows:

a. The distribution of earnings was based on the Company’s Articles of Incorporation, current year or current quarter and accumulated unappropriated dividend shall be appropriated to class A preferred shares in the first priority. If there were no earnings or earnings that were not sufficient to be appropriated to class A preferred shares, the distributable earnings shall be appropriated to class A preferred shares. The dividend deficiency shall be made up in a profitable year or quarter subsequently in the first priority.

b. The annual dividend rate of class A preferred shares was 2% which was calculated at the issuance price per share and paid in cash, the ex-dividend date of the preferred dividend was authorized to be determined by the board of directors. The issuance number in issuance year or quarter and recovered year or quarter were calculated at the actual issuance number of days.

c. If the expected dividend distribution amount of common shares exceeds the dividend amount of class A preferred shares in the current year, the shareholders of class A preferred shares can participate in the distribution.

d. Except for the aforementioned dividend, the shareholders of class A preferred shares can participate in the appropriation of earnings and reserves to shareholders of common shares of preference shares.

e. Class B preferred shares were promised to be transferred to common shares on the day following the third anniversary of the issue.

f. Class A preferred stock is non-voting, except during the preferred shareholders’ meetings and on matters regarding the shareholders’ rights and obligations.

g. When it comes to appropriate over common shares residual assets of the Company, class A preferred shares have priority preferred shares. However, the amount was limited to the issuance price plus the total amount of unpaid dividends.

h. The issuance period of class A preferred shares was no period, the shareholders of class A preferred shares did not have the right to demand the Company call back class A preferred shares. However, on the date after years of the issuance date, the Company can call back all or some of class A preferred shares at the actual issuance price in cash or other ways which were permitted by regulations. The rights and obligations of class A preferred shares which have not been called will continue until the Company calls back. In the current year of calling back the class A preferred shares, if the Company’s shareholders resolve to appropriate dividends, the amounts of dividends which have to be the number of actual distribute d as of the date of call back will be calculated according to issuance days in the current year.

i. The preemptive rights for stockholders of class A preferred stocks are the same as those of common stocks when the Company increases its capital by issuing shares.

j. When class A preferred shares meet the condition of call back or mature in the issuance period, if the Company cannot call back all or some class A preferred shares due to force majeure or inscrutable fault of the Company, the rights of class A preferred shares which have not been called back will continue according to aforementioned issuance conditions until the Company calls back all the class A preferred shares. The dividends will be calculated according to the original annual rate and actual extension period, and the rights of class A preferred shares shall not be diminished according to the Company's articles of incorporation.

On March 7, 2022, the Company's board of directors resolved that the offering of the remaining 49,105 thousand shares will not be continued.

23. EQUITY

a. Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands)	700,000	700,000
Shares authorized	$ 7,000,000	$ 7,000,000
Shares issued and fully paid (in thousands)	512,797	476,297
Shares issued	$ 5,127,967	$ 4,762,967

The par value of the issued ordinary shares is NT$10. Each share entitles its holder to the right to vote and to receive dividends. In addition, 25,895 thousand shares of The par value of the issued class A preferred share were issued. Please refer to Note 22.

The Company issued 30,500 thousand ordinary shares with a par value of $10, for a consideration of $26.5 per share which increased the share capital issued and fully paid to $808,250 thousand and release shares increased to 476,297 thousand on July 13, 2022. The Company completed its registration on August 4, 2022.

The Company issued 36,500 thousand ordinary shares with a par value of $10, for a consideration of $27.10 per share which increased the share capital issued and fully paid to $989,150 thousand and release shares increased to 512,797 thousand on August 2, 2023. The Company completed its registration on August 31, 2023.

Of the authorized capital, a total of 5,000 thousand shares should be reserved for employee share option certificates, which should be issued in batches in accordance with the resolution of the board of directors.

b. Capital surplus

	December 31	
	2023	2022
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Premium from issuance of ordinary shares	$ 1,624,201	$ 991,729
Expired employee share options	14,372	6,233

	December 31	
	2023	2022
May only be used to offset a deficit		
Changes in percentage of ownership interests in invested company accounted for using the equity method	$ 11	$ 11
May not be used for any purpose		
Preferred stock share options (Note 22)	327,051	327,051
	$ 1,965,635	$ 1,325,024

(Concluded)

The capital surplus from shares issued in excess of par and donations could be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The movements in capital surplus for the years ended December 31, 2023 and 2022 are as follows:

	Premium from Issuance of Ordinary Shares	Expired Employee Share Options	Preferred Stock Share Options	Changes in Percentage of Ownership Interest in Equity-method Investees	Total
Balance at January 1, 2022	$ 473,270	$ -	$ 327,051	$ -	$ 800,321
Issuance of ordinary shares	503,250	-	-	-	503,250
Recognized as cost of employee share options	15,209	6,233	-	-	21,442
Changes in capital surplus from investments in associates accounted for using the equity method	-	-	-	11	11
Balance at December 31, 2022	991,729	6,233	327,051	11	1,325,024
Issuance of ordinary shares	624,150	-	-	-	624,150
Recognized as cost of employee share options	20,877	8,139	-	-	29,016
Cash dividends distributed from capital surplus	(12,555)	-	-	-	(12,555)
Balance at December 31, 2023	$ 1,624,201	$ 14,372	$ 327,051	$ 11	$ 1,965,635

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's amended Articles of Incorporation (the "Articles"), where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 24.(g).

In addition, in accordance with the dividends policy as stated in the Company's Articles, dividends shall be distributed in an appropriate manner based on the Company's future capital budget and funding needs. Dividends shall be distributed in the form of cash or shares, with the percentage of cash dividends not less than 10% of the total dividends distributed.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2022 and 2021, which were approved by the shareholders in their meetings on May 24, 2023 and June 9, 2022, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Legal reserve	$ 18,741	$ 4,632
Special reserve	$ 129,364	$ 41,685
Cash dividends	$ 37,664	$ -
Cash dividends per share (NT$)	$ 0.075	$ -

On May 24, 2023, the Company's shareholders' meeting resolved to appropriation of cash dividends of $12,555 thousand, or $0.025 per share, distributed from the capital surplus - stock premium.

The appropriation of earnings for 2023, which were proposed by the Company's board of directors on March 6, 2024 was as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 52,727
Reversal of special reserve	$ (149)
Cash dividends	$ 215,477
Cash dividends per share (NT$)	$ 0.4

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting to be held in May 2024.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (234)	$ (869)
Recognized for the year		
Exchange differences on the translation of foreign operations	(2)	794
Income tax relating to items that may be reclassified subsequently to profit or loss	1	(159)
Balance at December 31	$ (235)	$ (234)

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (170,641)	$ (174,284)
Recognized for the year		
Unrealized gain or loss - equity instruments	-	1,404
Cumulative unrealized gain or loss on equity instruments transferred to retained earnings due to disposal	-	2,239
Share from associates accounted for using the equity method	(24)	-
Balance at December 31	$ (170,665)	$ (170,641)

3) Gain or loss on hedging instruments

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ (174)	$ -
Recognized for the year		
Gain (loss) on changes in the fair value of hedging instruments		
Foreign currency risk - foreign exchange forward contracts	119	(218)
Original carrying amount transferred to the hedged items		
Foreign currency risk - foreign exchange forward contracts	99	-
Related income tax	(44)	44
Balance at December 31	$ -	$ (174)

24. NET INCOME

a. Operating revenue

1) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (Note 9)	$ 83,894	$ -	$ -
Accounts receivable (Note 9)	$ 1,477,993	$ 1,164,930	$ 754,026
Accounts receivable from related parties (Notes 9 and 31)	$ 42,437	$ 9,498	$ 88,484
Contract liabilities			
Sales of modules	$ 90,007	$ 117,745	$ 294,232

Refer to Note 9 for the explanation of accounts receivable generated from contracts.

The changes in the balance of contract liabilities primarily resulted from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year from the satisfaction of performance obligations of contract liabilities at the beginning of the year was summarized as follows:

	For the Year Ended December 31	
	2023	2022
From contract liabilities at the beginning of the year		
Sales of modules	$ 109,380	$ 293,400

2) Details of revenue from contracts with customers

Refer to Statement 11 for further information about the details of revenue.

3) Partially completed contracts

	December 31	
	2023	2022
Sales of module		
From January 1, 2023 to December 31, 2023	$ -	$ 117,745
From January 1, 2024 to December 31, 2024	90,007	-
	$ 90,007	$ 117,745

b. Interest income

	For the Year Ended December 31	
	2023	2022
Cash in banks	$ 16,629	$ 2,021
Financial assets at amortized cost	5,250	3,871
Others	1,215	542
	$ 23,094	$ 6,434

c. Other operating income and expenses, net

	For the Year Ended December 31	
	2023	2022
Loss on disposal of property, plant and equipment	$ (318,921)	$ (16,105)
Others	(6,222)	(8,436)
	$ (325,143)	$ (24,541)

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	**2022**
Property, plant and equipment	$ 862,006	$ 567,760
Right-of-use assets	11,508	11,497
Investment properties	6,847	12,101
Other intangible assets	3,495	1,855
	$ 883,856	$ 593,213
An analysis of depreciation by function		
Operating costs	$ 853,088	$ 565,085
Operating expenses	27,273	26,273
	$ 880,361	$ 591,358
An analysis of amortization by function		
Operating costs	$ 1,878	$ 1,048
Operating expenses	1,617	807
	$ 3,495	$ 1,855

Details of amortization expense of intangible assets allocated to individual line item are set out in Note 16.

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	**2022**
Generating rental income		
Depreciation expense	$ 6,847	$ 12,101
Tax expense	243	398
	$ 7,090	$ 12,499

f. Employee benefit expenses

	For the Year Ended December 31	
	2023	**2022**
Post-employment benefits		
Defined contribution plans (Note 21)	$ 41,473	$ 39,823
Share-based payments (Note 27)	29,016	21,442
Payroll expenses	1,007,454	965,852
Labor and health insurance expenses	111,288	100,500
Remuneration of directors	33,295	16,023
Other employee benefits	98,471	86,383
Total employee benefit expenses	$ 1,320,997	$ 1,230,023

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of employee benefit expense by function		
Operating costs	$ 1,058,979	$ 1,029,214
Operating expenses	262,018	200,809
	$ 1,320,997	$ 1,230,023

(Concluded)

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors, after offsetting accumulated deficits, if any.

The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 respectively, which were approved in the board of directors' meeting held on March 6, 2024 and March 8, 2023, were as follows:

	For the Year Ended December 31	
	2023	2022
Accrual rate		
Compensation of employees	5.58%	5.0%
Remuneration of directors	3.16%	3.5%
Amount		
Compensation of employees	$ 31,800	$ 9,586
Remuneration of directors	$ 18,000	$ 6,710

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign currency exchange gains	$ 54,539	$ 61,293
Foreign currency exchange losses	(54,914)	(81,675)
Net loss	$ (375)	$ (20,382)

i. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense	$ 77,031	$ 87,031
Interest on preferred stock liabilities	13,311	12,300
Finance costs	6,716	9,996
Interest on lease liabilities	500	487
Others	885	165
Less: Capitalized interest	(30,253)	(30,679)
	$ 68,190	$ 79,300

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	$ 30,253	$ 30,679
Capitalization rate	2.80%	2.64%

25. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax benefits are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
Adjustments for prior years' tax	$ (63)	$ (44)
Deferred tax		
In respect of the current year	(6,740)	(14,181)
Income tax benefit recognized in profit or loss	$ (6,803)	$ (14,225)

A reconciliation of accounting profit and income tax benefit is as follows:

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	$ 520,465	$ 175,425
Income tax expense calculated at the statutory rate	$ 104,093	$ 35,085
Non-taxable income and nondeductible expenses in determining taxable income	(6,764)	926
Realized loss carryforwards	(108,920)	(42,717)
Unrecognized loss carryforwards	4,851	(7,475)
Adjustments for prior years' tax	(63)	(44)
Income tax benefit recognized in profit or loss	$ (6,803)	$ (14,225)

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year		
Translation of foreign operations	$ 1	$ (159)
Cash flow hedges	(44)	44
	$ (43)	$ (115)

c. Current tax assets

	December 31	
	2023	2022
Current tax assets		
Tax refund receivable	$ 2,340	$ 382

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Loss carryforwards	$ 188,009	$ (4,851)	$ -	$ 183,158
Inventory write-downs	37,149	13,839	-	50,988
Impairment loss of property, plant and equipment	2,031	(1,937)	-	94
Loss on investments in subsidiaries and associates accounted for using the equity method	4,574	26	-	4,600
Allowance for losses	1,294	(530)	-	764
Provisions for liabilities	3,428	1,576	-	5,004
Unrealized gain on transactions with associates	130	(130)	-	-
Exchange differences on the translation of the financial statements of foreign operations	58	-	1	59
Unrealized loss on financial instruments	127	18	-	145
Loss on hedge instrument	44	-	(44)	-
	$ 236,844	$ 8,011	$ (43)	$ 244,812

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized foreign exchange gain	$ 628	$ 96	$ -	$ 724
Unrealized loss on transactions with associates	-	1,175	-	1,175
	$ 628	$ 1,271	$ -	$ 1,899

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Loss carryforwards	$ 180,534	$ 7,475	$ -	$ 188,009
Inventory write-downs	17,569	19,580	-	37,149
Impairment loss of property, plant and equipment	12,737	(10,706)	-	2,031
Loss on investments in subsidiaries and associates accounted for using the equity method	4,555	19	-	4,574
Allowance for losses	4,167	(2,873)	-	1,294
Provisions for liabilities	2,939	489	-	3,428
Unrealized gain on transactions with associates	625	(495)	-	130
Exchange differences on the translation of the financial statements of foreign operations	217	-	(159)	58
Unrealized loss on financial instruments	49	78	-	127
Loss on hedge instruments	-	-	44	44
	$ 223,392	$ 13,567	$ (115)	$ 236,844

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Temporary differences				
Unrealized foreign exchange gain	$ 1,242	$ (614)	$ -	$ 628

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the balance sheets

	December 31	
	2023	2022
Loss carryforwards	$ 1,481,538	$ 2,001,878
Deductible temporary differences		
Impairment loss of financial assets	$ 1,705	$ 1,705

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount	Expiry Year
$ 24,607	2027
238,290	2028
89,609	2029
126,960	2030
$ 479,466	

g. Income tax assessments

The income tax returns of the Company through 2021 have been assessed by the tax authorities.

26. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Earnings for the Year

	For the Year Ended December 31	
	2023	2022
Earnings used in the computation of basic earnings per share	$ 527,268	$ 189,650
Effect of potentially dilutive ordinary shares		
Interest on convertible preferred stocks, after tax	9,840	-
Earnings used in the computation of diluted earnings per share	$ 537,108	$ 189,650

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	491,497	460,169
Effect of potentially dilutive ordinary shares		
Convertible preferred stocks	25,895	-
Compensation of employee	1,131	289
Weighted average number of ordinary shares used in the computation of diluted earnings per share	518,523	460,458

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. SHARE-BASED PAYMENT ARRANGEMENTS

The Company issued ordinary shares for a capital increase in cash in July 2023 and June 2022, in which a portion of the shares is reserved for employees' subscription, and shared-based payment expenses calculated according to the Black-Scholes model amounted to $29,016 thousand and $21,442 thousand, respectively. An increase in the same amount was recognized for capital surplus.

Information on employee share options was as follows:

	Grant Date	
	July 5, 2023	June 14, 2022
Fair value of options	$7.95 per share	$7.03 per share
Exercise price	$27.1 per share	$26.5 per share
Expected life	11 days	12 days
Share price volatility rate	40.00%	44.08%
Risk-free interest rate	0.9920%	0.6624%

28. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2023 and 2022, the Company entered into the following non-cash investing and financing activities:

	For the Year Ended December 31	
	2023	2022
Cash paid for part of the cost of acquisition of property, plant and equipment		
Acquisition of property, plant and equipment	$ 1,551,202	$ 1,154,313
Net changes in prepayments for equipment	(409,384)	(24,524)
Net changes in payables for purchases of equipment	(41,715)	(15,257)
Effect of exchange differences	(78)	(3,644)
Cash paid	$ 1,100,025	$ 1,110,888

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

			Non-cash Changes				
	Balance as of January 1, 2023	Cash Flows	New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Others	Balance as of December 31, 2023
Short-term borrowings	$ 856,613	$ (514,777)	$ -	$ -	$ -	$ -	$ 341,836
Short-term bills payable	329,513	(249,609)	-	-	4,441	(4,441)	79,904
Long-term borrowings - current portion	218,604	(182,414)	-	454,960	-	-	491,150
Long-term borrowings	1,931,346	425,200	-	(454,960)	-	-	1,901,586
Guarantee deposits received	3,705	(3,705)	-	-	-	-	-
Lease liabilities	10,869	(11,390)	18,013	-	500	(1,572)	16,420
Preferred stock liabilities	287,949	-	-	-	-	-	287,949
	$ 3,638,599	($ 536,695)	$ 18,013	$ -	$ 4,941	($ 6,013)	$ 3,118,845

For the year ended December 31, 2022

			Non-cash Changes				
	Balance as of January 1, 2022	Cash Flows	New Leases	Long-term Borrowings - Current Portion	Amortization of Interest Expenses	Others	Balance as of December 31, 2022
Short-term borrowings	$ 598,972	$ 257,641	$ -	$ -	$ -	$ -	$ 856,613
Short-term bills payable	-	329,513	-	-	-	-	329,513
Long-term borrowings - current portion	412,623	(1,297,458)	-	1,103,439	-	-	218,604
Long-term borrowings	2,140,785	894,000	-	(1,103,439)	-	-	1,931,346
Guarantee deposits received	3,705	-	-	-	-	-	3,705
Lease liabilities	10,711	(11,753)	11,911	-	487	(487)	10,869
Preferred stock liabilities	287,949	-	-	-	-	-	287,949
	$ 3,454,745	$ 171,943	$ 11,911	$ -	$ 487	$ (487)	$ 3,638,599

29. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Company will review the capital structure periodically according to the economic environment and business considerations. Based on the recommendations of the management, the Company will adjust the number of new shares issued or the amount of new debt issued in order to balance the overall capital structure.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values (or their fair values cannot be reliably measured).

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives	$ -	$ 724	$ -	$ 724

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL				
Derivatives	$ -	$ 637	$ -	$ 637
Financial liabilities for hedging				
Derivatives	$ -	$ 218	$ -	$ 218

There were no transfers between Levels 1 and 2 in 2023 and 2022.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 6,063
Recognized in other comprehensive income (included in unrealized gain of financial assets at FVTOCI)	1,441
Disposal	(7,504)
Balance at December 31	$ -
Recognized in other gains and losses - unrealized	$ -

4) Valuation techniques and assumption applied for Level 3 fair value measurement

The fair values of overseas unlisted corporate equity investments are estimated using the market approach with reference to the net value stated in the most recent financial statements of the investee company and based on the evaluation of similar companies and the operations of the investee company.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at amortized cost (Note 1)	$ 3,127,815	$ 2,448,618
Financial liabilities		
Financial liabilities at FVTPL	724	637
Hedging instruments of financial liabilities	-	218
Financial liabilities at amortized cost (Note 2)	3,847,921	4,726,866

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable - related parties, other accounts receivable (excluding tax refund receivable), other accounts receivable - related parties, and refundable deposits (as other non-current assets).

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans (including current portion), short-term bills payable, trade payables, notes payable and other payables (excluding wage payable, labor and medical insurance, pension and sales tax), preferred stock liabilities and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include financial assets and liabilities at FVTPL, financial assets at FVTOCI, accounts receivable, accounts payable, short-term, long-term debt and lease liabilities etc. The Company's corporate treasury function coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in the non-functional currency at the balance sheet date (including monetary items denominated in non-functional currencies in the financial statements), refer to Note 35.

Sensitivity analysis

The Company is mainly exposed to the U.S. dollar.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency (U.S. dollar). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and their adjusted translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ (1,122)	$ 2,191

This was mainly attributable to the exposure on outstanding bank deposits, other financial assets - restricted, short-term loans, receivables and payables denominated in U.S. dollars which were not hedged at the end of the reporting period.

The sensitivity of the Company to the U.S. dollar decreased during the current period, mainly due to the decrease in short-term borrowings denominated in U.S. dollars during the current period.

Hedge accounting

The Company's hedging strategy is to enter into forward foreign exchange contracts to hedge the risk of exchange rate changes on foreign currency machine purchase contracts that are expected to occur in the future and are designated as cash flow hedges. When the forecasted purchases actually occur, a basis adjustment is made to the initial carrying amount of the hedged item.

For the hedges of highly probable forecast sales and purchases, as the critical terms (i.e., the notional amount, life and underlying) of the forward foreign exchange contracts and their corresponding hedged items are the same, the Company performs a qualitative assessment of effectiveness and it is expected that the value of the forward contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates. The Company compares changes in the fair value of forward foreign exchange contracts with changes in purchase costs to assess the effectiveness of the hedge.

The main source of hedge ineffectiveness in these hedging relationships is the effect of credit risks of the Company and the counterparty on the fair value of the forward exchange contracts. Such credit risks do not impact the fair value of the hedged item attributable to changes in foreign exchange rates. No other sources of ineffectiveness emerged from these hedging relationships.

The Company's exchange rate risk hedge information is summarized as follows:

December 31, 2023

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (NTD1:USD)	Line Item	Carrying Amount Liabilities
Cash flow hedge						
Forecast sales - forward foreign exchange contracts	USD/NTD	USD867/NTD26,795	January18, 2023	$ 30.905	Financial liabilities for hedging	$ -
Forecast sales - forward foreign exchange contracts	USD/NTD	USD289/NTD8,817	April 25, 2023	30.507	Financial liabilities for hedging	-
Forecast sales - forward foreign exchange contracts	CNY/NTD	RMB6,690/NTD29,712	April 25, 2023	4.441	Financial liabilities for hedging	-

December 31, 2022

Hedging Instruments	Currency	Notional Amount (In Thousands)	Maturity	Forward Rate (NTD1:USD)	Line Item	Carrying Amount Liabilities
Cash flow hedge						
Forecast sales - forward foreign exchange contracts	USD/NTD	USD867/NTD26,795	January18, 2023	$ 30.905	Financial liabilities for hedging	$ 218

Hedged Items	Accumulated Gains or Losses on Hedging Instruments in Other Equity Continuing Hedges
Cash flow hedge	
Forecast sales (i)	$ (174)

For the year ended December 31, 2023

Comprehensive Income	Hedging Gains Recognized in OCI
Cash flow hedge	
Forecast sales (i) (ii)	$ 75

For the year ended December 31, 2022

Comprehensive Income	Hedging Losses Recognized in OCI
Cash flow hedge	
Forecast sales (i) (ii)	$ (174)

i. The Company has entered into a forward exchange contract for the purchase of machinery and equipment to hedge the risk of exchange rate fluctuations from anticipated future purchase transactions, at which time the amount previously deferred in equity will be included in the carrying amount of machinery and equipment.

ii. For a reconciliation of hedge-related other equity, Note 23.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial liabilities	$ 384,273	$ 628,331
Cash flow interest rate risk		
Financial assets	1,344,511	1,081,613
Financial liabilities	2,734,572	3,006,563

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Company's pretax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by $3,475 thousand and $4,812 thousand, respectively, which was mainly attributable to the Company's exposure to interest rate risks on its long-term borrowings.

The Company's sensitivity to interest rate decreased during the period mainly due to the decrease in bank borrowings with variable interest rates.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which will cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, is primarily equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company uses available financial information and mutual transaction records to rate major customers. The Company continues to monitor the credit risk exposures and the credit ratings of their counterparties.

The Company's concentration of credit risk of 93.98% and 88.42% in total trade receivables as of December 31, 2023 and 2022, respectively, was related to the Company's ten largest customers.

3) Liquidity risk

The Company managed and maintained sufficient cash and cash equivalents to support the operations of the Company and mitigate the impact of fluctuations in cash flows with long-term borrowings of $425,200 thousand and $894,000 thousand in 2023 and 2022, respectively, and increased capital by $989,150 thousand and $808,250 thousand, respectively. The Company's management supervised the use of bank financing quotas and ensures compliance with the terms of the loan contract.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following tables detail the Company's remaining contractual maturities for its borrowings with agreed-upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2023

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 63,820	$ 308,605	$ 517,554	$ 2,003,208
Fixed interest rate liabilities	79,904	-	-	287,949
Non-interest bearing liabilities	383,863	273,746	87,887	-
Lease liabilities	1,003	2,006	9,029	4,756
	$ 528,590	$ 584,357	$ 614,470	$ 2,295,913

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5 -10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 12,038	$ 4,756	$ -	$ -	$ -

December 31, 2022

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
Non-derivative financial liabilities				
Variable interest rate liabilities	$ 281,155	$ 68,364	$ 842,648	$ 2,237,696
Fixed interest rate liabilities	229,720	99,793	-	287,949
Non-interest bearing liabilities	737,795	306,880	51,811	6,355
Lease liabilities	600	1,200	4,116	5,486
	$ 1,249,270	$ 476,237	$ 898,575	$ 2,537,486

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5 -10 Years	10-15 Years	15-20 Years
Lease liabilities	$ 5,916	$ 5,486	$ -	$ -	$ -

b) Liquidity and interest rate risk for derivative financial liabilities

The following table details the Company's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2023

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Year
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 54,021	$ -	$ -	$ -
Outflows	(54,745)	-	-	-
	$ (724)	$ -	$ -	$ -

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	Over 1 Year
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 113,014	$ -	$ -	$ -
Outflows	(113,869)	-	-	-
	$ (855)	$ -	$ -	$ -

c) Financing facilities

	December 31	
	2023	2022
Unsecured bank loan facilities		
Amount used	$ 783,971	$ 1,297,409
Amount unused	1,563,214	394,292
	$ 2,347,185	$ 1,691,701
Secured bank overdraft facilities:		
Amount used	$ 2,817,600	$ 1,975,000
Amount unused	2,030,361	1,270,505
	$ 4,847,961	$ 3,245,505

31. TRANSACTIONS WITH RELATED PARTIES

The terms of the transactions and the prices are negotiated separately, details of the transactions are disclosed below:

a. The Company's related parties

Related Party	Relationship with the Company
Holdgood	Associate
Yuan-Yu	Associate
Hou Chang Energy	Subsidiary
Yuan-Jin Energy	Subsidiary

b. Operating revenue

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2023	2022
Sales	Associates	$ 121,837	$ 188,155

The prices and collection period of sales transactions are based on the contract, which are similar to those of other companies in general.

c. Rental revenue

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2023	2022
Rental revenue	Associates	$ 1,367	$ 465
	Subsidiaries	1,446	-
		$ 2,813	$ 465

The rent is based on the general market rate of the contract signed, and rent is collected on a monthly basis.

d. Other revenue

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2023	2022
Other revenue	Associates		
	Yuan-Yu	$ -	$ 1,972
	Holdgood	1,648	1,277
		$ 1,648	$ 3,249

Other revenue refers to amounts charged to associates and power plant maintenance cleaning costs. The prices and payment terms of these transactions are subject to the terms outlined in the contracts.

e. Accounts receivable - related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Accounts receivable - related parties	Associates		
	Holdgood	$ 42,437	$ 9,498

No collateral was received for outstanding accounts receivable - related parties. No allowance for bad debt was required for accounts receivable - related parties as of December 31, 2023 and 2022.

f. Other receivables - related parties

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Other receivables - related parties	Associates		
	Yuan-Yu	$ -	$ 120
	Holdgood	1,385	1,296
		$ 1,385	$ 1,416

Receivables for power plant maintenance fees and rent.

g. Endorsements and guarantees provided by the company.

Related Party Category/Name	December 31 2023	December 31 2022
Associates		
Yuan-Yu	$ 120,000	$ 120,000
Subsidiaries		
Hou Chang Energy	245,000	-
	$ 365,000	$ 120,000

As of December 31, 2023 and 2022, the amount of the Company's collateral provided for the above endorsements and guarantees was $122,175 thousand, and $94,212 thousand, respectively.

h. Contract liabilities

Line Item	Related Party Category/Name	December 31 2023	December 31 2022
Contract liabilities	Associates	$ 2,101	$ 685

i. Remuneration of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 61,685	$ 42,773
Post-employment benefits	648	575
Share-based payments	-	886
	$ 62,333	$ 44,234

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for import duties, bank borrowings, borrowings for the purchase of material, power plant business and other credit facilities:

	December 31	
	2023	2022
Land	$ 1,062,514	$ 425,279
Buildings	1,835,015	758,252
Machinery	357,474	319,266
Investment properties	9,012	92,093
Investments accounted for using the equity method	122,175	94,212
Financial assets at amortized cost	109,164	133,282
	$ 3,495,354	$ 1,822,384

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2023 and 2022, significant commitments of the Company were as follows:

a. Commitments for construction contracts

	December 31	
	2023	2022
Purchased	$ 93,873	$ 458,897
To be purchased in the future	218,345	140,303
Total contract amount	$ 312,218	$ 599,200

b. Commitments for material purchasing contracts

	December 31	
	2023	2022
Purchased	$ 393,553	$ 586,901
To be purchased in the future	706,260	1,101,911
Total contract amount	$ 1,099,813	$ 1,688,812

c. Commitments for equipment purchasing contracts

	December 31	
	2023	2022
Purchased	$ 510,942	$ 386,646
To be purchased in the future	213,001	457,954
Total contract amount	$ 723,943	$ 844,600

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies (including monetary items that have been written off in a non-functional currency in the financial statements) and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 11,465	30.705 (USD:NTD)	$ 352,033
Non-monetary items			
USD	263	30.705 (USD:NTD)	8,077
Financial liabilities			
Monetary items			
USD	10,734	30.705 (USD:NTD)	329,587

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$ 17,928	30.71 (USD:NTD)	$ 550,569
Non-monetary items			
USD	263	30.71 (USD:NTD)	8,071
Financial liabilities			
Monetary items			
USD	19,355	30.71 (USD:NTD)	594,392

The significant unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Gains (Losses)	Exchange Rate	Unrealized Foreign Exchange Gains (Losses)
USD	31.155 (USD:NTD)	$ 4,017	29.805 (USD:NTD)	$ 2,919

36. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

   1) Financing provided to others: None

   2) Endorsements/guarantees provided: Table 1 (attached)

   3) Marketable securities held (excluding investments in subsidiaries): Table 2 (attached)

   4) Marketable securities acquired or disposed of at costs or prices at least NT$300 million or 20% of the paid-in capital: Table 3 (attached)

   5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

   6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

   7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4 (attached)

   8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

   9) Trading in derivative instruments: Notes 7 and 30

b. Information on investments: Table 5 (attached)

c. Information on investments in mainland China: None

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. Table 6 (attached)

TSEC CORPORATION

GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Guarantor	Guarantee		Limit on Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Guaranteed During the Year (Note 4)	Outstanding Guarantee at the End of the Year (Note 4)	Actual Amount Borrowed	Amount Guaranteed by Collateral	Ratio of Accumulated Guarantee to Net Equity in Latest Financial Statements (%) (Note 3)	Aggregate Guarantee Limit (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries (Note 5)	Guarantee Given by Subsidiaries on Behalf of Parent (Note 5)	Guarantee Given on Behalf of Companies in Mainland China (Note 5)	Note
		Name	Relationship (Note 1)											
0	TSEC Corporation	Yuan-Yu	5	$ 1,529,207	$ 120,000	$ 120,000	$ 120,000	$ 122,175	1.57	$ 3,440,715	N	N	N	
		Hou Chang Energy	2	1,529,207	245,000	245,000	194,481	-	3.20	3,440,715	Y	N	N	

Note 1: The relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following five categories; fill in the number of categories each case belongs to:

a. A company with which it has business dealings.

b. The Company directly or indirectly holds more than 50% of the voting shares of the other company.

c. The other company directly or indirectly holds more than 50% of the voting shares of the Company.

d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company. However, the restriction does not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

e. Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such endorsements/guarantees may be made free of the restriction of the preceding four subparagraphs.

Note 2: The total amount of the Company’s external endorsement guarantees shall not exceed 45% of the current net worth. The ceiling amount of endorsement guarantees to a single company is no more than 20% of the Company’s net worth, and no more than 30% of the Company’s net worth if it is to a single overseas affiliated company. The net value is based on the financial statements recently verified or audited by independent auditors.

Note 3: It is calculated according to the financial data of the company providing the endorsements/guarantees.

Note 4: The maximum balance of endorsements/guarantees for the current period and the balance of endorsement/guarantee, end of period, are the amounts approved by the board of directors.

Note 5: “Y” shall be entered only in the cases of endorsement/guarantee by the publicly listed parent to subsidiary; endorsement/guarantee by subsidiary to the publicly listed parent; endorsement/guarantee to entity in mainland China.

TABLE 2

TSEC CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
TSEC Corporation	Domestic unlisted ordinary shares							
	Eversol Corporation	-	Financial assets at FVTOCI	62,591	$ -	2.23	$ -	-

Note: None of the marketable securities held at the end of the period listed in the table above were pledged as collateral.

TABLE 3

TSEC CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Others	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Number of Shares	Amount
TSEC Corporation	Marketable securities NFC III Renewable Power Co., Ltd.	Investments accounted for using the equity method	Capital increase in cash	Associate	-	$ -	43,200	$ 432,000	-	$ -	$ -	$ -	$ (4,450)	43,200	$ 427,550

TSEC CORPORATION

THE AMOUNT OF PURCHASE OR SALE OF GOODS WITH RELATED PARTIES REACHES NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details				Transaction with Terms Different from Others		Notes/Accounts Receivable (Payable)		Note
			Purchases/ Sales	Amount	% of Total	Credit Period	Unit Price	Credit Period	Ending Balance	% of Total	
TSEC Corporation	Holdgood	Associate	Sales	$ 121,837	1.48	30-75 days	$ -	-	$ 42,437	2.65	Note

Note: The Company transacts with Holdgood Energy Development Corporation directly and the relevant price and credit period are based on either the contract or by negotiations.

TSEC CORPORATION

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Other Items
				December 31, 2023	December 31, 2022	Number of Shares (Thousand Shares)	%	Carrying Amount			
TSEC Corporation	TSEC AMERICA, INC.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of solar related products	$ 31,129 (US$ 1,000,000)	$ 31,129 (US$ 1,000,000)	100	100.00	$ 8,077	$ 7	$ 7	(Notes 1, 4 and 6)
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,500	120,500	12,050	100.00	120,530	1,675	1,675	(Notes 1 and 6)
	Changyang Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	400	400	40	80.00	385	3	2	(Notes 1 and 6)
	Yunsheng Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	481	3	3	(Notes 1 and 6)
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100.00	481	3	3	(Notes 1 and 6)
	TSECPV (HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of power generation equipment and solar energy related products	250 (US$ 8,038)	200 (US$ 6,500)	-	100.00	-	(136)	(136)	(Notes 1 and 6)
	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	89	89	10	100.00	80	-	-	(Notes 1 and 6)
	Yuan-Jin Energy	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	26,100	-	2,610	90.00	26,038	(69)	(62)	(Notes 1 and 6)
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	213,804	213,804	21,380	45.49	231,380	17,138	7,796	(Notes 2 and 5)
	Yuan-Yu Solar Energy Co., Ltd.	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	120,000	120,000	12,000	20.00	122,175	209,318	43,505	(Notes 3, 5 and 7)
	NFC III Renewable Power Co., Ltd.	12F.-4, No. 89, Songren Rd., Xinyi Dist., Taipei City 110413, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	432,000	-	43,200	24.00	427,550	(18,510)	(4,450)	(Note 3)
Houchang Energy Corporation	Hengyong Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 6)
	Yongli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100.00	89	-	-	(Notes 1 and 6)
Yuan-Jin Energy	Jin-jing Electric Power Co., Ltd.	No. 85, Guangfu N. Rd., Hukou Township, Hsinchu County 303036, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	28,024	-	2,810	100.00	27,873	(166)	(151)	(Notes 1 and 6)

Note 1: The investment gains and losses of the subsidiaries accounted for using the equity method are calculated based on the financial statements that have been audited.

Note 2: The investment gains and losses of the associates accounted for using the equity method are calculated based on the financial statements that have been audited.

Note 3: The share of profit or loss of investments in associates accounted for using the equity method was calculated based on the financial statements reviewed by the other CPAs.

Note 4: The board of directors resolved to liquidate and dissolve the subsidiary TSEC America, Inc. on September 11, 2018. As of March 6, 2024, TSEC America, Inc. has not completed the liquidation procedures.

Note 5: Carrying amount includes unrealized gross margin.

Note 6: Eliminated from the consolidated financial statements.

Note 7: The Company has issued the equity of Yuan-Yu Solar Energy Co., Ltd. to a financial institution as collateral for Yuan-Yu Solar Energy Co., Ltd.'s financing. Refer to Note 32 for mortgage information.

TABLE 6

TSEC CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter.

TSEC CORPORATION

STATEMENTS OF MAJOR ACCOUNTING ITEMS

TSEC CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Amount
Cash on hand		$ 609
Checking accounts		733
Demand deposits		
NTD		652,182
USD	US$1,151 thousand @30.705	35,353
CNY	RMB635 thousand @4.327	2,746
Cash equivalents		
Time deposits		459,722
		$ 1,151,345

TSEC CORPORATION

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Notes receivable	
Client E	$ 9,162
Client Y	8,794
Client Z	65,938
	$ 83,894
Accounts receivable	
Non-related parties	
Client V	$ 476,084
Client X	877,225
Others (Note)	144,744
	1,498,053
Less: Allowance for impairment loss	(20,060)
	$ 1,477,993
Related parties	
Hou Gu Energy Development Corporation	$ 42,437

Note: The amount from each individual client included under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value (Note)
Raw materials	$ 535,816	$ 461,124
Finished goods	877,365	701,846
Construction in progress	55,794	55,794
Work in process	60,826	56,102
	1,529,801	$ 1,274,866
Less: Allowance for inventory valuation and obsolescence losses	(254,935)	
	$ 1,274,866	

Note: Net realizable value.

TSEC CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Investee	Balance, January 1, 2023		Increase in Investment (Note 1)		Decrease in Investment (Note 2)		Profit or Loss from Investments (Notes 3 and 4)	Exchange Differences from Translation of Financial Statements of Associates Accounted for Using the Equity Method	Unrealized Gain (Loss) on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Deferred Realized (Unrealized) Gross Profit	Balance, December 31, 2023			Net Assets Value	Collateral
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount					Number of Shares	%	Amount		
Subsidiaries															
TSEC America, Inc.	100,000	$ 8,071	-	$ -	-	$ -	$ 7	$ (1)	$ -	$ -	100,000	100.00	$ 8,077	$ 8,077	NA
Yunsheng Optoelectronics Corporation	50,000	478	-	-	-	-	3	-	-	-	50,000	100.00	481	481	NA
Yunxing Optoelectronics Corporation	50,000	478	-	-	-	-	3	-	-	-	50,000	100.00	481	481	NA
Houchang Energy Corporation	12,050,000	118,855	-	-	-	-	1,675	-	-	-	12,050,000	100.00	120,530	120,530	NA
Changyang Optoelectronics Corporation	40,000	383	-	-	-	-	2	-	-	-	40,000	80.00	385	385	NA
Hengli Energy Development Corporation	100,000	80	-	-	-	-	-	-	-	-	100,000	100.00	80	80	NA
TSECPV (HK) LIMITED	-	87	-	50	-	-	(136)	(1)	-	-	-	100.00	-	-	NA
Yuan-Yu Solar Energy Co., Ltd.	-	-	2,610,000	26,100	-	-	(62)	-	-	-	2,610,000	90.00	26,038	26,038	NA
Associates															
Holdgood Energy Corporation	21,380,350	231,410	-	-	-	(12,828)	7,796	-	(24)	5,026	21,380,350	45.49	231,380	224,135	NA
Yuan-Yu Solar Energy Co., Ltd.	12,000,000	94,212	-	-	-	(16,000)	43,505	-	-	458	12,000,000	20.00	122,175	123,545	Y
NFC III Renewable Power Co., Ltd.	-	-	43,200,000	432,000	-	-	(4,450)	-	-	-	43,200,000	24.00	427,550	427,550	NA
		$ 454,054		$ 458,150		$ (28,828)	$ 48,343	$ (2)	$ (24)	$ 5,484			$ 937,177	$ 931,302	

Note 1: The increase was due to the Company's new investments of 2,610,000 shares in an amount of $26,100 thousand in a subsidiary, Yuan-Yu Solar Energy Co., Ltd., additional investments in subsidiary of TSECPV (HK) LIMITED in an amount of $50 thousand, and a new investment of 43,200,000 shares in an amount of $432,000 thousand in an associate, NFC III Renewable Power Co., Ltd.

Note 2: The decrease was due to the cash dividends of $12,828 thousand and $16,000 thousand distributed by associates, Holdgood Energy Corporation and Yuan-Yu Solar Energy Co., Ltd., respectively.

Note 3: The investments in subsidiaries and associate Holdgood Energy Corporation were recognized based on the audited financial statements.

Note 4: The associates of Yuan-Yu Solar Energy Co., Ltd. and NFC III Renewable Power Co., Ltd. were recognized based on financial statements audited by other CPAs.

TSEC CORPORATION

STATEMENT OF CHANGE IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1	Increase During the Year (Note 1)	Decrease During the Year (Note 2)	Balance at December 31
Cost				
Buildings	$ 17,934	$ 16,459	$ 7,838	$ 26,555
Transportation equipment	-	1,554	-	1,554
	$ 17,934	$ 18,013	$ 7,838	$ 28,109

Note 1: The increase in right-of-use assets was due to the new leases.

Note 2: The decrease in right-of-use assets was due to the leases that have expired and were terminated early.

TSEC CORPORATION

STATEMENT OF CHANGE IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Balance at January 1	Increase During the Year	Decrease During the Year (Note)	Balance at December 31
Accumulated depreciation				
Buildings	$ 7,164	$ 10,904	$ 6,779	$ 11,289
Transportation equipment	-	604	-	604
	$ 7,164	$ 11,508	$ 6,779	$ 11,893

Note: For the reason for the decrease during the year, refer to Statement 5 of Note 2.

TSEC CORPORATION

STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related parties	
Client A	$ 12,550
Client G	8,027
Client H	6,000
Client O	7,978
Client R	7,151
Others (Note)	46,200
	87,906
Related parties	
Holdgood Energy Development Corporation	2,101
	$ 90,007

Note: The amount of contract liabilities due to each individual under "others" does not exceed 5% of total account balance.

TSEC CORPORATION

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Vendor I	$ 52,051
Vendor J	40,455
Vendor L	40,259
Vendor T	34,394
Vendor AA	36,591
Others (Note)	321,577
	$ 525,327

Note: The amount of accounts payable due to each individual vendor under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item Category	Item	Lease Term	Discount Rate (%)	Balance, End of Year	Note
Buildings	Office and staff dormitory	2022.5.1-2027.9.30	2.33-3.06	$ 15,453	
Transportation equipment	Official vehicle	2022.10.24-2025.10.23	3.06	967	
				$ 16,420	

TSEC CORPORATION

STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Name	Creditor	Repayment Method	Annual Rate (%)	Amount		Collateral
				Current Portion	Non-current Portion	
Syndicated loan	Syndicated loan led by Taiwan Cooperative Bank	Note 1	3.09	$ 254,774	$ 704,620	Please refer to Note 32
Syndicated loan	Syndicated loan led by Mega International Commercial Bank	Note 2	1.60-2.72	49,000	531,206	Please refer to Note 32
				303,774	1,235,826	
Unsecured loan for the financing of machinery	Chang Hwa Commercial Bank	Term of contract is five years and three months from June 2023, repayment of principal and interest on a monthly basis	1.60	25,904	97,291	None
Unsecured loan for the financing of machinery	Chang Hwa Commercial Bank	Term of contract is six years from September 2022, repayment of principal and interest on a monthly basis	1.60	47,360	177,600	None
Secured loan for the financing of machinery	Taiwan Cooperative Bank	Term of contract is six years from October 2022, repayment of principal and interest on a monthly basis	1.60	3,000	11,250	None
Secured loan for the financing of machinery	Land Bank of Taiwan	Term of contract is seven years from October 2021, repayment of principal and interest on a monthly basis	2.10	36,977	126,332	Please refer to Note 32
Secured loan for the financing of machinery	Land Bank of Taiwan	Term of contract is five years and a half year from November 2022, repayment of principal and interest on a monthly basis	2.10	74,135	253,287	Please refer to Note 32
				187,376	665,760	
				$ 491,150	$ 1,901,586	

Note 1: The loan period ranges from November 2020 to November 2025. The first repayment should be made after 3 months from November 16, 2020, and the repayment of the loan should be made once every period for a total of 20 periods, where 1 period is equivalent to 3 months. In the first to twelfth periods, 2% of the principal should be repaid every period, in the thirteenth to nineteenth periods, 4% of the principal should be repaid, and the remaining amount is to be repaid in full on the maturity date of the loan.

Note 2: The principal of Type A loan should be paid off before the date when the credit period ends starting from October 13, 2023. As for Type B loans the 12-month period after the loan is first utilized is considered period 1 starting from June 15, 2023, and one month is a period afterward; the principal is divided into 48 installments, with the remaining principal being paid off in the final period.

TSEC CORPORATION

STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Description	Amount
Sales revenue		
Total sales revenue	Solar module sales	$ 8,528,555
	Power plant sales	133,896
	Sale of electricity	8,578
		8,671,029
Less: Sales returns and allowances		(428,534)
Operating revenue, net		$ 8,242,495

TSEC CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material costs	
Manufacturing costs	
Direct raw materials	
Balance, beginning of year	$ 995,537
Add: Raw materials purchased	3,952,893
Less: Raw materials, end of year	535,816
Transferred to manufacturing expenses	439,518
Transferred to operating expenses	7,508
	3,965,588
Direct labor	908,847
Manufacturing expenses	2,075,173
	6,949,608
Add: Work in process, beginning of year	137,415
Less: Work in process, end of year	60,826
	7,026,197
Add: Finished goods, beginning of year	683,707
Allowance for inventory write-downs	69,196
Less: Finished goods, end of year	877,365
Transferred to manufacturing expenses	52,040
Transferred to operating expenses	1,169
Transferred to power plant costs	30,364
	6,818,162
Power plant costs	
Add: construction in progress, beginning of year	68,401
Power plant engineering costs	113,198
Module costs transferred to power plant costs	30,364
Less: construction in progress, end of year	55,794
	156,169
Cost of sale of electricity	3,769
Operating costs	$ 6,978,100

TSEC CORPORATION

STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation expenses	$ 853,088
Indirect materials costs	266,184
Hydroelectric gas fees	297,503
Consumables	190,648
Personnel expenses	150,132
Others (Note)	317,618
	$ 2,075,173

Note: The amount of each item under "others" does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss	Total
Personnel expenses	$ 31,841	$ 209,184	$ 20,993	$ -	$ 262,018
Depreciation expenses	6,119	19,266	1,888	-	27,273
Delivery fee	44,910	20	105	-	45,035
Expected credit loss	-	-	-	1,669	1,669
Others (Note)	27,311	71,810	45,117	-	144,238
	$ 110,181	$ 300,280	$ 68,103	$ 1,669	$ 480,233

Note: The amount of each item under “others” does not exceed 5% of the total account balance.

TSEC CORPORATION

STATEMENT OF EMPLOYEES' BENEFITS, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023			2022		
	Classified as Operating Cost	Classified as Operating Expenses	Total	Classified as Operating Cost	Classified as Operating Expenses	Total
Employee benefit expenses						
Payroll expenses	$ 848,180	$ 159,274	$ 1,007,454	$ 835,276	$ 130,576	$ 965,852
Labor and health insurance expenses	96,977	14,311	111,288	86,948	13,552	100,500
Pension costs	35,611	5,862	41,473	34,103	5,720	39,823
Remuneration of directors	-	33,295	33,295	-	16,023	16,023
Share-based payments	-	29,016	29,016	-	21,442	21,442
Others	78,211	20,260	98,471	72,887	13,496	86,383
	$ 1,058,979	$ 262,018	$ 1,320,997	$ 1,029,214	$ 200,809	$ 1,230,023
Depreciation	$ 853,088	$ 27,273	$ 880,361	$ 565,085	$ 26,273	$ 591,358
Amortization	$ 1,878	$ 1,617	$ 3,495	$ 1,048	$ 807	$ 1,855

Note 1: As of December 31, 2023 and 2022, the Company had 1,669 and 1,930 employees, respectively. There were 6 non-employee directors for both years.

Note 2:

a. Average labor costs for the years ended December 31, 2023 and 2022 were $774 thousand and $631 thousand, respectively. ("The total employee benefits expense - total director's remuneration"/"Headcount - The population of directors not concurrently serving as employees").

b. Average salary and bonus for the years ended December 31, 2023 and 2022 were $606 thousand and $502 thousand, respectively. ("The total employee's salary and bonus"/"Headcount - The population of directors not concurrently serving as employees").

Note 3: The average salary and bonus increased by 20.72% year over year. ("The average of employee's salary and bonus in current period - The average of employee's salary and bonus in the previous period"/The average of employee's salary and bonus in the previous period).

Note 4: The Company's compensation policies

Principles of the formulation of the Company's compensation policies

a. Employees' compensation: Employees' compensation mainly includes basic salary (including base salary and meal allowance), performance bonus, personal performance annual salary adjustment and year-end bonus, etc. Salaries are determined based on the market rate, job category, academic experience, professional knowledge and skills, and professional years of experience; salaries offered are better than the average market salary in the same industry.

b. Remuneration of managers is determined based on the Company's profitability and business strategy as well as the performance and contribution of the managers with reference to the market salary, and is reviewed by the compensation committee and submitted to the board of directors for approval.

c. Employees' bonuses: Bonuses are issued based on the Company's operating performance and the individual performance of the employees.

d. Annual salary adjustments: The Company conducts salary adjustments once a year to motivate the long-term development of employees, taking into consideration the overall economic environment, operating profit, employee performance appraisal results, with reference to the average market salary and overall salary adjustment situation of other companies in the same industry.

Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at rates of no less than 5% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors, after offsetting accumulated deficits, if any.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risk Assessment

I. Financial position - consolidated financial report

Unit: NTD in thousands

Item \ Year	2022	2023	Amount increased (decreased)	Percentage (%)
Current asset	4,027,329	4,325,178	297,849	7.40
Property, Plant and Equipment	5,442,722	6,229,578	786,856	14.46
Intangible asset	4,708	7,800	3,092	65.68
Other assets	1,833,291	1,504,115	(329,176)	(17.96)
Total assets	11,308,050	12,066,671	758,621	6.71
Current liabilities	2,911,121	2,028,364	(882,757)	(30.32)
Non-current liabilities	2,246,164	2,389,284	143,120	6.37
Total liabilities	5,157,285	4,417,648	(739,637)	(14.34)
Share capital	4,762,967	5,127,967	365,000	7.66
Capital reserve	1,325,024	1,965,635	640,611	48.35
Retained earnings	233,728	723,332	489,604	209.48
Other equities	(171,049)	(170,900)	149	(0.09)
Non-controlling interests	95	2,989	2,894	3046.32
Total Equity	6,150,765	7,649,023	1,498,258	24.36

Change analysis (if the changes are greater than 20% and the amount is NT$10 million or more)

(1) Current Liabilities Decreased from the Previous Period: Mainly due to the reduction of short-term borrowings at the end of 2023, resulting in decreased current liabilities.

(2) Increase in capital surplus from the previous term: Mainly because of capital stock premium from capital increase in cash of 2023.

(3) Increase of retained earnings: mainly resulted from the increase in net profit after tax of 2023.

(4) Increase in total equity from the previous term: Mainly because of the capital increase in cash and profit growth of 2023.

II. Financial performance- consolidated financial report

(I) Key reasons resulted in material changes to the operating revenue, net operating profit, and net profit before tax

Unit: NTD in thousands

Item \ Year	2022	2023	Amount increased (decreased)	Percentage of change(%)
Operating Revenue	9,005,063	8,260,947	(744,116)	(8.26)
Operating cost	8,328,524	6,986,706	(1,341,818)	(16.11)
Operating Gross Income	679,014	1,279,725	600,711	88.47
Operating expenses	406,657	481,955	75,298	18.52
Profit from operations	247,815	472,627	224,812	90.72
Non-operating income and expense	(72,390)	49,279	121,669	(168.07)
Pre-tax net income	175,425	521,906	346,481	197.51
Current period net profit	189,650	527,262	337,612	178.02
Other comprehensive income recognized for the period	1,865	50	(1,815)	(97.32)
Total comprehensive income in the current period	191,515	527,312	335,797	175.34

Analysis of changes (increase/decrease):

(1) Gross Profit and Operating Net Profit: Mainly due to the higher profitability of large-size product sales in 2023, resulting in increased operating net profit.

(2) Operating Income and Expenses: Mainly due to the recognition of profit from equity investments and a decrease in interest expenses in 2023.

(3) Other combined gains or losses for the current term: the exchange difference between unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income and financial statements of foreign operational institutions.

(4) Net profit for the current term and total combined gains or losses for the current term: The comprehensive impacts of the clarifications mentioned above.

2. Possible impacts of expected sales quantities and their bases on the future financial operations of the Company and the response plan: The Company defines its operational goals throughout 2024 reflective of the industrial trends, market demand, and technical/production/manufacturing capabilities. Financial forecasts, however, are not announced and hence it is not applicable.

III. Cash flow

(I) Analysis of Changes to Cash Flows Over the Past Year (2023)

Unit: NTD in thousands; %

Item \ Year	2022	2023	Amount increased (decreased)	Percentage of change(%)
Net cash generated/used by operating activities	172,794	1,370,696	1,197,902	693.25
Net cash inflow (outflow) from operating activities	(1,451,047)	(1,527,421)	(76,374)	5.26
Net cash inflow (outflow) from financing activities	1,063,542	516,268	(547,274)	(51.46)

Description of change analysis:

1. Financing activities: The net cash inflow was NTD 1,370,696 thousand. The increase of net cash inflow was mainly resulted from the increase in operating profit.
2. Investing activities: Net cash outflows were NTD1,527,421 thousand; the increase in net cash outflows was mainly because of purchases of machinery and equipment that contributed to advanced throughput.
3. Financing activities: The net cash inflow was NTD516,268 thousand. The decrease of net cash inflow was mainly resulted from the capital increase in cash and repayment to borrowings successively.

(II) Analysis of Cash Flow for the Next Year (2024)

Unit: NTD in thousands

Cash at the beginning of the term Balance (1)	Full-Year operating Activities Net Cash flows (2)	Cash inflow (outflow) from investments and financing activities for the whole year (3)	Cash left (Deficient) amount (1)+(2)-(3)	Remedial Measures for Cash Shortfall	
				Investment plan	Wealth management plan
1,194,354	1,387,734	1,664,299	917,789	—	—

1. Analysis of Cash Flow for the Next Year
   (1) Operating activities: mainly because of the net cash inflows generated from the stably grown operation.
   (2) Investment Activities: Mainly due to the acquisition of machinery and equipment for expanding TOPCon large-size cell and module capacity, and investment in solar photovoltaic projects, resulting in net cash outflows from investment activities.
   (3) Financing activities: mainly because the borrowings from financial institutions were repaid, the net cash outflows were generated from financing activities consequently.
   Anticipated Measures for Insufficient Cash and Liquidity Analysis: Our company's operations are stable, and we anticipate no cash shortages.

(III)Plan for improving insufficient liquidity: N/A

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year (2023):

In 2023, the company continued to expand capacity equipment through self-funding and bank loans, with anticipated capital expenditures of NT$830,000 thousand, satisfying the demand for high-efficiency solar cells and modules in the solar energy industry, thereby enhancing product competitiveness.

V. The reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) Reinvestment Policy in the Recent Year

The reinvestments are made by the management based on the Company's operation or strategic objectives. The related units provide and summarize the professional information, and the investee's history, outlook, market condition, and managerial health are evaluated, as the reference for the management's decision-making.

(II) The Key Reasons for Profit of Loss from the Reinvestment in the Recent Year, and the Improvement Plan

December 31, 2023; Unit: NTD in thousands

Description: / Item	Investment Income Recognized in 2023	Shareholding Ratio (%)	Major reasons for profit or los	Improvement Plan	Other investment plan in the future
Hou Chang Energy Co., Ltd.	1,675	100.00	The company's energy storage business is gradually showing profitability.	Improvements in equipment stability and cost control.	Nil
Yuan-Jin Energy Co., Ltd.	(62)	90.00	Still in their establishment periods and hence no important income has been generated yet.	Actively developing domestic photovoltaic projects.	Nil
Holdgood Energy Co., Ltd.	7,796	45.49	Profits gradually surfaced from the devotion to development of solar power plants in Taiwan.	Enhanced deployment and service quality, actively developing domestic customers.	Nil
NFC III Renewable Power Co., Ltd.	(4,450)	24.00	Still in their establishment periods and hence no important income has been generated yet.	Actively developing domestic photovoltaic projects.	Nil

(III) Investment in the Next Year: Nil.

VI. Risk Management and Assessment

(I) Impacts of Changes in Interest Rate, Exchange Rate, and Inflation on the Company's Profits or Losses and Countermeasures in the Future: 1. Impacts of changes in interest rate on the Company's profits or losses and countermeasures in the future

1. In recent years, due to the pandemic and rising raw material prices, countries have initiated interest rate hikes to curb domestic inflation. Our central bank has also raised reserve requirements. As our company's operations and profitability improve year by year, coupled with the completion of a cash capital increase in 2023, our long-term borrowings are being acceleratedly repaid, reducing the debt ratio. We are also utilizing government-subsidized financing to lower our interest costs. The impact of future increases in New Taiwan Dollar interest rates on our company and its subsidiaries' long-term operational risks is limited.
2. The effect upon the company's profits (losses) of exchange rate fluctuations, and response measures to be taken in the future.

Our company and its subsidiaries' future operating strategy will focus on selling solar modules and power plants in the domestic market. Operating revenue is denominated in New Taiwan Dollars and US Dollars. Foreign exchange positions mainly involve purchasing foreign raw materials and equipment, denominated in US Dollars and Chinese Yuan. To mitigate exchange rate risks, we engage in derivative financial instrument transactions for hedging purposes, conducting forward exchange rate hedging to minimize exchange rate risks.

3. The effect upon the company's profits (losses) of inflation, and response measures to be taken in the future

   The most procurement and sales of the Company and the subsidiaries are integrated with the major global market. Therefore, domestic inflation has limited impacts on the operations of the Company and its subsidiaries. The Company and its subsidiaries monitor the fluctuations of prices in the international markets closely. In cases where the costs are increased due to onshore and offshore inflation, the Company and the subsidiaries will adjust and negotiate the sales and procurement price promptly to reduce the risk of loss.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. The operational philosophy of the Company and its subsidiaries is robust and practical, and the focuses are on the major business of the Company and its subsidiaries. No high-risk investment and highly leveraged investment are taken.
2. The Company and the subsidiaries have established the "Regulations Governing Loaning of Funds to Others," for loaning funds to others. As of the annual report publication date, there is no fund loaned to others by the Company and the subsidiaries.
3. The Company and the subsidiaries have established the "Regulations Governing Endorsement and Guarantee," to be referred to when conduct endorsement and guarantee. As of the annual report publication date, there is no endorsement and guarantee by the Company and the subsidiaries.
4. The financial hedging strategies of the Company and the subsidiaries aim to avoid the risk of exchange rate fluctuation. The derivatives transactions are conducted pursuant to the Company's "Procedures for Acquisition or Disposal of Assets," and fully disclosed in financial statements.

(III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

1. In April 2013, the Company applied for the development of a new leading product by the Industrial Development Bureau (IDB). With support from IDB, the project of "quasi-monocrystalline solar cell with high efficiency" was passed successfully. The governmental subsidy was NT$ 10 million, and the self-raised fund was NT$ 16 million. It demonstrated that the technologies developed solely by the Company was recognized by the nation with subsidy. The project was recognized by the review panel in December 2014 and then concluded. The intended goal was successfully achieved and even exceeded. The conversion efficiency of the quasi-monocrystalline solar cell with high efficiency was raised to over 19.8%. In January 2016, the Company applied for the "Industrial Energy Technology Project" of the Bureau of Energy, Ministry of Economic Affairs. With the support of the Bureau of Energy, and the Ministry of Economic Affairs, the "monocrystalline solar cell product with high efficiency" project was successfully passed. The governmental subsidy was NT$ 6.45 million and

the self-raised fund was NT$ 8.55 million. It demonstrated again that technologies developed solely by the Company and the deep development were recognized and assisted by the country. The V-Cell monocrystalline solar cell with high efficiency of 21.3% or more conversion efficiency was fully developed at the end of December 2016. The Company will continue the development of advanced manufacturing process technologies, to pursue the goal of being a world-class solar cell and module manufacturers. In 2023, the company applied to the Ministry of Economic Affairs Industrial Development Bureau for the "Industrial Upgrade Innovation Platform Assistance Project," received support from the Ministry of Economic Affairs Industrial Development Bureau, and successfully passed the "N-type Large-size High-efficiency TOPCon Cell and Bifacial Module Development Project." The government subsidy was NT$36.9 million, and the self-raised funds were NT$53.1 million.

2. The R&D development plan of the Company may be divided into the near-term, mid-term, and long-term. By deepening the collaboration with the academic institutes, good industry-academia partnerships are established.

(A) Near-term R&D development plan:

In addition to meeting domestic market and VPC demand, in line with the government's 2050 net-zero carbon emission policy goals, we will develop high-efficiency N-type tunnel oxide layer passivated (TOPCon) solar cells and continue to improve the mass production quality of monocrystalline PERC cells. We will also focus on increasing conversion efficiency and production yield, achieving the goals of process optimization and cost reduction, developing super multi-busbar (SMBB) bifacial cell technology, thereby improving overall cell efficiency.

The company is actively developing various niche solar cell products, including the introduction of large-size N-type cell technology equipment and the development of M10-size cells to increase total wattage. Regarding the output wattage of 108-cell, 120-cell, 132-cell and 144-cell M10 modules, we have also introduced new materials to optimize the module packaging, further increasing the output wattage of modules. In addition to developing solar cells for space use to address the demand for low-orbit satellites, we are also developing solar cells with radiation-resistant passivation layer technology for space environments. We are also conducting research on spectral dispersion to develop solar cell products with low visual stimulus.

The company is actively investing in the energy storage field, focusing on the development of automatic frequency control (AFC) layouts, as well as researching other energy storage functions such as peak shaving, power smoothing, and regional microgrids. This will provide a solid foundation for the company's future investment in energy storage and the power industry. We plan to invest NT$50 million.

(B) Mid-term R&D development plan:

Mid-term research and development goals include the evaluation and introduction of advanced process technology and materials to effectively increase photovoltaic utilization rates. This includes the introduction of new machinery, reducing resistance, and applying new electrode materials. We are evaluating the development of G12 cell technology to increase total wattage. Other innovative technology research includes the development of new cell structures (heterojunction solar cells (HJT), back contact solar cells (IBC), etc.) and new-generation module encapsulation processes (such as tiled modules, stacked modules, high-density modules, 0BB technology, etc.).

In addition to developing niche products, the company is also developing solar products with additional functions for special purposes or environments, such as applications in future electric vehicles or special environmental areas, such as offshore applications. We are also developing solar module materials for space environments, which will help the company become a leading manufacturer in solar cell technology development and cost control. For subsequent power generation and energy storage development, in addition to actively seeking partners in different fields and quickly entering the electricity sales industry, as solar energy only generates electricity during the day, we need to research different types of power generation and energy storage methods, such as small-scale hydroelectric power generation, geothermal power generation, and liquid flow batteries, among others. This will help the company develop into a more comprehensive power company. We plan to invest NT$25 million.

(C) Long-term R&D development plan:

Long-term research and development goals include the mass production application of new battery perovskite tandem stack structures and modules, helping the company become a leading manufacturer in the solar cell industry in terms of innovative technology development and cost control. The company also focuses on the development and application of module circular economy, which will help the company assist more customers in carbon trading issues. In addition, the development of the TSEC Smart Photovoltaic Platform will transform traditional PV operation and maintenance procedures into automated, flexible, simple, data-oriented solar array monitoring mechanisms and systems, ensuring maximum power generation efficiency for power plants. Combined with integrated energy storage system development, this will help the company improve operational efficiency and reduce labor costs in future power operations, assisting the company in becoming a new type of power operation company model for green energy creation, storage, development, and application. Leveraging upstream, midstream, and downstream integration capabilities, we will develop small-scale regional power dispatch planning systems and energy management systems. NT$ 15 million is expected to be input.

(D) Academic-industrial collaboration plans

From the beginning of 2012 to 2021, the Company has jointly applied for and successfully passed the industry-academia collaborative projects, 8 in total, of the Ministry of Science and Technology, with National Cheng Kung University, National Central University and Taiwan University of Science and Technology, including: the development of laser doping combining the spin on dopant; development of diamond-like carbon film passivation layer technology for the high-efficiency silicon crystalline solar energy; diffusion by spin-on dopants for n-type PERT silicon solar cell manufacturing, using micro/nano composite patterned substrates to improve the photoelectric conversion efficiency of silicon-based solar cells; developing screen printing coating polymer paste for the application to the production of local emitter and back passivation silicon crystalline solar cells; developing plasma-assisted chemical vapor deposition multilayer SiOxNy: H/SiNx: H reflection-resistant films for the application to solar cells; developing low-reflective silicon nano-surface structure manufacturing technology for application to polycrystalline silicon solar cells, and by using atomic layer deposition system to grow passivation layers to improve the conversion efficiency of heterojunction solar cells and developing sputtering thin film passivation contact technologies to be applied to the production of crystalline silicon solar cells. The Company is committed to establishing good relationships for industry-academia collaboration. The early R&D may firstly be conducted in the academic field for advanced manufacturing processes and forward-looking technologies based on the demands of companies, with the expectation of successfully introducing the product line into mass production. Meanwhile, professional talents in the solar energy area may be cultivated in academic research units, expecting them to join the Company in the future to contribute what they have learned.

School	Name
National Cheng Kung University	● Applied Study of the Conversion Efficiency of Heterojunction Solar Cells Improved through the Growth Passivation Layer of the Atomic Layer Sedimentation System
National Central University	● Development of Laser Doping Combing the Spin-on Dopant ● Diffusion by Spin-on Dopants for N-type PERT Silicon Solar Cell Manufacturing ● Development of Screen Printing Coating Polymer Paste for the Application to the Production of Local Emitter and Back Passivation Silicon Crystalline Solar Cells ● Development of Plasma-assisted Chemical Vapor Deposition Multilayer SiOxNy: H/SiNx: H Reflection-resistant Films for the Application to Solar Cells ● Development of Sputtering Thin Film Passivation Contact Technologies to Be Applied to the Production of Crystalline Silicon Solar Cells
National Taiwan University of Science and Technology	● Development of Diamond-like Carbon Film Passivation Layer Technology for the High-efficiency Silicon Crystalline Solar Energy ● Utilization of Micro/Nano Composite Patterned Substrates to Improve the Photoelectric Conversion Efficiency of Silicon-based Solar Cells

3. Expected R&D expenses to be devoted: NT$91,108 thousand is expected to be invested in 2024. The amount may be revised based on the actual use. The contributed R&D expenses in the recent 2 years are as follows:

Unit: NTD in thousands

Item	2022	2023
R&D Expense	49,839	68,103
Amount of Revenue	9,005,063	8,260,947

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The Company’s operations comply with the domestic and foreign law regulations, while the development trends and changes of the domestic and foreign policies are closely monitored. The related information is collected as the reference for decision-making by the management, in order to adjust the operational strategies. As of the annual report publication date, the Company’s finance business has not been affected by the changes to domestic/foreign key policies and legislations.

(V) Impacts of changes in technology (including information and communication security risks) and industry on the Company’s finance and business and countermeasures

As the technologies in the solar photoelectric industry are relatively mature, there is significant room for the development of basic materials and manufacturing processes. The most possible development direction is replacing P-type chips with N-type chips as the major upstream material for solar cells. Meanwhile the new-generation cell manufacturing process, e.g. TOPCOn or HJT, may become mainstream in 2 to 3 years. These new technologies will greatly enhance the power generation efficiency of solar cells and lower the generation costs. On the other hand, the current production methods will be replaced gradually.

To respond to the evolution of future production structure, the Company has taken corresponding strategies. In addition to the R&D Department mastering the relevant technological development thoroughly, and conducting development for the new process, the Company also cooperates with Japanese and the U.S. supply chain partners, as well as Russian equipment vendors to jointly develop new products. The Company’s core specialty has always been technologies and quality. We firmly believe that the industrial structure evolutions are operation risks but also opportunities for development. The new generation solar photovoltaic manufacturing process technology will provide the Company with excellent opportunities to lead the peers, and create new competitive advantages.

The Company and its subsidiaries keep track of industrial changes and market trends at all times and pay attention to related technological developments and changes. There were no major technological changes (including information and communication safety risks) and industrial changes whose consequences are sufficient to impact the financial operations of the Company and its subsidiaries significantly over the past year and up to the date of publication.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

Since it was established, the Company has been devoted to maintaining its corporate image and strictly complying with respective regulatory requirements. As of the date the Annual Report was printed, no operational crises as a result of changes in the corporate image had occurred.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.

The Company and its subsidiaries did not have a plan to merge with or acquire other companies over the past year up to the date of publication. Shall there be any merger and acquisition in the future, cautious assessment will be conducted, and the synergies of merger will be considered to ensure the interests of the original shareholders.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

Driven by domestic renewable energy policies and in response to the domestic solar industry's demand for high-efficiency solar cells and modules, the board of directors approved the TOPCon capital expenditure for upgrading the battery production line on June 26, 2023, which will help enhance the company's competitiveness. This case has been carefully evaluated by the market, so the possible risk of expanding the factory is extremely low.

(IX) Risks associated with focused purchases or sales and countermeasures

1. Evaluation of the concentration risk with purchases

All major raw materials purchased by the Company and the subsidiaries are sourced from 2 or more suppliers to keep deliveries stable. The Company and the subsidiaries maintain good relations with suppliers, while diversifying risks. Therefore, since the foundation of the Company and the subsidiaries, there has been no interruption of supplies due to product shortage.

2. Assessment to the consolidation of sales

To actively expand the domestic sales of modules, the Company and its subsidiaries established module sales offices and power plant service teams in New Taipei City, Hsinchu, Changhua, Tainan, Pingtung and other places to achieve the goal of achieving the highest market share in Taiwan's module market. The share between large field customers and small-to-mid-size customers is half and half. Therefore, there shall be no risk of client consolidation. However, the Company and the subsidiaries keep on monitoring and assessing the regional markets and the clients' credit risks for timely responses.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

The transfer of shares by representatives of corporate directors and managers are part of the personal plan for wealth management, with no impacts on the Company.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

As of the annual report publication date, there has been no change in managerial control of the Company.

(XII) Litigious and non-litigious matters

1. Major lawsuits, non-lawsuits, or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company over the past year up to the date when the Annual Report was printed whose results may , have significant impacts on the shareholders' equity or prices of securities; the facts, target amount, start date of the lawsuit/dispute, main parties involved, and current status shall be disclosed: Nil.

2. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company, the Company's directors, supervisors, the President, the actual person in charge, and shareholders holding more than 10% of all shares, and the associated companies over the past 2 years and up to the date when the Annual Report was printed with a confirmed verdict or ongoing ones whose results may have significant impacts on the shareholders' equity or prices of securities: Nil.

(XIII) Other important risks, and mitigation measures being or to be taken

In the most recent fiscal year and up to the annual report publication date, there has been no other material risks to the Company.

VII. Other important matters:

Information is as essential as other operating assets to the Company; therefore proper safeguard shall be provided. Information security protect information from various threats, so that the Company's operation is not interrupted and the risk of operational losses is minimized. Informa security aims to protect information and the supporting processing devices and systems, confidentiality, completeness and availability of the network are under no threat of whatever format, so that the sustainable operation is secured.

The most essential section in the information security risk control is personnel. The information security related information are promoted to employees from time to time, to enhance their sensitivity to the information security The access restrictions are applied to the machine rooms of information devices to control employee's access from being accessed by unauthorized persons. During the daily operation course, other than firewalls and anti-virus software for preventing malicious virus attack and leakage of key confidential information, the data in mainframes and the ERP system are backed up regularly for disaster recoveries.

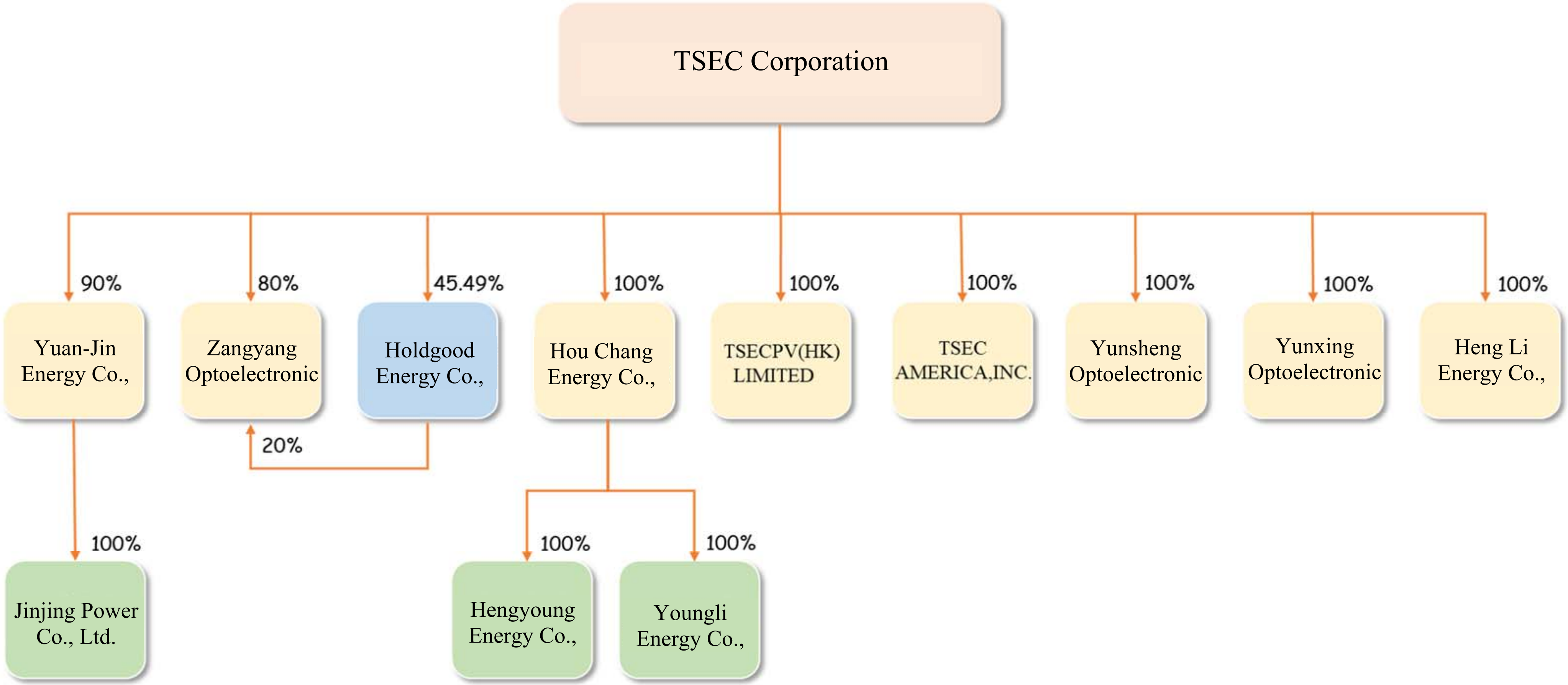
Eight. Special items to be included

I. Information Related to the Company's Affiliates

(I) Consolidated Business Report of Affiliates

(1) Organizational Chart of Affiliates

December 31, 2023



Note: When the shareholding ratio is not indicated, it is wholly owned.

2. Profile of Each Affiliate

(Unit: NTD in thousands, unless specified otherwise)

Name of Enterprise	Date of Foundation	Address	Paid-in Capital	Major business or production
TSEC AMERICA, INC.	January 22, 2015	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	USD1,000,000	Distribution of power generation equipment and solar energy related products
TSECPV (HK) LIMITED	February 16, 2021	4008-4009 40/F ONE PACIFIC PLACE 88 QUEENSWAY, HK	USD6,500	Distribution of power generation equipment and solar energy related products
Holdgood Energy Co., Ltd.	October 19, 2018	8F, No. 225, Section 3, Beixin Road, Fuxing Neighborhood, Xindian District, New Taipei City	470,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Yuan-Yu Solar Energy Co., Ltd.	February 1, 2019	10F, No. 108, Mingquan Road, Xindian District, New Taipei City	600,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Hou Chang Energy Co., Ltd.	October 30, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	120,500	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Heng Li Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	100	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Hengyoung Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	100	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Youngli Energy Co., Ltd.	November 14, 2019	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	100	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry

Zangyang Optoelectronics Co., Ltd.	January 9, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	500	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Yunsheng Optoelectronics Co., Ltd.	January 15, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	500	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Yunxing Optoelectronics Co., Ltd.	January 9, 2020	No. 335-12, Daxi Rd., Chien-Jin Village, Pingtung City, Pingtung County	500	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Yuan-Jin Energy Co., Ltd.	February 3, 2023	8F, No. 225, Section 3, Beixin Road, Fuxing Neighborhood, Xindian District, New Taipei City	29,000	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry
Jinjing Power Co., Ltd.	August 3, 2021	No. 85, Guang Fu N. Rd., Hukou Country, Hsinchu County	28,100	Self-Usage Power Generation Equipment Utilizing Renewable Energy Industry

3. Common shareholders for the companies with presumed relationship of control or subordination: Nil.
4. Industries covered in the scope of operation of affiliates as a whole and division of labor among the affiliates: Nil.
5. Relationship among affiliates, shareholding percentage in each other, shares and actual amount of investment:

December 31, 2023

Unit: NTD in thousands, unless specified otherwise; thousand shares; %

Investment Company	Affiliates Name	Relationship with the Company	Shareholding of the investor			Shareholding in the Company		
			Actual invested amount	Shares	Ratio (%)	Actual invested amount	Shares	Ratio (%)
The Company	TSEC AMERICA, INC.	Subsidiary	31,129 USD 1,000,000	100	100.00	—	—	—
	Yunsheng Optoelectronics Co., Ltd.	Subsidiary	500	50	100.00	—	—	—
	Yunxing Optoelectronics Co., Ltd.	Subsidiary	500	50	100.00	—	—	—
	Hou Chang Energy Co., Ltd.	Subsidiary	120,500	12,050	100.00	—	—	—
	Zangyang Optoelectronics Co., Ltd.	Subsidiary	400	40	80.00	—	—	—
	TSECPV (HK) LIMITED	Subsidiary	200 USD8,038	Note	100.00	—	—	—
	Heng Li Energy Co., Ltd.	Subsidiary	89	10	100.00	—	—	—
	Holdgood Energy Co., Ltd.	Associate	213,804	21,380	45.49	—	—	—
	Yuan-Jin Energy Co., Ltd.	Subsidiary	26,100	2,610	90.00	—	—	—
Hou Chang Energy Corporation	Hengyoung Energy Co., Ltd.	Sub-subsidiary	100	10	100.00	—	—	—
	Youngli Energy Co., Ltd.	Sub-subsidiary	100	10	100.00	—	—	—
TSEC	Jinjing Power Co., Ltd.	Sub-subsidiary	28,024	2,810	100.00	—	—	—

Note: Limited company, so there are no shares.

6. The names of the directors, supervisors, and president of each affiliate

December 31, 2021

Name of Enterprise	Designation	Name or representative	Shareholding: Shares (Thousand shares)	Shareholding: Shareholding proportion (%)
TSEC AMERICA, INC.	Chairman	TSEC Corporation Representative: Hsieh, Cheng-Yang	100	100
TSECPV (HK) LIMITED	Chairman	TSEC Corporation Representative: Liao Wei-Ran	Note	100
Hou Chang Energy Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	12,050	100
	Director	TSEC Corporation Representative: Liao Wei-Ran	12,050	100
	Director	TSEC Corporation Representative: Yu Cheng-Yeh	12,050	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	12,050	100
Hengyoung Energy Co., Ltd.	Chairman	Hou Chang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
Hengyoung Energy Co., Ltd.	Director	Hou Chang Energy Co., Ltd. Representative: Liao Wei-Ran	10	100
	Director	Hou Chang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Hou Chang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Heng Li Energy Co., Ltd.	Chairman	Hou Chang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Hou Chang Energy Co., Ltd. Representative: Liao Wei-Ran	10	100
	Director	Hou Chang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Hou Chang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Youngli Energy Co., Ltd.	Chairman	Hou Chang Energy Co., Ltd. Representative: Liao, Kuo-Ron	10	100
	Director	Hou Chang Energy Co., Ltd. Representative: Liao Wei-Ran	10	100
	Director	Hou Chang Energy Co., Ltd. Representative: Wang, Liang-Kai	10	100
	Supervisors	Hou Chang Energy Co., Ltd. Representative: Chen, Tai-An	10	100
Yunxing Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao Wei-Ran	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100

Name of Enterprise	Designation	Name or representative	Shareholding	
			Shares (Thousand shares)	Shareholding proportion (%)
Yunsheng Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	50	100
	Director	TSEC Corporation Representative: Liao Wei-Ran	50	100
	Director	TSEC Corporation Representative: Wang, Liang-Kai	50	100
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	50	100
Zangyang Optoelectronics Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	40	80
	Director	TSEC Corporation Representative: Liao Wei-Ran	40	80
	Director	TSEC Corporation Representative: Wang, Liang-Kai	40	80
	Supervisors	Holdgood Energy Co., Ltd. Representative: Chen, Tai-An	10	20
Jinjing Power Co., Ltd.	Chairman	Yuan-Jin Energy Co., Ltd. Representative: Liao Wei-Ran	2,810	100
	Supervisors	Yuan-Jin Energy Co., Ltd. Representative: Chen, Tai-An	2,810	100
Yuan-Jin Energy Co., Ltd.	Chairman	TSEC Corporation Representative: Liao, Kuo-Ron	2,610	90
	Director	TSEC Corporation Representative: Liao Wei-Ran	2,610	90
	Director	KWE CORPORATION. Representative: Chou Po-Wei	290	10
	Supervisors	TSEC Corporation Representative: Chen, Tai-An	2,610	90
Jinjing Power Co., Ltd.	Chairman	Yuan-Jin Energy Co., Ltd. Representative: Wei-Jan, Liao	2,810	100
	Supervisors	Yuan-Jin Energy Co., Ltd. Representative: Chen, Tai-An	2,810	100
Holdgood Energy Co., Ltd.	Chairman	Wei Jen Investment Co Ltd. Representative: Liao, Kuo-Ron	22,312	47.47
	Director	TSEC Corporation Representative: Chen, Tai-An	21,380	45.49
	Director	Chien Shu-Yin	103	0.22%
	Supervisors	Cheng, Chen-Kuo	130	0.28%

Note: Limited company, so there are no shares.

7. Financial Positions and Operating Results of Each Affiliates

December 31, 2023; Unit: NTD in thousand

Name of Enterprise	Paid-in Capital	Total assets	Total liabilities	Net Value	Operating Revenue	Operating Income	Gains or losses for current term (After-tax)	Earnings per Share ($, After-tax)
TSEC AMERICA, INC.	31,129	8,082	5	8,077	0	-37	7	0.01
TSEC (HK) LIMITED	249	0	0	0	0	-131	-136	Note
Hou Chang Energy Co., Ltd.	120,500	324,352	203,822	120,530	18,450	7,450	1,675	0.14
Hengyoung Energy Co., Ltd.	100	89	0	89	0	0	0	0.00
Heng Li Energy Co., Ltd.	100	80	0	80	0	0	0	0.00
Youngli Energy Co., Ltd.	100	89	0	89	0	0	0	0.00
Yunsheng Optoelectronics Co., Ltd.	500	481	0	481	0	0	3	0.06
Yunxing Optoelectronics Co., Ltd.	500	478	0	478	0	0	3	0.06
Zangyang Optoelectronics Co., Ltd.	500	481	0	481	0	0	3	0.06
Holdgood Energy Co., Ltd.	470,000	772,492	279,779	492,713	90,421	27,596	17,138	0.36
Yuan-Jin Energy Co., Ltd.	29,000	28,931	0	28,931	0	-68	-69	-0.02
Jinjing Power Co., Ltd.	28,100	28,023	150	27,873	0	-166	-166	-0.06

Note: if an affiliate is a foreign company, the related amounts shall be translated into NT$ at the exchange rate of the statement date.

(II) Consolidated financial statements of the affiliates: please refer to Page 102 to 177 of the Annual Report for the consolidated financial statements of the parent company and subsidiaries

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(III) Affiliation Businesses Report: Not applicable

Statement of Consolidated Financial Statements of Affiliated Enterprises

Companies that should be included in the compiled consolidated financial statements of affiliates for 2023 (from January 1 to December 31, 2023) in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are identical to those that should be compiled in the consolidated statements of the parent company and its subsidiaries as per International Financial Reporting Standard 10 and all the information that should be disclosed in the consolidated financial statements of affiliates has been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Therefore, the consolidated financial statements of affiliates is not prepared separately.

Please note.

TSEC Corporation

Chairman: Wei Jen Investment Co Ltd.
Representative: Liao, Kuo-Ron

March 6, 2024

II. Management of Private Placement Securities of the Past Year up to the Date the Annual Report Was Printed:

<table>
<tr><th>Item</th><th colspan="5">First of 2021 (Note 1)
January 7, 2022</th></tr>
<tr><td>Type of Private Placement Securities (Note 2)</td><td colspan="5">A-Preferred shares</td></tr>
<tr><td>Date and Amount Approved through the Shareholders’ Meeting (Note 3)</td><td colspan="5">Approved in the Shareholders’ Meeting on April 7, 2021.
The intended total issuance amount of Class A preferred stock shares is NT$750 million at maximum, with a maximum of 75,000 thousand shares. The par value per share is NT$10.</td></tr>
<tr><td>Basis for and legitimacy of pricing</td><td colspan="5">A price no less than 80% of the theoretical price is the criterion.</td></tr>
<tr><td>Method of Selection for Specific Candidates (Note 4)</td><td colspan="5">The eligible placee for the private placement of preferred shares is limited to the qualified persons specified in Article 43-6 of the Securities and Exchange Act, and Letter (91) Tai-Cai-Zheng-Yi-Zi No. 0910003455 from FSC, dated June 13, 2002. Those who may directly or indirectly improve the operating performance for the Company’s future operation may be prioritized in the selection of qualified persons.</td></tr>
<tr><td>Rationale for organizing private placements</td><td colspan="5">By taking account into the capital market condition, the timeliness, feasibility and issuance costs of fundraising, or introducing strategic investor for the development of the Company, the transfer restrictions for private placement ensures the long-term partnerships between the Company and the strategic investors, and the stability of the Company’s operation is enhanced. Therefore the private placement is selected for fundraising. Also via the authorization to the Board of Directors, the placement is conducted depending on the actual demands of the Company’s operation; thus the flexibility and agility of the fundraising is enhanced effectively. Consequently, it is necessary to conduct the cash capital increase via the private placement of new shares.</td></tr>
<tr><td>Date of completion of payment</td><td colspan="5">2021.12.2</td></tr>
<tr><td rowspan="3">Subscriber profile</td><td>Target of private placement (Note 5)</td><td>Eligibility (Note 6)</td><td>Quantity subscribed (shares)</td><td>Relationship with the Company</td><td><u>Involvement in Corporate Operation</u></td></tr>
<tr><td>National Development Fund, Executive Yuan Management Committee</td><td rowspan="2">Meeting the requirement in Article 43-6 Paragraph 1 Sub-paragraph 2 of the Securities and Exchange Act.</td><td>8,210,526</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Yu Sheng Energy Corporation</td><td>17,684,210</td><td colspan="2">Corporate director of the Company</td></tr>
<tr><td>Actual subscription (or conversion) price (Note 7)</td><td colspan="5">NTD 23.75 per share.</td></tr>
<tr><td>Difference between the actual subscription (or conversion) price and the reference price (Note 7)</td><td colspan="5">The actual issue price per share for the current private placement is not to be lower than 80% of the theoretical price of 29.06; the Board of Directors decided that it would be $23.75 per share.</td></tr>
</table>

Impacts of private placement on shareholder equity (such as: increase in accumulated deficits...)	The pricing of the privately placed preferred shares is conducted pursuant to the "Directions for Public Companies Conducting Private Placements of Securities," while taking account into the Company's future development. As the timing to transfer, subject, and quantity of the privately placed securities are restricted, and inferior liquidity resulted from the prohibition of public-listing, it is deemed the pricing method is reasonable, and shall not materially affect shareholders' interests.
Utilization of Privately Placed Funds and Project Implementation Status	They are expected to support the addition of production lines for new-generation batteries and modules and to meet the demand for funds in the future long-term development of power stations and overseas operations of the Company. All were used up in the second quarter of 2022.
Demonstration of Private Placement Efficacy	It is expected that other than continuously improving the financial structure, by introducing strategic investors, they will assist the Company with market development and technical cooperation, and thus the Company's profit is enhanced. This is actually conducive to shareholders' equity.

Note 1: The number of fields may be adjusted reflective of the actual number of occurrences. If the private placement of securities takes place in separate efforts, they shall be listed separately.
Note 2: Provide the type of security included in the private placement, such as common stock, preferred stock, convertible preferred stock, preferred stock with subscription warrants, common corporate bond, convertible corporate bond, a corporate bond with subscription warrants, overseas convertible corporate bond, global depository receipt, and employee share subscription warrant, among others.
Note 3: When no approval through the shareholders' meeting is required in the case of private placement corporate bonds, the date and amount approved by the Board of Directors shall be provided.
Note 4: For ongoing private placements, if subscribers have been approached and determined, the names of subscribers and their relationship with the Company shall be specified.
Note 5: The number of fields may be adjusted reflective of the actual number.
Note 6: Provide what is indicated in Article 43-6 Paragraph 1 Sub-paragraph 1, Sub-paragraph 2, or Sub-paragraph 3 of the Securities and Exchange Act.
Note 7: The actual subscription (or conversion price) refers to that set when private placement securities are actually issued.

III. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Not applicable.

IV. Other matters that require additional description: Nil.

Nine. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: Nil.

TSEC Corporation

Chairman: Weiren Investment Limited

Representative: Liao, Kuo-Ron