

# TSEC Corporation and Subsidiaries

Consolidated Financial Statements for the  
Six Months Ended June 30, 2024 and 2023 and  
Independent Auditors' Review Report

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## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
TSEC Corporation

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of TSEC Corporation (the “Company”) and its subsidiaries (collectively, the “Group”) as of June 30, 2024 and 2023, the consolidated statements of comprehensive income for the three months and the six months ended June 30, 2024 and 2023, and relevant consolidated statements of changes in equity, and cash flows for the six months then ended, as well as relevant notes, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). 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 Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### **Scope of Review**

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our reviews and the report of other auditors (please refer to other matters), nothing has come to our attention that caused us to believe that the accompanying consolidated financial

statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, and its financial performance for the three months ended June 30, 2024 and 2023, and its financial performance and consolidated cash flow for six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

#### **Other Matter Paragraph**

In the consolidated financial statements of the invested company included in the evaluation of equity method by the TSEC Corporation Group, the financial statements of Yuan-Yu Solar Energy Co., Ltd. and NFC III Renewable Power Co., Ltd. were not reviewed by our auditors, but by other auditors. Therefore, the conclusions made by our auditors regarding the amounts presented in the financial statements of investee companies in the aforementioned consolidated financial statements are based on the review results of the other auditors. As of June 30, 2024 and 2023, the investment balance in investee companies in the aforementioned accounted for NT\$557,670 thousand and NT\$133,815 thousand, representing 4.7% and 1.2% of the total consolidated assets. The shares of profit or loss from associates and joint ventures recognized under the equity method for the six months ended June 30, 2024 and 2023, were NT\$7,260 thousand and NT\$39,602 thousand, respectively, accounting for 13.8% and 12.4% of the total consolidated comprehensive income for those periods.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

CPA Robert Yu

CPA Connie Chen

Securities and Futures Commission  
Approval Number  
Tai-Cai-Zheng-Liu-Zi No. 0930128050

Financial Supervisory Commission  
Approval Number  
Jin-Guan-Zheng-Shen-Zi No. 1060023872

August 7, 2024

TSEC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
JUNE 30, 2024, DECEMBER 31, 2023, AND JUNE 30, 2023

(In Thousands of New Taiwan Dollars)

Code	ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
	<b>CURRENT ASSETS</b>						
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 809,698	7	\$ 1,194,354	10	\$ 844,098	8
1110	Financial assets at fair value through profit or loss (Notes 4 and 7)	4	-	-	-	287	-
1136	Financial assets at amortized cost - current (Notes 4, 8 and 32)	84,464	1	139,120	1	87,329	1
1150	Notes receivable (Notes 4, 9 and 25)	32,297	-	83,894	1	-	-
1172	Accounts receivable (Notes 4, 9 and 25)	1,979,693	17	1,487,008	12	915,201	8
1180	Accounts receivable from related parties (Notes 4, 9, 25 and 31)	-	-	42,437	-	24,859	-
1200	Other receivables (Notes 4 and 9)	13,842	-	2,640	-	10,081	-
1210	Other receivables from related parties (Notes 4 and 31)	793	-	1,385	-	13,985	-
1220	Current tax assets (Note 4)	2,723	-	2,340	-	1,174	-
130X	Inventories (Notes 4 and 10)	1,106,398	9	1,274,866	11	1,049,461	10
1470	Other current assets (Note 18)	53,589	1	97,134	1	145,142	1
11XX	Total current assets	<u>4,083,501</u>	<u>35</u>	<u>4,325,178</u>	<u>36</u>	<u>3,091,617</u>	<u>28</u>
	<b>NON-CURRENT ASSETS</b>						
1535	Financial assets at amortized cost - non-current (Notes 4, 8 and 32)	61,740	-	63,698	1	82,998	1
1550	Investments accounted for using the equity method (Notes 4, 13 and 32)	784,528	7	781,105	6	373,768	3
1600	Property, plant and equipment (Notes 4, 5, 14 and 32)	6,132,833	52	6,229,578	52	5,560,562	50
1755	Right-of-use assets (Notes 4 and 15)	10,711	-	16,216	-	12,654	-
1760	Investment properties (Notes 4, 16 and 32)	-	-	-	-	157,290	1
1780	Other intangible assets (Notes 4 and 17)	10,159	-	7,800	-	7,178	-
1840	Deferred tax assets (Note 4)	238,970	2	244,812	2	270,185	3
1990	Other non-current assets (Notes 18 and 28)	511,395	4	398,284	3	1,511,140	14
15XX	Total non-current assets	<u>7,750,336</u>	<u>65</u>	<u>7,741,493</u>	<u>64</u>	<u>7,975,775</u>	<u>72</u>
1XXX	TOTAL	<u>\$ 11,833,837</u>	<u>100</u>	<u>\$ 12,066,671</u>	<u>100</u>	<u>\$ 11,067,392</u>	<u>100</u>
	<b>LIABILITIES AND EQUITY</b>						
	<b>CURRENT LIABILITIES</b>						
2100	Short-term borrowings (Notes 19 and 28)	\$ 100,000	1	\$ 341,836	3	\$ 444,799	4
2110	Short-term bills payable (Notes 19, 28 and 32)	89,921	1	79,904	1	339,773	3
2120	Financial liabilities at fair value through profit or loss (Notes 4 and 7)	-	-	724	-	-	-
2130	Contract liabilities (Notes 4, 25 and 31)	211,449	2	90,007	1	66,922	1
2150	Notes payable (Note 20)	31	-	23	-	951	-
2170	Accounts payable (Note 20)	376,692	3	525,327	4	480,296	4
2219	Other payables (Notes 21 and 28)	625,543	5	442,012	4	449,185	4
2280	Lease liabilities - current (Notes 4, 15 and 28)	9,605	-	11,736	-	7,276	-
2320	Current portion of long-term borrowings (Notes 19, 28 and 32)	585,811	5	518,933	4	335,345	3
2399	Other current liabilities (Note 21)	7,672	-	17,862	-	11,406	-
21XX	Total current liabilities	<u>2,006,724</u>	<u>17</u>	<u>2,028,364</u>	<u>17</u>	<u>2,135,953</u>	<u>19</u>
	<b>NON-CURRENT LIABILITIES</b>						
2540	Long-term borrowings (Notes 19, 28 and 32)	2,019,440	17	2,068,284	17	2,134,235	19
2550	Provisions (Note 4)	27,409	-	25,021	-	21,460	-
2570	Deferred tax liabilities (Note 4)	4,941	-	3,346	-	1,345	-
2580	Lease liabilities - non-current (Notes 4, 15 and 28)	1,264	-	4,684	-	5,521	-
2635	Preferred stock liabilities - non-current (Notes 4, 23 and 28)	287,949	3	287,949	3	287,949	3
2645	Guarantee deposits received (Notes 21 and 28)	-	-	-	-	58,000	1
25XX	Total non-current liabilities	<u>2,341,003</u>	<u>20</u>	<u>2,389,284</u>	<u>20</u>	<u>2,508,510</u>	<u>23</u>
2XXX	Total liabilities	<u>4,347,727</u>	<u>37</u>	<u>4,417,648</u>	<u>37</u>	<u>4,644,463</u>	<u>42</u>
	<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> (Note 24)						
3110	Share capital	5,127,967	43	5,127,967	42	4,762,967	43
3200	Capital surplus	1,965,641	17	1,965,635	16	1,312,469	12
	Retained earnings						
3310	Legal reserve	76,100	1	23,373	-	23,373	-
3320	Special reserve	170,900	1	171,049	2	171,049	2
3350	Unappropriated earnings	313,051	3	528,910	4	320,854	3
3300	Total retained earnings	560,051	5	723,332	6	515,276	5
3400	Other Equity	( 170,534 )	( 2 )	( 170,900 )	( 1 )	( 170,780 )	( 2 )
31XX	Total equity attributable to owners of the Company	7,483,125	63	7,646,034	63	6,419,932	58
36XX	NON-CONTROLLING INTERESTS	2,985	-	2,989	-	2,997	-
3XXX	Total equity	<u>7,486,110</u>	<u>63</u>	<u>7,649,023</u>	<u>63</u>	<u>6,422,929</u>	<u>58</u>
	<b>TOTAL</b>	<u>\$ 11,833,837</u>	<u>100</u>	<u>\$ 12,066,671</u>	<u>100</u>	<u>\$ 11,067,392</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the CPA Report by Deloitte Taiwan issued on August 7, 2024)

Chairperson: Wei Jen Investment Co. Ltd.

Manager: Cheng-Jen Hung

Accounting Manager: Wei-Che Chang

Representative: Kuo-Jung Liao

TSEC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2024 AND 2023, AND FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

		(In Thousands of New Taiwan Dollars, Except Earnings Per Share)							
		For the Three Months Ended June 30, 2024		For the Three Months Ended June 30, 2023		For the Six Months Ended June 30, 2024		For the Six Months Ended June 30, 2023	
Code		Amount	%	Amount	%	Amount	%	Amount	%
4000	OPERATING REVENUE (Notes 25, 31 and 38)	\$ 1,388,834	100	\$ 2,368,830	100	\$ 2,556,440	100	\$ 4,547,803	100
5000	OPERATING COSTS (Notes 10, 22 and 25)	<u>1,269,083</u>	<u>92</u>	<u>2,127,737</u>	<u>90</u>	<u>2,303,281</u>	<u>90</u>	<u>4,097,995</u>	<u>90</u>
5900	GROSS PROFIT	119,751	8	241,093	10	253,159	10	449,808	10
5910	UNREALIZED LOSS ON TRANSACTIONS WITH ASSOCIATES	-	-	6,472	-	-	-	6,472	-
5920	REALIZED GAIN (LOSS) ON TRANSACTIONS WITH ASSOCIATES	<u>240</u>	<u>-</u>	<u>( 49 )</u>	<u>-</u>	<u>479</u>	<u>-</u>	<u>( 78 )</u>	<u>-</u>
5950	REALIZED GROSS PROFIT	<u>119,991</u>	<u>8</u>	<u>247,516</u>	<u>10</u>	<u>253,638</u>	<u>10</u>	<u>456,202</u>	<u>10</u>
	OPERATING EXPENSES (Notes 22, 25 and 31)								
6100	Selling and marketing	20,272	2	29,851	1	41,329	2	53,604	1
6200	General and administrative	56,715	4	68,147	3	120,942	5	131,245	3
6300	Research and development	17,905	1	20,610	1	35,988	1	32,043	1
6450	Expected credit loss recognized on accounts receivable (Note 9)	<u>2,253</u>	<u>-</u>	<u>2,425</u>	<u>-</u>	<u>2,388</u>	<u>-</u>	<u>3,057</u>	<u>-</u>
6000	Total operating expenses	<u>97,145</u>	<u>7</u>	<u>121,033</u>	<u>5</u>	<u>200,647</u>	<u>8</u>	<u>219,949</u>	<u>5</u>
6500	OTHER INCOMES AND EXPENSES, NET	<u>-</u>	<u>-</u>	<u>( 6,224 )</u>	<u>-</u>	<u>( 393 )</u>	<u>-</u>	<u>( 6,224 )</u>	<u>-</u>
6900	PROFIT FROM OPERATIONS	<u>22,846</u>	<u>1</u>	<u>120,259</u>	<u>5</u>	<u>52,598</u>	<u>2</u>	<u>230,029</u>	<u>5</u>
	NON-OPERATING INCOME AND EXPENSES								
7050	Finance costs (Note 25)	( 18,017 )	( 1 )	( 15,486 )	-	( 37,405 )	( 1 )	( 32,213 )	( 1 )
7060	Share of profit or loss of associates	8,406	1	6,486	-	10,642	-	54,575	1
7100	Interest income (Note 25)	4,432	-	3,501	-	8,720	-	8,170	-
7110	Rental income (Note 31)	128	-	12,401	1	233	-	20,385	1
7190	Other income (Note 31)	13,565	1	2,571	-	18,218	1	5,110	-
7230	Foreign exchange gain (loss), net (Note 25)	3,632	-	5,118	-	6,126	-	( 2,400 )	-
7235	Gains on financial assets (liabilities) at fair value through profit (loss)	4	-	( 7 )	-	896	-	2,866	-
7590	Miscellaneous expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 438 )</u>	<u>-</u>	<u>-</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>12,150</u>	<u>1</u>	<u>14,584</u>	<u>1</u>	<u>6,992</u>	<u>-</u>	<u>56,493</u>	<u>1</u>
7900	PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	34,996	2	134,843	6	59,590	2	286,522	6
7950	INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 26)	<u>( 4,775 )</u>	<u>-</u>	<u>8,269</u>	<u>-</u>	<u>( 7,398 )</u>	<u>-</u>	<u>32,692</u>	<u>1</u>
8200	NET INCOME	<u>30,221</u>	<u>2</u>	<u>143,112</u>	<u>6</u>	<u>52,192</u>	<u>2</u>	<u>319,214</u>	<u>7</u>
	OTHER COMPREHENSIVE INCOME (LOSS)								
	Items that will not be reclassified subsequently to profit or loss:								
8317	Gain or loss on hedging instruments subject to basis adjustment (Note 24)	-	-	139	-	-	-	119	-
8320	The share of other comprehensive income of associates and joint ventures recognized under the equity method (Note 24)	( 1 )	-	( 12 )	-	( 1 )	-	5	-
8349	Income tax relating to items that will not be reclassified to profit or loss (Note 26)	-	-	( 8 )	-	-	-	( 44 )	-
	Items that may be reclassified subsequently to profit or loss								
8361	Exchange differences in the translation of the financial statements of foreign operations (Note 24)	118	-	183	-	459	-	114	-
8399	Income tax relating to items that may be reclassified subsequently to profit or loss (Note 26)	<u>( 24 )</u>	<u>-</u>	<u>( 37 )</u>	<u>-</u>	<u>( 92 )</u>	<u>-</u>	<u>( 24 )</u>	<u>-</u>
8300	Other comprehensive income (loss) for the period, net of income tax	<u>93</u>	<u>-</u>	<u>265</u>	<u>-</u>	<u>366</u>	<u>-</u>	<u>170</u>	<u>-</u>
8500	TOTAL COMPREHENSIVE INCOME	<u>\$ 30,314</u>	<u>2</u>	<u>\$ 143,377</u>	<u>6</u>	<u>\$ 52,558</u>	<u>2</u>	<u>\$ 319,384</u>	<u>7</u>
	NET PROFIT (LOSS) ATTRIBUTABLE TO:								
8610	Owners of the Company	\$ 30,223	2	\$ 143,107	6	\$ 52,196	2	\$ 319,212	7
8620	Non-controlling interests	<u>( 2 )</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>( 4 )</u>	<u>-</u>	<u>2</u>	<u>-</u>
8600		<u>\$ 30,221</u>	<u>2</u>	<u>\$ 143,112</u>	<u>6</u>	<u>\$ 52,192</u>	<u>2</u>	<u>\$ 319,214</u>	<u>7</u>
	TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
8710	Owners of the Company	\$ 30,316	2	\$ 143,372	6	\$ 52,562	2	\$ 319,382	7
8720	Non-controlling interests	<u>( 2 )</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>( 4 )</u>	<u>-</u>	<u>2</u>	<u>-</u>
8700		<u>\$ 30,314</u>	<u>2</u>	<u>\$ 143,377</u>	<u>6</u>	<u>\$ 52,558</u>	<u>2</u>	<u>\$ 319,384</u>	<u>7</u>
	EARNINGS PER SHARE (Note 27)								
9710	Basic	<u>\$ 0.06</u>		<u>\$ 0.30</u>		<u>\$ 0.10</u>		<u>\$ 0.67</u>	
9810	Diluted	<u>\$ 0.06</u>		<u>\$ 0.30</u>		<u>\$ 0.10</u>		<u>\$ 0.67</u>	

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

(Please refer to the CPA Report by Deloitte Taiwan issued on August 7, 2024)

Chairperson: Wei Jen Investment Co. Ltd.

Manager: Cheng-Jen Hung

Accounting Manager: Wei-Che Chang

Representative: Kuo-Jung Liao

TSEC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

Equity Attributable to Owners of the Company (Note 24)

							Other Equity						
		Share capital		Retained earnings			Exchange differences in the translation of the financial statements of foreign operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	(Loss) Gain on Hedging Instruments	Total	Non-controlling interests (Notes 12 and 24)	Total equity	
Code		Number of Shares (In Thousands)	Amount	Capital surplus	Legal reserve	Special reserve							Unappropriated earnings
A1	BALANCE AT JANUARY 1, 2023	476,297	\$ 4,762,967	\$ 1,325,024	\$ 4,632	\$ 41,685	\$ 187,411	( \$ 234 )	( \$ 170,641 )	( \$ 174 )	\$ 6,150,670	\$ 95	\$ 6,150,765
	Allocation and Distribution of 2022 Earnings												
B1	Legal reserve	-	-	-	18,741	-	( 18,741 )	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	129,364	( 129,364 )	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	( 37,664 )	-	-		( 37,664 )	-	( 37,664 )
O1	Increase in non-controlling interests, net											2,900	2,900
T1	Basis adjustment of hedging instruments									99	99		99
C15	Cash dividend distribution from capital surplus	-	-	( 12,555 )	-	-	-	-	-	-	( 12,555 )	-	( 12,555 )
D1	Net Income for the six months ended June 30, 2023	-	-	-	-	-	319,212	-	-	-	319,212	2	319,214
D3	Other comprehensive income after tax for the six months ended June 30, 2023	-	-	-	-	-	-	90	5	75	170	-	170
D5	Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	-	319,212	90	5	75	319,382	2	319,384
Z1	BALANCE AT JUNE 30, 2023	476,297	\$ 4,762,967	\$ 1,312,469	\$ 23,373	\$ 171,049	\$ 320,854	( \$ 144 )	( \$ 170,636 )	\$ -	\$ 6,419,932	\$ 2,997	\$ 6,422,929
A1	BALANCE AT JANUARY 1, 2024	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
	Allocation and distribution of 2023 earnings												
B1	Legal reserve	-	-	-	52,727	-	( 52,727 )	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	-	( 215,477 )	-	-	-	( 215,477 )	-	( 215,477 )
B17	Reversal of special reserve	-	-	-	-	( 149 )	149	-	-	-	-	-	-
C17	Gain from exercising the Company's call rights	-	-	6	-	-	-	-	-	-	6	-	6
D1	Net profit (loss) for the six months ended June 30, 2024	-	-	-	-	-	52,196	-	-	-	52,196	( 4 )	52,192
D3	Other comprehensive income after tax for the six months ended June 30, 2024	-	-	-	-	-	-	367	( 1 )	-	366	-	366
D5	Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	-	52,196	367	( 1 )	-	52,562	( 4 )	52,558
Z1	BALANCE AT JUNE 30, 2024	512,797	\$ 5,127,967	\$ 1,965,641	\$ 76,100	\$ 170,900	\$ 313,051	\$ 132	( \$ 170,666 )	\$ -	\$ 7,483,125	\$ 2,985	\$ 7,486,110

The accompanying notes are an integral part of the consolidated financial statements.  
(Please refer to the CPA Report by Deloitte Taiwan issued on August 7, 2024)

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

Manager: Cheng-Jen Hung

Accounting Manager: Wei-Che Chang

TSEC CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

Code		For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Gain before income tax	\$ 59,590	\$ 286,522
A20010	Adjustments for:		
A20100	Depreciation	347,091	525,718
A20200	Amortization	2,204	1,524
A20300	Expected credit loss recognized on accounts receivable	2,388	3,057
A20400	Net gain on fair value changes of financial instruments at fair value through profit or loss	( 896 )	( 2,866 )
A20900	Finance costs	37,405	32,213
A21200	Interest income	( 8,720 )	( 8,170 )
A22300	Share of profit or loss of associates	( 10,642 )	( 54,575 )
A22500	Loss on disposal of property, plant and equipment	25	-
A23700	Write-down of inventories	4,289	183,633
A23900	Unrealized gain on transactions with associates	-	( 6,472 )
A24000	Realized (gain) loss on transactions with associates	( 479 )	78
A24100	Net unrealized (gain) loss on foreign currency exchange	532	( 904 )
A29900	Provision for liabilities	2,388	4,320
A29900	Lease modification gain	( 16 )	-
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets mandatorily classified as at fair value through profit or loss	168	1,942
A31130	Notes receivable	51,597	-
A31150	Accounts receivable	( 494,844 )	247,676
A31160	Accounts receivable from related parties	42,437	( 15,361 )
A31180	Other receivables	( 11,628 )	5,218
A31190	Other receivables from related parties	592	259
A31200	Inventories	164,179	466,227
A31240	Other current assets	43,545	18,458
A32125	Contract liabilities	121,442	( 50,823 )
A32130	Notes payable	8	927
A32150	Accounts payable	( 148,938 )	( 421,326 )
A32180	Other payables	13,369	( 21,639 )
A32230	Other payables	( 10,190 )	3,827
A33000	Cash generated from operations	206,896	1,199,463
A33100	Interest received	9,146	8,583

(Continued)

(Continued)

Code		For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
A33300	Finance costs paid	( \$ 38,031 )	( \$ 34,926 )
A33500	Income tax paid	( 436 )	( 792 )
AAAA	Net cash generated from operating activities	<u>177,575</u>	<u>1,172,328</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
B00040	Purchase of financial assets at amortized cost	-	( 77,329 )
B00050	Proceeds from sale of financial assets at amortized cost	56,791	165,773
B01600	Proceeds from sale of financial assets for hedging	-	( 99 )
B02000	Increase in prepayments for investments	-	( 432,000 )
B02700	Payments for property, plant and equipment (Note 28)	( 403,511 )	( 711,004 )
B02800	Proceeds from disposal of property, plant, and equipment	22	-
B03800	Decrease in refundable deposits	793	1,989
B04500	Payments for other intangible assets	( 4,563 )	( 3,994 )
B07600	Dividends received from associate	<u>7,697</u>	<u>-</u>
BBBB	Net cash used in investing activities	( <u>342,771</u> )	( <u>1,056,664</u> )
CASH FLOWS FROM FINANCING ACTIVITIES			
C00200	Decrease in short-term borrowings	( 241,836 )	( 495,163 )
C00500	Increase in short-term bills payable	10,017	10,260
C01600	Proceeds from long-term borrowings	461,000	465,775
C01700	Repayments of long-term borrowings	( 442,966 )	( 146,145 )
C03000	Increase in guarantee deposits received	-	54,295
C04020	Repayments of the principal portion of lease liabilities	( 5,938 )	( 5,182 )
C05800	Increase in non-controlling interests, net	-	2,900
C09900	Exercising disgorgement	<u>6</u>	<u>-</u>
CCCC	Net cash used in financing activities	( <u>219,717</u> )	( <u>113,260</u> )
DDDD	EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>257</u>	<u>3,890</u>
EEEE	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	( 384,656 )	6,294
E00100	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,194,354</u>	<u>837,804</u>
E00200	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 809,698</u>	<u>\$ 844,098</u>

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

(Please refer to the CPA Report by Deloitte Taiwan issued on August 7, 2024)

Chairperson: Wei Jen Investment Co. Ltd.

Manager: Cheng-Jen Hung

Accounting Manager: Wei-Che Chang

Representative: Kuo-Jung Liao

TSEC CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2024 AND 2023  
(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 August 7, 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 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. IFRS Accounting Standards Approved by the FSC Applicable in 2025

New, Amended and Revised Standards and Interpretations	Effective Dates Issued by the International Accounting Standards Board (IASB)
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize

any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of the aforementioned 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.

c. IFRS Accounting Standards Issued by the IASB but Not Yet Approved and Effective as Issued by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
"Annual Improvements to IFRS Standards - Volume 11"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	January 1, 2026
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
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
IFRS 19 "Disclosure of Non-Publicly Accountable Subsidiaries"	January 1, 2027

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

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash

flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as ‘other’ only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements, management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact the application of all 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 IAS 34, “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual consolidated financial statements.

##### 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. Basis of consolidation
- See Notes 12 and 37 of Table 3 for detailed information on subsidiaries (including the percentages of ownership and main businesses).
- d. Other material accounting policies
- Except for the explanations below, other explanations of significant accounting policies are described in the significant accounting policies section of the consolidated financial statement for the year ended December 31, 2023.

#### 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 for settlement within 12 months after the balance sheet date (even if long-term refinancing or payment arrangements have been completed between the balance sheet date and the approval of the financial report, these would still be classified as current liabilities), and
- 3) Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

#### Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by

applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

#### 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. If a temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary differences arising from the initial recognition of goodwill.

### 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.

#### Major Sources of Estimated Assumptions and Uncertainties

##### Property, plant and equipment

The consolidated company, as resolved by the Board of Directors, is considering that the introduction of large-size advanced product production lines will gradually replace some of the existing machinery and equipment. Along with the commissioning of new equipment, the production line layout will be reorganized. After reviewing and evaluating the economic benefits and wear and tear of some machinery and equipment, it is proposed to change the estimated useful life of certain machinery and equipment to reflect actual useful life and reasonable cost allocation. This adjustment aims to provide reliable and more relevant information. Therefore, starting from May 1, 2023, the useful life of some machinery and equipment has been shortened. This change in estimate has

resulted in an increase in depreciation expense of NT\$167,653 thousand for the fiscal year 2023, which has been fully reflected in the consolidated financial statements for the second quarter of 2023.

6. CASH AND CASH EQUIVALENTS

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand	\$ 609	\$ 609	\$ 609
Checking accounts and demand deposits	456,367	734,023	574,676
Cash equivalents			
Time deposits with original maturities of 3 months or less	<u>352,722</u>	<u>459,722</u>	<u>268,813</u>
	<u>\$ 809,698</u>	<u>\$ 1,194,354</u>	<u>\$ 844,098</u>

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:

	June 30, 2024	December 31, 2023	June 30, 2023
Demand deposits	0.001%~1.45%	0.001%~1.45%	0.001%~1.35%
Time deposits with original maturities of 3 months or less	1.41%~5.39%	0.55%~5.65%	2.10%~5.50%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets—</u>			
<u>Enforcement of financial liabilities at FVTPL</u>			
Derivative financial instruments (not under hedge accounting)-Foreign exchange forward contracts	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 287</u>
<u>Financial liabilities - held for trading</u>			
Derivative financial instruments (not under hedge accounting)-Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 724</u>	<u>\$ -</u>

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

June 30, 2024

	Currency	Maturity Date	Notional Amount (In Thousands)	
Buy	USD/NTD	2024.07.05	USD 290 /NTD	9,438

December 31, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)	
Buy	USD/NTD	2024.01.10	RMB1,120 /NTD	4,923
	USD/NTD	2024.01.10	RMB 585 /NTD	2,572
	USD/NTD	2024.01.10	RMB1,258 /NTD	5,520
	USD/NTD	2024.01.10	RMB2,000 /NTD	8,759
	USD/NTD	2024.01.10	RMB7,345 /NTD	32,245

June 30, 2023

	Currency	Maturity Date	Notional Amount (In Thousands)	
Buy	USD/NTD	2023.07.10	USD 283 /NTD	8,652
	USD/NTD	2023.07.10	USD 153 /NTD	4,677
	USD/NTD	2023.07.10	USD 80 /NTD	2,456
	USD/NTD	2023.07.10	USD 53 /NTD	1,625

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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 42,014	\$ 85,344	\$ 77,329
Restricted assets - cash in banks	42,450	53,776	10,000
	<u>\$ 84,464</u>	<u>\$ 139,120</u>	<u>\$ 87,329</u>
<u>Non-current</u>			
Restricted assets - time deposits with original maturities of more than 3 months	<u>\$ 61,740</u>	<u>\$ 63,698</u>	<u>\$ 82,998</u>

As of June 30, 2024, December 31, 2023, and June 30, 2023, the range of interest rates were 0.54%-4.95%, 0.53%-5.65%, and 0.55%-4%, respectively.

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

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 32,297	\$ 83,894	\$ -
Less: Allowance for impairment loss	-	-	-
	<u>\$ 32,297</u>	<u>\$ 83,894</u>	<u>\$ -</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 2,002,141	\$ 1,507,068	\$ 936,649
Less: Allowance for impairment loss	( 22,448 )	( 20,060 )	( 21,448 )
	<u>\$ 1,979,693</u>	<u>\$ 1,487,008</u>	<u>\$ 915,201</u>
<u>Accounts receivable from related parties</u>			
At amortized cost			
Gross carrying amount	\$ -	\$ 42,437	\$ 24,859
Less: Allowance for impairment loss	-	-	-
	<u>\$ -</u>	<u>\$ 42,437</u>	<u>\$ 24,859</u>
<u>Other receivables</u>			
Interest receivable	\$ 1,723	\$ 2,149	\$ -
Value added tax rebate	11,421	-	8,532
Others	698	491	1,549
	<u>\$ 13,842</u>	<u>\$ 2,640</u>	<u>\$ 10,081</u>

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 June 30, 2024, December 31, 2023, and June 30, 2023, the Group assessed that the notes receivable are not required to recognize ECLs.

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

	June 30, 2024	December 31, 2023	June 30, 2023
Up to 60 Days	\$ 32,297	\$ 75,100	\$ -
61-90 days	-	8,794	-
	<u>\$ 32,297</u>	<u>\$ 83,894</u>	<u>\$ -</u>

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, the 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, e.g. 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:

June 30, 2024

	Not Past Due	Up to 60 Days	61 to 120 Days	Over 121 Days	Individual Assessment	Total
Expected credit loss rate	0.02%	3.90%	4.35%~4.55%	-		
Gross carrying amount	\$ 521,022	\$ 60,424	\$ 21,572	\$ -	\$ 1,399,123	\$ 2,002,141
Loss allowance (Lifetime ECLs)	( 104 )	( 2,357 )	( 964 )	-	( 19,023 )	( 22,448 )
Amortized cost	<u>\$ 520,918</u>	<u>\$ 58,067</u>	<u>\$ 20,608</u>	<u>\$ -</u>	<u>\$ 1,380,100</u>	<u>\$ 1,979,693</u>

### December 31, 2023

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 120 Days</u>	<u>Over 121 Days</u>	<u>Individual Assessment</u>	<u>Total</u>
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)	( <u>911</u> )	( <u>126</u> )	<u>-</u>	<u>-</u>	( <u>19,023</u> )	( <u>20,060</u> )
Amortized cost	<u>\$ 1,526,643</u>	<u>\$ 2,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,529,445</u>

### June 30, 2023

	<u>Not Past Due</u>	<u>Up to 60 Days</u>	<u>61 to 120 Days</u>	<u>Over 121 Days</u>	<u>Individual Assessment</u>	<u>Total</u>
Expected credit loss rate	0%	-	-	100%		
Gross carrying amount	\$ 940,060	\$ -	\$ -	\$ 2,425	\$ 19,023	\$ 961,508
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	( <u>2,425</u> )	( <u>19,023</u> )	( <u>21,448</u> )
Amortized cost	<u>\$ 940,060</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 940,060</u>

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

	<u>For the Six Months Ended June 30, 2024</u>	<u>For the Six Months Ended June 30, 2023</u>
Balance, beginning of period	\$ 20,060	\$ 18,391
Add: Net remeasurement of loss allowance	<u>2,388</u>	<u>3,057</u>
Balance, end of period	<u>\$ 22,448</u>	<u>\$ 21,448</u>

Refer to Note 30.d for details of the Group's concentration of credit risk of accounts receivables as of June 30, 2024, December 31, 2023 and June 30, 2023.

#### c. Other receivables

The Group's account of other receivables is mainly interest receivable and value added tax rebate. 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 June 30, 2024, December 31, 2023 and June 30, 2023, the Group assessed that the expected credit loss rate of other receivables was 0%.

10. INVENTORIES

	June 30, 2024	December 31, 2023	June 30, 2023
Raw materials	\$ 799,912	\$ 461,124	\$ 455,954
Finished goods	189,607	701,846	453,342
Construction in progress	75,772	55,794	31,912
Work in process	41,107	56,102	108,253
	<u>\$ 1,106,398</u>	<u>\$ 1,274,866</u>	<u>\$ 1,049,461</u>

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

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Cost of inventories sold	\$ 1,254,330	\$ 2,074,101	\$ 2,272,410	\$ 3,906,639
Inventory write-downs	-	50,365	4,289	183,633
Others	14,753	3,271	26,582	7,723
	<u>\$ 1,269,083</u>	<u>\$ 2,127,737</u>	<u>\$ 2,303,281</u>	<u>\$ 4,097,995</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Non-current</u>			
Domestic investments			
Unlisted shares			
Ordinary shares -			
Eversol Corporation	\$ -	\$ -	\$ -

## 12. SUBSIDIARIES

### Subsidiaries included in the consolidated financial statements

The entity responsible for preparing this consolidated financial report is as follows:

Investor	Investee	Nature of Activities	Percentage of Ownership (%)		
			June 30, 2024	December 31, 2023	June 30, 2023
TSEC Corporation	TSEC AMERICA, INC. (Note 1)	Sales of solar related products; main operating risk is exchange rate	100%	100%	100%
	Houchang Energy Corporation	Energy storage system operations; main operating risks are government regulations and natural disasters	100%	100%	100%
	Changyang Optoelectronics Corporation (Note 6)	Rental of solar power generating equipment, sale of self-generated electricity, and provision of energy technology services; main operating risks are government regulations and natural disasters	80%	80%	80%
	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%	100%	100%
	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%	100%	100%
	TSECPV (HK) LIMITED (Note c)	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%	100%	100%
	Hengli Energy Corporation (Note e)	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%	100%	100%
	Yuan Jin Energy Co., Ltd. (Note b)	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%	90%	90%
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%	100%	100%
	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%	100%	100%
Yuan Jin Energy Co., Ltd.	Jinjing Electric Power Co., Ltd. (Note d)	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%	100%	-

- Note a: On September 11, 2018, the Group resolved to liquidate and dissolve its subsidiary TSEC America, Inc. As of August 7, 2024, TSEC America, Inc. has yet to execute its liquidation process.
- Note b: 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.
- Note c: In November 2023, the company increased its capital in the subsidiary TSECPV (HK) LIMITED by \$50 thousand, but the Company's shareholding percentage remained unchanged.
- Note d: 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, therefore Jinjing Electric Power Co., Ltd. became a 100% owned subsidiary of the Group. After the acquisition, and the Group increased its capital in the subsidiary Jinjing Electric Power Co., Ltd. by \$28,000 thousand in December 2023, and the shareholding percentage remained unchanged.
- Note e: In May 2024, the company increased its investment in its subsidiary, W ENERGY INVESTMENT CORPORATION, by NT\$4,900 thousand, with the ownership ratio remaining unchanged.
- Note f: On July 1, 2024, the shareholders of Changyang Optoelectronics Corporation resolved to dissolve and liquidate the company. As of August 7, 2024, the company has received an approval letter from the Ministry of Economic Affairs; however, the liquidation process has not yet been completed.

Refer to Note 37 of Table 3 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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Material associates			
Holdgood Energy Corporation	\$ 226,858	\$ 231,380	\$ 239,953
Yuan-Yu Solar Energy Co., Ltd. (Yuan-Yu)	133,221	122,175	133,815
NFC III Renewable Power Co., Ltd. (NFC III)	<u>424,449</u>	<u>427,550</u>	<u>-</u>
	<u>\$ 784,528</u>	<u>\$ 781,105</u>	<u>\$ 373,768</u>

## Material associates

Name of Associate	June 30, 2024	December 31, 2023	June 30, 2023
Holdgood	45.49%	45.49%	45.49%
Yuan-Yu	20%	20%	20%
NFC III	24%	24%	-

The nature, principal place of business and country information of Company registration of above-mentioned associate, refer to Note 37 of Table 3.

The Company uses the equity method to evaluate the associate above-mentioned.

Refer to Note 32 for the merged company issued the equity of Yuan-Yu to the financial bank as collateral for Yuan-Yu financing.

The share of profit or loss and other comprehensive income of investments accounted for using the equity method in 2024 and 2023 were calculated based on their financial statements which have been reviewed by the auditors for the same periods.

## 14. PROPERTY, PLANT AND EQUIPMENT

### Assets Used by the Group

	Land	Buildings	Machinery	Office Equipment	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 1,071,526	\$ 4,533,409	\$ 2,576,222	\$ 24,738	\$ 298,321	\$ 27,614	\$ 8,531,830
Additions	-	16,497	32,806	-	11,506	183,676	244,485
Disposals	-	-	-	-	( 55)	-	( 55)
Reclassification	-	74,102	-	-	-	( 74,102)	-
Balance at June 30, 2024	<u>1,071,526</u>	<u>4,624,008</u>	<u>2,609,028</u>	<u>24,738</u>	<u>309,772</u>	<u>137,188</u>	<u>8,776,260</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2024	-	1,555,349	531,597	24,634	190,672	-	2,302,252
Depreciation expense	-	100,101	223,810	21	17,251	-	341,183
Disposals	-	-	-	-	( 8)	-	( 8)
Balance at June 30, 2024	<u>-</u>	<u>1,655,450</u>	<u>755,407</u>	<u>24,655</u>	<u>207,915</u>	<u>-</u>	<u>2,643,427</u>
Carrying amount at June 30, 2024	<u>\$ 1,071,526</u>	<u>\$ 2,968,558</u>	<u>\$ 1,853,621</u>	<u>\$ 83</u>	<u>\$ 101,857</u>	<u>\$ 137,188</u>	<u>\$ 6,132,833</u>
Carrying amount at December 31, 2023 and January 1, 2024	<u>\$ 1,071,526</u>	<u>\$ 2,978,060</u>	<u>\$ 2,044,625</u>	<u>\$ 104</u>	<u>\$ 107,649</u>	<u>\$ 27,614</u>	<u>\$ 6,229,578</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 1,071,526	\$ 3,477,828	\$ 3,192,654	\$ 24,917	\$ 344,535	\$ 530,800	\$ 8,642,260
Additions	-	85,167	496,056	-	21,221	30,019	632,463
Disposals	-	-	-	-	( 1,400)	-	( 1,400)
Reclassification	-	395,117	-	-	-	( 395,117)	-
Balance at June 30, 2023	<u>1,071,526</u>	<u>3,958,112</u>	<u>3,688,710</u>	<u>24,917</u>	<u>364,356</u>	<u>165,702</u>	<u>9,273,323</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	-	1,249,600	1,688,278	24,773	236,887	-	3,199,538
Depreciation expense	-	73,715	426,476	20	14,412	-	514,623
Disposals	-	-	-	-	( 1,400)	-	( 1,400)
Balance at June 30, 2023	<u>-</u>	<u>1,323,315</u>	<u>2,114,754</u>	<u>24,793</u>	<u>249,899</u>	<u>-</u>	<u>3,712,761</u>
Carrying amount at June 30, 2023	<u>\$ 1,071,526</u>	<u>\$ 2,634,797</u>	<u>\$ 1,573,956</u>	<u>\$ 124</u>	<u>\$ 114,457</u>	<u>\$ 165,702</u>	<u>\$ 5,560,562</u>

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	3-5 years
Miscellaneous equipment	3-15 years

Refer to Note 33 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 32 for the carrying amounts of property, plant and equipment pledged by the Group to secure borrowings as of June 30, 2024, December 31, 2023 and June 30, 2023.

For information related to the capitalization of interest for the three months ended to June 30, 2024 and 2023, as well as for the six months ended June 30, 2024 and 2023, please refer to Note 25(h).

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount			
Buildings	\$ 10,020	\$ 15,266	\$ 11,444
Transportation equipment	<u>691</u>	<u>950</u>	<u>1,210</u>
	<u>\$ 10,711</u>	<u>\$ 16,216</u>	<u>\$ 12,654</u>
	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024
Additions to right-of-use assets			<u>\$ 2,132</u>
Depreciation charge for right-of-use assets			<u>\$ 7,110</u>
Buildings	\$ 2,817	\$ 2,440	\$ 5,649
Transportation equipment	<u>129</u>	<u>129</u>	<u>345</u>
	<u>\$ 2,946</u>	<u>\$ 2,569</u>	<u>\$ 5,908</u>
	For the Six Months Ended June 30, 2023		
			<u>\$ 5,226</u>

b. Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount			
Current	\$ 9,605	\$ 11,736	\$ 7,276
Non-current	\$ 1,264	\$ 4,684	\$ 5,521

Ranges of discount rates for lease liabilities were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Buildings	2.13%~3.06%	2.33%~3.06%	2.33%~3.06%
Transportation equipment	3.06%	3.06%	3.06%

c. Material leasing activities and terms

The Group leases certain buildings and cars, for the use of offices, office car and employee dormitories with lease terms of 2 to 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 Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Expenses relating to short-term leases and low-value asset leases	\$ 877	\$ 1,457	\$ 1,774	\$ 3,178
Total cash outflow for leases			( \$ 7,904 )	( \$ 8,574 )

The Group's leases of certain parking spaces and staff dorms 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
<u>Cost</u>	
Balance at January 1, 2023 and June 30, 2023	\$ 295,084
<u>Accumulated depreciation</u>	
Balance at January 1, 2023	131,925
Depreciation expense	5,869
Balance at June 30, 2023	137,794
Carrying amount at June 30, 2023	\$ 157,290

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

Buildings	
Main building of plant	50 years
Building 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 maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Year 1	\$ -	\$ -	\$ 48,000
Year 2	-	-	48,000
Year 3	-	-	32,000
Year 4	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,000</u>

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 valuation was arrived at by reference to market evidence of transaction prices for similar properties. The fair value as appraised was as follows:

The fair values of the income from valuation are as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441,246</u>

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 32.

There was no interest capitalization for the investment properties of the consolidated company for the three months ended June 30, 2024 and 2023, as well as for the six months ended June 30, 2024 and 2023.

#### 17. OTHER INTANGIBLE ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
Computer software	<u>\$ 10,159</u>	<u>\$ 7,800</u>	<u>\$ 7,178</u>

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
<u>Cost</u>		
Balance at January 1	\$ 60,591	\$ 54,004
Additions	4,563	3,994
Disposals	( 80)	-
Balance, end of period	<u>65,074</u>	<u>57,998</u>
<u>Accumulated amortization</u>		
Balance at January 1	52,791	49,296
Amortization	2,204	1,524
Disposals	( 80)	-
Balance, end of period	<u>54,915</u>	<u>50,820</u>
Carrying amount at June 30	<u>\$ 10,159</u>	<u>\$ 7,178</u>

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

Summary of amortization by function

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Operating cost	\$ 600	\$ 458	\$ 1,144	\$ 829
Selling and marketing	451	312	845	544
General and administrative	101	74	195	140
Research and development	11	6	20	11
	<u>\$ 1,163</u>	<u>\$ 850</u>	<u>\$ 2,204</u>	<u>\$ 1,524</u>

18. OTHER ASSETS

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Prepayment expenses	\$ 30,196	\$ 28,711	\$ 36,593
Prepayments	18,434	53,200	93,781
Unutilized Tax Credits	2,347	-	9,957
Others	<u>2,612</u>	<u>15,223</u>	<u>4,811</u>
	<u>\$ 53,589</u>	<u>\$ 97,134</u>	<u>\$ 145,142</u>
<u>Non-current</u>			
Prepayments for equipment (capitalized interest included)	\$ 336,802	\$ 222,898	\$ 899,078
Prepayments for investments	-	-	432,000
Refundable deposits	<u>174,593</u>	<u>175,386</u>	<u>180,062</u>
	<u>\$ 511,395</u>	<u>\$ 398,284</u>	<u>\$ 1,511,140</u>

19. BORROWINGS

a. Short-term borrowings

	June 30, 2024	December 31, 2023	June 30, 2023
Bank credit loans	<u>\$ 100,000</u>	<u>\$ 341,836</u>	<u>\$ 444,799</u>
Interest rate interval			
Bank credit loans	2.29%~2.33%	2.39%~2.58%	2.48%~2.80%

b. Short-term bills payable

Outstanding short-term bills payable were as follows:

June 30, 2024

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
Mega Bills Finance Co., Ltd.	\$ 30,000	\$ 22	\$ 29,978	2.248%	None
Taiwan Cooperative Bills Finance Corporation	30,000	22	29,978	2.248%	None
International Bills Finance Corporation	<u>30,000</u>	<u>35</u>	<u>29,965</u>	2.248%	None
	<u>\$ 90,000</u>	<u>\$ 79</u>	<u>\$ 89,921</u>		

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
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	<u>20,000</u>	<u>28</u>	<u>19,972</u>	2.168%	None
	<u>\$ 80,000</u>	<u>\$ 96</u>	<u>\$ 79,904</u>		

June 30, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral
<u>Commercial paper</u>					
Mega Bills Finance Co., Ltd.	\$ 30,000	\$ 11	\$ 29,989	2.248%	Machinery
Mega Bills Finance Co., Ltd.	50,000	22	49,978	2.248%	Machinery
Taiwan Cooperative Bills Finance Corporation	30,000	11	29,989	2.248%	Machinery
Taiwan Cooperative Bills Finance Corporation	50,000	22	49,978	2.248%	Machinery
International Bills Finance Corporation	80,000	34	79,966		None
				2.223%	
China Bills Finance Corporation	<u>100,000</u>	<u>127</u>	<u>99,873</u>	2.220%	None
	<u>\$ 340,000</u>	<u>\$ 227</u>	<u>\$ 339,773</u>		

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

c. Long-term borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Secured borrowings</u>			
Syndicated loans			
(administration fee for syndicated loans)	\$ 1,210,268	\$ 1,539,600	\$ 1,563,234
Bank mortgage loans	<u>969,045</u>	<u>646,315</u>	<u>906,346</u>
	2,179,313	2,185,915	2,469,580
<u>Unsecured borrowings</u>			
Bank borrowings	<u>425,938</u>	<u>401,302</u>	<u>-</u>
Total	2,605,251	2,587,217	2,469,580
Less: Current portion	( <u>585,811</u> )	( <u>518,933</u> )	( <u>335,345</u> )
Long-term borrowings	<u>\$ 2,019,440</u>	<u>\$ 2,068,284</u>	<u>\$ 2,134,235</u>
Interest rate (%)	1.72%~2.93%	1.60%~3.09%	1.60%~3.27%

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 June 30, 2024, and December 31, 2023, and June 30, 2023, the balance of Item A financing borrowings is NT\$250,000 thousand. As of June 30, 2024, and December 31, 2023, and June 30, 2023, the balance of Item B financing borrowings is NT\$329,000 thousand, NT\$336,000 thousand, and NT\$300,000 thousand, respectively.

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 consolidated company signed a syndicated credit agreement with a syndicate of banks led by Taiwan Cooperative Bank, with a total credit limit of NT\$2,000,000 thousand (including NT\$1,600,000 thousand for Item A financing and NT\$400,000 thousand for Item B financing). The borrowing period extends to November 2025. The repayment schedule is as follows: from the date of the first drawdown, the repayment period is divided into 20 quarters, with the first quarter being the initial 3 months. During the first 12 quarters, 2% of the principal must be repaid each quarter; in the 13th and 19th quarters, 4% of the principal must be repaid each quarter; and the remaining principal must be repaid in the final quarter. As of June 30, 2024, and December 31, 2023, and June 30, 2023, the balance of Item A financing borrowings was NT\$643,000 thousand, NT\$966,000 thousand, and NT\$1,280,000 thousand, respectively. As of June 30, 2024, and December 31, 2023, and June 30, 2023, the balance of Item B financing borrowings was NT\$0 thousand for both June 30, 2024, and December 31, 2023, and NT\$160,000 thousand for June 30, 2023.

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.

2. The bank-guaranteed and unsecured loan agreements have terms ranging from 5 to 7 years, with monthly repayments of principal and interest.

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

## 20. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2024	December 31, 2023	June 30, 2023
Notes payable - operating	<u>\$ 31</u>	<u>\$ 23</u>	<u>\$ 951</u>
Accounts payable - operating	<u>\$ 376,692</u>	<u>\$ 525,327</u>	<u>\$ 480,296</u>

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 LIABILITIES

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Current</u>			
Other payables			
Payables for salaries or bonuses	\$ 168,732	\$ 172,225	\$ 148,344
Payables for dividends	215,477	-	50,219
Payables for purchases of equipment	46,455	97,292	63,453
Payables for transportation and customs clearance	43,844	42,931	49,779
Payables for interests	20,864	15,341	22,669
Payables for labor and health insurance	19,060	20,491	21,345
Payables for business tax	15,981	21,705	8,501

	June 30, 2024	December 31, 2023	June 30, 2023
Payables for environmental cost	3,246	6,302	4,385
Others	<u>91,884</u>	<u>65,725</u>	<u>80,490</u>
	<u>\$ 625,543</u>	<u>\$ 442,012</u>	<u>\$ 449,185</u>
Other liabilities			
Deferred revenue-			
government grants	\$ -	\$ 10,000	\$ -
Others	<u>7,672</u>	<u>7,862</u>	<u>11,406</u>
	<u>\$ 7,672</u>	<u>\$ 17,862</u>	<u>\$ 11,406</u>
<u>Non-current</u>			
Other liabilities			
Guarantee deposits received	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,000</u>

## 22. RETIREMENT BENEFIT PLANS

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 Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Operating cost	\$ 8,238	\$ 8,923	\$ 16,711	\$ 18,169
Operating expenses	<u>1,425</u>	<u>1,470</u>	<u>2,882</u>	<u>2,928</u>
	<u>\$ 9,663</u>	<u>\$ 10,393</u>	<u>\$ 19,593</u>	<u>\$ 21,097</u>

## 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 a 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, 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 permitted by regulations. The rights and obligations of class A preferred shares that 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

	June 30, 2024	December 31, 2023	June 30, 2023
Shares authorized (in thousands of shares)	<u>700,000</u>	<u>700,000</u>	<u>700,000</u>
Shares authorized	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>	<u>\$ 7,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>512,797</u>	<u>512,797</u>	<u>476,297</u>
Shares issued and fully paid	<u>\$ 5,127,967</u>	<u>\$ 5,127,967</u>	<u>\$ 4,762,967</u>

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 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 shares 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

	June 30, 2024	December 31, 2023	June 30, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>			
Issuance of ordinary shares			
Premium from issuance of ordinary shares	\$ 1,624,201	\$ 1,624,201	\$ 979,174
Expired employee share options	14,372	14,372	6,233
<u>May be used to offset a deficit only</u>			
Changes in the percentage of ownership interest in invested company accounted for using the equity method	11	11	11
Gain from exercising call rights	6	-	-
<u>May not be used for any purpose</u>			
Preferred stock conversion rights (Note 23)	<u>327,051</u>	<u>327,051</u>	<u>327,051</u>
	<u>\$ 1,965,641</u>	<u>\$ 1,965,635</u>	<u>\$ 1,312,469</u>

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).

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. 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 25.f.

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

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

The Company held the shareholders' meeting on May 24, 2024 and 2023, which resolved to approve the 2023 and 2022 profit distribution shown as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 52,727</u>	<u>\$ 18,741</u>
(Reversal of) Special reserve	<u>( \$ 149 )</u>	<u>\$ 129,364</u>
Cash dividends	<u>\$ 215,477</u>	<u>\$ 37,664</u>
Cash dividend per dollar (NT\$)	<u>\$ 0.4</u>	<u>\$ 0.075</u>

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.

d. Other equity items

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

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Balance, beginning of period	(\$ 235)	(\$ 234)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	459	114
Income tax relating to items that may be reclassified subsequently to profit or loss	( 92)	( 24)
Balance, end of period	<u>\$ 132</u>	<u>(\$ 144)</u>

2) Unrealized gain on financial assets at FVTOCI

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Balance, beginning of period	(\$170,665)	(\$170,641)
Recognized for the period		
Share of Profit or Loss of Associates Accounted for Using Equity Method	( 1)	5
Balance, end of period	<u>(\$170,666)</u>	<u>(\$170,636)</u>

3) Gain (loss) on hedging instruments

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Balance, beginning of period	\$ -	(\$ 174)
Recognized for the period		
Gain (loss) on changes in the fair value of hedging instruments		
Foreign currency risk - foreign exchange forward contracts	-	119
Original carrying amount transferred to the hedged item		
Foreign currency risk - foreign exchange forward contracts	-	99
Related income tax	-	(44)
Balance, end of period	<u>\$ -</u>	<u>\$ -</u>

e. Non-controlling interests

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Balance, beginning of period	\$ 2,989	\$ 95
Attributable to non-controlling interests		
Net (loss) profit for the period	(4)	2
Increase in non-controlling interest by acquiring Yuan Jin Energy Co., Ltd.	-	2,900
Balance, end of period	<u>\$ 2,985</u>	<u>\$ 2,997</u>

25. NET INCOME

a. Operating revenue

1) Contract balance

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Notes receivable (Note 9)	<u>\$ 32,297</u>	<u>\$ 83,894</u>	<u>\$ -</u>	<u>\$ -</u>
Accounts receivable (Note 9)	<u>\$1,979,693</u>	<u>\$1,487,008</u>	<u>\$ 915,201</u>	<u>\$1,164,930</u>
Accounts receivable from related parties (Notes 9 and 31)	<u>\$ -</u>	<u>\$ 42,437</u>	<u>\$ 24,859</u>	<u>\$ 9,498</u>
Contract liabilities				
Sale of goods	<u>\$ 211,449</u>	<u>\$ 90,007</u>	<u>\$ 66,922</u>	<u>\$ 117,745</u>

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.

2) Details of revenue from contracts with customers

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

3) Partially completed contracts

The timing of revenue recognition for performance obligations that have not been completely.

	June 30, 2024	December 31, 2023	June 30, 2023
Sale of goods			
Obligations satisfied in 2023	\$ -	\$ -	\$ 66,922
Obligations satisfied in 2024	<u>211,449</u>	<u>90,007</u>	<u>-</u>
	<u>\$ 211,449</u>	<u>\$ 90,007</u>	<u>\$ 66,922</u>

b. Interest income

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Cash in banks	\$ 3,587	\$ 1,770	\$ 7,376	\$ 5,675
Financial assets at amortized cost	841	1,729	1,326	2,480
Others	<u>4</u>	<u>2</u>	<u>18</u>	<u>15</u>
Total	<u>\$ 4,432</u>	<u>\$ 3,501</u>	<u>\$ 8,720</u>	<u>\$ 8,170</u>

c. Depreciation and amortization expenses

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Property, plant and equipment	\$ 171,183	\$ 331,546	\$ 341,183	\$ 514,623
Right-of-use assets	2,946	2,569	5,908	5,226
Investment properties	-	2,934	-	5,869
Intangible assets	1,163	850	2,204	1,524
Total	<u>\$ 175,292</u>	<u>\$ 337,899</u>	<u>\$ 349,295</u>	<u>\$ 527,242</u>
An analysis of depreciation by function				
Operating cost	\$ 167,896	\$ 330,581	\$ 334,742	\$ 512,903
Operating expenses	6,233	6,468	12,349	12,815
	<u>\$ 174,129</u>	<u>\$ 337,049</u>	<u>\$ 347,091</u>	<u>\$ 525,718</u>
An analysis of amortization by function				
Operating cost	\$ 600	\$ 458	\$ 1,144	\$ 829
Operating expenses	563	392	1,060	695
	<u>\$ 1,163</u>	<u>\$ 850</u>	<u>\$ 2,204</u>	<u>\$ 1,524</u>

d. Operating expenses directly related to investment properties

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Rent revenue generated				
Depreciation expense	\$ -	\$ 2,934	\$ -	\$ 5,869
Tax expense	-	101	-	201
	<u>\$ -</u>	<u>\$ 3,035</u>	<u>\$ -</u>	<u>\$ 6,070</u>

e. Employee benefit expenses

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Post-employment benefits				
Defined contribution plans (Note 22)	\$ 9,663	\$ 10,393	\$ 19,593	\$ 21,097
Payroll expenses	219,424	280,614	470,362	542,238
Labor and health insurance expenses	24,758	27,681	50,418	56,859
Other employee benefits	27,893	29,942	55,401	62,700
Total employee benefit expenses	<u>\$ 281,738</u>	<u>\$ 348,630</u>	<u>\$ 595,774</u>	<u>\$ 682,894</u>
An analysis of employee benefit expense by function				
Operating cost	\$ 238,601	\$ 287,426	\$ 488,518	\$ 563,565
Operating expenses	43,137	61,204	107,256	119,329
	<u>\$ 281,738</u>	<u>\$ 348,630</u>	<u>\$ 595,774</u>	<u>\$ 682,894</u>

f. 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 six months ended June 30, 2024 and 2023 were as follows:

Accrual rate

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Compensation of employees	7.9%	5.2%
Remuneration of directors	4.5%	3.0%

Amount

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Compensation of employees	\$ 2,656	\$ 7,941	\$ 5,185	\$ 16,230
Remuneration of directors	\$ 2,031	\$ 3,561	\$ 2,916	\$ 9,363

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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:

Amount

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
	Cash	Cash
Compensation of employees	\$ 31,800	\$ 9,586
Remuneration of directors	18,000	6,710

There is no difference between the amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

g. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Foreign currency exchange gains	\$ 11,496	\$ 8,495	\$ 26,154	\$ 24,216
Foreign currency exchange losses	( 7,864 )	( 3,377 )	( 20,028 )	( 26,616 )
Profit (loss) gain	<u>\$ 3,632</u>	<u>\$ 5,118</u>	<u>\$ 6,126</u>	<u>( \$ 2,400 )</u>

h. Finance costs

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Interest expense	\$ 16,242	\$ 19,998	\$ 33,639	\$ 42,577
Dividend on preferred stocks	3,075	3,075	6,150	7,161
Finance costs	1,879	2,015	3,416	3,437
Interest on lease liabilities	87	95	192	214
Others	103	299	157	378
Less: Capitalized interest	( 3,369 )	( 9,996 )	( 6,149 )	( 21,554 )
	<u>\$ 18,017</u>	<u>\$ 15,486</u>	<u>\$ 37,405</u>	<u>\$ 32,213</u>

Information about capitalized interest is as follows:

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Capitalized interest	<u>\$ 3,369</u>	<u>\$ 9,996</u>	<u>\$ 6,149</u>	<u>\$ 21,554</u>
Capitalization rate	2.42%	3.08%	2.42%	3.08%

26. INCOME TAXES FROM CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax (expense) benefit are as follows:

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Current tax				
Adjusted from previous years	( \$ 53 )	\$ -	( \$ 53 )	\$ -
Deferred tax				
In respect of the current period	( 4,722 )	8,269	( 7,345 )	32,692
Income tax benefit recognized in profit or loss	<u>( \$ 4,775 )</u>	<u>\$ 8,269</u>	<u>( \$ 7,398 )</u>	<u>\$ 32,692</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
<u>Deferred tax</u>				
In respect of the current period				
- Translation of foreign operations	( \$ 24 )	( \$ 37 )	( \$ 92 )	( \$ 24 )
- Cash flow hedges	( \$ - )	( \$ 8 )	( \$ - )	( \$ 44 )
	( \$ <u>24</u> )	( \$ <u>45</u> )	( \$ <u>92</u> )	( \$ <u>68</u> )

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

	June 30, 2024	June 30, 2023
Loss carryforwards	<u>\$ 1,455,392</u>	<u>\$ 1,594,713</u>
Deductible temporary differences		
Impairment loss of financial assets	<u>\$ 1,705</u>	<u>\$ 1,705</u>

d. Information about unused loss carryforwards

Loss carryforwards as of June 30, 2024 comprised:

<u>Unused Amount</u>	<u>Expiry Year</u>
\$ 15,059	2027
238,290	2028
89,609	2029
126,960	2030
320	2032
794	2033
<u>462</u>	2034
<u>\$ 471,494</u>	

e. Income tax assessments

The income tax returns of the Group through 2022 has been assessed by the tax authorities, and there is no significant difference between the number of cases assessed and declared.

The income tax returns of Changyang Optoelectronics Corporation, Yunsheng Optoelectronics Corporation and Yunxing Optoelectronics Corporation, Houchang Energy Corporation, Hengyong Energy Corporation, Hengli Energy Corporation, Yongli Energy Corporation and Jinjing Electric Power Co., Ltd. and through 2022 have been assessed by the tax authorities, and there is no significant difference between

the number of cases assessed and declared. Yuan-Jin Energy was established in 2023, and its income tax return for 2023 has not yet been approved by the tax authorities.

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 Period

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Earnings used in the computation of basic and diluted earnings per share				
Profit for the period attributable to owners of the Company	\$ 30,223	\$ 143,107	\$ 52,196	\$ 319,212

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

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	512,797	476,297	512,797	476,297
Effect of potentially dilutive ordinary shares				
Employee share options	179	455	618	547
Weighted average number of ordinary shares used in the computation of diluted earnings per share	512,976	476,752	513,415	476,844

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

As of June 30, 2024, the Group's outstanding preferred shares were not included in the calculation. They are anti-dilutive and excluded from the computation of diluted earnings per share.

28. CASH FLOW INFORMATION

a. Non-cash transactions

For the six months ended June 30, 2024 and 2023, the Group entered into the following non-cash investing activities:

	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Acquisition of property, plant and equipment	\$ 244,485	\$ 632,463
Net increase in prepayments for equipment	107,755	85,862
Net increase in payables for purchase of equipment	50,837	( 7,876)
Effect of foreign currency exchange differences	434	555
Cash paid	<u>\$ 403,511</u>	<u>\$ 711,004</u>

b. Changes in liabilities arising from financing activities

For the Six Months Ended June 30, 2024

	Balance as of January 1, 2024	Cash Flows	New Leases	Long-term borrowings - current portion	Amortization of Interest Expenses	Effect of foreign currency exchange differences	Others	June 30, 2024
Short-term borrowings	\$ 341,836	(\$ 241,836)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000
Short-term bills payable	79,904	10,017	-	-	859	-	( 859)	89,921
Long-term borrowings - current portion	518,933	( 442,966)	-	509,844	-	-	-	585,811
Long-term borrowings	2,068,284	461,000	-	( 509,844)	-	-	-	2,019,440
Lease liabilities	16,420	( 5,938)	2,132	-	192	-	( 1,937)	10,869
Preferred stock liabilities	287,949	-	-	-	-	-	-	287,949
	<u>\$ 3,313,326</u>	<u>(\$ 219,723)</u>	<u>\$ 2,132</u>	<u>\$ -</u>	<u>\$ 1,051</u>	<u>\$ -</u>	<u>(\$ 2,796)</u>	<u>\$ 3,093,990</u>

For the Six Months Ended June 30, 2023

	January 1, 2023	Cash Flows	New Leases	Long-term borrowings - current portion	Amortization of Interest Expenses	Effect of foreign currency exchange differences	Others	June 30, 2023
Short-term borrowings	\$ 939,962	(\$ 495,163)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 444,799
Short-term bills payable	329,513	10,260	-	-	3,312	-	( 3,312)	339,773
Long-term borrowings - current portion	218,604	( 146,145)	-	262,886	-	-	-	335,345
Long-term borrowings	1,931,346	465,775	-	( 262,886)	-	-	-	2,134,235
Guarantee deposits received	3,705	54,295	-	-	-	-	-	58,000
Lease liabilities	10,869	( 5,182)	7,110	-	214	-	( 214)	12,797
Preferred stock liabilities	287,949	-	-	-	-	-	-	287,949
	<u>\$ 3,721,948</u>	<u>(\$ 116,160)</u>	<u>\$ 7,110</u>	<u>\$ -</u>	<u>\$ 3,526</u>	<u>\$ -</u>	<u>(\$ 3,526)</u>	<u>\$ 3,612,898</u>

29. 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 management's recommendations, 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.

### 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 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

###### June 30, 2024

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets classified as at fair value through profit or loss				
Derivatives	\$ -	\$ 4	\$ -	\$ 4

###### December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 724	\$ -	\$ 724

###### June 30, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at FVTPL				
Derivatives	\$ -	\$ 287	\$ -	\$ 287

There were no transfers between Levels 1 and 2 for the six months ended June 30, 2024 and 2023.

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

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
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.

#### c. Categories of financial instruments

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Financial assets</u>			
Financial liabilities at FVTPL			
Financial assets mandatorily classified as at FVTPL	\$ 4	\$ -	\$ 287
Financial assets at amortized cost (1)	3,145,699	3,189,922	2,150,081
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for sell	-	724	-
Financial liabilities at amortized cost (2)	3,659,187	4,042,586	4,294,705

- 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 from related parties, other accounts receivable (excluding value added tax rebate), other accounts receivable - related parties and refundable deposits (recognized as other non-current assets).
- 2) The balance includes short-term borrowings, payable short-term commercial paper, notes payable, accounts payable, other payables (excluding payable salaries and bonuses, labor and health insurance, retirement benefits, dividends, and business taxes), long-term borrowings (including those due within one year), preferred stock liabilities, and security deposits, all measured at amortized cost.

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, and analyzes exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

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

1) Market risk

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

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

a) Foreign currency risk

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

Sensitivity analysis

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

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

	USD impact	
	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Profit (loss) gain	<u>\$ 10,566</u>	<u>\$ 7,821</u>

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

The consolidated company's sensitivity to the U.S. dollar exchange rate has increased during this period, primarily due to an increase in net assets denominated in U.S. dollars.

#### 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 directions 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 (In Thousands)	Maturity Date	Forward Rate	Line Item in Balance Sheet	Carrying Amount
						Liabilities
Cash flow hedges						
Forecast sales - forward exchange contracts	USD/NTD	USD 867/NTD 26,795	January 18, 2023	\$ 30.905	Financial liabilities for hedging	\$ -
Forecast sales - forward exchange contracts	USD/NTD	USD 289/NTD 8,817	April 25, 2023	30.507	Financial liabilities for hedging	-
Forecast sales - forward exchange contracts	RMB/NTD	RMB 6,690/NTD 29,712	April 25, 2023	4.441	Financial liabilities for hedging	-

June 30, 2023

Hedging Instrument	Currency	Notional Amount (In Thousands)	Maturity Date	Forward Rate	Line Item in Balance Sheet	Carrying Amount
						Liabilities
Cash flow hedges						
Forecast sales - forward exchange contracts	USD/NTD	USD 867/NTD 26,795	January 18, 2023	\$ 30.905	Financial liabilities for hedging	\$ -
Forecast sales - forward exchange contracts	USD/NTD	USD 289/NTD 8,817	April 25, 2023	30.507	Financial liabilities for hedging	-
Forecast sales - forward exchange contracts	RMB/NTD	RMB 6,690/NTD 29,712	April 25, 2023	4.441	Financial liabilities for hedging	-

For the Six Months Ended June 30, 2023

Hedging Losses Recognized in OCI	Income tax recognized in hedging
Cash flow hedges	
Forecast sales	
(i)(ii)	\$ 75

- 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:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
- Financial liabilities	\$ 388,739	\$ 384,273	\$ 640,519
Cash flow interest rate risk			
- Financial assets	954,500	1,395,830	1,013,290
- Financial liabilities	2,705,251	2,929,053	2,914,379

### 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 for the six months ended June 30, 2024 and 2023 would have decreased/increased by \$2,188 thousand and \$2,376 thousand, respectively, which was mainly attributable to the Group's exposure to interest rate risk on its long-term borrowings.

The consolidated company's sensitivity to interest rates has decreased during this period, primarily due to a reduction in variable-rate bank borrowings.

## 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 96.69%, 93.42% and 79.30% in total trade receivables as of June 30, 2024, December 31, 2023 and June 30, 2023, 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. 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.

##### June 30, 2024

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>				
Variable interest rate liabilities	\$ 32,095	\$ 226,808	\$ 484,497	\$ 2,140,106
Fixed interest rate liabilities	89,921	-	-	287,949
Non-interest bearing liabilities	512,444	220,032	59,067	-
Lease liabilities	<u>1,010</u>	<u>2,019</u>	<u>6,689</u>	<u>1,426</u>
	<u>\$ 635,470</u>	<u>\$ 448,859</u>	<u>\$ 550,253</u>	<u>\$ 2,429,481</u>

#### 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	<u>\$ 9,718</u>	<u>\$ 1,426</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>				
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
	<u>\$ 531,495</u>	<u>\$ 590,157</u>	<u>\$ 639,003</u>	<u>\$ 2,487,547</u>

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	<u>\$ 12,038</u>	<u>\$ 4,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2023

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Non-derivative financial liabilities</u>				
Variable interest rate liabilities	\$ 11,506	\$ 368,837	\$ 464,738	\$ 2,299,189
Fixed interest rate liabilities	339,773	-	-	287,949
Non-interest bearing liabilities	334,611	248,805	112,056	57,132
Lease liabilities	627	1,254	5,643	5,586
	<u>\$ 686,517</u>	<u>\$ 618,896</u>	<u>\$ 582,437</u>	<u>\$ 2,649,856</u>

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	<u>\$ 7,524</u>	<u>\$ 5,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Liquidity and interest rate risk table 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.

June 30, 2024

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Gross settled</u>				
Foreign exchange forward contracts				
- Inflows	\$ 9,438	\$ -	\$ -	\$ -
- Outflows	( 9,434)	-	-	-
	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2023

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Gross settled</u>				
Foreign exchange forward contracts				
- Inflows	\$ 54,021	\$ -	\$ -	\$ -
- Outflows	( 54,745)	-	-	-
	<u>( \$ 724)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2023

	On Demand or Less than 1 Month	1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year
<u>Gross settled</u>				
Foreign exchange forward contracts				
- Inflows	\$ 17,409	\$ -	\$ -	\$ -
- Outflows	( 17,122)	-	-	-
	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank overdraft facilities			
- Amount used	\$ 972,340	\$ 822,868	\$ 626,274
- Amount unused	<u>1,443,407</u>	<u>1,563,214</u>	<u>1,473,152</u>
	<u>\$ 2,415,747</u>	<u>\$ 2,386,082</u>	<u>\$ 2,099,426</u>
Secured bank overdraft facilities:			
- Amount used	\$ 3,809,384	\$ 2,973,184	\$ 3,006,800
- Amount unused	<u>2,211,877</u>	<u>2,030,880</u>	<u>2,216,361</u>
	<u>\$ 6,021,261</u>	<u>\$ 5,004,064</u>	<u>\$ 5,223,161</u>

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 Group's related parties

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

b. Operating revenue

Line Item	Related Party Category/Name	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Sales	Associate	<u>\$ -</u>	<u>\$ 70,076</u>	<u>\$ 8</u>	<u>\$ 70,080</u>

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

Related Party Category/Name	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Associate				
Holdgood	<u>\$ 127</u>	<u>\$ 401</u>	<u>\$ 232</u>	<u>\$ 680</u>

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

d. Other revenue

Related Party Category/Name	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Associate				
Holdgood	<u>\$ 853</u>	<u>\$ 692</u>	<u>\$ 1,203</u>	<u>\$ 984</u>

Other revenue refers to amounts charged to associates and power plant maintenance cleaning costs, transaction contents are made based on the price and collection period stated in the contract.

e. Accounts receivable - associates

Line Item	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Accounts receivable from related parties	Associate			
	Holdgood	\$ <u>-</u>	\$ <u>42,437</u>	\$ <u>24,859</u>

The outstanding accounts receivable from related parties are unsecured and are not overdue. As of December 31, 2023, and June 30, 2023, accounts receivable from related parties have been assessed and determined to not require an allowance for doubtful accounts.

f. Other receivable

Line Item	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Other receivables from related parties	Associate			
	Holdgood	\$ <u>793</u>	\$ <u>1,385</u>	\$ <u>13,985</u>

Receivables for power plant maintenance fees and rent.

g. Endorsements and guarantees

Endorsements and guarantees provided by the groups.

Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Associate			
Yuan-Yu	\$ <u>120,000</u>	\$ <u>120,000</u>	\$ <u>120,000</u>

On June 30, 2024, December 31 and June 30, 2023, the amount of the Group's collateral provided for the above endorsements and guarantees was \$133,221 thousand, \$122,175 thousand and \$133,815 thousand respectively.

h. Contract liabilities

Line Item	Related Party Category/Name	June 30, 2024	December 31, 2023	June 30, 2023
Contract liabilities	Associate			
	Holdgood	\$ <u>5,878</u>	\$ <u>2,101</u>	\$ <u>-</u>

i. Remuneration of key management personnel

	For the Three Months Ended June 30, 2024	For the Three Months Ended June 30, 2023	For the Six Months Ended June 30, 2024	For the Six Months Ended June 30, 2023
Short-term employee benefits	\$ 10,939	\$ 22,367	\$ 23,037	\$ 44,522
Post-employment benefits	162	162	324	324
	<u>\$ 11,101</u>	<u>\$ 22,529</u>	<u>\$ 23,361</u>	<u>\$ 44,846</u>

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:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	\$ 1,071,526	\$ 1,071,526	\$ 1,071,526
Buildings	1,798,623	1,835,015	1,871,569
Machinery	946,713	634,672	180,939
Investment properties	-	-	90,947
Investments accounted for using equity method	133,221	122,175	133,815
Financial assets at amortized cost	104,190	117,474	92,998
	<u>\$ 4,054,273</u>	<u>\$ 3,780,862</u>	<u>\$ 3,441,794</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of June 30, 2024, December 31, 2023 and June 30, 2023, significant commitments of the Group were as follows:

a. Commitments for construction contracts

	June 30, 2024	December 31, 2023	June 30, 2023
Purchased	\$ 167,568	\$ 93,873	\$ 96,634
To be purchased in the future	45,387	218,345	133,283
Total Notional Amount	<u>\$ 212,955</u>	<u>\$ 312,218</u>	<u>\$ 229,917</u>

b. Commitments for material purchasing contracts

	June 30, 2024	December 31, 2023	June 30, 2023
Purchased	\$ 64,627	\$ 393,553	\$ 1,086,981
To be purchased in the future	184,853	706,260	945,257
Total Notional Amount	<u>\$ 249,480</u>	<u>\$ 1,099,813</u>	<u>\$ 2,032,238</u>

c. Commitments for equipment purchasing contracts

	June 30, 2024	December 31, 2023	June 30, 2023
Purchased	\$ 291,061	\$ 510,942	\$ 394,718
To be purchased in the future	130,986	213,001	83,674
Total Notional Amount	<u>\$ 422,047</u>	<u>\$ 723,943</u>	<u>\$ 478,392</u>

34. OTHER ITEMS

On February 15, 2023, the president of the ROC announced the amendments to the “Climate Change Response Act”, which added the provision of carbon fee collection. Subsequently, on April 29, 2024, the Ministry of Environment announced the draft “Regulations Governing the Collection of Carbon Fees”, “Regulations for Administration of Voluntary Reduction Plans” and “Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees”. According to the draft regulations for carbon fees, the carbon fee is imposed on entities that meet the Ministry of the Environment’s requirements for registration, inspection, and verification of emission sources. This includes the electricity industry and large manufacturing enterprises whose total annual greenhouse gas emissions, combining direct emissions from the entire plant and indirect emissions from electricity use, reach 25,000 metric tons of CO<sub>2</sub> equivalent.

Based on the emissions of the Group in 2023, the Group expects that the aforementioned threshold will be reached in 2024. However, because the aforementioned drafts are still in the stage of draft preview and the rates of the carbon fee have not yet been announced, the Group is not able to reasonably estimate the impact of carbon fees

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:

Unit: In Thousands of Foreign Currencies/

In Thousands of New Taiwan Dollars

June 30, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 14,806	32.45 (USD:NTD)	\$ 480,455
<u>Non-monetary items</u>			
USD	263	32.45 (USD:NTD)	8,520
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	8,294	32.45 (USD:NTD)	269,140

December 31, 2023

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

June 30, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 17,239	31.14 (USD:NTD)	\$ 536,822
<u>Non-monetary items</u>			
USD	262	31.14 (USD:NTD)	8,167
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	12,216	31.14 (USD:NTD)	380,406

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

	<u>For the Three Months Ended June 30, 2024</u>		<u>For the Three Months Ended June 30, 2023</u>	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Loss	Exchange Rate	Unrealized Foreign Exchange Loss
USD	31.901 (USD:NTD)	( \$ 697 )	30.55 (USD:NTD)	\$ 5,011

  

	<u>For the Six Months Ended June 30, 2024</u>		<u>For the Six Months Ended June 30, 2023</u>	
Foreign Currency	Exchange Rate	Unrealized Foreign Exchange Loss	Exchange Rate	Unrealized Foreign Exchange Loss
USD	31.901 (USD:NTD)	\$ 487	30.55 (USD:NTD)	\$ 891

### 37. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions:

- 1) Financing provided to others: None
- 2) Endorsements/guarantees provided: Table 1 (attached)
- 3) Marketable securities held (excluding investments in subsidiaries): Table 2 (attached)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: 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: None

- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None
- 9) Trading in derivative instruments: Notes 7 and 30
- 10) Intercompany relationships and significant intercompany transactions: None
- b. Information on investees: Table 3 (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 4 (attached)

### 38. SEGMENT INFORMATION

#### Financial Information for Operating Segments

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

	<u>Solar Module</u>	<u>Others</u>	<u>Eliminations</u>	<u>Total</u>
<u>For the Six Months Ended</u>				
<u>June 30, 2024</u>				
Revenue from external customers	\$ 2,524,117	\$ 32,323	\$ -	\$ 2,556,440
Intersegment revenue	\$ -	\$ -	\$ -	\$ -
Segment income (loss)	\$ 59,469	(\$ 7,554)	\$ 683	\$ 52,598
<u>For the Six Months Ended</u>				
<u>June 30, 2023</u>				
Revenue from external customers	\$ 4,461,804	\$ 85,999	\$ -	\$ 4,547,803
Intersegment revenue	\$ -	\$ -	\$ -	\$ -
Segment income (loss)	\$ 248,990	(\$ 19,783)	\$ 822	\$ 230,029

#### b. Segment total assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Segment total assets</u>			
Solar modules	\$ 11,382,990	\$ 11,575,683	\$ 10,673,474
Others	450,847	490,988	393,918
Consolidated total assets	\$ 11,833,837	\$ 12,066,671	\$ 11,067,392

TSEC CORPORATION AND SUBSIDIARIES  
GUARANTEES PROVIDED  
FOR THE SIX MONTHS ENDED JUNE 30, 2024

TABLE 1

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

No.	Guarantor	Guarantee		Limit on Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Guaranteed During the Period (Note 4)	Outstanding Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed	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.	6	\$ 1,496,625	\$ 120,000	\$ 120,000	\$ 120,000	\$ 133,221	1.60	\$ 3,367,406	N	N	N	
0	TSEC Corporation (the “Company”)	Houchang Energy Corporation	2	1,496,625	245,000	245,000	194,481	-	3.27	3,367,406	Y	N	N	
0	TSEC Corporation (the “Company”)	Jinjing Electric Power Co., Ltd.	2	1,496,625	80,000	80,000	-	-	1.07	3,367,406	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 company with which it has business dealings.
- The Company directly or indirectly holds more than 50% of the voting shares of the other company.
- The other company directly or indirectly holds more than 50% of the voting shares of the Company.
- 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.
- The company provides mutual guarantees with other companies in the same industry or joint contractors as required by contract for construction projects.
- The company provides guarantees for the investee company based on a joint investment relationship, with all contributing shareholders endorsing the guarantee in proportion to their shareholdings.

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 (EXCLUDING INVESTMENTS IN SUBSIDIARIES)

JUNE 30, 2024

TABLE 2

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair value	
TSEC Corporation	<u>Domestic investments</u> Unlisted shares 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  
NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEs OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE SIX MONTHS ENDED JUNE 30, 2024

TABLE 3

(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Products	Investment Amount		June 30, 2024			Net Income (Loss) of the Investee	Share of Profit	Other Items
				June 30, 2024	March 31, 2023	Number of Shares	%	Carrying Amount			
TSEC Corporation	TSEC AMERICA, INC.	1235 N Harbor Blvd Ste 240, Fullerton, CA 92832, U.S.A.	Sales of solar related products	\$ 31,129 ( USD 1,000,000 )	\$ 31,129 ( USD 1,000,000 )	100	100	\$ 8,520	(\$ 16 )	(\$ 16 )	Notes 1, 4 and 6
	Houchang Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Energy Storage System Operations	120,500	120,500	12,050	100	110,030	( 10,500 )	( 10,500 )	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	386	1	1	Notes 1, 6 and 8
	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	482	1	1	Notes 1 and 6
	Yunxing Optoelectronics Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	500	500	50	100	482	1	1	Notes 1 and 6
	TSECPV (HK) LIMITED	806-807, 8/F, One Pacific Place, 88 Queensway, Hong Kong	Sales of solar related products	250 ( USD 8,038 )	250 ( USD 8,038 )	-	100	-	-	-	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	4,989	89	500	100	4,967	( 13 )	( 13 )	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	26,100	2,610	90	25,996	( 47 )	( 42 )	Notes 1 and 6
	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	133,221	45,327	10,361	Notes 3, 5 and 7
	Holdgood Energy Corporation	8F., No. 225, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	213,804	213,804	21,380	45.49	226,858	7,434	3,382	Notes 2 and 5

	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	432,000	43,200	24	424,449	( 12,919 )	( 3,101 )	Notes 3
Houchang Energy Corporation	Hengli Energy Corporation	No. 335-12, Daxi Rd., Pingtung City, Pingtung County 900053, Taiwan (R.O.C.)	Self-usage power generation equipment utilizing renewable energy industry	100	100	10	100	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	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	28,024	2,810	100	27,844	( 29 )	( 29 )	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 reviewed.

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 reviewed.

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 August 7, 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 issued the equity of Yuan Yu Company to the bank lender as collateral for Yuan Yu Company's financing in Note 32.

Note 8: On July 1, 2024, the shareholders of Changyang Optoelectronics Corporation resolved to dissolve and liquidate the company. As of August 7, 2024, the company has received an approval letter from the Ministry of Economic Affairs; however, the liquidation process has not yet been completed.

TSEC CORPORATION  
INFORMATION OF MAJOR SHAREHOLDERS  
JUNE 30, 2024

Table 4

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.