Stock Code: 6244

Motech Industries Inc.

2022 Annual Report

Issue date: April 25, 2023
Corporate website: https://www.motech.com.tw/

Motech Industries Inc.
Table of Contents

I. Letter to Shareholders

To all shareholders:

Thank you all for your long-term support and encouragement to Motech Industries Inc.

We delivered outstanding performance in 2022. Benefitting from robust demand and competitive product portfolio, we achieved profitability during the year. According to the research institution, InfoLink, Motech ranked among top four in Taiwan in terms of sales volume in 2022. We proactively collaborate with system vendors and continuously develop high-efficient modules, producing well-recognized products in the market.

1. 2022 Operating Results

(1) Outcome of operating plans

(In Thousands of New Taiwan Dollars)

Items	2022	2021
Consolidated operating revenue	5,359,978	5,872,989
Consolidated gross profit (loss)	693,907	550,745
Consolidated operating income (loss)	336,695	168,357
Consolidated income (loss) before tax	275,934	116,378
Consolidated net income (loss)	272,317	107,279
Earnings per share (NT$)	0.73	0.30

(2) Implementation status of budget

The Company did not release financial forecasts in 2022; thus, it was not required to disclose the implementation status of budget.

(3) Financial position and profitability analysis

The Company generated consolidated revenues of NT$5,360 million in 2022, a decrease of 8.7% from NT$5,873 million in 2021. Gross profit amounted to NT$694 million, an increase of 26.0% from NT$551 million in the previous year, with a gross margin of 12.9%. Operating income was NT$337 million compared to NT$168 million in 2021, showing a substantial increase of 100%. Profit margin equaled 6.3% and net income attributable to shareholders of the parent company was NT$268 million, with an earnings per share of NT$0.73.

(4) Research and development:

The Company has obtained VPC certificates for large-sized TOPCon modules and introduced the next-generation TOPCon cell technology, taking the leading position amid the competitions of M6 solar cell technology. Our 60-cell half cut mono modules can produce a maximum power output of 410W and the conversion efficiency rate of packaged modules exceeds 22.50%, surpassing the industry average. The materials and components of TOPCon cell allow it to deliver a superior power generation efficiency under dim light and scorching sun compared to general products, making it a perfect solution for Taiwan where population is densely packed with high temperature and high rainfall climate. Its excellent power efficiency and low degradation rate improve the return of investment in power stations and create value for PV system customers.

2. Overview of 2023 Business Plan

(1) Business policy

Besides channeling their efforts on the mass production of next-generation N-type MoPower-390 modules, the Cell and Module Divisions will enhance existing production lines and optimize capacities in line with external demand.

The Power System Division will continue to focus on rooftop models to seize business opportunities from major electricity consumers. In addition, it will apply its vast experience in rooftop system to the fishery and electricity symbiosis applications. PV systems with the Company's highly efficient modules mounted over the aquaculture ponds can generate a stable electricity income. The cross-industry alliance can expand the PV applications.

(2) Sales forecast and basis

According to the annual renewables market report issued by International Energy Agency (IEA), renewable power capacity is expected to rise by 315GW in 2022, setting a new record. Of the renewable energy sources, solar power is the best option. It accounts for the majority of additions with an increase rate of 26% and creates a new annual record with close to 175GW.

In terms of the domestic market, we face enormous challenges posed by the Russia-Ukraine war, pandemic and material shortage. Even though the cumulative installed capacity of 9.72GW failed to meet the 2022 target of 11.25GW announced by the Ministry of Economic Affairs (MOEA), the single-year installed capacity of 2GW had set a new record. For 2023, MOEA increases the target further to 14GW. To meet the challenge and make up for the gap before, we shall accelerate on the applications of fishery and electricity symbiosis, rooftop PV systems in the industrial zones and ground mount PV systems. The expected price drops of raw materials in 2023, favorable changes in feed-in tariffs and the movement to take part in RE100 are all driving the market in the right direction.

(3) Key production and sales policies

A. Production policies:

Besides continuously enhancing the conversion efficiency of the products, we will further expand the production scale of high efficiency cells and the scope of advanced process, focus on quality improvement and production cost reduction as well as concentrating on the development and applications of high efficiency products to maintain our leading position in the industry.

B. Sales policies:

We will continue to maintain long-term cooperation with customers and provide quality products and services aligned with demand of customers and markets. Besides increasing our market share in Taiwan, we continue to expand our presence in Europe, China and Japan as well as emerging regions to initiate diverse sales mix. We also measure customer satisfaction periodically to enhance and create maximum value for customers.

3. Strategies for Future Developments

(1) Short-term Strategies

A. Improve the conversion efficiency, yield and quality of cells and modules

B. Lower procurement and production costs

C. Offer diverse product mixes to satisfy customer demand

D. Improve product marketing and sales potential and aggressively explore new markets

E. Streamline management to enhance business management performance

F. Utilize idle assets

G. Decrease leverage

H. Smoothen vertical integration within the Group

I. Start on fishery and electricity symbiosis applications in line with the government's energy policies

(2) Medium and Long-term Strategies

A. Enhance the technical level of solar cell/module production

B. Expand our presence in the power system market worldwide through strategic alliances and develop new applications

C. Fulfill our corporate social responsibility and pursue sustainability

D. Proactively explore new businesses on our own or through strategic joint ventures, and adopt diversification to mitigate operating risks

4. Impacts from External Competitions, Regulatory Compliance and Macro-environment

Besides proactively expanding our PV customer base, the Company is constantly seeking breakthroughs in terms of power station projects. We combat the issue of land scarcity through bids for power plants as well as fishery and electricity symbiosis projects. Relevant projects are currently underway and we expect to see substantial results in 2023. Setting refined aquaculture as our priority, we nurture professional aquaculture teams to take on scientific approaches for quality control, enticing young farmers to move back home and promoting regional revitalization. In the future, they will not only enjoy a stable income from electricity generated but also profit from aquaculture.

At last, we would like to address the Company's emphasis on its corporate social responsibilities. We have long been devoted to the green energy industry. Our products are continually enhanced to improve the conversion efficiency and customers have been enjoying our advantages in core technology. We strengthen our competitiveness with market-leading differentiated products. The Company takes on an active role in building solar power plants as an additional source of stable income. We accomplish our objectives with integrity for sustainable operation and value the importance of corporate governance and disciplines along the way. We will expand our investments in the green energy industry, laying the foundation to achieve impressive results in the future.

Sincerely yours,

Chairman Yung-Hui Tseng

II. Company Profile

1. **Date of Incorporation**

Motech Industries Inc.: June 3, 1981

Motech Industries Inc., Science Park Branch: June 24, 1999

2. **Company History**

1981	-	Officially established in June with an authorized capital of NT$2,000,000. Mainly engaged in the production and selling of digital multimeters (DMM).
1988	-	Increased production equipment and raised capital to NT$10,000,000 through cash capital increase.
1990	-	Acquired factories and equipment and moved from Xinyi Road in Taipei City to ShenKeng in New Taipei City.
1991	-	Raised capital to NT$30,000,000 through cash capital increase.
1994	-	Increased research and development (R&D) equipment and raised capital to NT$39,600,000 through cash capital increase.
1998	-	Approved by the Science Park Bureau of National Science Council to set up factories in the Southern Taiwan Science Park.
	-	Raised capital to NT$125,784,450 through cash capital increase for the establishment of Solar Cell Division in the Science Park Branch.
1999	-	Expanded factories and acquired additional R&D equipment. Raised capital to NT$171,534,510 through cash capital increase and capitalization of earnings and capital surplus.
	-	The Science Park Branch obtained company license issued by the MOEA and became the first solar cell manufacturer in Taiwan.
2002	-	Raised capital to NT$267,851,310 through cash capital increase, and capitalization of earnings, employee bonuses and capital surplus.
2003	-	Officially listed on TPEx.
2005	-	Ranked among the top ten solar cell manufacturers worldwide.
2006	-	The second factory of the Science Park Branch was completed and in operation in the second half of the year.
	-	Raised capital to NT$1,440,402,690 through cash capital increase, and capitalization of earnings, employee bonuses and capital surplus.
2007	-	The first solar cell manufacturer in Taiwan to obtained certifications of both ISO-14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System in Taiwan.
	-	Raised capital to NT$2,031,688,710 through cash capital increase.
2009	-	The full range of our solar cells passed the TUV Rheinland REACH-SVHC testing and obtained the certification.
2010	-	The world’s first solar cell to complete the carbon footprint verification.
	-	Xingda Power Plant of Taipower under construction contract won the Excellence Award of MOEA.

2011 - Xingda Power Plant of Taipower under construction contract won the Gold Quality Award of Executive Yuan.

- Joined the PV Cycle to fulfill the commitment of sustainability.
- Won the 14th Outstanding PV Product Award of Photonics Industry & Technology Development Association with the multicrystalline solar cells, IM156 B3.
- The first PV inverter manufacturer in Asia to obtain the certification for VDE-AR-N 4105 guideline with the PV inverters, PVMate 3300MS~4600MS models.

2014 - The first enterprise in the world to obtain the certification from British Standards Institution (BSI) for the corporate social responsibility report.

- Won the Golden Award for Large Technology and Electronics Manufacturing Enterprises of the Taiwan TOP 50 Corporate Sustainability Report Award.

2015 - Merged with Topcell Solar International Co., Ltd. After the merger, the capital was raised NT$456,720,000 to NT$4,869,054,080.

- Established Motech (Maanshan) Renewable Energy Co., Ltd. with a focus on solar cell and module business.

2016 - Established the joint venture, Teco-Motech Co., Ltd., with Teco Group to engage in the generation and selling of solar power of PV systems.

2017 - Established Motech Power One Co., Ltd., which specialized in the generation and selling of solar power.

- Raised capital to NT$5,401,439,080 through cash capital increase of NT$500,000,000.
- Won Bronze Award in the 26th Annual Enterprises Environmental Protection Award, the first solar cell manufacturer in Taiwan to receive the award.

2018 - Established Motech Power Gamma Co., Ltd. and Motech Power Beta Co., Ltd. to engage in the generation and selling of solar power of PV systems.

2019 - Completed the "tunnel oxide passivated contact for high efficiency N-type silicon solar cells" project in cooperation with the Industrial Technology Research Institute (ITRI).

- Completed the green energy flagship industry-academia-research alliance project in collaboration with the Ministry of Science and Technology.
- Completed the certification of high-power 330W mono-crystalline modules, and the development of high-power 340W mono-crystalline modules and 335W double-glass modules.
- Completed the short-form merger with Taiwan Solar Module Manufacturing Corporation to enhance operational efficiency.
- Established Motech Power Zeta Co., Ltd. to engaged in the generation and selling of solar power of PV systems.
- Received the Taiwan Excellent PV Module Award of Bureau of Energy, MOEA.

2020 - Entered a three-year syndicated loan agreement with a consortium for an amount equivalent to NT$1.68 billion.

- Completed the short-form merger with Motech Energy System Co., Ltd. to enhance operational efficiency.

- Carried out capital reduction for loss compensation. Reduced capital to NT$ 3,550,418,750.
- Completed the development of ultra-high efficiency N-type TOPCon cells with ITRI. The MoPower-360 PV module had an efficiency exceeding 21%.
- Completed the certification of high-power 360W mono-crystalline modules and passed the tests of Taiwan Excellent PV Award.

2021 - Completed the development of ultra-high efficiency N-type TOPCon cells with ITRI. The conversion efficiency of MoPower-400 PV module could reach a maximum of 22%.

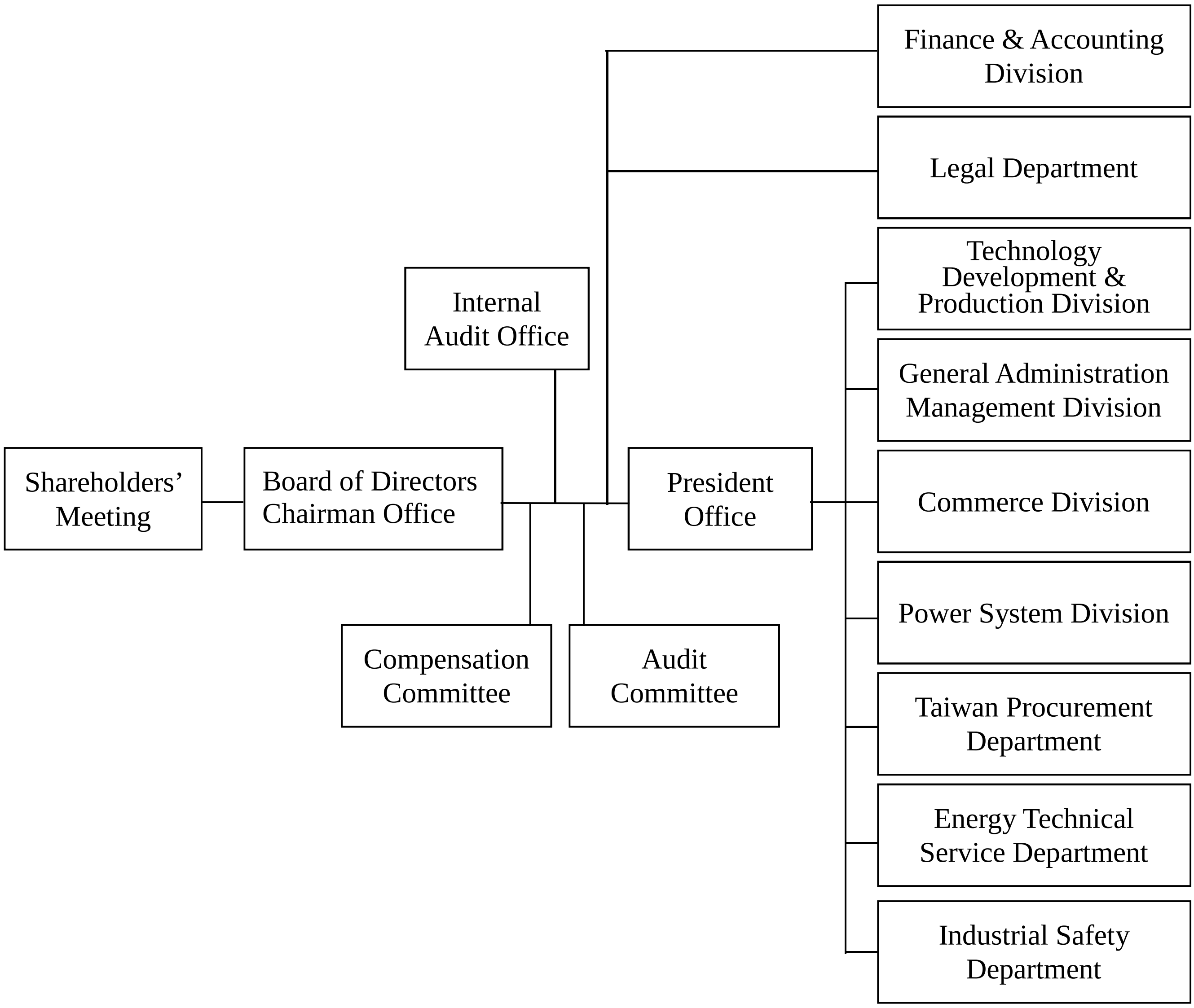
2022 - Raised capital to NT$3,870,418,750 through cash capital increase.
- Completed the development of ultra-high efficiency N-type TOPCon cells with ITRI. The conversion efficiency of MoPower-410 PV module could reach a maximum of 22.5%.

III. Corporate Governance

1. Organization

(1) Organizational Structure

As of December 31, 2022



(2) Functions of each department

Departments	Functions
Chairman Office	- Establish the directions of corporate business development, operating objectives and corporate governance - Supervise the strategy planning and major operating decision-making
President Office	- Formulate and execute business strategies and objectives - Integrate products and services to develop competitive business models - Drive and coordinate annual production and business plans
Internal Audit Office	- Perform audits and exception analyses on company-wide business, finance and operation and make recommendations for improvement
Finance & Accounting Division	- Responsible for operations associated with finance, accounting, tax and investor relations
Legal Department	- Legal affairs and management of intellectual property rights
Technology Development & Production Division	- Work management, production yield improvement, R&D project promotion, technology enhancement and training of technology department; formulation of operation planning and quality strategies, and quality assurance of raw materials and finished goods; manufacturing of solar cells and modules in Taiwan and China, and cross-departmental integration of resources for continuous improvement on manufacturing processes
General Administration Management Division	- Responsible for the human resource and organization developments, and public affair management in Taiwan - Integrated planning, maintenance and management of information, network and communication systems
Commerce Division	- Responsible for the sales of solar cells and modules
Power System Division	- Responsible for solar power station investments (system development and relationship strengthening; development of fishery and electricity symbiosis and collection of market intelligence; installation, troubleshooting and maintenance of solar panel project)
Taiwan Procurement Department	- Management of procurement and import and export
Energy Technical Service Department	- Responsible for the after-sale service of inverters
Industrial Safety Department	- Integration management over safety, environmental protection and health of each factory

2. Directors, Independent Directors, President, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches

(1) Directors and Independent Directors

A. Directors and Independent Directors

As of April 21, 2023 (In Shares)

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Motech and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	Yung-Hui Tseng	Male (65-75 years old)	2022.06.21	3 years	2001.06.26	10,582,717	2.98%	10,972,717	2.84%	1,394,893	0.36%	0	0.00%	Master of Electronics Engineering, China Institute of Technology	Chairman of Cheng Fu-Tien Culture & Education Foundation	-	-	-	-
Director	Taiwan	Chih-Kaou Lee (Note 1)	Male (65-75 years old)	2022.06.21	3 years	2001.06.26	4,022,716	1.13%	4,312,770	1.11%	1,690,992	0.44%	0	0.00%	Bachelor in Physics, Tamkang University	President of Consumer Product Resources International Corp. Director of Motech Industries Inc.'s subsidiaries Director of C-Tech. United Corp.	-	-	-	-
Director	Taiwan	Ming-Shiaw Lu (Note 2)	Male (65-75 years old)	2022.06.21	3 years	2007.06.13	2,579,827	0.73%	2,679,827	0.69%	2,160,813	0.56%	0	0.00%	Department of Mechanical Engineering, National Taipei Institute of Technology	Supervisor of Motech Industries Inc.'s subsidiaries Vice President of Yung Loong Engineering Corp. Director of Mildef Crete Inc.	-	-	-	-
Director	Taiwan	George Huang (Note 3)	Male (65-75 years old)	2022.06.21	3 years	2007.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Bachelor in Communication Engineering, National Chiao Tung University	Director of Apacer Technology Inc. Director of Les enphants Co., Ltd. Independent Director of Bionet Corp.	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Motech and Other Companies	Managers, Directors or Supervisors Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	San-Boh Lee	Male (65-75 years old)	2022.06.21	3 years	2002.06.10	135,328	0.04%	144,328	0.04%	0	0.00%	0	0.00%	Ph.D. in Material Science and Engineering, University of Rochester, USA	Supervisor of the Alumni Association of the Dep. of Physics of Fu Jen Catholic University	-	-	-	-
Independent Director	Taiwan	Kin-Tsau Lee	Male (65-75 years old)	2022.06.21	3 years	2016.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Science in Management Studies, MIT Sloan School of Management	Independent Director of Ingentec Corp.	-	-	-	-
Independent Director	Taiwan	Chia-Hsin Chang	Male (65-75 years old)	2022.06.21	3 years	2022.06.21	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Accounting, Soochow University	Independent Director of Getac Holdings Corporation Independent Director of APAC Opto Electronics Inc.	-	-	-	-

Note 1: Director, Chih-Kaou Lee, was appointed as Supervisor of the Company on June 26, 2001, and appointed as Director of the Company since June 13, 2016.
Note 2: Director, Ming-Shiaw Lu, was appointed as Supervisor of the Company from June 13, 2007 to May 26, 2010, and appointed as Director of the Company on June 17, 2019.
Note 3: Director, George Huang, was appointed as Supervisor of the Company on June 13, 2007, and appointed as Director of the Company since June 13, 2016.
Note 4: Where the Company's Chairman and President or personnel with equivalent position (chief manager) are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers).

B. Professional Qualifications of Directors and Independence Status of Independent Directors

As of April 21, 2023

Conditions / Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Yung-Hui Tseng	With more than five years of work experience in areas necessary for the business of the Company, he is now the Chairman of the Company and is not a person of any conditions defined in Article 30 of the Company Act.	-	0
Chih-Kaou Lee	With more than five years of work experience in areas necessary for the business of the Company, he is now a director in several TPEx-listed companies and is not a person of any conditions defined in Article 30 of the Company Act.	-	0
George Huang	With more than five years of work experience in areas necessary for the business of the Company, he is now a director in several TWSE-listed companies and is not a person of any conditions defined in Article 30 of the Company Act.	-	1
Ming-Shiaw Lu	With more than five years of work experience in areas necessary for the business of the Company, he is now a director in several TPEx-listed companies and is not a person of any conditions defined in Article 30 of the Company Act.	-	0
San-Boh Lee	He has more than five years of work experience being an instructor or a higher position in an academic department related to the business needs of the Company in a public junior college, college or university. He is not a person of any conditions defined in Article 30 of the Company Act.	He is deemed independent as he satisfies requirements set out in Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and is not a person of any conditions defined in Article 26-3 of the Securities and Exchange Act.	0

Conditions / Name	Professional Qualifications and Experiences (Note 1)	Independence Status (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Kin-Tsau Lee	He has more than five years of work experience in commerce and areas necessary for the business of the Company. While being the executive vice president of China Steel Corporation, a TWSE-listed company, he was also in charge of the finance unit. He is not a person of any conditions defined in Article 30 of the Company Act.	He is deemed independent as he satisfies requirements set out in Articles 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and is not a person of any conditions defined in Article 26-3 of the Securities and Exchange Act.	1
Chia-Hsin Chang	He has passed the senior professional and technical examination for certified public accountants in Taiwan and was a certified public accountant and partner of KPMG Taiwan for more than five years. He is not a person of any conditions defined in Article 30 of the Company Act.	He is deemed independent as he satisfies requirements set out in Articles 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" and is not a person of any conditions defined in Article 26-3 of the Securities and Exchange Act.	2

Note 1: Professional qualifications and experiences: Describe the professional qualifications and experiences of individual Director and Supervisor. For Audit Committee members with accounting or finance expertise, relevant background and work experience shall be stated. Also, clarify if conditions defined in Article 30 of the Company Act exist.

Note 2: The independence of Independent Directors shall be described. Relevant criteria including but not limited to whether the Independent Director, his/her spouse, and relatives within the second degree of kinship are directors, supervisors or employees of the Company or any of its affiliates; the number of the Company's shares held by the Independent Director, his/her spouse, and relatives within the second degree of kinship (or by nominee arrangement) and the percentages, whether they are directors, supervisors or employees of companies having specific relationship with the Company (please refer to Subparagraphs 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) and the amount of compensation for provision of commerce, law, finance, accounting or related services to the Company or its affiliates in the past two fiscal years.

C. Board diversity and independence

(a) Board diversity

The Company adopts the candidate nomination system for the nomination and election of Directors pursuant to the Articles of Incorporation. Besides assessing the academic and work experience of candidates, candidates shall be approved by the Board of Directors prior to being submitted to the shareholders' meeting for the election as stipulated in the Company's "Director Election Procedures" and "Corporate Governance Best-Practice Principles", to ensure the diversity and independence of Board members.

According to the Company's "Corporate Governance Best-Practice Principles", Board members shall generally possess knowledge, skills and competence required to perform their duties. To achieve the ideal goal of corporate governance, the Board as a whole is advised to possess the following capabilities:

i. Business judgement

ii. Accounting and financial analysis

iii. Operation management

iv. Crisis management

v. Industry knowledge

vi. Global market perspective

vii. Leadership

viii. Decision-making

Diversity policy is stipulated in Chapter III "Enhancement of Board Functions" of the Company's "Corporate Governance Best-Practice Principles". Diversity shall be considered with respect to Board composition and appropriate policy shall be established based on the Company's operation, business type and development needs. Such policy shall include but not limited to standards of the following two aspects:

i. Basic conditions and values: including gender, age, nationality and culture. Among which, it is advised to have female Directors constitute at least one-third of the Board.

ii. Professional knowledge and skills: including professional background (e.g., legal, accounting, industry, finance, marketing or technology), professional skills and industry experience.

Board members of the Company have diverse backgrounds in terms of industry, finance and accounting, academia and knowledge. They can offer professional opinions from different angles to enhance the Company's management efficiency and operation performance. Moreover, all three Independent Directors have the knowledge, skills and competence required to perform their duties, which further enrich the diversity policy and implementation guideline concerning Board members to align with the spirit of corporate governance and business development needs. Management objectives and implementation of the diversity policy for Board members are disclosed in separate tables below:

(i) Management objectives

Management Objectives	Achievement Status
The number of Directors who are also managers of the Company shall not exceed one-third of the total number of Directors.	Achieved
The number of Independent Directors shall be at least three and shall not be less than one-third of the total number of Directors.	Achieved

(ii) Implementation of diversity policy

Basics							Diverse Industry Experience and Professional Competence										
Name	Title	Gender	Motech Employee	Age	Seniority of Independent Director		Industry Experience					Professional Competence					
				65 ~ 75	3~9 years	Over 9 years	Finance & Accounting	Steel Industry	Optoelectronic Technology	Computer Peripheral	Academic Research	Leadership and Decision-making	Operation Management	Finance and Accounting	Material Science	Legal Knowledge	Risk Management
Yung-Hui Tseng	Chairman	Male		√					√			√	√	√		√	√
Chih-Kaou Lee	Director	Male		√					√			√	√	√			
Ming-Shiaw Lu	Director	Male		√						√			√				
George Huang	Director	Male		√						√		√	√	√		√	√
San-Boh Lee	Independent Director	Male		√		√					√				√		
Kin-Tsau Lee	Independent Director	Male		√	√			√				√	√	√		√	√
Chia-Hsin Chang	Independent Director	Male		√	√		√							√			√

(b) Board independence

The Board of the Company has been composed of experts specializing in different fields. The current term of the Board has seven Directors and none of them is an employee of the Company. The Board has six outsider Directors (86%) and three Independent Directors (43%). The tenure of two Independent Directors is under nine years while the other one is over nine years. None of the Board members is a person of any conditions defined in Paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act, and there is no spousal relationship nor second-degree kinship between Directors. The Board is independent from the Company.

(2) President, Vice Presidents, Assistant Vice Presidents and Managers of Departments and Branches

As of April 21, 2023 (In Shares)

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Selected Past Positions	Selected Present Positions at Other Companies	Managers Who are Spouses or within Second-Degree of Kinship to Each Other			Remark (Note 1)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Taiwan	Fred Yeh	Male	2009.11.09	475,048	0.12%	2,071	0.00%	0	0. 00%	EMBA, China Europe International Business School	Director of Motech's subsidiaries Director of inergy Technology Inc.	-	-	-	-
Vice President & CFO	Taiwan	Ting-Chao Wang	Male	2019.12.16	55,000	0.01%	0	0.00%	0	0.00%	MBA, University of Maryland	Director of Motech's subsidiaries	-	-	-	-
Vice President	Taiwan	Huan-Shun Lin	Male	2020.11.05	60,000	0.02%	0	0.00%	0	0.00%	Master of Resources Engineering, National Cheng Kung University	-	-	-	-	-
Chief Governance Officer	Taiwan	Chien-Tung Chen	Male	2021.08.05	94,147	0.02%	0	0.00%	0	0.00%	MBA, National Taiwan University	-	-	-	-	-
Senior Manager of Accounting and Tax Department	Taiwan	Alan Wu	Male	2021.01.01	28,000	0.01%	0	0.00%	0	0.00%	MBA, National Chung Cheng University	Supervisor of Motech Industries Inc.'s subsidiaries Supervisor of TECO Sun Energy Co., Ltd.	-	-	-	-

Note 1: Where the Company's President or personnel with equivalent position (chief manager) and Chairman are the same person, spouses or relatives within one degree of kinship, please state the reasons, reasonability, necessity and measures to be taken (e.g., increase the number of Independent Directors and have majority of Directors not serving as employees or managerial officers).

3. Remuneration Paid to Directors, Independent Directors, President and Vice Presidents in the Most Recent Year

(1) Remuneration paid to General Directors and Independent Directors

(In Thousands of New Taiwan Dollars; Thousands of Shares, %)

Title	Name	Remuneration to Directors								Total of A, B, C, and D and as a % of Net Income		Compensation Earned by Being an Employee of Motech or Motech's Consolidated Entities								Total of A, B, C, D, E, F, and G and as a % of Net Income		Compensation from Non-consolidated Affiliates or Parent Company
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)				Base Compensation, Bonus, and Allowances, etc. (E)		Severance Pay and Pensions (F)		Employee Compensation (G)						
		From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech		From All Consolidated Entities		From Motech	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Director	Yung-Hui Tseng Chih-Kaou Lee George Huang Ming-Shiaw Lu	11,329	11,329	-	-	1,974	1,974	488	488	13,791 5.15%	13,791 5.06%	-	-	-	-	-	-	-	-	13,791 5.15%	13,791 5.06%	314
Independent Director	Kin-Tsau Lee San-Boh Lee Cheng-Ching Wu (Note 1) Chia-Hsin Chang (Note 2)	1,800	1,800	-	-	1,480	1,480	396	396	3,676 1.37%	3,676 1.35%	-	-	-	-	-	-	-	-	3,676 1.37%	3,676 1.35%	0

1. Please state the policy, system, standard and structure of remuneration paid to Independent Directors and the correlation between factors such as responsibilities and risks assumed as well as time contributed and the amount of payment:
   Remuneration to Independent Director is determined based on their involvement in and contributions to the Company's operation and takes into account future risks of the Company and the renumeration standard of the industry. It includes both the fixed compensation and allowance. In addition, remuneration to Directors would be made if the Company generates profits for the year, as stipulated in the Articles of Incorporation. The said remuneration to Independent Directors would be reviewed by the Compensation Committee and then submitted to the Board of Directors for resolution.
2. Except for information disclosed above, remuneration paid for services rendered by Directors of the Company (e.g., being a non-employee consultant to the parent company/all consolidated entities/investees) in the most recent year: None.

Note 1: Cheng-Ching Wu's term of office expired on June 21, 2022.

Note 2: Chia-Hsin Chang was newly elected as the Independent Director on June 21, 2022.

(2) Remuneration paid to Directors and Independent Directors

Ranges	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities
Under NT$1,000,000	Cheng-Ching Wu, Chia-Hsin Chang	Cheng-Ching Wu, Chia-Hsin Chang	Cheng-Ching Wu, Chia-Hsin Chang	Cheng-Ching Wu, Chia-Hsin Chang
NT$1,000,000 ~ NT$1,999,999	San-Boh Lee, Kin-Tsau Lee, Chih-Kaou Lee, George Huang, Ming-Shiaw Lu	San-Boh Lee, Kin-Tsau Lee, Chih-Kaou Lee, George Huang, Ming-Shiaw Lu	San-Boh Lee, Kin-Tsau Lee, Chih-Kaou Lee, George Huang, Ming-Shiaw Lu	San-Boh Lee, Kin-Tsau Lee, Chih-Kaou Lee, George Huang, Ming-Shiaw Lu
NT$2,000,000 ~ NT$3,499,999	-	-	-	-
NT$3,500,000 ~ NT$4,999,999	-	-	-	-
NT$5,000,000 ~ NT$9,999,999	-	-	-	-
NT$10,000,000 ~ NT$14,999,999	Yung-Hui Tseng	Yung-Hui Tseng	Yung-Hui Tseng	Yung-Hui Tseng
NT$15,000,000 ~ NT$29,999,999	-	-	-	-
NT$30,000,000 ~ NT$49,999,999	-	-	-	-
NT$50,000,000 ~ NT$99,999,999	-	-	-	-
NT$100,000,000 and above	-	-	-	-
Total	8	8	8	8

(3) Compensation paid to President and Vice Presidents

(In Thousands of New Taiwan Dollars)

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonus and Allowance (C)		Employee Compensation (D)				Total of A, B, C, and D and as a % of Net Income		Compensation from Non-Consolidated Affiliates or Parent Company
		From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities	From Motech		From All Consolidated Entities		From Motech	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Fred Yeh	12,590	12,590	324	324	3,853	3,853	1,933	0	1,933	0	18,700 6.98%	18,700 6.87%	-
Vice President & CFO	Ting-Chao Wang													
Vice President	Huan-Shun Lin													

Note 1: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(4) Compensation paid to President and Vice President

Ranges	Names of President and Vice President	
	From Motech	From All Consolidated Entities
Under NT$1,000,000	-	-
NT$1,000,000 ~ NT$1,999,999	-	-
NT$2,000,000 ~ NT$3,499,999	-	-
NT$3,500,000 ~ NT$4,999,999	Ting-Chao Wang, Huan-Shun Lin	Ting-Chao Wang, Huan-Shun Lin
NT$5,000,000 ~ NT$9,999,999	Fred Yeh	Fred Yeh
NT$10,000,000 ~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
NT$100,000,000 and above	-	-
Total	3	3

Note 1: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(5) Employee compensation to Managers

(In Thousands of New Taiwan Dollars)

	Title	Name	Stock	Cash	Total	Total as a % of Net Income
Managers	President	Fred Yeh	0	2,453	2,453	0.92%
	Vice President & CFO	Ting-Chao Wang				
	Vice President	Huan-Shun Lin				
	Senior Manager	Alan Wu				
	Director	Chien-Tung Chen				

Note 1: Compensation to employees has yet to be distributed as of the date of this annual report, numbers in the table above are the proposed figures.

(6) Analysis of remuneration and compensation paid to Directors, President and Vice Presidents by the Company and all consolidated entities in the past two fiscal years as a percentage of net income in the parent company only financial statements and explanation on remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks are as follows:

A. Remuneration and compensation as a percentage of net income in the parent company only financial statements:

Title/Item	Remuneration and Compensation as a Percentage of Net Income			
	2021		2022	
	From Motech	From All Consolidated Entities	From Motech	From All Consolidated Entities
Directors	14.21%	14.21%	6.52%	6.41%
President and Vice Presidents	13.53%	13.53%	6.98%	6.87%

B. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

(a) Remuneration policy, standards and composition

Remuneration to Directors is determined based on the Articles of Incorporation and includes remuneration and compensation to Directors as well as allowances. Compensation to the President and Vice President includes salaries, bonus and employee compensation. The amount is recommended by the Compensation Committee and submitted to the Board for discussion and resolution.

(b) Procedures

Based on the Articles of Incorporation, when the Company makes a profit for the year, the compensation to employees shall not be lower than one percent of the balance and the remuneration to Directors shall not be higher than five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation. The aforementioned compensation can be made in the form of stock or cash based on the Board resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who met certain conditions set by the Board. The distribution plan of compensation to employees and remuneration to the Directors shall be submitted to the shareholders' meeting.

(c) Correlation with operation performance and future risks

Salaries and remuneration to Directors and managers are determined by evaluating the degree of participation in the Company's operations, quality of decision making, execution of objectives, personal contribution and internal control. Scoring criteria are amended and adjusted based on the needs of the Company and weightings may be assigned to different aspects of the evaluation.

In order to implement corporate governance, reduce operational risks and enhance the functions of the Company's functional committees, results of the annual Board performance evaluation are used as a reference for the selection or nomination of Directors. The results are provided by the performance evaluation unit to the Compensation Committee for timely review and recommendation and serve as a reference for determining the remuneration of individuals.

4. Corporate Governance Implementation

(1) Operations of the Board of Directors

There were seven (A) Board meetings convened in 2022. The attendance status of the Directors and Independent Directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Chairman	Yung-Hui Tseng	7	0	100%	Re-elected on June 21, 2022
Director	Chih-Kaou Lee	7	0	100%	Re-elected on June 21, 2022
Director	Ming-Shiaw Lu	7	0	100%	Re-elected on June 21, 2022
Director	George Huang	7	0	100%	Re-elected on June 21, 2022
Independent Director	Cheng-Ching Wu	3	0	100%	Former Independent Director, resigned on June 21, 2022
Independent Director	San-Boh Lee	7	0	100%	Re-elected on June 21, 2022
Independent Director	Kin-Tsau Lee	7	0	100%	Re-elected on June 21, 2022
Independent Director	Chia-Hsin Chang	4	0	100%	Newly-elected on June 21, 2022

Annotations:

1. The Board meeting's date, session, and contents of motions, opinions of all Independent Directors, and actions taken by the Company regarding the opinions shall be specified if one of the following circumstances occurs:
   (1) Matters specified in Article 14-3 of the Securities and Exchange Act: Not applicable. The Company has established the Audit Committee and is subject to Article 14-5 of the Securities and Exchange Act.
   (2) Except for items specified above, other resolutions on which an Independent Director expresses objection or reservation, either by recorded statement or in writing: None.
2. For situations where Directors recuse themselves from any motion due to conflict of interest, the Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified:
   (1) Third Board meeting on May 5, 2022:
      A. Contents of motion: Proposal on annual compensation of the Chairman and President.
         i. Director recused: Chairman, Yung-Hui Tseng
         ii. Cause for the recusal: Personal interest.
         iii. Participation in voting: Not participated in voting.
   (2) Sixth Board meeting on August 4, 2022:
      A. Contents of motion: Recommendations on compensation of Independent Directors and Directors for performing their duties.
         i. Director recused: Directors, Chih-Kaou Lee, Ming-Shiaw Lu and George Huang; Independent Directors, San-Boh Lee, Kin-Tsau Lee and Chia-Hsin Chang
         ii. Cause for the recusal: Personal interest.
         iii. Participation in voting: Not participated in voting.
   (3) Sixth Board meeting on August 4, 2022:
      A. Contents of motion: Recommendations on annual compensation of new Chairman and the President.
         i. Director recused: Chairman, Yung-Hui Tseng
         ii. Cause for the recusal: Personal interest.
         iii. Participation in voting: Not participated in voting.

3. TWSE-listed and TPEx-listed companies shall disclose the frequency, scope, method, and details of the self (or peer) performance evaluations of the Board and the implementation status:

The Company amended the Methods for Performance Evaluation of the Board of Directors in 2022 and completed the performance evaluation before the March 31, 2023 as required. Details are as follows:

Frequency	Period	Scope	Method	Details
Annually	January 1, 2022 to December 31, 2022	Board of Directors	Internal performance assessment on the Board	Performance assessment on the Board: 1. Level of participation in corporate operations. 2. Enhancement on the quality of Board decisions. 3. Composition and structure of the Board. 4. Election and continuing education of Directors. 5. Internal control.
		Individual Board members	Self-assessment among Board members	Performance assessment on individual Board members 1. Command over corporate goals and mission. 2. Understanding of Directors' duties. 3. Level of participation in corporate operations. 4. Internal relationship management and communication. 5. Specialty and education of Directors. 6. Internal control.
		Functional committees	Internal performance assessment on functional committees	Performance assessment on functional committees 1. Level of participation in corporate operations. 2. Understanding of functional committees' duties. 3. Enhancement on the quality of functional committees' decisions. 4. Composition of the functional committees and election of members. 5. Internal control.

4. Objectives of strengthening the functionality of the Board of Directors (e.g., to establish an audit committee, to enhance information transparency, etc.) in the current year and the most recent year and evaluation of the execution thereof:
   (1) The Company had drawn up the "Rules of Procedure for the Board of Directors' Meeting" in accordance with "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and established Independent Director positions to strengthen the functionality of the Board and prompt enhancement on the quality of Board decisions. Directors' attendance of the Board meetings and major resolutions were disclosed at the Market Observation Post System (MOPS) website on a timely basis to improve information transparency.
   (2) Compensation Committee and Audit Committee were established on January 19, 2009 and June 13, 2016, respectively. These Committees assist the Board with the implementation and evaluation of the Company's entire compensation and welfare systems and regularly review the appropriateness of compensation to the Directors and management team. Charters of these Committees are updated to reflect changes in laws and regulations, thereby facilitating members' execution of duties stipulated in the Securities and Exchange Act, the Company Act, and other applicable laws and regulations.
   (3) The Company has spokesperson and deputy spokesperson which can serve as communication channels for stakeholders. Shareholders' proposals are accepted in accordance with the schedule of shareholders' meeting. Shareholders with the rights to make proposals may do so during the acceptance period and the proposals will be reviewed by the Board as required by laws and regulations.
   (4) The Board resolved to create the position of Chief Governance Officer on January 21, 2021. The officer would be responsible to handle matters associated with corporate governance and assist Directors with business execution to fulfill the supervisory function. The Company also amended the "Corporate Governance Best-Practice Principles" and "Methods for Performance Evaluation of

the Board of Directors" for compliance.

(2) Operations of Audit Committee

The Audit Committee convened five (A) meetings in 2022, The attendance status of Independent Directors are as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Independent Director	Kin-Tsau Lee	5	0	100%	Re-elected on June 21, 2022
Independent Director	San-Boh Lee	5	0	100%	Re-elected on June 21, 2022
Independent Director	Cheng-Ching Wu	3	0	100%	Former Independent Director, resigned on June 21, 2022
Independent Director	Chia-Hsin Chang	2	0	100%	Newly-elected on June 21, 2022

Annotations:

1. The Company's Audit Committee comprises three Independent Directors. Major tasks and items reviewed are listed as follows:
   (1) Fair presentation of financial statements
   (2) Appointment and discharge of CPAs and assessments on independence and performance
   (3) Effective implementation of internal control system
   (4) Regulatory compliance
   (5) Controls over existing or potential risks
   (6) Reviews on mergers and acquisitions
2. When one of the following situations occurs, the date and session of the meeting; contents of motions; objections, reservations or major recommendations of Independent Directors; resolutions of the Committee and actions taken by the Company regarding the Committee's opinions shall be specified:
   (1) Matters specified in Article 14-5 of the Securities and Exchange Act:

Date of Meeting (Session)	Contents of Motions	Opinions or Major Recommendations of Independent Directors	Resolutions of Audit Committee	Actions Taken
2022.01.17 (1st meeting in 2022)	(1) Proposed to approve the cash capital injection to the subsidiary, Motech Power One Co., Ltd. (Motech Power One) (2) Proposed to approve the cash capital injection to the subsidiary, Motech Power Zeta Co., Ltd. (Motech Power Zeta) (3) Reported the 2022 audit fees for CPAs	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2022.03.07 (2nd meeting in 2022)	(1) Proposed to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2021 (2) Proposed to approve the 2021 earnings distribution (3) Proposed to approve the 2021 business report (4) Proposed to approve the amendments to some articles within the Company's "Articles of Incorporation" (5) Proposed to approve the amendments to some articles within the Company's "Procedures for Acquisition or Disposal of Assets" (6) Proposed to approve the amendments to some articles within the Articles of Incorporation of the Group entity, SNE (7) Proposed to approve the Company's "2021 Statement of Internal Control System"	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly

2022.05.03 (3rd meeting in 2022)	(1) Proposed to approve the Company's change of CPAs (2) Proposed to approve the issue of common shares for cash capital increase	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2022.08.04 (4th meeting in 2022)	(1) Propose to approve the amendments to some articles within the Company's "Rules and Procedures for Finance and Business between Affiliates" (2) Propose to approve the amendments to some articles within the Company's "Management of Long-term and Short-term Investments" (3) Proposed to approve the cash capital injection to the subsidiary, Motech Power One (4) Proposed to approve the loans provided to affiliates	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2022.11.03 (5th meeting in 2022)	(1) Proposed to approve the Company's 2023 audit plan	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2023.01.19 (1st meeting in 2023)	(1) Proposed to approve the formulation of the Company's general principles for the pre-approval of non-assurance service policy (2) Proposed to approve the Company's engagement of CPAs and the audit fee for 2023 (3) Proposed to apply for a financing facility not exceeding NT$2 billion to the bank syndicate (4) Proposed to approve the loans provided to the affiliate, Motech Power Beta Co., Ltd. (5) Proposed to provide Letter of Support for the affiliate, Motech Power Zeta (6) Proposed to provide Letter of Support for the affiliate, Motech Power One	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly
2023.03.09 (2nd meeting in 2023)	(1) Proposed to the Audit Committee to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2022 (2) Proposed to approve the Company's 2022 earnings distribution (3) Proposed to approve the Company's 2022 operation report (4) Proposed to the Audit Committee to approve the Company's "2022 Statement of Internal Control System" (5) Proposed to the Audit Committee to approve the amendments to the Company's "Internal Control System", "Internal Audit Implementation Rules" and "Procedures for Self-assessment on Internal Control System"	N/A	Approved	Submitted to the Board for resolutions and proceeded accordingly

(2) Except for above-mentioned items, resolutions which were not approved by the Audit Committee but was approved by two-thirds or more of all Directors: None.

3. For situations where Independent Directors recuse themselves from any motion due to conflict of interest, the Independent Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified: None.
4. Communications between the Independent Directors, the internal audit officer, and CPAs (It shall include material issues concerning the finance and business of the Company, and the means and

outcomes of communication):

(1) The internal audit officer regularly communicates audit findings with members of the Audit Committee and presents internal audit reports in the quarterly Audit Committee meetings. When special circumstance arises, the officer would report to the Audit Committee on a timely basis. In 2022, none of the said special circumstance had occurred. The communication channels between Audit Committee and internal audit officer have operated smoothly.

(2) CPAs report the audit or review outcome on the latest quarterly financial reports in the quarterly Audit Committee meetings as well as other items required to be communicated pursuant to appliable laws and regulations. When special circumstance arises, they would report to the Audit Committee on a timely basis. In 2022, none of the said special circumstance had occurred. The communication channels between Audit Committee and CPAs have operated smoothly.

Communications between Independent Directors, internal audit officer and CPAs are summarized as follows:

Meetings Dates (Session)	Communications with Internal Audit Officer	Communications with CPAs
2022.01.17 (1st meeting in 2022)	● Review internal audit report	
2022.03.07 (2nd meeting in 2022)	● Review 2021 "Statement of Internal Control System" ● Review internal audit report	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the year ended December 31, 2021
2022.05.03 (3rd meeting in 2022)	● Review internal audit report	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the three months ended March 31, 2022 ● Updates on relevant laws and taxes ● Assessment on CPAs' competence and independence
2022.08.04 (4th meeting in 2022)	● Review internal audit report	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the six months ended June 30, 2022 ● Updates on relevant laws and taxes
2022.11.03 (5th meeting in 2022)	● Review internal audit report ● Review 2023 internal audit plan	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the nine months ended September 30, 2022
2023.01.19 (1st meeting in 2023)	● Review internal audit report	
2023.03.09 (2nd meeting in 2023)	● Review 2022 "Statement of Internal Control System" ● Review internal audit report	● CPAs discussed and communicated audit findings and issues concerning the financial statements for the year ended December 31, 2022

Outcome: The aforementioned matters were reviewed or approved by the Audit Committee. Independent Directors did not raise any objections.

(3) Implementation of Corporate Governance Practices and non-compliance with "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies" and reasons

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company follow the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies to establish and disclose its corporate governance practices?	V		The Company has established the "Corporate Governance Best Practice Principles" and other corporate governance-related policies including Rules and Procedures of Shareholders' Meeting, Rules and Procedures of Board of Directors' Meeting, Rules for Election of Directors, Rules and Procedures for Finance and Business between Affiliates, Code of Ethical Conduct for Employees, Compensation Committee Charter, Procedures for Handling Material Inside information, Internal Audit System, Internal Control System, Procedures for Acquisition or Disposal of Assets, Procedures for Lending Funds to Other Parties, Procedures for Endorsement and Guarantee and Rules Governing the Supervision of Subsidiaries. The Company has disclosed corporate governance information at the corporate website (https://www.motech.com.tw/) and MOPS.	None
2. Ownership structure and shareholders' rights (1) Does the Company have internal operation procedures to handle shareholders' suggestions, concerns, disputes and litigations and proceed accordingly? (2) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders? (3) Does the Company build and execute risk management and firewall mechanism between itself and affiliates?	V V V V		(1) Besides engaging a professional share registrar to handle stock affairs, the Company has spokesperson system in place as well as risk management & stock affair sector and legal department to assist with handling shareholders' suggestions and disputes. (2) Through the professional share registrar, the Company has full control and understands the structure of major shareholders and shareholdings of shareholders with 10% or more of the Company's shares. The Company files relevant information including changes in shareholdings of Directors and managers at MOPS monthly. (3) The Company and its subsidiaries have established relevant systems required by law, including the internal control system, Rules and Procedures for Finance and Business between Affiliates, and Rules Governing the Supervision of Subsidiaries to regulate purchase/sales transactions with affiliates, acquisition and disposal of assets, endorsement and guarantee and lending funds to other parties. Entities have proceeded accordingly with regular audits.	None

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
(4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?			(4) The Company has established Procedures for Handling Material Inside information, demanding all insiders to avoid insider trading.	
3. Composition and duties of the Board of Directors (1) Has the Board established a diversity policy and specific management goals and have them been implemented accordingly?	V		(1) Diversity policy is stipulated in Chapter III "Enhancement of Board Functions" of the Company's "Corporate Governance Best-Practice Principles". Diversity shall be considered with respect to Board composition and appropriate policy shall be established based on the Company's operation, business type and development needs. Such policy shall include but not limited to standards of the following two aspects: A. Basic conditions and values B. Professional knowledge and skills The current Board members have diverse backgrounds with work experience and expertise in operation management, industry know-how, finance and accounting, academia and knowledge, finance and strategic management. They can offer professional opinions from different angles to enhance the Company's management efficiency and operation performance. Moreover, all three Independent Directors have the knowledge, skills and competence required to perform their duties, which further enrich the diversity policy and implementation guideline concerning Board members to align with the spirit of corporate governance and business development needs. The current term of the Board has seven Directors. The three seats of Independent Directors and the specific management objectives of having the number of Directors who are also managers of the Company not exceeding one-third of the total number of Directors allow the Company to fulfill the business decision-making and supervisory functions. Please refer to page 13 to 14 for details on the diversity of Board members.	None, except for item (2)
(2) Has the Company voluntarily established functional committees in addition to Compensation and Audit Committees which are required by laws?		V	(2) Audit Committee was established in 2016: All three members are Independent Directors. The Compensation Committee was established in 2011: All three members are Independent Directors. Except for the Audit Committee and the Compensation	Depend on future development needs of the Company

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
(3) Has the Company formulated rules and methods for the performance assessment of the Board and carried out such assessments annually? Is the outcome of performance assessment submitted to the Board of Directors and used as reference for the remuneration and re-election nomination of individual Director? (4) Has the Company periodically evaluated the independence of its CPAs?	V V		Committee to assist the Board with performing its duties, the Company has yet to establish other functional committees. (3) The Company's Board of Directors had approved the "Methods for Performance Evaluation of the Board of Directors". Performance evaluations on the Board and functional committees (including Compensation Committee and Audit Committee) are conducted at least annually with outcomes reported to the Board. The evaluations are carried out by the corporate governance unit after the end of each year using internal questionnaires through internal evaluations and self-evaluations of the Board members and functional committees. The scope of evaluation includes the performance evaluation on the entire Board, individual Board member, Compensation Committee and Audit Committee. Evaluation criteria include level of participation in corporate operations, enhancement on the decision quality, composition and structure of the Board and functional committees, the election and continuing education of member of the Board and functional committee and internal controls. Outcomes of the evaluation are reported to the Board and used as reference for the remuneration and re-election nomination of individual Director. Participants achieved good scores in 2022, and the evaluation outcomes were reported to the Board on March 9, 2023 as well as disclosed at the corporate website. (4) The Company's accounting unit assesses the independence of CPAs on an annual basis. The engagement of CPAs and assessments on CPA independence and suitability in the past two fiscal years were approved by the Audit Committee on May 3, 2022 and the Board on May 5, 2022 and the Audit Committee and the Board on May 4, 2023, respectively. In addition to reviewing the reasonableness of audit fees, CPAs and the CPA firm are required to provide relevant information and statements. Independence criteria include: The policies and procedures of CPA firm regarding the individual independence of all members of the firm (financial interests,	None, except for item (2)

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>credit guarantees, employment relationships, etc.), business relationships with clients, the CPA rotation system, and non-audit services. Assessments were conducted on whether there was any violation of circumstances set out in No. 10 Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China and in accordance with the Audit Quality Indicators (AQIs). Upon assessment, we confirmed that the CPAs engaged for 2023 satisfy the independence and suitability requirements stipulated in the Norm of Professional Ethics for Certified Public Accountant.
Details of CPA independence assessment are as follows:
<table>
<tr><th>Evaluation Item</th><th>Evaluation Result</th></tr>
<tr><td>The same CPA has continuously provided audit services to a TWSE-listed/TPEx-listed company for less than seven years</td><td>Yes</td></tr>
<tr><td>Close business relationships with the audit client</td><td>No</td></tr>
<tr><td>Family member or personal relationship</td><td>No</td></tr>
<tr><td>Employee of the audit client</td><td>No</td></tr>
<tr><td>Provision of services to directors, supervisor, managers or persons with equivalent positions of the audit client</td><td>No</td></tr>
<tr><td>Material gifts and preferential treatment</td><td>No</td></tr>
<tr><td>Non-audit services: Including bookkeeping, appraisal, tax, internal audits, dispatch of short-term workers and recruitment of senior management</td><td>No</td></tr>
<tr><td>Financing and guarantee</td><td>No</td></tr>
</table></td><td>None, except for item 2</td></tr>
<tr><td>4. Does the Company have an adequate number of qualified corporate governance personnel and appoint a chief corporate governance officer to handle matters pertaining to corporate governance (including but not limited to provide information required for business execution by directors and supervisors, assist directors and supervisors with regulatory compliance, handle matters pertaining to</td><td>V</td><td></td><td>(1) To implement corporate governance and strengthen the functionality of the Board, the Company approved the appointment of Director, Chien-Tung Chen, as the dedicated Chief Governance Officer in the Board meeting on August 5, 2021 pursuant to applicable rules. His qualifications satisfy requirements for Chief Governance Officer set out in Paragraph 1, Article 3-1 of the Corporate Governance Best-Practice</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>board meetings and shareholders’ meetings according to laws and regulations, produce minutes of board meetings and shareholders meetings, etc.)?</td><td></td><td></td><td>Principles for TWSE/TPEx Listed Companies.
(2) The Chief Governance Officer, staff of the finance department and conference logistics team are in charge of corporate governance matters. The main duties of the Chief Governance Officer are to provide information required for business execution by Directors; assist Directors with regulatory compliance, onboarding and continuing education; handle matters pertaining to meetings of the Board, committees and shareholders and produce meeting minutes.
(3) Duties performed in 2022 are as follows:
A. Assist with providing Directors with information required for business execution and continuing education.
B. Collect and notify Board members of amendments in laws and regulations pertaining to corporate governance.
C. Seven Board meetings and five Audit Committee meetings were held in 2022.
D. One general shareholders’ meeting was held in 2022.
E. The Company purchased liability insurance for Directors and reported the renewal to the Board afterwards.
F. Execute Board performance evaluation.
(4) The Company’s Chief Governance Officer was not serving his first term and had completed 12 hours of continuing education as required by laws and regulations. Courses taken are listed below:
<table>
<tr><th>Host</th><th>Class</th><th>Duration</th><th>Date</th></tr>
<tr><td>Taiwan Institute for Sustainable Energy</td><td>The Second Taiwan Sustainable Investment Forum</td><td>6</td><td>July, 2022</td></tr>
<tr><td>Taiwan Institute for Sustainable Energy</td><td>2022 Net Zero and Sustainable Development Forum</td><td>3</td><td>July, 2022</td></tr>
<tr><td>Taipei Exchange</td><td>2022 Tpex-listed Company - Release Conference: Reference Guide for the Exercise of Power by Independent Director & Audit Committee</td><td>3</td><td>September, 2022</td></tr>
<tr><td>Taiwan Corporate Governance Association</td><td>Seminar on Financial Statement Fraud and Responsibilities of Directors</td><td>3</td><td>September, 2022</td></tr>
</table></td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Taiwan Corporate Governance Association</td><td>The 18th (2022) Corporate Governance Summit - Enhance Director Functions and Implement Corporate Sustainability Governance</td><td>6</td><td>October, 2022</td></tr></table></td><td></td></tr>
<tr><td>5. Has the Company established communication channels for its stakeholders (including but not limited to shareholders, employees, customers and suppliers) and created a stakeholder section at the Company's website to address their concerns on major corporate social responsibility issues?</td><td>V</td><td></td><td>The Company has maintained contact information of units assigned for each of the stakeholders, including banks, other creditors, shareholders, employees, customers, consumers and suppliers. Also, the contact information of investor relations and relevant departments is available on the corporate website. A supplier platform is established for stakeholders to access at any time. Our diverse information channels also include investors conferences. Sufficient information is provided to our counterparties for stakeholders to have enough information when making decisions to safeguard their rights.</td><td>None</td></tr>
<tr><td>6. Has the Company appointed a professional registrar to organize the shareholders' meetings?</td><td>V</td><td></td><td>The Company has appointed the stock management service department of CTBC Bank Co., Ltd. as the share registrar to handle matters related to stock affairs and shareholders' meetings.</td><td>None</td></tr>
<tr><td>7. Information disclosure
(1) Has the Company established a corporate website to disclose information regarding the Company's financials, business and corporate governance status?
(2) Does the Company have other information disclosure channels (e.g., maintaining an English-language website, designating people to handle information collection and disclosure, appointing spokesperson, webcasting investor conference on the corporate website)?
(3) Does the Company publicly announce and file its annual financial report within two months after the end of financial year, and its financial reports of the first three quarters as well as operational status of each month prior to the prescribed deadlines?</td><td>
V

V</td><td>

V</td><td>(1) Group-related business status is disclosed at the corporate website (http://www.motech.com.tw). In addition, financials and business-related information is disclosed at MOPS as required.
(2) The Company has maintained an English-language website which contains corporate, financial and business information. There is one spokesperson and one deputy spokesperson and the investor relations and stock affairs departments are responsible for the collection and disclosure of relevant information. Investor conference materials are disclosed at the corporate website on a timely basis.
(3) Pursuant to Article 36 of the Securities and Exchange Act, the Company has:
A. publicly announced its annual financial report within three months after the end of financial year;
B. publicly announced its financial reports of the first three quarters within 45 days after the end of corresponding quarter; and</td><td>None, except for item (3)A</td></tr>
</table>

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
			C. publicly announced and filed its operational status of the previous month prior to the 10th of each month	
8. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including but not limited to rights and welfare of employees, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer policies, and liability insurance for directors and supervisors provided by the Company) ?	V		(1) Rights and welfare of employees: The Company adopts reasonable and humane management practices and establishes well-functioned communication channels to maintain good labor-management relations. Regarding employee rights and welfare, it not only establishes measures pursuant to the Labor Standards Act and related laws, but also maintains a good and trusting relationship with employees through various welfare systems and education and training. The Company establishes an Employee Welfare Committee, organizes employee insurance coverages, and provides free physical examination as well as various subsidies and activities. A complaint channel has also been created to protect employees' rights and interests. (2) Investor relations and stakeholders' rights: The Company discloses financial and business information on the MOPS and corporate website (http://www.motech.com.tw/) pursuant to laws and regulations and set up a stakeholder section with contact information. Also, there is spokesperson, deputy spokesperson and contact information of business units available. Through multiple channels of communication, the Company protects the basic rights of investors and fulfill its responsibilities towards shareholders. (3) Supplier relations and implementation of customer policy: The Company interacts well with suppliers. We have established the "Procedures Governing the Supplier Assessment" and "Supplier Management Practice" for prudent selection, and maintain effective communication channels with suppliers. In terms of customer policy, we enter contract and agreements with customers to protect their rights. The implementation has been well. (4) Continuing education of Directors: Directors attend courses of finance, business and business management from time to time and would continue to complete courses required pursuant to the "Directions for the Implementation of Continuing Education for	None

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>Directors and Supervisors of TWSE Listed and TPEx Listed Companies”. Please refer to A. Continuing education of Directors under 8. Other important information (please refer to page 52 to 53) to facilitate better understanding of the Company’s corporate governance practices for details. The information is also available at MOPS (http://mops.twse.com.tw).
(5) Implementation of risk management policy and assessment standards: Please refer to 6. Risks in the Most Recent Year and as of the Date of this Annual Report and the Assessments thereof under VII. Review and Analysis of Financial Position and Performance and Associated Risks of this annual report for details.
(6) Liability insurance for Directors and Supervisors: The Company purchased liability insurance of AIG Taiwan for Directors with an insured amount of US$10 million for 2023 and reported the details in the Board meeting on January 19, 2023 to safeguard shareholders’ rights.
(7) Corporate governance-related education and trainings attended by managers:
<table>
<tr><th>Title and Name</th><th>Host</th><th>Class</th><th>Duration</th><th>Date</th></tr>
<tr><td>Principal Accounting Officer Alan Wu</td><td>Accounting Research and Development Foundation of the Republic of China</td><td>Continuing Education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges</td><td>12</td><td>September, 2022</td></tr>
<tr><td rowspan="2">Audit Officer Wan-Ping Li</td><td>The Institute of Internal Auditors-Chinese Taiwan</td><td>Risk-based Internal Audit Methodology and Practice</td><td>6</td><td>October, 2022</td></tr>
<tr><td>The Institute of Internal Auditors-Chinese Taiwan</td><td>Exploring the Impact of ESG Risk on Corporate Internal Control and Action Plans under the Waves of Climate Change and Sustainable Development</td><td>6</td><td>November, 2022</td></tr>
</table>
</td><td>None</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Chief Governance Officer Chien-Tung, Chen</td><td>Please refer to continuing education set out in Item 4-(4) above. (Please refer to page 30)</td></tr></table>(8) Certifications required by competent authority and obtained by personnel associated with information transparency in the Company and its subsidiaries:
Certified Public Accountants of R.O.C. (CPA): 1
Certified Internal Auditor (CIA): 2
Certified Information Systems Auditor (CISA): 1
Certification in Control Self-Assessment (CCSA): 1
Certification in Risk Management Assurance (CRMA): 1</td><td></td></tr>
<tr><td colspan="5">9. The improvement status for the outcome of Corporate Governance Evaluation announced by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year and the priority of pending issues:
(1) The Company ranked in the top 21~35% in the 9th Corporate Governance Evaluation of Securities and Futures Institute.
(2) Based on the result of 2022 Corporate Governance Evaluation, the Company has carried out the following improvement measures: (1) Board diversity policy is established with specific management objectives and implementation status regarding the diversity policy disclosed on the corporate website and in the annual reports and (2) Independent Directors of the Company have completed the required hours of continuing education. In line with policies promoting the Corporate Governance 3.0 - Sustainable Development Roadmap, we will (1) raise awareness on insider trading laws and regulations and disclose implementation status on the corporate website and (2) establish cybersecurity risk management framework and policy and disclose details on the corporate website or in the annual report.</td></tr>
</table>

(4) The composition, duties and operations of the Compensation Committee

A. Compensation Committee of the Company was established on November 28, 2011. It shall have at least three members which are appointed via Board resolutions and the convener is elected among members. At present, the Compensation Committee comprises three members with Independent Director, San-Boh Lee, being the convener.

B. The functions of the Committee are to assess the compensation policy and system of Directors and managers with professionalism and objectivity, and make recommendations to the Board as reference material for its decision-making.

C. Details of committee members are as follows:

As of April 21, 2023

Title	Condition / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving in the Compensation Committee
Convener & Independent Director	San-Boh Lee	Please refer to B. Professional Qualifications of Directors and Independence Status of Independent Directors on page 11 to 12 for details.	Satisfy requirements set out in Articles 2, 3, and 4 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and is not a person of any conditions defined in Article 26-3 of the Securities and Exchange Act.	0
Independent Director	Kin-Tsau Lee			1
Independent Director	Chia-Hsin Chang			1

D. Operations of Compensation Committee:

(a) The Company’s Compensation Committee comprises three members.

(b) The Compensation Committee held four (A) meetings in 2022. The attendance status of Independent Directors is as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance Rate (%) (B/A)	Remark
Independent Director	San-Boh Lee	4	0	100%	Re-elected on June 21, 2022
Independent Director	Kin-Tsau Lee	4	0	100%	Re-elected on June 21, 2022
Independent Director	Cheng-Ching Wu	2	0	100%	Former Independent Director, resigned on June 21, 2022
Independent Director	Chia-Hsin Chang	2	0	100%	Newly-elected on June 21, 2022

Annotation:

(1) If the Board declines to adopt or modify a recommendation of the Compensation Committee, the date and session of the Board meeting, contents of motions, resolution and actions taken by the Company regarding the Committee’s opinions shall be specified (e.g., if the compensation package approved by the Board is better than the recommendation made by the Committee, please specify the discrepancy and its reason): None.

(2) As to the resolutions of the Compensation Committee, if a member expresses any objection or reservation, either by recorded statement or in writing, the date and session of the committee meeting, contents of motions, all members’ opinions and actions taken regarding the opinions shall be specified: None.

(3) Responsibilities of the Compensation Committee are to draw up recommendations for the following matters:

A. Formulate and regularly review the annual and long-term performance targets, and the compensation policies, systems, standards and structures of Directors, Supervisors and managers.

B. Regularly assess the achievement status of Directors and managers concerning the performance targets and determine the compensation packages and amount of individuals. The aforementioned recommendations shall be submitted to the Board for resolution.

The resolutions of the 2022 Compensation Committee meetings are as follows:

Date of Meeting	Contents of Motions	Opinions of Committee Members and Actions Taken
2022.03.07 (1st meeting in 2022)	(1) Distribution of 2021 compensation to employees and remuneration to Directors	Approved by all attending members and the Board
2022.05.03 (2nd meeting in 2022)	(1) Recommendations on distribution of 2021 employee compensation to managers and remuneration to Directors (2) Recommendations on 2022 salary adjustments (3) Recommendations on annual compensation of the Chairman and President	
2022.08.04 (3rd meeting in 2022)	(1) Recommendations on compensation of new Chairman and the President (2) Discussions on compensation of Independent Directors and Directors for performing their duties (3) Recommendations on the number for employee stock options for cash capital increase to managers	
2022.11.03 (4th meeting in 2022)	(1) Recommendations on year-end bonus to the Company's managers	

E. Composition, duties and operation of the Nomination Committee: The Company has yet to set up a nomination committee.

(5) Implementation of Sustainable Developments and Non-compliance with Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and Reasons

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Does the Company establish a governance structure for promoting sustainable developments and set up an exclusively (or concurrently) dedicated sustainability unit with senior management being authorized by the Board to handle relevant issues under the supervision of the Board?		V	At present, sustainable developments of the Company are executed by units under the Chairman and the President. Tasks include the approval of climate change response strategies, the promotion of climate actions topics and target management. The President would report the status of greenhouse gas (GHG) planning and execution to the Board on a regular basis. The Company also reviews the operation of sustainable developments on an ongoing basis pursuant to applicable laws and regulations as well as adjusts and sets up a sustainability organization as the operation center for corporate sustainable developments. We expect to complete the governance structure and organization in 2023 and conduct analyses on stakeholders including employees, shareholders, customers, suppliers, government and society pursuant to relevant standards; promote the vision of our pursuit of sustainability from the top down; formulate execution plans pertaining to environmental protection, employee care and community engagement as well as prepare the sustainable reports. The implementation outcome is reported to the Board when the need arises.	The Company has scheduled to establish the governance structure for sustainable developments and set up a relevant unit in 2023.
2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company's Board of Directors is the highest-ranking unit in terms of risk management. Its objectives include regulatory compliance and the promotion and implementation of company-wide risk management. It clearly understands the risks of operations, ensures the effectiveness of risk management and takes on the ultimate responsibility for risk management. Internal Audit Office reports directly to the Board. It monitors and provides methods and procedures of internal controls and internal audits to ensure an effective risk management operation. Management strategies and objectives formulated by the Company concerning environmental, social and governance issues associated with operations are as follows:	None

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Major Issue</th><th>Assessment Item</th><th>Management Strategy and Objective</th></tr>
<tr><td>Environmental</td><td>Savings on electricity and water, waste management, sustainable products</td><td>Please refer to Item 3 Environmental issues for details.</td></tr>
<tr><td>Social</td><td>Customer safety, customer privacy, occupational safety and health</td><td>1 Ensure products comply with safety regulations.
2 Confidentiality agreement and personal data protection for customers’ privacy to protect stakeholders’ interests.
3 Strive to maintain the fatality rate, disabling injury severity rate and disabling injury frequency rate of non-employee workers at zero.</td></tr>
<tr><td>Corporate Governance</td><td>Compliance with corporate governance laws and regulations</td><td>1 Continue to improve on corporate governance policy
2 Examine internal policies based on amendments to laws and regulations for regulatory compliance to lower the risk of violation.</td></tr>
</table>
</td><td>None</td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
3. Environmental issues (1) Does the Company establish environmental management system designed to fit industry characteristics? (2) Is the Company committed to improving the energy efficiency and utilizing renewable materials that have low environmental impact? (3) Does the Company assess the present and future potential risks as well as opportunities of climate change for the entity, and takes measures to respond to climate-related issues?	 V V V		(1) A. The environment, safety and health (ESH) management system established by the Company includes ISO-14001, ISO-45001 and GHG inventory to ensure managements over internal environment and occupational safety and health are in line with international trends. B. The Company's ESH management system operates under the existing organizational structure and has obtained the ISO-14001:2015 (2021.11.05 to 2024.10.14) certification. It approves annual strategic objectives of ESH issues where each department shall formulate specific objectives based on risk assessment outcomes for implementation and monitoring. The results and execution effect of the system are submitted for review and modification to achieve continuous improvement. (2) The Company has carried out various energy conservation measures, including the optimization of equipment operation and lighting management. In 2022, Motech saved 217,535 kWh of electricity and cut down energy consumption by 783.126 GJ. The water resource reduction, recycling and reuse program continuously recycles wastewater for reuse. It enhances the recovery rate of process water and reduces the consumption of tap water and volume of wastewater discharged. In 2022, a total of 900 metric tons of water was saved. The implementation of waste reduction and reuse brought the waste reused rate to 94.60% in 2022. (3) The Company has adopted international management systems including ISO-14001 and ISO-14064-1 to assess the present and future potential risks as well as opportunities from climate change. Regulations promulgated by the competent environmental authorities and requests from stakeholders are also taken into account. We formulate energy and water saving measures and set targets every year. Actions taken, targets and	None

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
                          (4) Does the Company calculate its GHG emissions, water consumption and total waste weight in the past two fiscal years, and formulate policies for energy conservation, reductions of carbon, GHG and water consumption, or other waste management?	 V		outcomes are stated below: ● Implement various energy-saving schemes in line with the "determination and execution of energy conservation objectives by energy users" of the Ministry of Economic Affairs, e.g., optimization of equipment operation and adoption of energy-saving lighting. ● Continue to move towards advanced process technology, thereby producing eco-friendly solar products with high conversion efficiency and contributing to a sustainable earth. ● In response to climate change mitigation and adaptation, the Company sets up a GHG inventory and reduction management team to collect GHG emission data every year. ● Through continuous improvement in technology and investments on equipment, the recovery rates of process water and wastewater of the entire factory were 79.1% and 77.6% in 2022, respectively. ● In response to the severe water shortages in 2021 and 2022 and to satisfy the water rationing ratios released by the Water Resources Agency, the Company has established a water resource dispatch platform where meetings are held to discuss possible water-saving schemes of each factory when the need arises. Through this mechanism, a communication and discussion platform between the facilities and equipment departments is built to review possible water-saving measures for facilities and machines. (4) The Company conducts GHG inventory at each factory in Taiwan pursuant to the organization-level standard procedures of ISO-14064-1 Greenhouse Gas Accounting and Verification. Details of water consumption and total weight of waste as well as policies of energy conservation, carbon reduction, GHG reduction, water reduction and other waste management and the	None

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>effects thereof are as follows: ● GHG Emissions: | Year	Scope 1 (MT of CO2e)	Scope 2 (MT of CO2e)
2021	2,093	22,893
2022	1,431	22,882 | The Company conducts GHG inventory at each factory in Taiwan pursuant to the organization-level standard procedures of ISO-14064-1 Greenhouse Gas Accounting and Verification as the first step in energy-saving and carbon reduction. GHG emissions in 2022 was 24,313 metric tons of CO2e, down 2% compared to 2021. With respect to optimization of equipment operation, the Company cut down on electricity purchased and saved a total of 217,535 kWh with a GHG reduction of 110.726 metric tons of CO2e. | Energy-saving Item	Measures	Amount (KWH)	GHG Reduction (MT of CO2e)
---	---	---	---
Optimization of equipment operation	Use LED for elevator lighting	2,452	1.248
	Replace CDA facilities	103,781	52.825
	Adjust the temperature of ice water	111,302	56.653 | ● Water consumption: | Year	Tap Water (MT)
---	---
2021	272,131	</td><td>None</td></tr>
</table>

<table>
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<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td></td><td></td><td></td><td>
<table><tr><td>2022</td><td>268,738</td></tr></table>
Each factory of the Company constantly improves the recovery rate of wastewater from process. The recovery rates of process water and wastewater of the entire factory were 79.1% and 77.6% in 2022, respectively. The total consumption of tab water was 268,738 metric tons in 2022. Since groundwater was not used, the issue of land subsidence caused by declining groundwater levels did not exist.
● Total waste
<table>
<tr><th>Year</th><th>Hazardous Industrial Waste (MT)</th><th>General Industrial Waste (MT)</th><th>Reuse Volume (MT)</th></tr>
<tr><td>2021</td><td>578.33</td><td>478.62</td><td>936.80</td></tr>
<tr><td>2022</td><td>984.54</td><td>275.63</td><td>1192.15</td></tr>
</table>
With life cycles in mind, Motech reduces the consumption of limited resources on the planet and prioritizes reuse for waste treatment. The waste reuse rate was 94.60% in 2022. The Company also formulates management mechanisms for waste treatment and conducts audits on engaged suppliers to ensure processes are legal.</td><td>None</td></tr>
<tr><td>4. Social issues
(1) Does the Company formulate appropriate management policies and procedures according to related laws and regulations and the International Bill of Human Rights?</td><td>V</td><td></td><td>(1) The Company and its subsidiaries comply with labor regulations and acts promulgated by the government as well as support and respect international human rights standards. Through internal promotion, we safeguard labor rights and ensure every employee is treated fairly and with respect. Relevant rules are formulated as the basis for employee management and compliance. We also have “Rules for Prevention, Complaint and Punishment of Sexual Harassment” to protect the rights of employees. The Company was honored with the “High Distinction Award for</td><td>None</td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(2) Does the Company formulate and execute reasonable employee welfare measures (including compensation, leaves and other benefits), and have the operating performance or results properly reflected in employee compensation?	V		Equal Right at Workplace" from the Southern Taiwan Science Park Bureau. The Company's basic wage, work hour, leaves, pension, labor and health insurance, and occupational accident compensation for recruitment are all in compliance with the Labor Standards Act. The Employee Welfare Committee (EWC) is established through employee election to carry out various welfare measures. Labor-management meetings are held regularly for mutual understanding, thereby achieving a win-win situation for labor and management. (2) Reasonable employee welfare measures formulated and executed by the Company are as follows: A. To motivate employees in terms of achievements, long-term engagement, talent retention and growth with the Company, the overall compensation package is determined based on employees' professional competence and skills, job scope and performance as well as the Company's operating objectives. The pay is not differentiated by gender, religion, race, nationality and political parties. Moreover, the Company sets a reasonable and competitive salary level with reference to local laws and regulations, industry practice and performance of each subsidiary. B. Diverse and fair workplace: The Company respects gender equality as well as equal pay and promotion opportunities. In 2022, female employees accounted for 45% and women in a managerial position accounted for 28%. C. The Company actively promotes excellent employee welfares. Besides recreation center, malls and library, an EWC is set up to coordinate and organize employee welfare activities. Employees are entitled to gift certificates for birthdays and special festivals as well as cash gifts for weddings and celebration and subsidies for funerals and hospitalization. These measures demonstrate our care and	None

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td>(3) Does the Company provide a safe and healthy work environment and periodic safety and health training?</td><td>V</td><td></td><td>support for our employees.

(3) A. Measures on employee safety and health are as follows:
a. Regular environmental inspection at factories with timely improvements. Ensure regulatory compliance and employee safety and health.
b. Regular safety trainings, e.g., fire and emergency drills and timely disclosure and warnings on job sites to enhance employees’ safety awareness.
c. Health consultation services and employee health ranking for case management in order to maintain the physical and mental health of employees.
d. Annual physical examination which is superior to regulatory requirements in terms of frequency.
e. E-health management platform where employees can understand their health status and access personal health data without time constraints in order to carry out comprehensive self-health management.
f. There are group-specific health management programs such as personal illness consultation and management, case management for employees with cardiovascular disease or chronic diseases, health ranking management for employees engaging in special operations, care and health management for pregnant employees, and case management for occupational injuries and illness. All data are retained property.
B. Detailed explanations
Education and promotion of occupational safety in the past two fiscal years:
<table><tr><th>Year</th><th>No. of Training Sessions</th><th>No. of Participants</th></tr><tr><td>2021</td><td>17</td><td>3,648</td></tr></table></td><td>None</td></tr>
</table>

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
(4) Has the Company established effective career development training plans for employees?	V		<table><tr><td>2022</td><td>12</td><td>3,263</td></tr></table> C. Occupational incident In 2022, there were seven off-premises occupational injuries (traffic accidents) of employees, three on-premises occupational injuries of employees and zero occupational injuries of contractors. Of the on-premises occupational injuries, two took place in Factory II with a rate of 2.8 per one thousand employees and the other took place in Factory V with a rate of 4.1 per one thousand employees. For on-premises occupational injuries, the Company established an investigation team and issued an environmental safety report pursuant to the Norm for Management of Environment, Safety and Health Incident, Noncompliance and Corrective Measures, describing the event and actions taken. An occupational injury meeting was held to detail improvement measures, action plans and implementation outcomes thereof through accident/incident/abnormality investigation report and risk identification to prevent a reoccurrence of similar events. (4) Motech places great importance on human resource developments and strive for improvements in professional competence. We provide systematic learning systems and environment to forge a culture of active employee learning and management assistance while satisfying the needs for corporate management and individual developments. Career development training covers different learning levels including individual development, diverse learning courses, assistance for employee's continuing education. Training programs are arranged based on individual's career development, job requirements and performance evaluation outcome. These programs cover human rights education and trainings on topics such as employee rights, occupational safety, Occupational	None

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			Safety and Health Act and Labor Standards Act.	
(5) Has the Company complied with related regulations and international standards for issues of customer health and safety, customer privacy, marketing and labeling of products and services, and formulated relevant consumer or customer protection policies and complaint procedures?	V		(5) PV modules produced by the Company have all conformed to the reliability testing standards of the new IEC 61215 and IEC 61730 as well as various international safety regulations and performance certifications. They have also passed Taiwan's Voluntary Product Certification (VPC). At the same time, Motech is committed to the development of quality management system and has obtained relevant ISO certifications (ISO-9001 Quality Management System and ISO-14001 Environmental Management System), achieving the Company's quality policy of reliable products and attentive services. In terms of customers' privacy, the Company adheres to the confidentiality agreements and Personal Data Protection Act. To mitigate health and safety risks of employees, visitors and customers, the Company has obtained the certification of OHSAS 18001 Occupational Safety and Health Management System. We also provide standardized and effective complaint procedures for our products and services and stipulate accountability and relevant rules in contracts with customers. When relevant issues arise, customers can contact the sales personnel listed on the corporate website directly. The customer service unit and stakeholder section are available to protect the rights of consumers and provide complaint channels.	None
(6) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and the implementation results?	V		(6) For suppliers' compliance, the Company has established the "Procedures Governing the Supplier Assessment" and used the outcomes of assessments as the basis for their improvement as well as our standards for future purchases. Suppliers are also required to comply with safety, environmental and health regulations as stipulated in the Procedures Governing the Environmental and Safety and Health Management of Suppliers. They would be fined for violations identified and their actions would be presented and reviewed in the annual	

Promotion Items	Status			Non-compliance and Reasons
	Yes	No	Description	
			consultative organization meetings.	
5. Has the Company referred to the internationally accepted report preparation standards or guidelines for its preparation of sustainability or other reports which disclose the Company's non-financial information? Do the aforementioned reports obtain a third-party assurance or verification statement?	V		In response to the global trends and to stress the environmental, social and corporate governance (ESG) issues of the Company in order to achieve the goal of sustainable developments, the Company will adopt international reporting rules or guidelines in assessing ESG issues associated with operations starting 2023 and prepares 2022 Sustainability Report to further enhance the disclosure of ESG information. The report is scheduled to be completed and filed by the end of June 2023.	None
6. If the Company has established its sustainable principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies", please specify any discrepancy between the principles and their implementation: Sustainable practices of the Company are in compliance with the spirit and principles of the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies".				
7. Other important information to facilitate better understanding of the Company's implementation of sustainable practices: (1) Environmental protection: A. In August 2010, the Company had the world's first solar cell completing the carbon footprint verification. Product carbon footprint measures the total carbon dioxide emissions, either directly or indirectly, of a product from the extraction of raw material, manufacturing, utilization to disposal. Upon analysis, the PV system can pay back its carbon dioxide emissions during production between the first three to four years during its useful lives of 20 years (a conservative estimate). Thus, the remaining 16 to 17 years would be clean electricity. Through the calculation of carbon footprint, we can quantify the environmental load of manufacturing processes and review the effects of process improvement and new technologies on carbon reductions annually. The results are presented in the Motech Sustainability Report. B. GHG inventory produces emission data of factories, allowing the Company to identify major sources of emissions and establish reduction plans. The government has established the national GHG registry and prompts relevant industries to upload their Taiwan Accreditation Foundation (TAF) grade GHG emission data as the reference of nationwide industry carbon reduction strategies. Although the uploading has yet to be mandatory, Motech has completed annual inventory to establish a GHG emission base and incorporates it into the annual targets of ISO-14001 to set standards for energy, water, and resource conservation as well as waste reductions with improvements monitored on a monthly basis. C. The Company completed the water footprint inventory of solar wafers and cells in 2015 and our solar cell (IM156 series) was the first one to obtain the water footprint certification pursuant to the ISO-14064:2014 water footprint inventory principle. Through the inventory, Motech enhances the efficiency of water resource utilization and will continue to product products with regulatory-compliance and eco-friendly green processes in order to become the CSR benchmark among peers in Taiwan. D. In 2017, with ISO-14067 product carbon footprint verification as the standard, Motech completed the third-party assurance of IM156 series and XS156				

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Status</th><th rowspan="2">Non-compliance and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Description</th></tr>
<tr><td colspan="5">series with PERC.
(2) Social involvement:
The Company established the Motech Culture and Art Foundation in 2006 to promote popular science education, participate in community development, and support quality art and cultural activities in order to fulfill our responsibilities as a corporate citizen. The 2022 Nanke Parent-Child Challenge Camp of Solar Model Car organized by the Foundation was a popular science activity. Through model car assembly, families can learn about the principle of solar power generation as well as wheel and axle in a fun and educational way. This is one of the major annual events at Nanke with 400 participants and a satisfaction score of 4.6 out of 5 in every aspect (activity planning, service, learning) as evidenced from the questionnaire.
(3) Corporate Governance
A. To implement corporate governance and enhance Board functions, the Company has created the position of Chief Governance Officer as required. The main duties of the Chief Governance Officer are to provide information required for business execution by Directors; assist Directors with regulatory compliance, onboarding and continuing education; handle matters pertaining to meetings of the Board, committees and shareholders and produce meeting minutes.
B. The Company has established the “Corporate Governance Best Practice Principles” and other procedures related to corporate governance. Corporate governance information is disclosed at the corporate website (https://www.motech.com.tw/) and MOPS as required.
C. The Company’s Board of Directors had approved the “Methods for Performance Evaluation of the Board of Directors”. Performance evaluations on the Board and functional committees (including Compensation Committee and Audit Committee) are conducted at least annually with outcomes reported to the Board. Participants achieved good scores in 2022 and the evaluation outcomes were reported to the Board on March 9, 2023.</td></tr>
</table>

(6) Performance in ethical management and non-compliance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies" and reasons: The Company and its subsidiaries honor our commitments, act with integrity and uphold a high degree of professional ethics.

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
1. Establishment of ethical management policies and schemes				
(1) Does the Company formulate ethical management policies approved by the Board of Directors and clearly express ethical management policies and actions as well as the Board's and senior management's commitment to implement those policies in the Company's internal rules and external documents?	✓		(1) The Company and its subsidiaries have established the "Code of Ethics and Business Conduct" based on the core value of integrity and disclosed the ethical management policies at the corporate website, annual reports, internal rules and other promotional documents.	None
(2) Does the Company establish assessment mechanism for risk arising from unethical conducts, regularly analyze and assess operating activities with higher risk of unethical conduct within its business, and formulate preventive schemes accordingly, which at least contain preventive measures for conducts set forth in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies"?	✓		(2) The Company and its subsidiaries have clearly stated in the "Code of Ethics and Business Conduct" that employees shall honor commitments and act with integrity without deceit and deceptions. Also, the guidance for conducts of business ethics, avoidance of conflict of interest, gifts and hospitality and confidentiality as well as penalties for violation and complain systems are established. To advocate and promote business ethics, besides publishing the code at intranet for employees to access at any time, the Company addresses the importance of corporate core value and compliance system to every employee. To prevent a breach of ethics, orientation program includes courses for new recruits to understand the grave importance and Motech's determination on the implantation of the code.	
(3) Does the Company have clear statements regarding relevant procedures, conduct guidelines, disciplinary measures and compliant system in the schemes to prevent unethical conduct, and does the Company implement them accordingly and regularly review those schemes?	✓		(3) The Company and its subsidiaries have adopted relevant preventive measures in the "Code of Ethics and Business Conduct".	

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
2. Implementation of ethical management (1) Does the Company review the counterparty's history of ethical conduct and include the compliance of business ethics as a clause in the contract?	✓		(1) Suppliers in the supply chain are required to sigh the Commitment to Integrity. Prior to purchases, supplier documents filed with the Department of Commerce, MOEA would be verified to ensure the authenticity and business ethics of counterparties. If counterparties are found to be involved with unethical conducts during the course of business or procurement, the Company would closely monitor the progress of credit transactions, understand exposure of the Company and carefully evaluate whether to terminate the transactions with the customers.	None
(2) Has the Company established a dedicated unit under the Board of Directors to promote ethical conducts and report regularly (at least once every year) its ethics policies and preventive schemes for unethical conducts as well as implementation status to the Board of Directors?	✓		(2) The Company has appointed the human resource unit to be responsible for amending, executing, and interpreting relevant rules as well as giving consultations and handling the reporting processes. It reports the implementation status to the Board when the need arises.	
(3) Has the Company established policies to prevent conflicts of interest, provided appropriate communication channels and thoroughly implemented the policies?	✓		(3) The Company and its subsidiaries have clearly stated the avoidance of conflict of interest in the "Code of Ethics and Business Conduct". When confronted with a conflict of interest during the course of business, employees shall report the situation to the human resource department in advance or no later than five days after the occurrence of the event. Besides requesting new recruits to carry out the filing of "avoidance of conflict of interest" during orientation, the filing is done regularly every year. 100% filing is required of management and high-risk groups and actions shall be taken when a potential conflict of interest is identified.	
(4) Has the Company established effective accounting and internal control systems for the implementation of business ethics and had the internal audit unit formulating relevant audit plans based on the assessment outcome of risk associated with unethical conducts? Has the Company then performed audits on the compliance with the preventive schemes for unethical conducts accordingly, or entrust the CPAs to	✓		(4) Actions taken by the Company are as follows: A. The accounting systems of the Company and major subsidiaries are established in accordance with the accounting standards and interpretations issued by the competent authority. Daily accounting operations are also carried out accordingly. B. Internal control systems of the Company and major subsidiaries are established based on the entity's key control	

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
conduct the audits?			items as required by the competent authority. The system designs shall be examined from time to time to ensure the effectiveness of the system. C. The audit office formulates annual audit plans based on the assessment outcome of risks and carries out audits pursuant to the annual plans. It then reports the audit outcome and improvement schemes to the Board and management for effective audits. Besides, the Company conducts self-assessments on the internal control system annually to examine the effectiveness of the system's design and implementation and a statement of internal control system is issued based on the assessment outcome.	None
(5) Has the Company regularly held internal and external training sessions on business ethics?	✓		(5) The Company and its subsidiaries have designed courses in the orientation program for new recruits to comprehend the grave importance and Motech's determination on the implantation of the Code. As for employees, the Company promotes the "Code of Ethics and Business Conduct" annually by reiterating the Company's core value, good faith principle, corporate governance, etc.	
3. Implementation of whistleblowing system (1) Has the Company established specific whistleblowing and reward systems, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaint received?	V		(1) The Company and its subsidiaries have stipulated the reward and discipline as well as complaint systems in the "Code of Ethics and Business Conduct", "Work Rules" and "Rules for Reward and Discipline", which are announced to all employees.	None
(2) Has the Company established standard operating procedures for investigating the complaints received, actions to be taken upon the completion of investigation, and mechanisms for confidentiality?	V		(2) The Company and its subsidiaries have established standard operating procedures for investigating the complaints received and mechanisms for confidentiality in the "Code of Ethics and Business Conduct".	
(3) Has the Company established measures to protect whistleblowers from retaliation?	V		(3) The Company and its subsidiaries have clearly stated in the "Code of Ethics and Business Conduct" that they would spare no efforts to protect the identity of whistleblower.	
4. Enhancement on Information disclosure Does the Company disclose its principles of business ethics and information about implementation of such	V		The Company regularly discloses relevant and reliable CSR information and strengthens communications with stakeholders. Information including the "Code of Ethics and Business Conduct" is available at the corporate	None

Assessment Items	Status			Non-compliance and Reasons
	Yes	No	Description	
guidelines on its website and MOPS?			website (https://www.motech.com.tw/policies.php) and the corporate governance section within the MOPS.	
5. If the Company has established its own principles of business ethics based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx-Listed Companies", please specify any discrepancy between the policies and their implementation: Please refer to descriptions above.				
6. Other important information to facilitate better understanding of the Company's ethical conduct practices (e.g., the Company reviews and revises its Principles of Business Ethics, etc.): (1) The Company has complied with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, rules applicable to TWSE/TPEx-listed companies and other regulations governing business behaviors as the basis for implementing ethical management. (2) The Company has stipulated the recusal rules for Directors in the case of a conflict of interest in the "Rules and Procedures of Board of Directors' Meeting." If a Director or a juristic person represented by a Director is an interested party with respect to any agenda item, the Director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the Company's interests, the Director shall not participate in and shall recuse himself/herself from discussion and voting on that agenda item. He/she shall not act as another Director's proxy to exercise the voting rights on that matter.				

(7) For companies with guidelines and regulations on corporate governance, access shall be disclosed: The Company has established the "Corporate Governance Best Practice Principles." Relevant measures are carried out in accordance with the spirit and standards of the "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies." The Company has set up a corporate governance section under investor relations at the corporate website (https://www.motech.com.tw/policies.php) for investors to download rules of corporate governance. They can also access the MOPS for relevant information.

(8) Other important information to facilitate better understanding of the Company's corporate governance:

A. Continuing education of Directors

Title	Name	Host	Course	Duration	Date
Director	Chih-Kaou Lee	Taipei Exchange	Seminar on Insider Equity of TPEx-listed or Emerging-stock Companies	3	August 25, 2022
Director	George Huang	Securities & Futures Institute	Advanced Courses on Practices of Directors (including Independent Directors), Supervisors and Chief Governance Officer	3	December 16, 2022
		Taiwan Corporate Governance Association	Understand the Financial Statement to Monitor Company Operation	3	December 6, 2022
Independent Director	Kin-Tsau Lee	Taipei Exchange	Seminar on Insider Equity of TPEx-listed or Emerging-stock Companies	3	August 25, 2022
		Taiwan Investor Relations Institute	Corporate Sustainability - Case Studies on Asset Inheritance and Succession	3	August 18, 2022

Title	Name	Host	Course	Duration	Date
		Taiwan Corporate Governance Association	Advanced Audit Committee Course - Review of M&A	3	July 12, 2022
Independent Director	San-Boh Lee	Taiwan Corporate Governance Association	Crisis Management Concerning False Reports	3	July 15, 2022
Independent Director	Chia-Hsin Chang	Securities & Futures Institute	How Directors and Supervisors Shall Oversee Corporate Risk and Crisis Management	3	October 4, 2022
		Securities & Futures Institute	Challenges and Opportunities on the Path of Sustainable Development and Introduction to GHG Inventory	3	October 4, 2022

(9) Internal control system execution status:

A. Statement of internal control system

Motech Industries Inc.

Statement of Internal Control System

March 9, 2023

Based on the findings of a self-assessment, Motech Industries Inc. (Motech) states the following with regard to its internal control system during the year 2022:

1. Motech's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets); reliability, timeliness and transparency of our financial reporting; and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Moreover, the effectiveness of an internal control system may be subject to changes of environment or circumstances. Nevertheless, our internal control system contains self-monitoring mechanisms, and Motech takes immediate remedial actions in response to any deficiencies identified.
3. Motech evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of internal control based on the process of management: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component further contains several items. Please refer to the Regulations for details.
4. Motech has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the evaluation mentioned in the preceding paragraph, Motech believes that, as of December 31, 2022, its internal control system (including its supervision of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness and transparency of financial reporting; and compliance with applicable laws and regulations, were effective in design and operation, and reasonably assured the achievement of the above-mentioned objectives.
6. This Statement will be an essential content of the Motech's Annual Report and Prospectus, and will be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchanged Act.
7. This Statement has been approved in the Board of Directors' meeting on March 9, 2023, with all seven attending Directors affirming the content of this Statement.

Motech Industries Inc.

Chairman: Yung-Hui Tseng (Signature)

President: Fred Yeh (Signature)

B. Where CPAs are retained to audit the internal control system, please disclose the CPAs' audit report: The Company did not retain CPAs to audit the internal control system.

(10) Any penalties imposed upon the Company or the internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations in the most recent year and as of the date of this annual report which may have significant impacts on shareholders' rights or security prices, details of the punishment, major defects and corrective action thereof shall be specified:

The Company have stipulated the reward and discipline as well as complaint systems in the "Code of Ethics and Business Conduct", "Work Rules" and "Rules for Reward and Discipline", which are announced to all employees (including major subsidiaries.) There was no material penalty due to violation of laws and regulations in 2022. Employees' violations of internal rules are handled in accordance with rules of the Company and improvement mechanisms would be established to prevent a reoccurrence of the event.

(11) Major resolutions of shareholders' meetings and Board of Directors' meetings in the most recent year and as of the date of this annual report

A. Major resolutions of shareholders' meeting on June 21, 2022 and execution thereof

Major Resolutions
(1) To approve the Company's 2021 business report and financial statements Execution of resolutions: Approved. (2) To approve the Company's 2021 earnings distribution Execution of resolutions: Approved.

B. Major resolutions of Board meetings

Date	Major Resolutions
2022.01.20	(1) Proposed to approved the Company's 2022 business plans (2) Proposed to approve the cash capital injection to the subsidiary, Motech Power One (3) Proposed to approve the cash capital injection to the subsidiary, Motech Power Zeta (4) Reported the 2022 audit fees for CPAs (5) Proposed to approve the application of general credit lines with the Company's correspondent financial institutions (6) Proposed to approve the amendments to some articles within the Company's "Corporate Governance Best-Practice Principles"
2022.03.10	(1) Proposed to approve the Company's parent company only and consolidated financial statements for the year ended December 31, 2021 (2) Proposed to approve the 2021 earnings distribution (3) Proposed to approve the 2021 business report (4) Proposed to approve the agenda, date and venue of 2022 annual shareholders' meeting (5) Proposed to approve the amendments to some articles within the Company's "Articles of Incorporation" (6) Proposed to approve the amendments to some articles within the Company's "Procedures for Acquisition or Disposal of Assets" (7) Proposed to approve the application of credit lines for commercial paper issues with the Company's correspondent financial institutions (8) Proposed to approve the increase of NT$7.23 million in 2022 capital expenditure budget

Date	Major Resolutions
	(9) Proposed to approve the amendments to some articles within the Articles of Incorporation of the Group entity, SNE (10) Proposed to approve the distribution of 2021 compensation to employees and remuneration to Directors (11) Proposed to approve the Company's "2021 Statement of Internal Control System"
2022.05.05	(1) Recommendations on distribution of 2021 employee compensation to managers and remuneration to directors (2) Recommendations on salary adjustments for 2022 (3) Reviewed recommendations on annual compensation of the Chairman and President (4) Proposed to approve the schedule of GHG inventory and verification (5) Proposed to approve the Company's change of CPAs (6) Proposed to approve the repeal and reformulation of the "Rules and Procedures of Shareholders' Meeting" (7) Proposed to approve the agenda, date and venue of 2022 annual shareholders' meeting (and additions to report items) (8) Proposed to approve the issue of common shares for cash capital increase (9) Proposed to appoint directors of investees and release them from the non-compete clause (10) Proposed to approved the addition of NT$4.5 million to 2022 capital expenditure budget (11) Proposed to approve the selling of shares of SunnyRich Multifunction Solar Power Co., Ltd. (SunnyRich) (12) Proposed to approve the list of director candidates nominated by the Board (13) Propose to approve the release new Directors from the non-compete clause
2022.06.21	(1) Election of the Company's Chairman
2022.07.20	(1) Appointment of Compensation Committee members
2022.08.04	(1) Propose to approve the amendments to some articles within the Company's "Rules and Procedures for Finance and Business between Affiliates" (2) Propose to approve the amendments to some articles within the Company's "Management of Long-term and Short-term Investments" (3) Proposed to approve the cash capital injection to the subsidiary, Motech Power One (4) Proposed to approve the loans provided to affiliates (5) Proposed to approve the application of general credit lines with the Company's correspondent financial institutions (6) Proposed to approve the Company's application to amend interest rate covenants in the syndicated loan agreement signed on November 26, 2020 to the bank syndicate (7) Proposed to approve the amendments to some articles within the Company's "Corporate Governance Best-Practice Principles" (8) Proposed to approve the amendments to some articles within the Company's "Methods for Performance Evaluation of the Board of Directors" (9) Recommendations on compensation of new Chairman and the President (10) Recommendations on compensation of Independent Directors and Directors for performing their duties (11) Recommendations on the number for employee stock options for cash capital increase to managers

Date	Major Resolutions
2022.11.03	(1) Recommendations on year-end bonus to the Company’s managers (2) Proposed to approve the application of general credit lines with the Company’s correspondent financial institutions (3) Proposed to approve the amendments to the Company’s “Procedures for E-Banking” (4) Proposed to approved the addition of NT$742.34 million to 2022 capital expenditure budget (5) Proposed to approve the Company’s 2023 audit plan (6) Proposed to approve the amendments to some articles within the Company’s “Rules of Procedure for the Board of Directors’ Meeting”
2023.01.19	(1) Proposed to approve the Company’s 2023 business plans (2) Proposed to approve the formulation of the Company’s general principles for the pre-approval of non-assurance service policy (3) Proposed to approve the Company’s engagement of CPAs and the audit fee for 2023 (4) Proposed to apply for a financing facility not exceeding NT$2 billion to the bank syndicate (5) Proposed to approve the loans provided to the affiliate, Motech Power Beta (6) Proposed to provide Letter of Support for the affiliate, Motech Power Zeta (7) Proposed to provide Letter of Support for the affiliate, Motech Power One (8) Proposed to approve the application of general credit lines with the Company’s correspondent financial institutions (9) Proposed to approve the amendments to some articles within the Company’s “Corporate Governance Best-Practice Principles”
2023.03.09	(1) Distribution of 2022 employee compensation and remuneration to directors (2) Reviewed recommendations on annual compensation of the Chairman and President (3) Proposed to approve the Company’s parent company only and consolidated financial statements for the year ended December 31, 2022 (4) Proposed to approve the Company’s 2022 earnings distribution (5) Proposed to approve the Company’s 2022 operation report (6) Proposed to approve the agenda, date and venue of 2023 annual shareholders’ meeting (7) Proposed to approve the amendments to some articles within the Company’s “Procedures for Handling Material Inside Information” (8) Proposed to approve the application of general credit lines with the Company’s correspondent financial institutions (9) Proposed to approved the addition of NT$255.97 million to 2023 capital expenditure budget (10) Proposed to the Board to approve the Company’s “2022 Statement of Internal Control System” (11) Proposed to the Board to approve the amendments to the Company’s “Internal Control System”, “Internal Audit Implementation Rules” and “Procedures for Self-assessment on Internal Control System”

(12) Different opinions expressed by Directors or Independent Directors regarding major resolutions, either by recorded statement or in writing, in the most recent year and as of the date of this annual report: None.

(13) Resignation or discharge of Chairman, President, Principal Accounting Officer, Principal Finance Officer, Internal Audit Officer, Chief Governance Officer and Research and

Development Officer in the most recent year and as of the date of this annual report: None.

5. Audit Fees for CPA

(1) Audit Fees for CPA

(In Thousands of New Taiwan Dollars)

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remark
KPMG	Ming-Hung Huang and Mei-Yan Chen	2021	NT$3,990 thousand	NT$1,471 thousand	NT$5,461 thousand	Amount and nature of non-audit fee were as follows: 1. Fees for tax compliance audit and tax consultation concerning transfer pricing amounted to NT$1,240 thousand. 2. Fees for company registration amounted to NT$221 thousand. 3. Fees for verifications of payroll checklist amounted to NT$10 thousand.
KPMG	Ming-Hong Huang and Chia-Chien Tang	2022	NT$3,810 thousand	NT$1,616 thousand	NT$5,426 thousand	Amount and nature of non-audit fees were as follows: 1. Fees for tax compliance audit and tax consultation concerning transfer pricing amounted to NT$1,310 thousand. 2. Fees for company registration amounted to NT$136 thousand. 3. Fees for on-site inventory at Science Park amounted to NT$100 thousand. 4. Fees for cash capital injection and payroll checklist amounted to NT$70 thousand.

(2) Non-audit fees paid to CPAs, CPA's accounting firms and their affiliates exceeding 25% of the audit fees: Non-audit fees exceeded 25% of the audit fees in 2021 and 2022 as CPAs were retained for tax compliance audit and tax consultation concerning transfer pricing.

(3) Change of accounting firms with audit fee paid in the year of change being less than the previous year: None.

(4) Over 10% decrease in audit fee on a year-to-year basis: None.

6. Change of CPA:

(1) Former CPA

<table>
<tr><td>Date</td><td colspan="3">April 6, 2022</td></tr>
<tr><td>Reasons for Change and Explanation</td><td colspan="3">Due to job adjustment within KPMG, CPA, Mei-Yan Chen was replaced by Chia-Chien Tang.</td></tr>
<tr><td rowspan="3">Explain whether the Company ended the engagement or CPA declined further engagement</td><td>Parties / Cases</td><td>CPA</td><td>The Company</td></tr>
<tr><td>Voluntarily Termination of Engagement</td><td></td><td></td></tr>
<tr><td>Decline (Terminate) Further Engagement</td><td>V</td><td></td></tr>
<tr><td>Opinion and reason for the former CPA to issue an audit report expressing other than an unqualified opinion during the two most recent years</td><td colspan="3">N/A</td></tr>
<tr><td rowspan="6">Disagreement with the Company</td><td rowspan="4">Yes</td><td></td><td>Accounting principle or practice</td></tr>
<tr><td></td><td>Financial report disclosure</td></tr>
<tr><td></td><td>Auditing scope or procedure</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td>No</td><td colspan="2">V</td></tr>
<tr><td colspan="3">Explanation</td></tr>
<tr><td>Supplementary Disclosure (Matters specified in Items 1-4 to 1-7, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)</td><td colspan="3">N/A</td></tr>
</table>

(2) Successor CPA

CPA Firm	KPMG
CPAs	Chia-Chien Tang
Date of Engagement	April 6, 2022
Consultation on accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered prior to the engagement	N/A
Written opinions from successor CPA regarding disagreeable items of the former CPA	N/A

(3) Response by mail from the former CPA regarding matters in Items 1 and 2-3, Subparagraph 6, Article 10: N/A

7. Where the Company's Chairman, President, or Managers in Charge of Finance or Accounting Held a Position in the CPA's Firm or Its Affiliates in the Most Recent Year, the Name, Title and Positions Held in the CPA's Firm or Its Affiliates Shall be Disclosed:
None.

8. Changes in Shareholding and Shares Pledged by Directors, Independent Directors, Managers and Shareholders with 10% Shareholdings or More in the Most Recent Year and as of the Date of this Annual Report

(1) Changes in shareholding by Directors, Supervisors, Managers and Major Shareholders:

(In Shares)

Title	Name	2022		By April 21, 2023	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Chairman	Yung-Hui Tseng	390,000	0	0	0
Director	Chih-Kaou Lee	290,054	0	0	0
Director	George Huang	0	0	0	0
Director	Ming-Shiaw Lu	100,000	0	0	0
Independent Director	San-Boh Lee	9,000	0	0	0
Independent Director	Kin-Tsau Lee	0	0	0	0
Independent Director	Cheng-Ching Wu (Note 1)	0	0	0	0
Independent Director	Chia-Hsin Chang (Note 2)	0	0	0	0
President	Fred Yeh	143,878	0	0	0
Vice President	Huan-Shun Lin	60,000	0	0	0
Vice President & CFO	Ting-Chao Wang	55,000	0	0	0
Principal Accounting Officer	Alan Wu	28,000	0	0	0
Chief Governance Officer	Chien-Tung Chen	52,969	0	0	0

Note 1: Cheng-Ching Wu’s term of office expired on June 21, 2022.

Note 2: Chia-Hsin Chang was newly elected as the Independent Director on June 21, 2022.

(2) Where the counterparty of share transfers is a related party: None.

(3) Where the counterparty of share pledges is a related party: None.

9. Top 10 Shareholders Who are Related Parties, Spouses, or within Second-Degree of Kinship to Each Other

As of April 21, 2023

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders Who are Related Parties, Spouses or within Second-Degree of Kinship to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Name	Relation	-
Invesco Solar ETF in custody of HSBC	18,459,000	4.77%	0	0.00%	0	0.00%	-	-	-
Yung-Hui Tseng	10,972,717	2.84%	1,394,893	0.36%	0	0.00%	Cheng Fu-Tien Culture & Education Foundation	Chairman of the Foundation	-
iShares II in custody of Standard Chartered Bank	7,830,531	2.02%	0	0.00%	0	0.00%	-	-	-
Cheng Fu-Tien Culture & Education Foundation	7,308,120	1.89%	0	0.00%	0	0.00%	Yung-Hui Tseng	Chairman	-
iShares Global Clean Energy ETF in custody of Standard Chartered Bank	6,672,358	1.72%	0	0.00%	0	0.00%	-	-	-
KBC Eco Funds in custody of Standard Chartered Bank	4,399,100	1.14%	0	0.00%	0	0.00%	-	-	-
Chih-Kaou Lee	4,312,770	1.11%	1,690,992	0.44%	0	0.00%	-	-	-
Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody of JPMorgan Chase Bank, N.A. Taipei Branch	4,072,897	1.05%	0	0.00%	0	0.00%	-	-	-
Pi-Zhang Wang	3,977,698	1.03%	0	0.00%	0	0.00%	-	-	-
Buddhist Tzu Chi Charity Foundation of the Republic of China	3,953,711	1.02%	0	0.00%	0	0.00%	-	-	-

10. Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Independent Directors, Managers and Directly or Indirectly Controlled Entities on the Same Investee

As of December 31, 2022 (In Shares)

Investee	Investment by the Company		Investment by Directors, Supervisors, Managers and Directly or Indirectly Controlled Entities		Total	
	Shares	%	Shares	%	Shares	%
Power Islands Limited	158,375,909	100.00%	0	0.00%	158,375,909	100.00%
Inergy Technology Inc.	8,558,750	18.72%	0	0.00%	8,558,750	18.72%
Teco-Motech Co., Ltd.	1,440,000	60.00%	0	0.00%	1,440,000	60.00%
Motech Power One Co., Ltd.	92,800,000	100.00%	0	0.00%	92,800,000	100.00%
TECO Sun Energy Co., Ltd.	2,800,000	40.00%	0	0.00%	2,800,000	40.00%
Motech Power Gamma Co., Ltd.	3,300,000	100.00%	0	0.00%	3,300,000	100.00%
Motech Power Beta Co., Ltd.	5,500,000	100.00%	0	0.00%	5,500,000	100.00%
Motech Power Zeta Co., Ltd.	48,000,000	100.00%	0	0.00%	48,000,000	100.00%
Cheer View Investment Limited	0	0.00%	77,500,000	100.00%	77,500,000	100.00%
AE Polysilicon Corporation	0	0.00%	11,573,647	37.11%	11,573,647	37.11%
Motech (Suzhou) Renewable Energy Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%
Motech (Maanshan) Renewable Energy Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%
Motech (Maanshan) Energy Technologies Co., Ltd.	0	0.00%	Company not limited by shares	95.39%	Company not limited by shares	95.39%

IV. Capital Overview

1. Capital and Shares

(1) Source of capital

A. Source of capital

The Company was established per approval of the Ministry of Economic Affairs on June 3, 1981. Information in recent years and as of the date of this annual report is as follows:

As of April 21, 2023 (In NT$; Shares)

Year/ Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Others
2018.02	10	600,000,000	6,000,000,000	541,438,908	5,414,389,080	Issuance of restricted stock for employees: 16,480,000	-	Note 1
2018.04	10	600,000,000	6,000,000,000	541,300,408	5,413,004,080	Cancellation of restricted stock for employees: 1,385,000	-	-
2018.05	10	600,000,000	6,000,000,000	541,043,408	5,410,434,080	Cancellation of restricted stock for employees: 2,570,000	-	-
2018.08	10	600,000,000	6,000,000,000	540,760,408	5,407,604,080	Cancellation of restricted stock for employees: 2,830,000	-	-
2018.12	10	600,000,000	6,000,000,000	540,655,908	5,406,559,080	Cancellation of restricted stock for employees: 1,045,000	-	-
2019.04	10	600,000,000	6,000,000,000	540,495,408	5,404,954,080	Cancellation of restricted stock for employees: 1,605,000	-	-
2019.07	10	1,000,000,000	10,000,000,000	540,495,408	5,404,954,080	Increase in authorized capital: 4,000,000,000	-	Note 2
2019.11	10	1,000,000,000	10,000,000,000	540,470,408	5,404,704,080	Cancellation of restricted stock for employees: 250,000	-	-
2020.02	10	1,000,000,000	10,000,000,000	540,451,408	5,404,514,080	Cancellation of restricted stock for employees: 190,000	-	-
2020.08	10	1,000,000,000	10,000,000,000	355,041,875	3,550,418,750	Capital reduction for loss compensation: 1,854,095,330	-	Note 3
2022.09	10	1,000,000,000	10,000,000,000	387,041,875	3,870,418,750	Increase in authorized capital: 320,000,000	-	Note 4

Note 1: Approved by Official Letter No. MOEA-Authorized-Commerce-10701018570 on February 14, 2018.
Note 2: Approved by Official Letter No. MOEA-Authorized-Commerce-10801081540 on July 17, 2019.
Note 3: Approved by Official Letter No. MOEA-Authorized-Commerce-10901150100 on August 13, 2020.
Note 4: Approved by Official Letter No. MOEA-Authorized-Commerce-11101175450 on September 21, 2022.

B. Authorized capital

As of April 21, 2023 (In Shares)

Shares Type	Authorized Capital			Remark
	Outstanding	Unissued Shares	Total	
Common shares	387,041,875	612,958,125	1,000,000,000	TPEx-listed shares

C. Shelf registration: None.

(2) Shareholder composition

As of April 21, 2023

Type / Quantities	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	0	6	233	75,129	110	75,478
Shares	0	116,031	24,898,055	296,882,283	65,145,506	387,041,875
%	0.00%	0.03%	6.43%	76.71%	16.83%	100.00%

(3) Shareholding distribution

As of April 21, 2023

Shareholding	Number of Shareholders	Number of Shares	%
1-999	33,631	5,416,167	1.40%
1,000-5,000	32,552	65,709,611	16.98%
5,001-10,000	4,861	37,157,306	9.60%
10,001-15,000	1,524	18,933,629	4.89%
15,001-20,000	909	16,514,754	4.27%
20,001-30,000	767	19,135,456	4.94%
30,001-40,000	339	11,745,948	3.03%
40,001-50,000	206	9,523,189	2.46%
50,001-100,000	380	26,224,935	6.78%
100,001-200,000	179	24,629,027	6.36%
200,001-400,000	59	16,170,526	4.18%
400,001-600,000	24	11,457,443	2.96%
600,001-800,000	8	5,445,005	1.41%
800,001-1,000,000	5	4,450,298	1.15%
1,000,001 and above	34	114,528,581	29.59%
Total	75,478	387,041,875	100.00%

(4) Major shareholders: Shareholder with 5% or more of the Company's total number of issued shares or ranks among the Company's top ten shareholders

As of April 21, 2023

Major Shareholders \ Shareholding	Shares	%
Invesco Solar ETF in custody of HSBC	18,459,000	4.77%
Yung-Hui Tseng	10,972,717	2.84%
iShares II in custody of Standard Chartered Bank	7,830,531	2.02%
Cheng Fu-Tien Culture & Education Foundation	7,308,120	1.89%
iShares Global Clean Energy ETF in custody of Standard Chartered Bank	6,672,358	1.72%
KBC Eco Funds in custody of Standard Chartered Bank	4,399,100	1.14%
Chih-Kaou Lee	4,312,770	1.11%
Vanguard Emerging Markets Stock Index Fund managed by Vanguard Group in custody of JPMorgan Chase Bank, N.A. Taipei Branch	4,072,897	1.05%
Pi-Zhang Wang	3,977,698	1.03%
Buddhist Tzu Chi Charity Foundation of the Republic of China	3,953,711	1.02%

(5) Market Price, Net Worth, Earnings and Dividends Per Share in the Past Two Fiscal Years

In NT$/Thousands of Shares

Item \ Year			2021	2022
Market Price per Share	Highest		43.25	37.4
	Lowest		25.95	22.8
	Average		30.46	29.23
Net Worth per Share	Before Distribution		9.05	10.99
	After Distribution		8.85	(Note 4)
Earnings per Share	Weighted Average No. of Shares (in thousands of shares)		355,042	368,375
	Earnings per Share		0.30	0.73
Dividends per Share	Cash Dividends		0.20	(Note 4)
	Stock Dividends	Earnings	0	(Note 4)
		Capital Surplus	0	(Note 4)
	Accumulated Undistributed Dividend		0	0
Analysis on Investment Return	Price/Earnings Ratio (Note 1)		109.07	40.04
	Price/Dividend Ratio (Note 2)		163.60	(Note 4)
	Cash Dividend Yield (Note 3)		0.01	(Note 4)

Note 1: Price/Earnings Ratio = Average Closing Price for the Year / Earnings per Share
Note 2: Price/Dividend Ratio = Average Closing Price for the Year / Cash Dividends per Share
Note 3: Cash Dividend Yield = Cash Dividends per Share / Average Closing Price for the Year
Note 4: Earnings distribution for 2022 is pending for approvals from the shareholders' meeting

(6) Dividend policy and its execution status

A. The dividend policy is as follows:

(a) Upon the annual closing of accounts, the profits, if any, shall be used to pay applicable taxes and compensate losses of the preceding years, and then 10% of the balance shall be appropriated as legal reserve. However, this shall not apply when the balance of legal reserve equals the authorized capital. A special reserve shall then be appropriated as required by laws and regulations. The Board shall make an earnings distribution proposal concerning the remaining amount along with the undistributed profits accumulated from previous years. (The amount proposed to be distributed shall not be less than 25% of the total amount eligible for appropriation.) The proposal shall then be submitted to the shareholders' meeting for approval.

(b) The distribution ratio within the dividend policy is determined based on the capital needs for capital expenditure budget, financial structure and future operation plans.

The Company shall not pay dividends when there is no profit. Profits of the Company may be distributed as dividends in the form of stock or cash; however, stock dividends shall not exceed 50% of the total distribution.

In the event that the Company's earnings are far below the distributed amount in the previous year, or in consideration of the financial, business and operational conditions of the Company, the Company may distribute all or part of the reserves in accordance with applicable laws and regulations or rules of the competent authorities.

B. Earnings distribution proposal

The 2022 earnings distribution plan was approved in the Board of Directors' meeting on March 9, 2023. With a net income of NT$267,882,464 in 2022, the Company plans to pay cash dividends in the amount of NT$174,168,844, i.e., NT$0.45 per share (The plan is pending for approval from the shareholders' meeting).

C. Explanation on expected significant changes in dividend policy: None.

(7) Impact of stock dividends on operation performance and earnings per share: Not applicable, as stock dividends were not proposed to be paid in the shareholders' meeting.

(8) Compensation to employees and Directors

A. The percentages or parties eligible to compensation to employees and remuneration to Directors in the Articles of Incorporation are as follows (The Articles of Incorporation was approved in the Board meeting and shareholders' meeting on March 10, 2022 and June 21, 2022, respectively):

Article 19 When the Company makes a profit for the year, the compensation to employees shall not be lower than one percent of the balance and the remuneration to Directors shall not be higher than five percent of the balance. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation.

The compensation to employees can be made in the form of stock or cash. Parties eligible to receive the said compensation shall include employees in the controlling or affiliated companies who met certain conditions. The Board are authorized to set those conditions.

The distribution of compensation to employees and remuneration to Directors and related matters shall comply with the relevant laws and regulations. The distribution plan shall be approved in the Board meeting with the consent of majority of attending Directors which represents more than two-third of all Directors and be submitted to the shareholders' meeting for its approval.

B. The estimation basis of compensation to employees and remuneration to Directors, calculation basis for number of shares distributed as employee compensation and accounting treatments for difference between estimated and actual payment amount:

(a) Estimation basis of compensation to employees and remuneration to Directors: Estimations are done pursuant to the Articles of Incorporation.

(b) Calculation basis for number of shares distributed as employee compensation: The number of shares distributed as employee compensation is calculated based on the net worth in the latest audited financial statements. The Company does not intend to pay stock dividends this year.

(c) Accounting treatments for difference between estimated and actual payment amount: The difference will be accounted for as changes in accounting estimates and recognized in profit or loss of the following year.

C. Proposed compensation approved by the Board:

(a) With regard to compensation to employees and remuneration to Directors in the form of cash or stocks, please disclose the difference, reason and actions taken if the amount is different from the one recognized in the financial statements.

Compensation to employees and remuneration to Directors approved in the Board meeting on March 9, 2023 is as follows:

Compensation to employees: NT$17,267,710 (in cash)

Remuneration to Directors: NT$3,453,542 (in cash)

The amount of compensation to employees and remuneration to Directors is the same as the amount recognized in the financial statement.

(b) Amount of stock distributed as employee compensation as a percentage to net income of parent company only or individual financial statements and aggregate compensation to employees: None.

D. Actual payment of compensation to employees and remuneration to Directors in the previous fiscal year (including the number of stocks, amount and share price). Where the actual payment amount differs from the amount recognized in the financial statements, please disclose the difference, reason and actions taken:

(a) 2021 compensation to employees and remuneration to Directors approved in the Board meeting on March 10, 2022 were NT$6,811,728 and NT$1,362,346, respectively. They were to be distributed in the form of cash.

(b) The actual payment was the same as the amount recognized in the 2021 financial statements.

(9) Buyback of common shares: None.

2. Corporate Bonds:

(1) Corporate bonds: None.

(2) Conversion of corporate bonds: None.

(3) Exchange of corporate bonds: None.

(4) Shelf registration for corporate bond issuance: None.

(5) Corporate bonds with warrants: None.

3. Preferred Shares: None.

4. Global Depositary Shares: None.

5. Employee Stock Options: None.

6. Employee Restricted Stock: None.

7. New Share Issuance in Connection with Mergers and Acquisitions: None.

8. Execution of Financing Plans:

(1) Issue of new shares for cash capital increase in 2022

A. Plan Details

(a) Date and document number of approval from the competent authority: Official Letter No. Financial-Supervisory-Securities-Corporation-1110345848 issued by the Financial Supervisory Commission on June 24, 2022.

(b) Fundings required for the project: NT$928,000 thousand

(c) Source of funds:

i. Issue of 32,000 thousand common shares with a par value of NT$10 each, at an issue price of NT$22.5 for proceeds of NT$720 million.

ii. The remaining NT$208 million would be funded with bank loans or funds generated from operations.

(d) Project items and schedules:

(In thousands of New Taiwan Dollars

Project (Note)	Expected Date of Completion	Total Amount Required	Funding Schedule
			Q4, 2022
Reinvestment in Motech Power One (Construction of power plant)	Q4, 2022	678,000	678,000
Reinvest in Motech Power Zeta (Construction of power plant)	Q4, 2022	250,000	250,000
Total		928,000	928,000

Note: Motech Power One is short for Motech Power One Co., Ltd. and Motech Power Zeta is short for Motech Power Zeta Co., Ltd.

(e) Possible benefits

Proceeds from the cash capital increase are expected to be reinvested in the 100% investees, Motech Power One and Motech Power Zeta, with amounts of

NT$678,000 thousand and NT$250,000 thousand, respectively, for power plant construction. Besides mitigating the Company’s funding pressure and operational risk and enhancing the flexibility of funding arrangement, the power plants of the aforementioned investees are projected to contribute NT$2,454,981 thousand and NT$834,189 thousand to the Company's consolidated operating revenues and operating income, respectively, between 2023 and 2043 with an expected payback period of approximately 13 years.

B. Execution

As of December 31, 2022
(In Thousands of New Taiwan Dollars; %)

Project	Execution Status			Reasons for Discrepancy and Improvement Plans
Reinvest in subsidiaries	Amount Used	Planned	928,000	Not applicable as project were completed as scheduled.
		Actual	928,000	
	Progress (%)	Planned	100%	
		Actual	100%	
Total	Amount Used	Planned	928,000	
		Actual	928,000	
	Progress (%)	Planned	100%	
		Actual	100%	

C. Benefits analysis

Fundraising was completed on August 26, 2022 and the Company had reinvested NT$928,000 thousand in investees for power plant constructions in the fourth quarter of 2022. Contracts were signed for the sites of the proposed power plants, and with the track records of Motech Power One and Motech Power Zeta in plant construction, we expect the power plants will be completed successfully and contribute to the Group's consolidated operating revenues and operating income. Overall, the Company shall expect to realize the expected benefits from the use of funds.

V. Operational Highlights

1. Business

(1) Business Scope

A. Major products/services

The Company and its major subsidiaries are engaged in the manufacturing and selling of solar cells and modules, design and installation of PV systems, and manufacturing and selling of PV inverters. Therefore, operational highlights focus on these areas.

(a) CE01010 instruments manufacturing

(b) CC01010 electric power supply, electric transmission and power distribution machinery manufacturing

(c) CC01060 wired communication equipment and apparatus manufacturing

(d) CC01070 wireless communication equipment and apparatus manufacturing

(e) CC01080 electronic parts and components manufacturing

(f) CC01090 batteries manufacturing

(g) CC01110 computers and computing peripheral equipment manufacturing

(h) D101060 self-usage power generation equipment utilizing renewable energy industry

(i) D401010 heat energy supplying

(j) F113030 wholesale of precision instruments

(k) F213040 retail sale of precision instruments

(l) F113110 wholesale of batteries

(m) F213110 retail sale of batteries

(n) F113050 wholesale of computing and business machinery equipment

(o) F213030 retail sale of computing and business machinery equipment

(p) F119010 wholesale of electronic materials

(q) F219010 retail sale of electronic materials

(r) F113070 wholesale of telecom instruments

(s) F213060 retail sale of telecom instruments

(t) IG03010 energy technical services

(u) F401010 international trade

(v) ZZ99999 Other than those requiring special approval, the Company may enter into other business not prohibited or limited by applicable laws and regulations.

B. Major products as a percentage to revenue

Item \ Weighting	2022	
	Net Revenue (In Thousands of New Taiwan Dollars)	Ratio (%)
Solar cells	88,148	1.64%
PV modules	5,056,883	94.35%
Others	214,947	4.01%
Total	5,359,978	100.00%

C. Major products (services)

(a) Solar cells 166*166mm (M6)

(b) PV modules 370-385W (M6)

(c) High-efficiency bifacial PV modules 460W (XS72)

(d) High-efficiency TOPCon N-type PV modules 400W (XN60)

(e) Mobile solar power systems

(f) Engineering consultant of PV systems

(g) Sales and engineering integration of PV systems

(h) Technical developments on PV systems

(i) Professional education and training on PV systems

D. Development of new products (services)

(a) Development of M10 (182mm x 182mm) N-type TOPCon cells

(b) Development of high-efficiency single-side PV modules 540W (XS72CH)

(c) Development of high-efficiency bifacial PV modules 475W (XN60CH-B)

(2) Industry Overview

A. Industry Status and Development

The Paris Agreement adopted at COP 21 in 2015 required parties to the agreement to establish a "Nationally Determined Contributions" (NDC) for emission reduction. The treaty prompts the robust developments in renewable energy and PV industry.

COP 26 in 2021 was the first climate summit to review each country’s five-year contributions in carbon reduction since the Paris Agreement, and for the first time in history, countries had pledged to limit the use of coal.

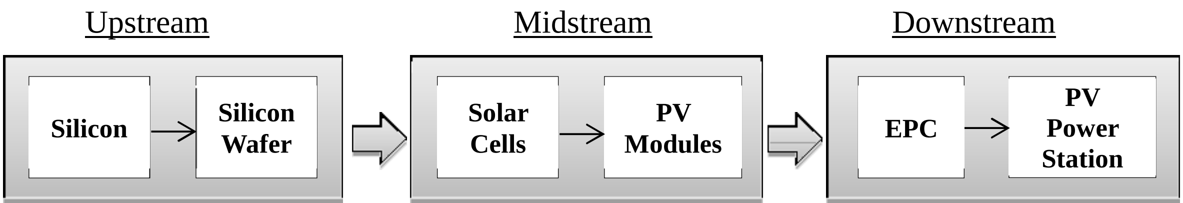
International Energy Agency (IEA) has released the 2022 renewables market report. The strong growth of renewable energy continued in 2022 despite unfavorable factor of the pandemic. IEA expects the global renewable electricity capacity to reach 2,400GW in the six-year period between 2022 and 2027, almost equal the installed capacity accumulated over the 21 years between 2001 and 2021. The renewable power capacity rose by 315GW in 2022, of which solar power set a new annual record with close to 175GW, an increase rate of 26%.

Taiwan government has been fully devoted to the developments of low-carbon energy from renewables. On October 27, 2016, it passed the program to achieve the goal of generating 20% of all electricity through renewables by 2025. As for solar energy promotion, there have been policies and measures such as the Two-year Solar PV Promotion Plan, 2020 Solar PV 6.5GW Target Plan, and Ground-mounted Solar System Project, where the government takes inventory of land for grid-connection capacity, expands the installation of rooftop PV systems and strengthens public-private partnership. The launch of ground-mounted PV systems has prioritized areas with social consensus and free of ecological controversy (e.g., fishery and electricity symbiosis applications, areas not appropriate for agricultural use, industrial parks, water areas, polluted land, ball game grounds, parking lots, etc.) to achieve the goal of 20GW solar capacity by 2025.

On January 1, 2021, the MOEA officially enacted the major electricity consumers clause. Users with contract capacity exceeding 5,000kW are required to have an installed renewable energy capacity which accounts for 10% of the contract capacity within five years. The objective is for domestic major electricity consumers to install renewable energy capacity as required. In 2022, the MOEA proposed the draft of "Renewable Energy Development Act" and the Taiwan Power Company proactively promoted the new electricity distribution system upgrade program. Large corporations around the world are joining the RE100 initiative and encouraging entities within their supply chains to commit to 100% green electricity. Countries around the world compete in their pursuits of net-zero emissions and the era of zero carbon transition has arrived. In response to the global 2050 net-zero target, the Ministry of Economic Affairs proposes a 2x2 net zero transition framework which includes "low carbon - zero emissions" and "energy - industries". The short-term priority is to promote matured green and carbon reduction technologies, shifting energy consumption and industries towards a low-carbon state. In the long run, we shall invest in advanced technologies such as hydrogen energy, circular economy and Carbon Capture, Utilization and Storage (CCUS). The comprehensive path for the transition from low to zero carbon and net-zero industry also brings about business opportunities to the green energy industry.

B. Supply chain

Materials for the upstream of solar industry are mostly high-purity silicon wafers. The midstream consists of manufacturing of cells and assembly of modules. The downstream includes system integration and installation, while long-term maintenance is required after the power stations are established. The relationships between upstream, midstream and downstream of the PV industry are illustrated below:



C. Product development trends and competitions

Since 2018, technologies of PV industry have been evolving constantly. The cutting technique for silicon wafers has advanced from mortar wire to diamond wire while the mainstream has shifted from polycrystalline cells in the early stage to monocrystalline cells at present. Large size and thinner products are highly sought-after in the market. Adding to the fact that global capacity has continuously expanded with equipment advancement, the conversion efficiency of new products has improved rapidly. In contrast, production capacity without cost competitiveness is gradually eliminated. Consequently, we have seen significant vertical integrations, mergers and acquisitions in the industry in the past two to three years.

Mono PERC (passivated emitter and rear contact) cells dominated the market in 2019. P-type mono cells with PERC technology allow the back of cells to capture sunlight which in turn improve conversion efficiency. PERC products also bring about the double-glass PV modules which expand the PV applications, allowing further improvement in module efficiency. By the end of 2020, enhancement in the generating efficiency of PERC cells had reached its limit, and the development of next-generation N-type cells became imperative. At present, TOPCon and HJT are the two mainstream technologies of N-type cells.

The materials and components of TOPCon cell effectively demonstrate the characteristics of N-type products, including high conversion efficiency and advantageous temperature coefficient, allowing the cell to generate higher power output on the same unit area than the mainstream P-type cells. Its thermal stability enables longer lifetime and higher yield as well as improves power generation efficiency at dawn, dusk, and cloudy days when the light is dim. The elevated temperature induced degradation under scorching sun is also improved by 3%. Furthermore, none of the TOPCon module experiences light induced degradation.

In terms of solar power system, as PV applications mature, the scope of application can be roughly divided into four major groups: commercial, residential, utility-scale and other independent system applications. Residential applications usually adopt PV systems under 20KW, whereas commercial applications use systems under 1MW. PV systems for power stations would be at a minimum of 1MW. Looking at electricity production, solar power mainly came from small-scale residential PV systems in the past. However, driven by the aggressive renewable energy policies of each country, the planning and construction of utility-scale PV systems are rapidly expanding.

(3) Technology and Research and Development

A. Research and development expenses in the most recent year and as of the date of this annual report

(In Thousands of New Taiwan Dollars)

Year/Item	2021	2022
R&D Expenses	51,321	52,366

B. Technology or product developed in 2022

(a) The average conversion efficiency of mono PERC cells was improved to 22.8% with a maximum efficiency of 23.0%.

(b) The average efficiency of N-type TOPCon solar cell was 23.7% with a maximum efficiency of 23.9%.

(c) High-efficiency bifacial PV modules 400W (XN60CD-B)

(d) Monofacial PV modules 385W (XS60CD)

(4) Short-term and long-term business development plans

A. Short-term business development plans

(a) Marketing strategy

i. Enhance global customer portfolio of PV modules and cooperate with leading module manufacturers or system integrators of each region.

ii. Obtain OEM orders from strategic partners and customers with excellent production quality and services in order to improve capacity utilization, hence profitability.

iii. Expand our business scope to downstream PV applications with our experience and reputations accumulated in the PV industry.

iv. Enhance the intensity and breadth of our PV technical and sales services to provide customers total solutions.

v. Improve technical and after-sale services and expand our market share with leading technologies and price competitiveness.

vi. Improve after-sale services of PV systems and expand our market share with brand advantage.

vii. Aggressively expand our PV system market share in Taiwan and gradually take part in the overseas market.

viii. Strengthen our competence in development, planning, design and engineering integration. Inject more efforts into securing PV system projects and subsidy programs.

ix. Forge greater connections with architects, structural engineer and construction industry to expand our PV project sources.

(b) Production cost

i. Enhance the efficiency of mono PERC solar cells and integrate forward with high-efficiency modules to provide customers with price-competitive products.

ii. Develop next-generation N-type TOPCon technology to significantly boost cell efficiency, further differencing our products from our peers.

iii. Actively introduce automated production and information management system to enhance efficiency and quality.

(c) Production development

i. Devote to the enhancement of conversion efficiency and production yield of PV modules.

ii. Provide eco-friendly green products and track carbon footprint to realize green supply chain and logistics.

iii. Strengthen competence in PV system design and installation.

iv. Build standard products based on the features of stand-alone, hybrid, and grid-connected PV systems.

(d) Operation management

i. Continue to computerize management works to enhance the efficiency of corporate resource planning and management.

ii. Strengthen internal training and communication, and expand employees' professional competence and global vision to build up potential for corporate long-term developments.

iii. Carry out project management, strengthen internal execution effectiveness and external customer service efficacy.

iv. Build an after-sales service system to extend brand advantage.

(e) Financial planning

i. Maintain good relationships with financial institutions to obtain working capital required for operations at a reasonable cost.

ii. Monitor market changes and risk factors constantly to understand market trends in order to lower financial risks and improve the efficiency of financial operations

B. Long-term business development plan

(a) Marketing strategy

i. Improve regional sales mix of PV modules to mitigate volatility risks. Develop long-term strategic partnerships with leading module producers and system integrators of each region to build a sustainable and stable sales network.

ii. Expand the presence of our PV systems in strategic markets both at home and abroad. Build a leading PV system design brand in Taiwan and utilize brand awareness and system integration capability to promote our products in the overseas markets in line with local energy policies.

iii. Utilize our development capabilities in green energy applications accumulated over the years to explore other energy-saving business opportunities.

iv. Enhance product quality to build the image of fine quality for in-house brands.

(b) Production cost

i. Strengthen controls over raw material and quality assurance to continuously increase the market share of our PV modules as well as improve quality and conversion efficiency.

ii. Fortify long-term strategic partnerships with upstream material providers to improve sufficiency and control in raw material supplies.

iii. Expand PV module production lines in line with growing market demand to achieve the Company’s long-term strategic goals.

iv. Implement quality management and enhance the existing quality assurance systems of ISO-9001:2000, ISO-14001, and OHSAS 18001.

v. Improve production and cost leadership capabilities, proactively research and develop new production technologies as well as introduce advanced equipment to improve production efficiency, yield and quality.

(c) Production Development

i. Develop new-structured PV modules with high conversion efficiency.

ii. Develop PV modules with other technologies based on market progresses.

iii. Develop products associated with solar applications in line with market and customer demand

iv. Develop other energy-saving products and provide comprehensive and integrated services on renewable applications.

v. Commit to develop high-efficiency solar inverters.

(d) Operation management

i. Build competence for diversification and expand business scale.

ii. Uphold the corporate philosophy of sustainability and strengthen management for future developments.

iii. Enhance risk management to lower business risks.

(e) Financial planning

i. Improve financial planning and company-wide controls to lower business and financial risks.

ii. Strengthen capital structure and obtain funds for long-term development at reasonable costs and risk portfolio.

2. Market and Sales Overview

(1) Market Analysis

A. Sales Distribution by Region

(In Thousands of New Taiwan Dollars)

Region \ Year	2021		2022	
	Amount	%	Amount	%
Taiwan	3,363,953	57.28	3,536,482	65.98
Singapore	2,151,702	36.64	1,758,710	32.81
India	199,339	3.39	-	-
Others	157,995	2.69	64,786	1.21
Total	5,872,989	100.00	5,359,978	100.00

B. Market Share, Future Supply and Demand and Market Growth

(a) Market Share

According to the statistics of the market research institution, PV InfoLink, Motech ranked among the top four in terms of Taiwan PV module shipment in 2022. When taking the 2022 PV installed capacity of 2,024 MW released by the Bureau of Energy, MOEA, Motech had a market share of 21% with our module shipment of 421MW in 2022.

(b) Future Supply and Demand, and Market Growth

In response to the effects of climate change, the world is devoted to energy transformation projects. Many countries have committed to achieve carbon neutrality in the next 30 years. Thus, in addition to the promotion of energy policies by each nation, companies also actively get involved in carbon footprint reduction which in turn prompt manufacturers to use renewable energy, pushing the global PV demand to increase continuously.

The research institution, TrendForce, projects PV demand worldwide to reach 350GW in 2023, a 50% year-over-year growth, where the top three nations will account for 59% with China at 149GW, U.S. at 41GW and India at 17GW. The adoption of coexistence policy by governments around the world concerning the pandemic, disappearance of one-time increase in solar power costs and promotion of energy policies by each country are expected to drive the growth of global PV installed capacity every year.

Taiwan market enjoyed the flat feed-in tariff in the second half of 2022 and the solar installed capacity reached 2GW for the first time in 2022. The government has announced the target of 14GW for 2023. With stable supply of silicon from China, we expect to see a stable growth in domestic PV demand.

C. Competitive Advantage

Motech continues to grow amid fierce competitions. Our competitive advantages are as follows:

(a) Professional management team

Executive managers of the Company and its subsidiaries all came from different fields of expertise. They have solid technical and academic foundation, years of management experience in the industry, global visions and leadership skills.

(b) Advanced technology and equipment

The Company and its subsidiaries are pioneers in cutting edge technologies of the industry. Combine these with advanced production facilities and inhouse capacity designs and planning, we have significantly improved production efficiency, allowing the Company and its subsidiaries to have competitiveness in terms of quality and costs of solar cells and modules.

(c) Excellent market position

With excellent market position, the Company and its subsidiaries can enjoy the best support and cooperation from suppliers and produce the most competitive products to ensure the success and sales growth of customers, which in turn secure our superb market position.

D. Favorable and unfavorable factors for long-term development and countermeasures

(a) Favorable factors

i. Excellent organizational operation system

- People-oriented management increases employee loyalty
- Quality management system with certifications of ISO-9001:2000, ISO-14001, and OHSAS 18001

ii. Outstanding execution and manufacturing systems

- Latest equipment in the industry to enhance production efficiency and yield
- Excellent sales team
- International management team

iii. Good customer portfolio and market reviews

- Close partnerships with leading companies in major markets worldwide
- Great reviews on product quality

iv. Policy impact

- Taiwan’s Energy Development Guidelines intensify the development and utilization of renewables, and the government takes on an active role where solar energy is concerned. In line with the 2025 nuclear-free policy, efforts are channeled toward the goal of 20GW of solar installed capacity, which brings about robust growth in the domestic market.

(b) Unfavorable factors

i. Unbalances within the solar supply chain as a whole and short-term fluctuations in raw material prices affect the gross margins.

ii. Chinese government suspends most of its solar subsidy policies.

iii. European governments suspend or scale down subsidies policies.

iv. Japanese government tightens scrutiny for healthier developments in solar market and downsizes its feed-in tariff every year.

v. Chinese producers continue to expand their production capacities and market shares.

(c) Countermeasures

i. Continue to streamline the production scale of solar cells for module production, produce niche and high-efficiency products and enhance the generating efficiency of modules.

ii. For PV module production lines to achieve production-sale balance in order to optimize production efficiency and costs.

iii. Continue to strengthen and prepare the management fundamentals of the Company for competition-cooperation of various industries.

iv. Continue to optimize customer revenue mix and diversify market risks.

v. Choose strategic partners prudently and manage diligently to create long-term win-win situation.

vi. Enhance R&D capabilities to improve conversion efficiency of cells and utilization rate of silicon materials.

vii. Enhance R&D capabilities to improve generating efficiency of modules and module packaging technology.

viii. Collaborate with external parties in the developments of advanced technologies and next generation cells to differentiate from competitors.

ix. Expand the added value of module production and system downstream and increase our market share in PV system sector with excellent brand image.

x. Take parts in fishery and electricity symbiosis projects to increase the added value of traditional solar system and explore new business opportunities.

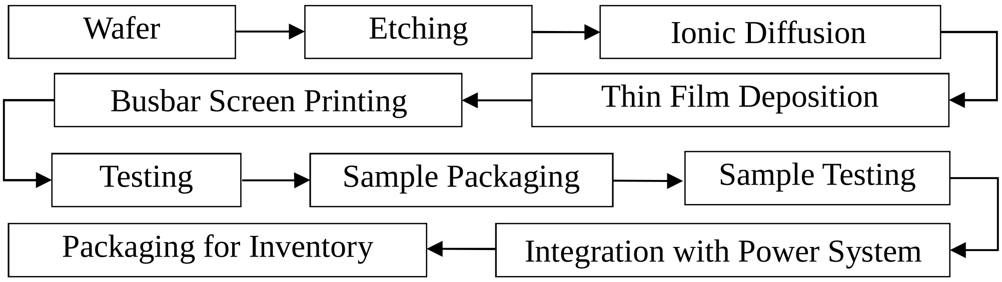
(2) Main applications and manufacturing process of key products

A. Main application of key products

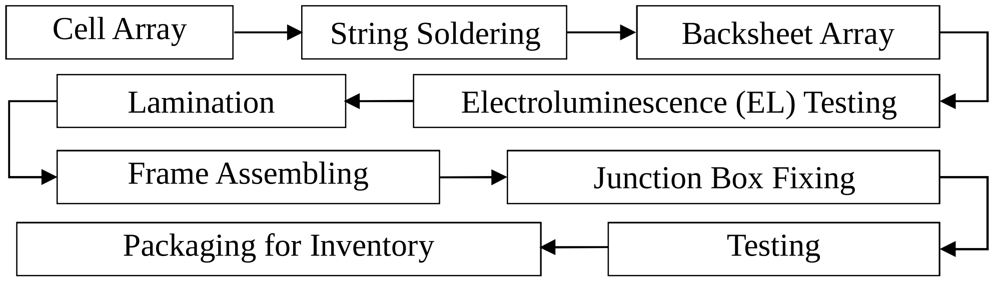
Key Products	Main Application
Solar cells and modules	Our products are semiconductor components which convert light into electricity. They are generally made as standard modules or building-integrated modules for module producers or system integrators. Also, they can be used for special applications, e.g., off-grid products or consumer products.

B. Manufacturing process

Solar cells process flow



PV modules process flow



C. Supply of key raw materials

Raw Material	Supplier	Supply
WAFER	Company G	Good
EVA	Company J	Good

D. Key suppliers and customers

(a) Names of suppliers account for 10% or more of the Company's total purchases in one of the past two fiscal years with purchase amount and percentages as well as reasons for changes

(In Thousands of New Taiwan Dollars)

	2021				2022			
No.	Name	Amount	% to Annual Net Purchase	Relationship	Name	Amount	% to Annual Net Purchase	Relationship
1	Supplier G	426,910	10.31	Non-related party	Supplier G	1,051,913	28.08	Non-related party
-	Others	3,713,082	89.69	-	Others	2,694,709	71.92	-
-	Net Purchase	4,139,992	100.00	-	Net Purchase	3,746,622	100.00	-

Explanations on changes: Purchases from Supplier G surged significantly in 2022 mainly because the Company has long-term material procurement contracts with Supplier G. The Company and its subsidiaries have established sound relationships with suppliers. However, to ensure an uninterrupted supply of materials, we continue to contact different suppliers to secure materials and diversify risks.

(b) Names of customers account for 10% or more of the Company's total revenue in one of the past two fiscal years with sales amount and percentages as well as reasons for changes

(In Thousands of New Taiwan Dollars)

	2021				2022			
No.	Name	Amount	% to Annual Net Revenue	Relationship	Name	Amount	% to Annual Net Revenue	Relationship
1	Company E	2,151,702	36.64	Non-related party	Company E	1,758,710	32.81	Non-related party
2	Company G	1,016,360	17.31	Non-related party	Company G	707,243	13.19	Non-related party
3	Company I	199,686	3.40	Non-related party	Company I	567,355	10.59	Non-related party
	Others	2,505,241	42.65		Others	2,326,670	43.41	
	Net revenue	5,872,989	100.00		Net revenue	5,359,978	100.00	

Explanations on changes: The sales weightings fluctuated due to business development needs, competitions, dealings with customers and adjustments in sales strategies in the past two fiscal years. There were no significant irregularities.

E. Production in the past two fiscal years

(In Thousands of pieces/sets/KW/New Taiwan Dollars)

Year / Production / Product	2021			2022		
	Capacity	Output	Amount	Capacity	Output	Amount
Solar cells (in thousands of pieces)	68,071	67,149	1,787,275	68,538	65,229	2,619,525
PV modules (in thousands of pieces)	2,531	2,531	6,599,185	2,069	2,069	6,472,515
Others (in thousands of pieces/sets/KW)	982	982	1,831	1,051	1,051	1,522
Total			8,388,291			9,093,562

F. Shipments and sales in the past two fiscal years

(In Thousands of pieces/sets/New Taiwan Dollars)

Year / Shipment & Sale / Product	2021				2022			
	Domestic		Overseas		Domestic		Overseas	
	Shipment	Sales	Shipment	Sales	Shipment	Sales	Shipment	Sales
Solar cells	4,204	110,682	21,074	249,497	1,046	45,105	2,396	43,043
PV modules	858	2,970,330	950	2,258,966	711	3,277,649	663	1,779,234
Others	-	282,941	-	573	-	213,728	-	1,219
Total	-	3,363,953	-	2,509,036	-	3,536,482	-	1,823,496

3. Human Resources in the Past Two Fiscal Years and as of the Date of this Annual Report

Year		2021	2022	As of February 28, 2023
No. of Employees	Management	60	58	58
	Technical personnel	139	150	149
	Administrative personnel	65	62	62
	Operating personnel	511	522	521
	Total	775	792	790
Average Age		39.36	39.67	39.83
Average Year of Service		8.9	8.9	9.1
Education	Ph.D.	0.77%	0.76%	0.76%
	Master's Degree	12.13%	11.38%	11.41%
	Bachelor's Degree	57.03%	60.18%	59.95%
	Senior High School	22.06%	20.48%	20.79%
	Below Senior High School	8.00%	7.21%	7.10%

4. Expenditure Related to Environmental Protection

Any losses suffered by the Company in the most recent year and as of the date of this annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental audits, of which the disposition dates, disposition reference numbers, the articles and details of law violated, and the content of the dispositions shall be specified), and disclosures on an estimate of possible expenses that could incur currently or in the future and countermeasures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts on why it cannot be made shall be provided: None.

5. Employment Relations

(1) Employees' welfare, education, training and pension, employee relations and protection of employees' rights:

A. Employee welfare

(a) Depending on profitability, the Company and its subsidiaries provide incentive schemes such as rewards to employees.

(b) The Company has established the EWC to design, plan and implement a variety of employee benefit measures and organize relevant activities covering different aspects of benefits, e.g., family day, festival celebrations, club activities, etc. It also grants subsidies for emergencies and funerals as well as cash gifts for wedding and festivals.

(c)

Type of Benefit	Item		
Welfare	Wedding/funeral/ celebrations	Emergency medical assistance	Childbirth subsidy
Recreation	Travel subsidy	Club subsidy	Discounts at designated stores
Others	Coupons for important festivals	Group insurance	Birthday coupons

• E-vouchers (for stores on-site) • Subsidies for meals • Employee discounts on company products • A wide range of designated stores providing specials and discounts • Library with quarterly new additions to the collection

(d) The company has an indoor badminton court for employees to have a comfortable area for sports activities. There are also free indoor parking and eligibility of renting dormitories within the science park.

(e) The Company has set up a health center with registered nurses. Nursery rooms are provided at each factory with on-site doctors regularly providing consultation services to employees. Additionally, the Company offers annual health examinations at a frequency superior to the regulatory requirements. Employees are entitled to complimentary breakfast upon completion of the examinations for their well-being.

(f) The Company and its subsidiaries comply with labor regulations and acts promulgated by the government as well as support and respect international human rights standards. Through internal promotion, we safeguard labor rights and ensure every employee is treated fairly and with respect. Relevant rules are formulated as the basis for employee management and compliance. We also have "Rules for Prevention, Complaint and Punishment of Sexual Harassment" to protect the rights of employees. The Company was honored with the "High Distinction Award for Equal Right at Workplace" from the Southern Taiwan Science Park Bureau.

B. Education and training

The Company and its subsidiaries place great importance on human resource developments and strive for improvements in professional competence. We provide systematic learning systems and environment to forge a culture of active employee learning and management assistance while satisfying the needs for corporate management and individual developments. We promote human resource development programs through internal/external training, e-learning education and training platform, Motech library and courses for professional certifications.

C. Retirement system and implementation status

The Company and its subsidiaries comply with local retirement laws and systems to safeguard employees' retirement rights.

In Taiwan, the Company contributes monthly an amount equivalent to 2% of employees' salaries to the pension fund deposited at the Bank of Taiwan in the name of an independently administered pension fund committee pursuant to the Labor Standards Act for employees' pensions under the old retirement system. As contributions to the pension fund exceeded the required amount in 2022, the Company had been approved by the competent authority to suspend its contributions for one year.

Starting from July 1, 2005, for new employees and employees adopting the new pension system under the Labor Pension Act, the Company would make monthly contributions equal to 6% of employees' salary brackets to the employees' individual pension accounts at the Bureau of Labor Insurance to fully protect their retirement rights. Employees willing to make voluntary contributions to their pension accounts shall have their salaries deducted based on their rates of voluntary contributions and deposited in their personal pension accounts.

Rules in compliance with the Labor Pension Act are set out as follows:

(a) Retirement eligibility requirements:

Employees who satisfy one of the following conditions may apply for voluntary retirement:

i. aged 55 or above and completed 15 years of service;

ii. completed 25 years of service; or

iii. aged 60 or above and completed 10 years of service

(b) Mandatory retirement:

Employees meeting one of the following conditions are subject to mandatory retirement:

i. aged 55 or above;

ii. unable to perform his/her duties due to mental or physical disabilities; or

iii. age for retirement is calculated in full from the date of birth recorded on the household registration.

(c) Pension calculation:

i. For employees subject to the Labor Standards Act, two base points are awarded for every full year of service up to 15 years and one base point is awarded for every full year of service completed beyond 15 years with a maximum of 45 base points for employees' years of service with the Company. Employment under six months is deemed as six months while employment exceeding six months is deemed as a full year for the calculation.

ii. For employees subject to mandatory retirement set out in Subparagraph 2, Paragraph 1, Article 54 of the Labor Standards Act, an additional 20% on top of the pension calculated shall be given pursuant to Subparagraph 2, Paragraph 1, Article 55 of the same Act if the mental or physical disabilities are caused by their performance of duties.

(d) Pension payment:

Pensions shall be paid to employees within 30 days from their dates of retirement.

D. Labor agreements

The Company values employee communications. To maintain smooth two-way communications and exchanges, different types of meetings are held regularly, e.g., the labor-management meetings, and promotional documents are published. Diverse channels for employees to voice their opinions are established including the employee opinion platform, dates with the President, and lunch dates between direct personnel and the Present for employee to give feedbacks. In addition, all employees can learn of company information and employee activities through information released on the corporate website.

E. Code of conduct and ethics

The Company and its subsidiaries have established the "Code of Ethics and Business Conduct" based on the core value of integrity and disclosed the information at the corporate website and the corporate governance section within the MOPS.

(2) Any losses suffered by the Company in the most recent year and as of the date of this annual report due to industrial disputes (including any violations of Labor Standards Act found in labor inspection, of which the disposition dates, disposition reference numbers, the articles

and details of law violated, and the content of the dispositions shall be specified), and disclosures on an estimate of possible expenses that could incur currently or in the future and countermeasures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts on why it cannot be made shall be provided:

The Company and its subsidiaries have always stressed the importance of harmonious labor relations. There were no industrial disputes with penalties imposed by the competent authority in the most recent year and as of the date of this annual report.

(3) Measures safeguarding workplace and employee personal safety:

A. Risk management

A variety of emergency equipment and monitoring systems are in place at our Science Park Branch for swift notifications to relevant personnel in the event of an accident and immediate actions.

The Company and its subsidiaries have established comprehensive emergency procedures for various accidents or natural disasters (including storm damage, earthquakes, gas explosion, biochemical hazards, and fire) and organized regular emergency trainings where on-site vendors and chemical suppliers shall take part to improve participants' emergency responses and crisis management teamwork. Evaluation drills are regularly scheduled for employees to be familiar with relevant skills and routes.

The officers of industrial safety department and all units would patrol the premises to prevent hazards. Security guards are stationed at factory entrances to perform 24-hour access control, ensuring the safety of all personnel.

B. Education and training

New recruits of the Company and its subsidiaries shall complete the general safety and health as well as hazard communication education and trainings. Afterwards, they are required to complete the on-the-job retraining (industrial safety class exams) on a quarterly basis to continuously strengthen their awareness on safety and health concepts and skills. In addition, the Company organized annual fire drills where employees are trained to use manual fire alarms, fire extinguishers and hydrants and be taught of response equipment so that all employees possess firefighting knowledge and basic skills. ERT members shall take retaining programs every year to enhance their emergency response and firefighting skills. On-site employees shall attend various emergency response trainings and disaster prevention seminars and subsequently pass on the knowledge and skills learned to all ERT personnel in the Company.

C. Health care

We manage employee health thoroughly. General and special physical examinations are held every year. Employees having irregularities identified are ranked by health conditions to receive corresponding health management treatments. We place grave importance on the prevention of new occupational diseases and proactively promote ergonomics improvement projects, prevention of work overload, health protection of working mothers, suitability assessment on middle-aged and senior employees, and physiological assessments on personnel requiring respiratory protection devices. We implement a variety of improvement measures and are committed to provide a healthy working environment. The health center has comprehensive disease control response mechanisms in place for different types of emergencies. Measures are implemented when the need arises to mitigate the risk of cluster infection. Emergency medical education and trainings are arranged to enhance and strengthen the roles of medical personnel.

6. Cyber Security Management

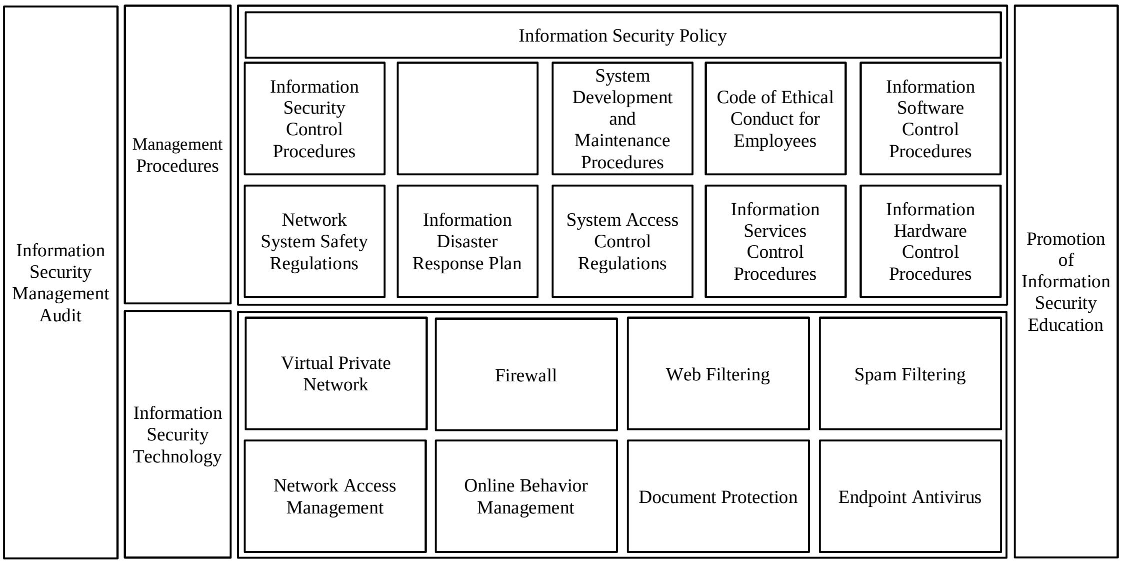
(1) Risk management structure, policy, management plans and resources allocated concerning cyber security

A. Cyber security policy

The policy is established to maintain the normal operation of the Company's information system, prevent hacking, virus and sabotage as well as avoid human errors and inappropriate or unlawful use, thereby maintaining the safety of physical environment. Cyber security policy is the Company's guidelines for cyber security management authority, computer system security management, and rules of network system security, system access control and security control of physical environment.

B. Cyber security risk management structure

The Company's cyber security risk management structure formulates relevant management procedures pursuant to the cyber security policy and regularly reviews the procedures to match the reality. The information department would deploy appropriate information security technologies based on the procedures to maintain normal operation of the Company's information services.



Based on the annual risk assessment outcome, controls on cyber security checks would be included in the periodic audits every year, and the audit results would be reported in the Board meeting.

C. Cyber security management plans and resources allocated

The Company regularly reviews the internal cyber security regulations; coordinates, manages and supervises all cyber security works of the Group; conducts cyber security checks such as audits on the effectiveness of protection system as well as social engineering drills; and continues to promote the concept of cyber security to employees. In 2022, we upgraded our cyber security hardware and data storage devices to manage the ever-changing network security threats. The implementation of cyber security policy and procedures is sufficient to ensure the normal operation of the Company's services. Thus, we did not purchase cyber insurance at present.

Cyber security management measures implemented by the Company are as follows:

(a) Physical security management

Server room environment monitoring and access control mechanisms, hardware control procedures and physical environment safety control rules.

(b) System security management

Software control procedures, system change control measures, website security inspection, software vulnerability detection and patch updates

(c) Cyber security management

Antivirus protection and malware prevention, data breach control measures, control measures on internal and external network access, and analysis and handling of connection disruptions

(d) Access security management

Personnel account privilege management mechanism, confidential document control measures, system access control rules

(e) Disaster prevention

System/network monitoring and reporting mechanisms, data backup measures and system backup mechanism, disaster recovery drill

(2) Any losses suffered by the Company in the most recent year and as of the date of this annual report due to major cyber security incident, possible impact and associated action plans

Cyberattacks may steal corporate trade secrets, intellectual property and confidential information, e.g., proprietary information of customers or other stakeholders and personal data of employees. Malicious hackers may infiltrate the Company's network systems with computer viruses, destructive software or ransomware in order to gain control over the computer systems, thereby stealing confidential information and extorting money to interfere with business operations. Motech strengthens its protection against information operational risks with annual reviews and evaluations on network security protocols and procedures to ensure their adequacy and effectiveness. Also, the Company has established a comprehensive network and computer security system, e.g., firewall, antivirus system, data encryption system, intrusion prevention system and spam filtering system. We use these systems to control information security risk, prevent leaking of trade secrets and maintain the key functions such as manufacturing and operation. In 2022 and as of the date of this annual report, the Company did not identify any information security breach, major cyberattacks nor customer data breach.

7. Material Contracts

Long-term loan contracts and other material contracts which would affect shareholder's equity and are still effective as of the date of this annual report, or expired in the most recent year:

Nature	Counterparty	Duration	Description	Covenant
Long-term loan contract	Syndicated loan with eight banks including Chang Hwa Commercial Bank, Ltd.	Three years from the initial drawdown date (2023/12/21)	Repay existing loans with financial institutions and supplement working capital	None
Long-term loan contract	Syndicated loan with nine banks including Chang Hwa Commercial	Three years from the initial drawdown date (2026/03/29)	Repay existing loans with financial institutions and supplement working	None

Nature	Counterparty	Duration	Description	Covenant
	Bank, Ltd.		capital	
Construction work	Company A	Upon receiving the opinion letter of parallel connection review	Installation of PV system	None
Construction work	Company A	2022/04/01	Installation of PV system	None
Construction work	Company B	2022/04/01	Installation of PV system	None
Investment agreement	Company T	2015/11/27	Establish module factory	None
Supplementary agreement to the investment agreement	Company T	2016/3/10	Establish cell factory	None
Framework contract	Company T	2015/11/27~2025/11/26	Establish cell factory	None
Investment agreement	Company T	2017/9	Establish cell factory	None
Investment agreement	Company T	2017/9	Establish silicon wafer factory	None

VI. Financial Highlights

1. Condensed Balance Sheet and Statement of Comprehensive Income from 2018 to 2022 with Names and Opinions of Independent Auditors

(1) Condensed Balance Sheet (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2018 to 2022 (Note 1)					As of 2023.MM.DD (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		10,686,506	6,246,757	4,310,993	5,309,581	6,064,792	-
Long-term investment		105,375	107,789	118,561	140,523	247,511	-
Property, Plant and Equipment		4,536,778	2,858,925	2,809,300	2,648,623	2,668,184	-
Intangible Assets		22,096	8,870	4,249	2,012	622	-
Other Assets		400,832	387,006	375,122	632,478	588,128	-
Total Assets		15,751,587	9,609,347	7,618,225	8,733,217	9,569,237	-
Current Liabilities	Before Distribution	6,985,476	3,783,919	1,732,218	2,808,110	3,945,116	-
	After Distribution	6,985,476	3,783,919	1,803,226	2,879,118	Not yet distributed	-
Non-Current Liabilities		4,233,371	2,718,631	2,643,942	2,638,810	1,292,081	-
Total Liabilities	Before Distribution	11,218,847	6,502,550	4,376,160	5,446,920	5,237,197	-
	After Distribution	11,218,847	6,502,550	4,447,168	5,517,928	Not yet distributed	-
Equity Attributable to Shareholders of the Parent		4,402,081	3,007,536	3,168,466	3,213,749	4,254,905	-
Capital		5,406,559	5,404,704	3,550,419	3,550,419	3,870,419	-
Capital Surplus		6,268,374	190,582	25,252	25,348	540,694	-
Retained Earnings	Before Distribution	(6,783,272)	(2,022,672)	110,812	146,634	350,088	-
	After Distribution	(6,783,272)	(2,022,672)	39,804	75,626	Not yet distributed	-
Other Components of Equity		(489,200)	(564,888)	(518,017)	(508,652)	(506,296)	-
Treasury Shares		(380)	(190)	-	-	-	-
Non-controlling Interests		130,659	99,261	73,599	72,548	77,135	-
Total Equity	Before Distribution	4,532,740	3,106,797	3,242,065	3,286,297	4,332,040	-
	After Distribution	4,532,740	3,106,797	3,171,057	3,215,289	Not yet distributed	-

Note: 1. Financial information of 2018 to 2022 was audited by CPAs.

Note: 2. Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

(2) Condensed Balance Sheet (Parent Company Only) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2018 to 2022 (Note 1)					As of 2023.MM.DD (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		7,190,456	3,164,208	2,831,489	3,149,597	2,656,112	-
Long-term investment		2,850,434	2,223,170	1,540,581	1,573,709	2,798,816	-
Property, Plant and Equipment		1,617,354	1,462,680	1,404,596	1,293,653	1,364,353	-
Intangible Assets		3,283	1,450	4,249	2,012	622	-
Other Assets		243,387	267,716	239,282	268,363	218,911	-
Total Assets		11,904,914	7,119,224	6,020,197	6,287,334	7,038,814	-
Current Liabilities	Before Distribution	3,737,529	1,938,798	1,166,916	1,418,892	2,559,742	-
	After Distribution	3,737,529	1,938,798	1,237,924	1,489,900	Not yet distributed	-
Non-Current Liabilities		3,765,304	2,172,890	1,684,815	1,654,693	224,167	-
Total Liabilities	Before Distribution	7,502,833	4,111,688	2,851,731	3,073,585	2,783,909	-
	After Distribution	7,502,833	4,111,688	2,922,739	3,144,593	Not yet distributed	-
Capital		5,406,559	5,404,704	3,550,419	3,550,419	3,870,419	-
Capital Surplus		6,268,374	190,582	25,252	25,348	540,694	-
Retained Earnings	Before Distribution	(6,783,272)	(2,022,672)	110,812	146,634	350,088	-
	After Distribution	(6,783,272)	(2,022,672)	39,804	75,626	Not yet distributed	-
Other Components of Equity		(489,200)	(564,888)	(518,017)	(508,652)	(506,296)	-
Treasury Shares		(380)	(190)	-	-	-	-
Total Equity	Before Distribution	4,402,081	3,007,536	3,168,466	3,213,749	4,254,905	-
	After Distribution	4,402,081	3,007,536	3,097,458	3,142,741	Not yet distributed	-

Note: 1. Financial information of 2018 to 2022 was audited by CPAs.

Note: 2. Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

(3) Condensed Statement of Comprehensive Income (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2018 to 2022 (Note 1)					As of 2023.MM.DD (Note 2)
		2018	2019	2020	2021	2022	
Net Revenue		14,187,115	5,297,076	3,678,395	5,872,989	5,359,978	-
Gross Profit		(2,399,806)	(133,921)	408,133	550,745	693,907	-
Operating Income (Loss)		(4,055,877)	(1,043,657)	(9,965)	168,357	336,695	-
Non-operating Income and Expenses		(2,557,923)	(296,974)	135,305	(51,979)	(60,761)	-
Income Before Income Tax		(6,613,800)	(1,340,631)	125,340	116,378	275,934	-
Net Income of Continuing Operations		(6,876,006)	(1,346,955)	111,942	107,279	272,317	-
Loss from Discontinued Operations		0	0	0	0	0	-
Net Income (Loss)		(6,876,006)	(1,346,955)	111,942	107,279	272,317	-
Other Comprehensive Income, Net of Tax		(47,937)	(83,584)	48,177	9,119	10,376	-
Total Comprehensive Income		(6,923,943)	(1,430,539)	160,119	116,398	282,693	-
Net Income Attributable to Owners of the Parent		(6,794,568)	(1,317,867)	109,997	106,743	267,882	-
Net Income Attributable to Non-controlling Interests		(81,438)	(29,088)	1,945	536	4,435	-
Total Comprehensive Income Attributable to Owners of the Parent		(6,839,839)	(1,397,241)	157,536	116,195	276,818	-
Total Comprehensive Income Attributable to Non-controlling Interests		(84,104)	(33,298)	2,583	203	5,875	-
Earnings per Share (NT$)	Before Retrospective Adjustment	(12.61)	(2.44)	0.31	0.30	0.73	-
	After Retrospective Adjustment	(19.20)	(3.72)	0.31	0.30	0.73	-

Note 1: Financial information of 2018 to 2022 was audited by CPAs.

Note 2: Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

(4) Condensed Statement of Comprehensive Income (Parent Company Only) - International Financial Reporting Standards:

(In Thousands of New Taiwan Dollars)

Item \ Year		Highlights from 2018 to 2022 (Note 1)					As of 2023.MM.DD (Note 2)
		2018	2019	2020	2021	2022	
Net Revenue		10,289,209	3,137,812	3,154,659	5,568,741	5,274,388	-
Gross Profit		(2,069,963)	(196,837)	240,426	355,988	492,095	-
Operating Income (Loss)		(2,936,860)	(722,005)	(105,183)	61,648	210,020	-
Non-operating Income and Expenses		(3,729,923)	(602,305)	215,138	45,904	57,053	-
Income Before Income Tax		(6,666,783)	(1,324,310)	109,955	107,552	267,073	-
Net Income of Continuing Operations		(6,794,568)	(1,317,867)	109,997	106,743	267,882	-
Loss from Discontinued Operations		0	0	0	0	0	-
Net Income (Loss)		(6,794,568)	(1,317,867)	109,997	106,743	267,882	-
Other Comprehensive Income, Net of Tax		(45,271)	(79,374)	47,539	9,452	8,936	-
Total Comprehensive Income		(6,839,839)	(1,397,241)	157,536	116,195	276,818	-
Net Income Attributable to Owners of the Parent		-	-	-	-	-	-
Net Income Attributable to Non-controlling Interests		-	-	-	-	-	-
Total Comprehensive Income Attributable to Owners of the Parent		-	-	-	-	-	-
Total Comprehensive Income Attributable to Non-controlling Interests		-	-	-	-	-	-
Earnings per Share (NT$)	Before Retrospective Adjustment	(12.61)	(2.44)	0.31	0.30	0.73	-
	After Retrospective Adjustment	(19.20)	(3.72)	0.31	0.30	0.73	-

Note 1: Financial information of 2018 to 2022 was audited by CPAs.

Note 2: Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

(5) Names and opinions of independent auditors from 2018 to 2022

A. Names and opinions of independent auditors from 2018 to 2022

Year	CPA Firm	CPAs	Audit Opinion
2018	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion
2019	KPMG	Certified Public Accountants, Ya-lin Chen and Mei-Yan Chen	An unqualified opinion with emphasis of matter paragraph or other matters paragraph
2020	KPMG	Certified Public Accountants, Ming-Hung Huang and Mei-Yan Chen	An unqualified opinion
2021	KPMG	Certified Public Accountants, Ming-Hung Huang and Mei-Yan Chen	An unqualified opinion
2022	KPMG	Certified Public Accountants, Ming-Hong Huang and Chia-Chien Tang	An unqualified opinion

B. Reasons for change of CPAs

The change of CPAs was mainly due to job adjustments within KPMG. Starting from the first quarter of 2022, CPAs, Ming-Hong Huang and Mei-Yan Chen, were replaced by CPAs, Ming-Hung Huang and Chia-Chien Tang.

(6) Evaluation ground and basis for the provision of valuation accounts on balance sheet

A. The consolidated entity recognizes loss allowance for the expected credit loss (ECL) of financial assets at amortized costs (including cash and cash equivalents, notes and accounts receivables, other receivables, refundable deposits, and other financial assets) and contract assets.

Loss allowance is measured at an amount equal to lifetime ECL except for the following assets where loss allowance equals 12-month ECL:

Cash and cash equivalents, refundable deposits and other financial assets whose credit risk (i.e., the risk of default during the expected lifetime of financial instruments) has not increased significantly since initial recognition.

The loss allowance of notes and accounts receivables, contract assets and other receivables is measured at an amount equal to lifetime ECL.

When determining whether credit risk has increased significantly since initial recognition, the consolidated entity takes into account reasonable and supportable information (available without undue cost or effort), including both qualitative and quantitative data as well as analyses on the consolidated entity’s past experience, credit assessments and forward-looking information.

Lifetime ECL refers to the expected credit loss from all possible default events during the lifetime of financial instruments.

12-month ECL refers to the expected credit loss from possible default events within 12 months after the reporting date (or a shorter period if the expected lifetime of the financial instrument is less than 12 months) of financial instruments.

When measuring the ECL, the maximum period is the maximum contractual period during which the consolidated entity is exposed to credit risk.

If the contract payment is 180 days past due and it is unlikely that the borrower will fulfill his/her obligation to pay the full amount to the consolidated entity, the financial assets shall be deemed in default.

ECL is the estimated probability-weighted amount on the credit loss of financial instruments during its lifetime period. Credit loss is measured at the present value of all cash shortfalls, i.e., the difference between the cash flows receivable based on the contracts and the cash flows expected to be collected. ECL is discounted at the effective interest rates of the financial assets.

On each reporting date, the consolidated entity assesses whether a financial asset at amortized cost is credit-impaired. When one or more events that have adverse impact on the estimated future cash flows of the financial asset have occurred, the financial asset is considered credit-impaired.

For financial assets at amortized cost, loss allowance is deducted from the assets' carrying amount except for notes and accounts receivables and other receivables.

When the consolidated entity cannot reasonably estimate the recovery of an entire of a part of financial asset, the gross carrying amount of the financial assets is reduced directly. The consolidated entity analyzes the timing and amount of each write-off separately on the basis of whether recovery can be reasonably expected. The consolidated entity does not expect a significant reversal on the amount written off. However, compulsory enforcement measures can still be carried out for financial assets written off in order to comply with the consolidated entity's procedures for recovery of past due amounts.

B. Inventories are measured at the lower of costs or net realizable value. Costs include the acquisition, production, manufacturing and process costs and other costs that incurred in bringing each inventory to its present condition and location. Costs are calculated using the weighted-average approach. The costs of finished goods and work in progress include manufacturing overheads allocated based on normal operating capacity.

   Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs necessary to make the sale.

C. Provisions for warranty are recognized when the goods or services are sold. Provisions are measured based on past warranty data and all possible outcomes weighted by possibilities.

2. Financial Analysis from 2018 to 2022

(1) Financial Analysis (Consolidated) - International Financial Reporting Standards

Item (Note 3)			Year (Note 1): 2018	2019	2020	2021	2022	As of 2023.MM.DD (Note 2)
Financial Structure %	Debt Ratio		71.22	67.67	57.44	62.37	54.73	-
	Long-term Fund to Property, Plant and Equipment Ratio		188.77	192.24	198.93	212.51	197.30	-
Liquidity Analysis %	Current Ratio		152.98	165.09	248.87	189.08	153.73	-
	Quick Ratio		141.56	152.86	202.07	160.19	129.49	-
	Times Interest Earned		(18.50)	(8.64)	2.49	2.93	5.46	-
Operating Performance	Average Collection Turnover (Times)		2.70	2.81	4.77	11.16	8.35	-
	Days Sales Outstanding		135.18	129.89	76.51	32.70	43.71	-
	Inventory Turnover (Times)		12.95	12.07	5.84	7.09	5.43	-
	Average Payment Turnover (Times)		3.38	2.02	2.69	4.49	2.85	-
	Average Inventory Turnover Days		28.18	30.24	62.50	51.48	67.21	-
	Property, Plant and Equipment Turnover (Times)		2.28	1.43	1.30	2.15	2.02	-
	Total Assets Turnover (Times)		0.61	0.42	0.43	0.72	0.59	-
Profitability	Return on Total Assets (%)		(28.60)	(9.75)	2.08	1.90	3.52	-
	Return on Equity (%)		(86.21)	(35.26)	3.53	3.29	7.15	-
	Net Income before Income Tax to Paid-in Capital Ratio (%)		(122.33)	(24.80)	3.53	3.28	7.13	-
	Net Margin (%)		(48.47)	(25.43)	3.04	1.83	5.08	-
	Earnings per Share (NT$)	Before Retrospective Adjustment	(12.61)	(2.44)	0.31	0.30	0.73	-
		After Retrospective Adjustment	(19.20)	(3.72)	0.31	0.30	0.73	-
Cash Flow	Cash Flow Ratio (%)		26.11	(18.54)	(40.88)	55.35	11.54	-
	Cash Flow Adequacy Ratio (%)		121.65	139.80	99.47	54.35	77.20	-
	Cash Flow Reinvestment Ratio (%)		8.17	(6.11)	(6.96)	14.14	3.78	-
Leverage	Operating Leverage		(0.24)	0.26	(46.02)	6.52	2.49	-
	Financial Leverage		0.92	0.88	0.11	1.56	1.23	-

Explanations for ratios varying by over 20% year-over-year are as follows:
1. The increase in times interest earned: Mainly due to profit growth in 2022.
2. The decrease in average collection turnover and increase in days sales outstanding: Mainly due to an increase in receivables at the end of 2022.
3. The decrease in inventory turnover and increase in average inventory turnover days: Mainly due to an increase in inventory in 2022.
4. The decrease in average payment turnover: Mainly due to an increase in payables at the end of 2022.
5. The increase in return on total assets, return on equity, net income before income tax to paid-in capital ratio, net margin and earnings per share: Mainly due to profit growth in 2022.
6. The decrease in cash flow ratio: Mainly due to an increase in current portion of long-term liabilities in 2022.
7. The decrease in cash flow reinvestment ratio: Mainly due to a decrease in net cash inflows from operating activities.
8. The decrease in operating leverage and financial leverage: Mainly due to an increase in receivables at the end of 2022.

Note 1: Financial information of 2018 to 2022 was audited by CPAs.

Note 2: Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

Note 3: Financial analysis is based on the following formulas:

A. Financial Structure
   (a) Debt Ratio = Total Liabilities / Total Assets
   (b) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Long-term Loans) / Net Property, Plant and Equipment

B. Liquidity Analysis
   (a) Current Ratio = Current Assets / Current Liabilities
   (b) Quick Ratio = (Current Assets - Inventories - Prepayments - Non-current Asset Held for Sale) / Current Liabilities
   (c) Times Interest Earned = Income before Interest and Taxes / Interest Expenses

C. Operating Performance
   (a) Average Collection Turnover (includes accounts receivable and notes receivable from operations) = Net Revenue / Average Trade Receivables (includes accounts receivable and notes receivable from operations)
   (b) Days Sales Outstanding = 365 / Average Collection Turnover
   (c) Inventory Turnover = Cost of Revenue / Average Inventory
   (d) Average Payment Turnover (includes accounts payable and notes payable from operations) = Cost of Revenue / Average Trade Payables (includes accounts payable and notes payable from operations)
   (e) Average Inventory Turnover Days = 365 / Inventory Turnover
   (f) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment
   (g) Total Assets Turnover = Net Revenue / Average Total Assets

D. Profitability Analysis
   (a) Return on Total Assets = (Net Income (Loss) + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
   (b) Return on Equity = Net Income (Loss) / Average Equity
   (c) Net Income before Income Tax to Paid-in Capital Ratio = Income before Income Tax / Paid-in Capital
   (d) Net Margin = Net Income (Loss) / Net Revenue
   (e) Earnings Per Share = (Net income attributable to Owners of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

E. Cash Flow
   (a) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (b) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (c) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Net Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)

F. Leverage
   (a) Operating Leverage = (Net Revenue - Variable Cost and Expenses) / Operating Income
   (b) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

(2) Financial Analysis (Parent Company Only) - International Financial Reporting Standards

Item (Note 3) \ Year (Note 1)			2018	2019	2020	2021	2022	As of 2023.MM.DD (Note 2)
Financial Structure %	Debt Ratio		63.02	57.75	47.37	48.89	39.55	-
	Long-term Fund to Property, Plant and Equipment Ratio		499.51	342.83	333.13	362.83	315.16	-
Liquidity Analysis %	Current Ratio		192.39	163.20	242.65	221.98	103.76	-
	Quick Ratio		182.32	143.24	187.51	168.37	69.26	-
	Times Interest Earned		(35.47)	(10.65)	2.64	3.71	7.63	-
Operating Performance	Average Collection Turnover (Times)		4.93	3.85	8.69	10.69	7.78	-
	Days Sales Outstanding		74.04	94.81	42.00	34.14	46.92	-
	Inventory Turnover (Times)		18.52	12.67	6.30	7.83	5.98	-
	Average Payment Turnover (Times)		5.60	3.12	9.26	11.93	8.85	-
	Average Inventory Turnover Days		19.71	28.81	57.94	46.62	61.04	-
	Property, Plant and Equipment Turnover (Times)		3.11	2.04	2.20	4.13	3.97	-
	Total Assets Turnover (Times)		0.60	0.33	0.48	0.90	0.79	-
Profitability	Return on Total Assets (%)		(39.01)	(12.86)	2.49	2.25	4.50	-
	Return on Equity (%)		(87.08)	(35.57)	3.56	3.35	7.17	-
	Net Income before Income Tax to Paid-in Capital Ratio (%)		(123.31)	(24.50)	3.10	3.03	6.90	-
	Net Margin (%)		(66.04)	(42.00)	3.49	1.92	5.08	-
	Earnings per Share (NT$)	Before Retrospective Adjustment	(12.61)	(2.44)	0.31	0.30	0.73	-
		After Retrospective Adjustment	(19.20)	(3.72)	0.31	0.30	0.73	-
Cash Flow	Cash Flow Ratio (%)		(19.54)	(34.41)	3.29	20.19	3.72	-
	Cash Flow Adequacy Ratio (%)		154.61	174.31	118.65	(76.26)	(62.49)	-
	Cash Flow Reinvestment Ratio (%)		(4.07)	(7.10)	0.47	2.61	0.32	-
Leverage	Operating Leverage		(1.24)	(2.55)	(13.90)	47.92	10.89	-
	Financial Leverage		0.94	0.86	0.61	2.80	1.24	-

Explanations for ratios varying by over 20% year-over-year are as follows:

1. The decrease in current ratio and quick ratio: Mainly due to the acquisition of investments accounted for under the equity method in 2022 which led to a decrease in bank deposits. Also, current portion of long-term liabilities increased.
2. The increase in times interest earned: Mainly due to profit growth in 2022.
3. The decrease in average collection turnover and increase in days sales outstanding: Mainly due to an increase in receivables at the end of 2022.
4. The decrease in inventory turnover and increase in average inventory turnover days: Mainly due to an increase in inventory in 2022.
5. The decrease in average payment turnover: Mainly due to an increase in payables at the end of 2022.
6. The increase in return on total assets, return on equity, net income before income tax to paid-in capital ratio, net margin and earnings per share: Mainly due to profit growth in 2022.
7. The decrease in cash flow ratio: Mainly due to an increase in current portion of long-term liabilities in 2022.
8. The decrease in cash flow reinvestment ratio: Mainly due to a decrease in net cash inflows from operating activities.
9. The decrease in operating leverage and financial leverage: Mainly due to an increase in receivables at the end of 2022.

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Note 2: Before the date of the annual report, if audited or reviewed financial data for the most recent period become available, public company whose stock is listed on the TWSE or traded on the TPEx shall disclose such information.

Note 3: Financial analysis is based on the following formulas:

A. Financial Structure
  (a) Debt Ratio = Total Liabilities / Total Assets
  (b) Long-term Fund to Property, Plant and Equipment Ratio = (Equity + Long-term Loans) / Net Property, Plant and Equipment

B. Liquidity Analysis
  (a) Current Ratio = Current Assets / Current Liabilities
  (d) Quick Ratio = (Current Assets - Inventories - Prepayments - Non-current Asset Held for Sale) / Current Liabilities
  (c) Times Interest Earned = Income before Interest and Taxes / Interest Expenses

C. Operating Performance
  (a) Average Collection Turnover (includes accounts receivable and notes receivable from operations) = Net Revenue / Average Trade Receivables (includes accounts receivable and notes receivable from operations)
  (b) Days Sales Outstanding = 365 / Average Collection Turnover
  (c) Inventory Turnover = Cost of Revenue / Average Inventory
  (d) Average Payment Turnover (includes accounts payable and notes payable from operations) = Cost of Revenue / Average Trade Payables (includes accounts payable and notes payable from operations)
  (e) Average Inventory Turnover Days = 365 / Inventory Turnover
  (f) Property, Plant and Equipment Turnover = Net Revenue / Average Net Property, Plant and Equipment
  (g) Total Assets Turnover = Net Revenue / Average Total Assets

D. Profitability Analysis
  (a) Return on Total Assets = (Net Income (Loss) + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
  (b) Return on Equity = Net Income (Loss) / Average Equity
  (c) Net Income before Income Tax to Paid-in Capital Ratio = Income before Income Tax / Paid-in Capital
  (d) Net Margin = Net Income (Loss) / Net Revenue
  (e) Earnings Per Share = (Net income attributable to Owners of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

E. Cash Flow
  (a) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
  (b) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
  (c) Cash Flow Reinvestment Ratio = (Net Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Non-current Assets + Working Capital)

F. Leverage
  (a) Operating Leverage = (Net Revenue - Variable Cost and Expenses) / Operating Income
  (b) Financial Leverage = Operating Income / (Operating Income - Interest Expenses)

3. Audit Committee's Review Report for 2022:

Motech Industries Inc.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 operation report, financial statements and earnings distribution proposal. Certified Public Accountants of KPMG, Mr. Ming-Hung Huang and Mr. Chia-Chien Tang, were retained by the Board to audit the financial statements and they have issued an audit report. The above-mentioned operation report, financial statements, and earnings distribution proposal have been reviewed and determined to be correct and accurate by us. Thus, according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To

The 2023 Annual Shareholders' Meeting

Convener of the Audit Committee: Kin-Tsau Lee

March 9, 2023

4. Audited Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021:

Representation Letter

The entities that are required to be included in the combined financial statements of Motech Industries Inc. as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Motech Industries Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Motech Industries Inc.
Chairman: Yung-Hui Tseng
Date: March 9, 2023

KPMG
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Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit on the current consolidated financial statements, whose context has been addressed as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the details described below to be our key audit matter:

Inventory valuation

Please refer to Note 4(h) "Inventories" for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of inventory, and Note 6(e) for the disclosure of valuation of inventory to the financial statements.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. Due to the technology changes rapidly, the inventory may not conform to market demand, resulting in a significant impact on market demand, which may lead to product obsolescence that will affect the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures included: examining the inventory aging report; analyzing the variation in inventories and evaluating the selling price used for the Group's inventory valuation, then subsequently assessing the changes on fair value of the inventories; selecting samples to test the reasonableness of the net realizable values by comparing them to the original documents; as well as considering the adequacy of the Group's disclosure in this area.

Other Matter

The Company has prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Chia-Chien Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2023

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 3,141,347	33	2,580,611	30
1136	Current financial assets at amortised cost (note 6(a))	4,000	-	8,152	-
1170	Notes and accounts receivable, net (notes 6(c) and 6(v))	742,843	8	540,436	6
1200	Other receivables (note 6(d))	7,294	-	53,559	1
1220	Current tax assets	633	-	592	-
130x	Inventories (note 6(e))	941,721	10	775,385	9
1410	Prepayments (note 6(k))	14,484	-	35,812	-
1476	Other current financial assets (note 8)	1,122,820	11	1,164,507	13
1479	Other current assets (note 6(k))	89,650	1	150,527	2
	Total current assets	6,064,792	63	5,309,581	61
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	-	-	45,175	-
1535	Non-current financial assets at amortised cost (note 6(a))	370	-	-	-
1550	Investments accounted for using equity method (note 6(f))	247,511	3	140,523	2
1600	Property, plant and equipment (notes 6(h) and 8)	2,668,184	28	2,648,623	30
1755	Right-of-use assets (note 6(i))	355,266	4	148,611	2
1780	Intangible assets (note 6(j))	622	-	2,012	-
1840	Deferred tax assets (note 6(r))	66,055	1	62,702	1
1980	Other non-current financial assets (note 8)	28,887	-	27,094	-
1990	Other non-current assets (notes 6(k), 6(q) and 8)	137,550	1	348,896	4
	Total non-current assets	3,504,445	37	3,423,636	39
	Total assets	$ 9,569,237	100	8,733,217	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(m))	$ 200,000	2	130,000	1
2110	Short-term notes and bills payable (notes 6(l) and 6(ab))	-	-	159,954	2
2130	Current contract liabilities (note 6(v))	70,117	1	77,436	1
2170	Notes and accounts payable	1,574,130	16	1,703,885	20
2200	Other payables (notes 6(w) and 6(ab))	345,551	4	268,723	3
2230	Current tax liabilities	475	-	4,548	-
2250	Current provisions (note 6(p))	38,775	-	34,019	-
2280	Current lease liabilities (notes 6(o) and 6(ab))	130,416	1	12,834	-
2320	Long-term borrowings, current portion (notes 6(n), 6(ab) and 8)	1,503,394	16	308,888	4
2399	Other current liabilities (note 8)	82,258	1	107,823	1
	Total current liabilities	3,945,116	41	2,808,110	32
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(n), 6(ab) and 8)	932,290	10	2,342,248	27
2550	Non-current provisions (note 6(p))	125,535	1	114,611	1
2570	Deferred tax liabilities (note 6(r))	67,603	1	63,011	1
2580	Non-current lease liabilities (notes 6(o) and 6(ab))	163,458	2	115,830	1
2600	Other non-current liabilities (note 6(ab))	3,195	-	3,110	-
	Total non-current liabilities	1,292,081	14	2,638,810	30
2xxx	**Total liabilities**	5,237,197	55	5,446,920	62
	Equity				
31xx	**Equity attributable to owners of parent (notes 6(b), 6(f), 6(q), 6(r), 6(s) and 6(t)):**				
3100	Ordinary share	3,870,419	40	3,550,419	41
3200	Capital surplus	540,694	6	25,348	-
3310	Legal reserve	21,764	-	11,081	-
3320	Special reserve	28,723	-	-	-
3350	Unappropriated retained earnings	299,601	3	135,553	2
3400	Other equity interest	(506,296)	(5)	(508,652)	(6)
31xx	**Total equity attributable to owners of parent**	4,254,905	44	3,213,749	37
36xx	Non-controlling interests	77,135	1	72,548	1
3xxx	**Total equity**	4,332,040	45	3,286,297	38
	Total liabilities and equity	$ 9,569,237	100	8,733,217	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Common Share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Net operating revenue (notes 6(v) and 7)**	5,359,978	100	5,872,989	100
5000	**Total operating costs (notes 6(e), 6(h), 6(i), 6(j), 6(o), 6(p), 6(q), 6(t) and 6(w))**	(4,666,071)	(87)	(5,322,244)	(91)
5900	**Gross profit from operations**	693,907	13	550,745	9
6000	**Operating expenses (notes 6(c), 6(h), 6(i), 6(j), 6(o), 6(q), 6(t), 6(w) and 7):**				
6100	Selling expenses	(86,108)	(2)	(102,129)	(1)
6200	Administrative expenses	(252,238)	(5)	(229,769)	(4)
6300	Research and development expenses	(52,366)	(1)	(51,321)	(1)
6450	Impairment gain and reversal of impairment loss	33,500	1	831	-
	Total operating expenses	(357,212)	(7)	(382,388)	(6)
6900	**Net operating profit**	336,695	6	168,357	3
	Non-operating income and expenses (notes 6(f), 6(g), 6(h), 6(o) and 6(x)):				
7100	Interest income	48,405	1	28,687	-
7010	Other income	5,539	-	4,195	-
7020	Other gains and losses	(74,439)	(1)	(50,693)	-
7050	Finance costs	(61,875)	(1)	(60,318)	(1)
7060	Share of profit of associates for using equity method	21,609	-	26,150	-
	Total non-operating income and expenses	(60,761)	(1)	(51,979)	(1)
7900	**Profit before tax**	275,934	5	116,378	2
7950	Tax expenses (note 6(r))	(3,617)	-	(9,099)	-
8200	**Net profit**	272,317	5	107,279	2
8300	**Other comprehensive income (notes 6(f), 6(q), 6(r) and 6(s)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	6,194	-	109	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(11,050)	-	12,675	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,184)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,239)	-	(22)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(7,279)	-	12,762	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	17,634	-	(3,620)	-
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	21	-	(23)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	17,655	-	(3,643)	-
8300	**Other comprehensive income**	10,376	-	9,119	-
8500	**Total comprehensive income**	$ 282,693	5	116,398	2
	Profit attributable to:				
8610	Owners of parent	$ 267,882	5	106,743	2
8620	Non-controlling interests	4,435	-	536	-
		$ 272,317	5	107,279	2
	Comprehensive income attributable to:				
8710	Owners of parent	$ 276,818	5	116,195	2
8720	Non-controlling interests	5,875	-	203	-
		$ 282,693	5	116,398	2
	Earnings per share (expressed in New Taiwan Dollars) (note 6(u))				
9750	**Basic earnings per share**	$ 0.73		0.30	
9850	**Diluted earnings per share**	$ 0.73		0.30	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
						Other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent	Non-controllin g interests	Total equity
Balance at January 1, 2021	$ 3,550,419	25,252	-	-	110,812	(518,017)	-	(518,017)	3,168,466	73,599	3,242,065
Net profit for the year ended December 31, 2021	-	-	-	-	106,743	-	-	-	106,743	536	107,279
Other comprehensive income	-	-	-	-	87	(3,310)	12,675	9,365	9,452	(333)	9,119
Total comprehensive income	-	-	-	-	106,830	(3,310)	12,675	9,365	116,195	203	116,398
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	11,081	-	(11,081)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(71,008)	-	-	-	(71,008)	-	(71,008)
Changes in equity of associates accounted for using equity method	-	7	-	-	-	-	-	-	7	-	7
Other changes in capital surplus	-	89	-	-	-	-	-	-	89	-	89
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,254)	(1,254)
Balance at December 31, 2021	3,550,419	25,348	11,081	-	135,553	(521,327)	12,675	(508,652)	3,213,749	72,548	3,286,297
Net Profit for the year ended December 31, 2022	-	-	-	-	267,882	-	-	-	267,882	4,435	272,317
Other comprehensive income	-	-	-	-	4,955	16,215	(12,234)	3,981	8,936	1,440	10,376
Total comprehensive income	-	-	-	-	272,837	16,215	(12,234)	3,981	276,818	5,875	282,693
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	10,683	-	(10,683)	-	-	-	-	-	-
Special reserve	-	-	-	28,723	(28,723)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(71,008)	-	-	-	(71,008)	-	(71,008)
Changes in equity of associates accounted for using equity method	-	107,795	-	-	-	-	-	-	107,795	-	107,795
Proceeds from issuing ordinary shares	320,000	396,061	-	-	-	-	-	-	716,061	-	716,061
Share-based payments	-	11,490	-	-	-	-	-	-	11,490	-	11,490
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(1,288)	(1,288)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	1,625	-	(1,625)	(1,625)	-	-	-
Balance at December 31, 2022	**$ 3,870,419**	**540,694**	**21,764**	**28,723**	**299,601**	**(505,112)**	**(1,184)**	**(506,296)**	**4,254,905**	**77,135**	**4,332,040**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	$ 275,934	116,378
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	276,061	299,296
Amortization expense	1,860	2,437
Impairment gain and reversal of impairment loss	(33,500)	(831)
Interest expense	61,875	60,318
Interest income	(48,405)	(28,687)
Share-based payments	11,490	-
Share of profit of associates accounted for using equity method	(21,609)	(26,150)
Loss on disposal of property, plant and equipment	7,339	371
Prepayments for business facilities transferred to expenses	-	61
Gain on disposal of investments	-	(121)
Impairment loss on non-financial assets	97,944	81,997
Gains on lease modifications	(195)	-
Total adjustments to reconcile profit	352,860	388,691
Changes in operating assets:		
Notes and accounts receivable	(202,227)	(27,814)
Other receivables	47,973	(44,094)
Inventories	(171,834)	(52,752)
Prepaid expenses	(2,305)	822
Prepayments to suppliers	23,782	47,423
Other current assets	64,331	46,427
Defined benefit assets	(319)	(318)
Other non-current assets	208,036	-
Total changes in operating assets	(32,563)	(30,306)
Changes in operating liabilities:		
Contract liabilities	(7,375)	24,220
Notes and accounts payable	(150,866)	1,039,734
Other payables	5,299	26,849
Provisions	12,587	9,943
Other current liabilities	6,986	(8,094)
Refund liabilities	-	(939)
Total changes in operating liabilities	(133,369)	1,091,713
Total changes in operating assets and liabilities	(165,932)	1,061,407
Cash inflow generated from operations	462,862	1,566,476
Income taxes paid	(7,731)	(12,280)
Net cash flows from operating activities	455,131	1,554,196
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(32,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	34,125	-
Acquisition of financial assets at amortized cost	-	(8,152)
Proceeds from disposal of financial assets at amortised cost	3,782	-
Acquisition of property, plant and equipment	(302,441)	(222,731)
Proceeds from disposal of property, plant and equipment	6,082	242
Increase in receipts in advance due to disposal of assets	-	13,090
Decrease (increase) in refundable deposits	4,009	(24,350)
Acquisition of intangible assets	(470)	(200)
Acquisition of right-of-use assets	-	(1,711)
Decrease (increase) in other financial assets	58,274	(928,677)
Increase in prepayments for business facilities	(8,563)	(19,365)
Interest received	47,206	27,788
Dividends received	21,253	4,172
Net cash used in investing activities	(136,743)	(1,192,394)
Cash flows from (used in) financing activities:		
Proceeds from short-term loans	854,612	770,000
Repayments of short-term loans	(784,612)	(940,000)
Proceeds from short-term notes and bills payable	310,000	410,000
Repayments of short-term notes and bills payable	(470,000)	(250,000)
Proceeds from long-term borrowings	157,692	329,317
Repayments of long-term borrowings	(375,664)	(298,349)
Increase (decrease) in guarantee deposits received	85	(460)
Payment of lease liabilities	(66,594)	(13,386)
Cash dividends paid	(71,008)	(71,008)
Proceeds from issuing ordinary shares	716,061	-
Interest paid	(57,522)	(57,838)
Change in non-controlling interests	(1,288)	(1,254)
Other financing activities	-	89
Net cash flows from (used in) financing activities	211,762	(122,889)
Effect of exchange rate changes on cash and cash equivalents	30,586	(1,482)
Net increase (decrease) in cash and cash equivalents	560,736	237,431
Cash and cash equivalents at beginning of period	2,580,611	2,343,180
Cash and cash equivalents at end of period	$ 3,141,347	2,580,611

See accompanying notes to consolidated financial statements.

(1) Company history

MOTECH Industries Inc. (the Company) was incorporated on June 3, 1981, as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of the Company's registered office is 6F, No. 248, Sec. 3, Pei-Shen Rd., Shen-Keng Dist., New Taipei City 222, Taiwan. The Company and its subsidiaries (the Group) 's major operating activities are the manufacturing, marketing, and sale of solar cells, solar modules, and photovoltaic inverters, the marketing, design, and installation of solar electricity systems, and solar power generation.

(2) Approval date and procedures of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on March 9, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements.

(4) Summary of significant accounting policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as “IFRSs endorsed by FSC”).

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial assets at fair value through other comprehensive income are measured at fair value;

2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (TWD), which is the Company's functional currency. Except for those specifically indicates, all financial information presented in TWD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(Continued)

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**	**Note**
The Company	Power Islands Limited (Power Islands)	Holding company	100%	100%	
The Company	Teco-Motech Co., Ltd. (Teco-Motech)	Solar power generation and selling	60%	60%	
The Company	Motech Power One Co., Ltd. (MPO)	Solar power generation and selling	100%	100%	
The Company	Motech Power Gamma Co., Ltd (MPG)	Solar power generation and selling	100%	100%	
The Company	Motech Power Beta Co., Ltd (MPB)	Solar power generation and selling	100%	100%	
The Company	Motech Power Zeta Co., Ltd (MPZ)	Solar power generation and selling	100%	100%	
Power Islands	Motech (Suzhou) Renewable Energy Co., Ltd. (SNE)	Manufacturing and processing, solar cell and solar modules	95.39%	95.39%	
Power Islands	Cheer View Investment Limited (Cheer View)	Holding company	100%	100%	
Power Islands	Noble Town Holdings Co., Ltd. (Noble Town)	Holding company	-	- %	(Note 1)
SNE	Motech (Xuzhou) Renewable Energy Co., Ltd. (XNE)	Manufacturing and processing solar cells	-	- %	(Note 2)
SNE	Motech (Ma-Anshan) Renewable Energy Co., Ltd. (MAS)	Manufacturing and processing, solar cells and solar modules	100%	100%	
SNE	Motech (Maanshan) Energy Technologies Co. (MASE)	Manufacturing and processing, solar wafer and solar cells	100%	100%	

Note 1: On January 21, 2021, the Board of Directors decided to dissolve Noble Town. The remaining capital investment had been recovered by Power Island in January 2021, and the related liquidation procedures had been completed.

Note 2: On January 20, 2020 the Board of Directors decided to dissolve XNE. The remaining capital investment had been recovered by SNE in April 2021, and the related liquidation procedures had been completed.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(Continued)

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of that date. The foreign currency gains or losses on monetary items are the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transactions.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which is recognized in other comprehensive income.

(i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollars (which was expressed in reporting currency) at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to New Taiwan Dollars (which was expressed in reporting currency) at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting date; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Time deposits, in conformity with the aforementioned definition, that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash equivalents.

(g) Financial instruments

Accounts receivable is initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: financial assets measured at amortized cost and Fair value through other comprehensive income – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(Continued)

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits and other financial assets) and contract assets.

Loss allowance for notes and accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost except for notes and accounts receivable and other receivables, are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or canceled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs and the present value of decommissioning costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(Continued)

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 7 to 51 years

2) Machinery and equipment: 1 to 10 years

3) Other equipment (Power station): 20 years

4) Office and other equipment: 1 to 20 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;
- there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;
- there is a change in the assessment on lease term as to whether it will be extended or terminated; and
- the modifications of the lease underlying asset, scope or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including office and other equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income'.

(l) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The intangible assets of the Group are computer software, the estimated useful life are 1 to 6 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(Continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provision

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Decommissioning

The Group follows the policy of Bureau of Energy, Ministry of Economic Affairs, accruing the module recycle fee based on the size of the power station, and recognize as provision by the present value of decommissioning costs.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(Continued)

1) Goods sold

The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of the Group is made with a credit term of 30 days to 90 days, which is consistent with the market practice.

The Group's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(p).

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Engineering contracts

The Group enters into contracts to build solar power stations. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

(Continued)

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

3) Power electric revenue

The Group recognized its power electric revenue based on the actual electric units and electric rate.

4) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

(Continued)

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that was not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(p) Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants shall not be recognized until there is reasonable assurance.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheets either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. The Group recognizes government grants as deducts the grant in arriving at the carrying amount of the asset on a systematic and rational basis over the useful life of the asset.

Government grants related to income are presented as a credit in the statement of comprehensive income, they are deducted in reporting the related expense. If there is no related expense, they are recorded under a general heading such as ‘Other gain'.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

(Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are accrued when the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee. A liability is recognized when the obligation can be estimated reliably.

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an remuneration cost is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of award that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and reach employee stock options issued number of a new award.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

(Continued)

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences in the initial recognition of assets and liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

  1) the same taxable entity; or

  2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per share (EPS)

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is caculated as the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is caculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(u) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Judgment regarding control of subsidiaries

The Group holds 40% outstanding voting shares of TECO Sun Energy Co., Ltd. (“TECO Sun Energy”), and is the largest shareholder of the investee. The remaining shares of TECO Sun Energy are concentrated within specific shareholders, wherein the Group cannot obtain more than half of the total number of directors' seats, and voting rights at a shareholders' meeting, of TECO Sun Energy. However, it is determined that the Group has significant influence on, but has no control over, TECO Sun Energy.

(b) Judgment of whether the Group has significant influence on its investee

The Group holds 18.72% outstanding voting shares of Inergy Technology Inc. (“Inergy”). However, since the Group still holds two out of nine seats of Inergy's board, it has significant influence over Inergy's financial and operating activities.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(Continued)

The Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

The accounting policy and disclosure of the Group include measuring the financial and non-financial assets and financial liabilities at fair value. The accounting department of the Group uses information of external information to make the evaluation result agreeable to the market status and to ensure that the data resources are independent, reliable and consistent with the other resources. The accounting department of the Group regularly revises the input parameters, makes retrospective review and makes essential adjustments of evaluation models to ensure that the evaluation results is reasonable.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

-Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash	$ 620	694
Demand and check deposits	1,501,071	1,690,737
Time deposits	1,579,656	799,180
Cash equivalents (investments in bonds sold under repurchase agreement)	60,000	90,000
	$ 3,141,347	2,580,611

Time deposits of the Group with a deposit period of more than three months, which were recognized as financial assets measured at amortized cost were as follows:

	December 31, 2022	December 31, 2021
Current financial assets at amortized cost	$ 4,000	8,152
Non-current financial assets at amortized cost	370	-
	$ 4,370	8,152

(Continued)

(b) Financial assets at fair value through other comprehensive income

		December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income			
Unlisted companies	$	-	45,175

(i) Equity investments at fair value through other comprehensive income

These equity instrument investments held by the Group are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive gains and losses.

In June 2022, the Group has sold its shares held in the unlisted company as a result of an investment strategy. The shares sold had a fair value of $34,125 and the Group recognized a gain of $1,625, which is already included in other comprehensive income and the gain has been transferred to retained earnings. The Group did not dispose of strategic investments from January 1 to December 31, 2021, and the accumulated profits and losses during this period were not transferred in equity.

(ii) The Group's Financial assets at fair value through other comprehensive income were not pledged as collateral. Please refer to note 6(y).

(c) Notes and accounts receivable

		December 31, 2022	December 31, 2021
Notes receivable	$	18,149	13,095
Accounts receivable		724,694	560,841
Subtotal		742,843	573,936
Less: loss allowance		-	(33,500)
	$	742,843	540,436

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provisions were determined as follows:

(Continued)

In Taiwan and other areas:

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 703,077	0%	-
Past due 1~90 days	20,971	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%	-
Past due 151~180 days	-	0%~24.15%	-
Past due more than 181 days	-	100%	-
	724,048		-

In China:

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 18,149	0%	-
Past due 1~90 days	646	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%	-
Past due 151~180 days	-	0%	-
Past due more than 181 days	-	100%	-
	18,795		-
Total	$ 742,843		-

In Taiwan and other areas:

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 525,364	0%	-
Past due 1~90 days	2,059	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	201	0%	-
Past due 151~180 days	-	0%~35.97%	-
Past due more than 181 days	33,500	100%	33,500
	561,124		33,500

(Continued)

In China:

	December 31, 2021		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 12,812	0%	-
Past due 1~90 days	-	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%	-
Past due 151~180 days	-	55.06%	-
Past due more than 181 days	-	100%	-
	12,812		-
Total	**$ 573,936**		**33,500**

The movements in the allowance for notes and accounts receivable were as follows:

	2022	**2021**
Beginning balance	$ 33,500	40,957
Impairment loss reversed	(33,500)	(4,303)
Amounts written off	-	(3,122)
Effect on changes in foreign exchange rates	-	(32)
Ending balance	**$ -**	**33,500**

At the reporting date, there was no pledge for notes and accounts receivable. Please refer to note 6(y) for further credit risk information.

(d) Other receivables

	December 31, 2022	**December 31, 2021**
Other receivables	$ 10,810	57,022
Other receivables－government grants	3,460	3,406
Subtotal	14,270	60,428
Less: loss allowance	(6,976)	(6,869)
	$ 7,294	**53,559**

(Continued)

The movements in the allowance for other receivables were as follows:

	2022	2021
Beginning balance	$ 6,869	3,418
Impairment loss recongized	-	3,472
Effect on changes in foreign exchange rates	107	(21)
Ending balance	$ 6,976	6,869

At the reporting date, there was no pledge for other receivables. Please refer to note 6(y) for further credit risk information.

(e) Inventories

(i) The components were as follows:

	December 31, 2022	December 31, 2021
Finished goods	$ 576,752	283,552
Work in progress	127,094	137,563
Raw materials and supplies	206,324	238,947
Merchandise	14	673
Raw materials in transit	31,537	114,650
	$ 941,721	775,385

(ii) Except for cost of goods sold and other remaining gains or losses which were included in operating cost or deduction of operating cost were as follows:

	2022	2021
Losses (gains) on valuation of inventories and obsolescence	$ 33,784	(29,765)
Unallocated production overheads	67,771	77,234
Scrap income	(2,331)	(1,731)
	$ 99,224	45,738

The aforementioned gains on reversal valuation of inventories were due to inventories, which had been recognized loss on valuation, had been sold.

At the reporting date, the inventories were not pledged.

(Continued)

(f) Investments accounted for using equity method

(i) Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the consolidated financial statements of the Group.

	December 31, 2022	December 31, 2021
Total equity of the individually insignificant investments in associates	$ 247,511	140,523

	2022	2021
Attributable to the Group:		
Net profit from continuing operations	$ 21,609	26,150
Other comprehensive income	(1,163)	(23)
Total comprehensive income	$ 20,446	26,127

(ii) Cash subscription by associates, wherein the Group failed to subscribe proportionately in accordance with its shareholding percentage

Inergy, which the Group invested in using equity method, issued new shares by cash in the first quarter of 2022, wherein the Group failed to subscribe proportionately, resulting in the Group’ s shareholding percentage in Inergy to decrease from 21.06% to 18.72%, amounting to $107,795, recognized as capital surplus. There was no such transaction for the year ended December 31, 2021.

(iii) At the reporting date, the investments accounted for using the equity method were not pledged.

(g) Changes in a parent's ownership interest in a subsidiary

In January 2021, the Group decided to dissolve Noble Town, in the Group to recognize the remaining capital investment of $121 as gain on disposal of investments under other gains and losses in January 2021.

(h) Property, plant and equipment

(i) The movements were as follows:

	Land	Building and structure	Machinery and equipment	Other equipment (Power station)	Office and other equipment	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:							
Beginning balance at January 1, 2022	$ 17,905	1,026,022	3,079,068	1,304,517	1,542,924	245,747	7,216,183
Additions	-	-	173,217	60,278	81,784	58,617	373,896
Reclassification	-	-	16,512	43,856	6,705	(62,239)	4,834
Disposals	-	-	(369,217)	-	(46,362)	-	(415,579)
Effect on movements in exchange rate	-	-	13,792	-	3,384	1,591	18,767
Balance at December 31, 2022	$ 17,905	1,026,022	2,913,372	1,408,651	1,588,435	243,716	7,198,101

(Continued)

		Land	Building and structure	Machinery and equipment	Other equipment (Power station)	Office and other equipment	Unfinished construction and equipment under acceptance	Total
Beginning balance at January 1, 2021	$	17,905	1,026,831	3,106,562	1,287,941	1,540,119	113,084	7,092,442
Additions		-	-	16,217	14,271	14,743	137,960	183,191
Reclassification		-	-	22,080	2,305	3,307	(4,944)	22,748
Disposals		-	(809)	(62,765)	-	(14,495)	-	(78,069)
Effect on movements in exchange rate		-	-	(3,026)	-	(750)	(353)	(4,129)
Balance at December 31, 2021	$	17,905	1,026,022	3,079,068	1,304,517	1,542,924	245,747	7,216,183
Depreciation and impairment loss:								
Beginning balance at January 1, 2022	$	-	284,485	2,564,175	215,833	1,445,095	57,972	4,567,560
Depreciation expense		-	20,428	110,721	78,793	40,775	-	250,717
Impairment loss		-	-	94,697	-	3,247	-	97,944
Disposals		-	-	(355,865)	-	(46,293)	-	(402,158)
Effect on changes in exchange rate		-	-	11,807	-	3,142	905	15,854
Balance at December 31, 2022	$	-	304,913	2,425,535	294,626	1,445,966	58,877	4,529,917
Beginning balance at January 1, 2021	$	-	264,721	2,408,197	140,954	1,411,096	58,174	4,283,142
Depreciation expense		-	20,506	138,797	74,879	48,865	-	283,047
Impairment loss		-	-	81,997	-	-	-	81,997
Disposals		-	(742)	(62,503)	-	(14,211)	-	(77,456)
Effect on changes in exchange rate		-	-	(2,313)	-	(655)	(202)	(3,170)
Balance at December 31, 2021	$	-	284,485	2,564,175	215,833	1,445,095	57,972	4,567,560
Carrying amounts:								
Balance at December 31, 2022	$	17,905	721,109	487,837	1,114,025	142,469	184,839	2,668,184
Balance at January 1, 2021	$	17,905	762,110	698,365	1,146,987	129,023	54,910	2,809,300
Balance at December 31, 2021	$	17,905	741,537	514,893	1,088,684	97,829	187,775	2,648,623

(ii) In response to the changes in the supply and demand of the market, the Group had decided to adjust its device configuration and suspend some of its machinery and other equipment of solar division in 2022 and 2021. The Group recognized the impairment loss of $97,944 and $81,997, respectively, which were recorded under other gains and losses ─ impairment loss on non-financial assets.

(iii) The Group had performed an impairment test as of December 31, 2019 because there were indications that the assets might be impaired. Due to the operating results in 2021, which showed that the impairment loss recognized for those individual assets may have decreased, the Group performed an impairment test as of December 31, 2021. After performing the impairment test, the carry amount of CGU to which they belonged was not lower than the recoverable amount (value in use). As of December 31, 2021, the key assumptions used in the estimation of value in use were the discount rate of 6.76%, the average growth rate (sales volume) of (0.80)%, the average growth rate (average selling price) of (0.74)%, and the average growth rate (unit cost) of (0.40)%.

(Continued)

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of generally investing in equities and the systemic risk of the specific CGU. Budgeted earnings before interest, taxes, depreciation and amortization (“EBITDA”) were based on expectations of future outcomes considering the past experience, adjusted for the anticipated revenue growth. Revenue estimation was projected considering the operating results in the previous year and the estimation of the Group's own production capacity based on the future annual business plan approved by the management. The sales volume in the future was estimated to grow steadily, but the sales price was easily affected by the industry boom and fluctuates.

(iv) As of December 31, 2022 and 2021, the Group had received in advance the amounts of $70,522 and $69,640, respectively, recorded under other current liabilities, for the expected disposal on its property, plant and equipment.

(v) The reclassification was mainly for transfer of prepayments for business facilities and inventories.

(vi) As of December 31, 2022 and 2021, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(i) Right-of-use assets

The Group leases many assets, including land, buildings and structures, machinery and other equipment. Information about leases for which the Group as a lessee and the deferred income of government grants was presented below:

		Land	Buildings and structures	Machinery	Other equipment	Total
Cost:						
Beginning balance at January 1, 2022	$	102,588	563,286	981	722,511	1,389,366
Additions		4,209	228,293	-	-	232,502
Decrease		(325)	-	(981)	-	(1,306)
Effect on movements in exchange rates		-	7,393	-	11,273	18,666
Balance at December 31, 2022	$	106,472	798,972	-	733,784	1,639,228
Beginning balance at January 1, 2021	$	100,877	564,933	-	728,022	1,393,832
Additions		1,711	-	981	-	2,692
Decrease		-	-	-	(3,001)	(3,001)
Effect on movements in exchange rates		-	(1,647)	-	(2,510)	(4,157)
Balance at December 31, 2021	$	102,588	563,286	981	722,511	1,389,366

(Continued)

		Land	Buildings and structures	Machinery	Other equipment	Total
Accumulated depreciation:						
Beginning balance at January 1, 2022	$	32,385	210,158	491	302,446	545,480
Depreciation expense		11,950	80,548	163	102,749	195,410
Decrease		(149)	-	(654)	-	(803)
Effect on movements in exchange rates		-	2,862	-	4,359	7,221
Balance at December 31, 2022	$	44,186	293,568	-	409,554	747,308
Beginning balance at January 1, 2021	$	21,504	140,024	-	204,999	366,527
Depreciation expense		10,881	70,531	491	101,052	182,955
Decrease		-	-	-	(3,001)	(3,001)
Effect on movements in exchange rates		-	(397)	-	(604)	(1,001)
Balance at December 31, 2021	$	32,385	210,158	491	302,446	545,480
Deferred income of government grants:						
Beginning balance at January 1, 2022	$	-	473,362	-	722,511	1,195,873
Effect on movements in exchange rates		-	7,386	-	11,273	18,659
Balance at December 31, 2022	$	-	480,748	-	733,784	1,214,532
Beginning balance at January 1, 2021	$	-	475,007	-	725,022	1,200,029
Effect on movements in exchange rates		-	(1,645)	-	(2,511)	(4,156)
Balance at December 31, 2021	$	-	473,362	-	722,511	1,195,873
Accumulated amortization of deferred income of government grant:						
Beginning balance at January 1, 2022	$	-	198,152	-	302,446	500,598
Amortization (for subtraction of depreciation)		-	67,317	-	102,749	170,066
Effect on movements in exchange rates		-	2,855	-	4,359	7,214
Balance at December 31, 2022	$	-	268,324	-	409,554	677,878
Beginning balance at January 1, 2021	$	-	132,560	-	202,332	334,892
Amortization (for subtraction of depreciation)		-	65,987	-	100,719	166,706
Effect on movements in exchange rates		-	(395)	-	(605)	(1,000)
Balance at December 31, 2021	$	-	198,152	-	302,446	500,598
Carrying amount:						
Balance at December 31, 2022	$	62,286	292,980	-	-	355,266
Balance at January 1, 2021	$	79,373	82,462	-	333	162,168
Balance at December 31, 2021	$	70,203	77,918	490	-	148,611

The Group leases land and buildings for its office use, operation space and installation location of PV power stations, with lease terms ranging from 1 to 20 years. The Group also leases machinery and other equipment, with lease terms ranging from 1 to 10 years.

(Continued)

(j) Intangible assets

(i) The movements were as follows:

		Computer software
Costs:		
Beginning balance at January 1, 2022	$	9,709
Additions		470
Disposals		(200)
Balance as of December 31, 2022	**$**	**9,979**
Beginning balance at January 1, 2021	$	45,273
Additions		200
Disposals		(35,612)
Effect on movements in exchange rates		(152)
Balance at December 31, 2021	**$**	**9,709**
Amortization and impairment loss:		
Beginning balance at January 1, 2022	$	7,697
Amortization expense		1,860
Disposals		(200)
Balance at December 31, 2022	**$**	**9,357**
Beginning balance at January 1, 2021	$	41,024
Amortization expense		2,437
Disposals		(35,612)
Effect on movements in exchange rates		(152)
Balance at December 31, 2021	**$**	**7,697**
Carrying amounts:		
Balance at December 31, 2022	**$**	**622**
Balance at January 1, 2021	**$**	**4,249**
Balance at December 31, 2021	**$**	**2,012**

(ii) Amortization expense

The amortization expenses of intangible assets were included in the statement of comprehensive income as follows:

		2022	2021
Operating costs	$	354	354
Operating expenses		1,506	2,083
	$	**1,860**	**5,962**

(iii) Collateral

At the reporting date, the intangible assets were not pledged.

(Continued)

(k) Prepayments, other current and other non-current assets

(i) The components of prepayments were as follows:

		December 31, 2022	December 31, 2021
Prepaid expenses	$	10,196	7,857
Prepayments to suppliers		4,288	27,955
	$	14,484	35,812

(ii) The components of other current assets and other non-current assets were as follows:

		December 31, 2022	December 31, 2021
Excess business tax paid	$	68,665	144,865
Other		20,985	5,662
Other current assets	$	89,650	150,527
Prepayments for business facilities	$	9,648	19,377
Refundable deposits		68,645	72,652
Net defined benefit assets		59,257	52,744
Excess business tax paid		-	204,123
Other non-current assets	$	137,550	348,896

(iii) At the reporting date, the other current assets and other non-current assets were not pledged.

(l) Short-term notes and bills payable

	December 31, 2021			
	Guarantee or acceptance institution	Range of annual interest rates (%)		Amount
Commercial paper payable	International Bills Finance C	1.288%~1.488%	$	160,000
Less: discount on short-term notes and bills payable				(46)
Total			$	159,954

There was no such transaction for the year ended December 31, 2022.

(i) At the reporting date, there was no pledge for short-term notes and bills payable.

(ii) Please refer to note 6(y) for liquidity and interest rate risk information.

(Continued)

(m) Short-term borrowings

		December 31, 2022	December 31, 2021
Unsecured bank loans (in NTD)	$	200,000	130,000
Unused short-term credit lines	$	1,717,433	1,336,540
Range of annual interest rates		1.853%~2.425%	1.5%

(i) At the reporting date, there was no pledge for short-term borrowings.

(ii) Please refer to note 6(y) for liquidity and interest rate risk information.

(n) Long-term borrowings

(i) The components were as follows:

	December 31, 2022				
	Currency	Range of annual interest rate	Maturity year		Amount
Syndicated loan	NTD	2.5645%~2.5674%	2023	$	1,409,490
Financial loans for solar power plant projects	NTD	1.975%~2.525%	2033~2037		1,003,861
Financial long-term borrowings	NTD	2.275%~2.375%	2024~2025		22,333
					2,435,684
Less: current portion					(1,503,394)
Total				$	932,290
Unused long-term credit lines				$	127,511

	December 31, 2021				
	Currency	Range of annual interest rate	Maturity year		Amount
Syndicated loan	NTD	1.9556%	2023	$	1,675,170
Financial loans for solar power plant projects	NTD	1.35%~1.85%	2033~2036		975,049
Financial long-term borrowings	NTD	1.65%	2024		917
					2,651,136
Less: current portion					(308,888)
Total				$	2,342,248
Unused long-term credit lines				$	80,372

(Continued)

(ii) Pledge for loan

At the reporting date, assets had been pledged as collaterals for long-term borrowings, please refer to note 8.

(iii) Syndicated loan

In November 2020, the Company entered into a triennium syndicated loan agreement with a group of banks to pay off the credit balance of its 2018 syndicated loan.

The Company can extend its credit term only once for two more years, within 24 to 30 months starting from the initial drawdown, through written application to leading bank, provided it does not breach the financial covenant within three years starting from the initial drawdown date.

In accordance with the agreement, the Company shall submit annual consolidated financial statements and the second quarter consolidated financial statements reviewed by the accountant approved by the management bank during the term of the credit agreement, and maintain the agreed financial indicators, including current ratio, financial debt ratio, interest coverage ratio and tangible net worth.

If the Company initially fails to comply with the aforementioned covenants, it would not be regarded as breach of contract if it can provide the leading bank a financial improvement plan, and consequently, its preceding semi quater or annual consolidated financial statements is in conformity with the covenants; furthermore a compensation has to be paid. If the Company still fails to comply with the said covenant in its preceding consolidated financial statements, all its credit facilities stated in the contract will be considered invalid. Also, the leading bank can decide either to waive all or parts of the unused credit facilities without the approval of the participating banks, or it can demand the Company for an immediate payment on its obligations under this agreement. The Company was in compliance with the aforementioned covenants in each period.

(iv) Please refer to note 6(y) for liquidity and interest rate risk information.

(o) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 130,416	12,834
Non-current	$ 163,458	115,830

For the maturity analysis, please refer to note 6(y).

(Continued)

The amounts recognized in profit or loss were as follows:

		2022	2021
Interest expense on lease liabilities (recorded under finance costs)	$	3,602	2,832
Variable lease payments not included in the measurement of lease liabilities	$	10,835	8,787
Expenses relating to short-term leases	$	15,326	13,092
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$	412	435

The amounts recognized in the statement of cash flows by the Group were as follows:

		2022	2021
Total cash outflow for leases	$	96,769	40,243

(i) Real estate and buildings leases

The Group leases land and buildings for its office use, operation space and the installation location of PV power stations, with lease terms ranging from 1 to 20 years. Some leases included an option to renew the lease for an additional period of the same duration after the end of the contract term. The extension options held are exercisable only by the Group and not by the lessors. If the lessee is not reasonably certain to use an optional extended lease term, the payments associated with the optional period will not be included in lease liabilities.

(ii) Other leases

The Group leases machinery and other equipment, with lease terms ranging from 1 to 10 years. In some cases, the Group has options to purchase the assets at the end of the contract term.

The Group also leases IT equipment and other equipment with lease terms ranging from 1 to 3 years. These leases are short-term and leases of low-value items; therefore, the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(p) Provisions

		Warranty	Decommissioning	Total
Beginning balance at January 1, 2022	$	135,361	13,269	148,630
Provisions made		13,335	2,425	15,760
Provisions used		(741)	-	(741)
Effect of movements in exchange rates		661	-	661
Balance at December 31, 2022	$	148,616	15,694	164,310
Beginning balance at January 1, 2021	$	124,919	13,477	138,396
Provisions made		12,187	550	12,737
Provisions used		(1,615)	(758)	(2,373)
Effect of movements in exchange rates		(130)	-	(130)
Balance at December 31, 2021	$	135,361	13,269	148,630

(Continued)

The carrying amounts of provisions were as follow:

	December 31, 2022	December 31, 2021
Current provision	$ 38,775	34,019
Non-current provision	125,535	114,611
	$ 164,310	148,630

(i) Provision for warranties of the Group is related to solar modules and photovoltaic inverters sold. It is based on estimates made from historical warranty data associated with similar goods and services.

(ii) Provision for decommissioning of the Group is related to power station. It is recognized the module recovery expense as provision, which is in accordance with the Regulation for Installation and Management of the Renewable Energy Generation Equipment.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$ 35,167	34,452
Fair value of plan assets	(94,424)	(87,196)
Net defined benefit assets (recorded under other non-current assets)	$ (59,257)	(52,744)

Only the Company in the Group adopts the defined benefit obligations. The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds Supervisory Committee. Minimum earnings on such funds shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

(Continued)

The amount of the Company's Bank of Taiwan labor pension reserve account balance was already higher than the defined benefit obligation, so the Company had applied for a moratorium on the withdrawal of labor pension reserve account during to April 2020 to March 2023. The Company's Bank of Taiwan labor pension reserve account balance amounted to $94,424 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	2022	2021
Defined benefit obligations at January 1	$ 34,452	34,784
Current service costs and interest	332	332
Actuarial gains or losses	383	833
Benefits paid	-	(1,497)
Defined benefit obligations at December 31	**$ 35,167**	**34,452**

3) Movements of defined benefit plan assets

	2022	2021
Fair value of plan assets at January 1	$ 87,196	87,101
Expected return on plan assets	651	650
Actuarial gains or losses	6,577	942
Benefits paid	-	(1,497)
Fair value of plan assets at December 31	**$ 94,424**	**87,101**

4) Expenses (reversal) recognized in profit or loss

	2022	2021
Current service costs	$ 77	74
Net interest on the net defined benefit assets	(396)	(392)
	$ (319)	**(565)**
Operating expenses	**$ (319)**	**(565)**

5) The remeasurements of the net defined benefit asset recognized in other comprehensive income

	2022	2021
Cumulative amount at January 1	$ (9,042)	(8,933)
Recognized during the period	(6,194)	(109)
Cumulative amount at December 31	**$ (15,236)**	**(8,933)**

(Continued)

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	**December 31, 2021**
Discount rate	2.000%	0.750%
Rate of salary increase	3.000%	2.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted-average lifetime of the defined benefits plans for 2022 is 18.45 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences on defined benefit obligations	
	Increased by 0.25%	**Decreased by 0.25%**
December 31, 2022		
Discount rate	$ (1,032)	1,079
Rate of salary increase	1,047	(1,019)
December 31, 2021		
Discount rate	(1,127)	1,187
Rate of salary increase	1,157	(1,100)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The method and assumptions used on current sensitivity analysis are the same as those of the prior year.

(ii) Defined contribution plans

The Group's Taiwan entities allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group allocates $27,101 and $26,806 as pension costs under the defined contribution plans in 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance and the local government of foreign subsidiaries.

(Continued)

(r) Income taxes

(i) Tax benefit (expense)

The components of tax benefit (expense) were as follow:

		2022	2021
Current tax benefit (expenses)			
Current period	$	(4,490)	(9,099)
Adjustment for prior periods		873	-
		(3,617)	(9,099)
Deferred tax benefit (expenses)		-	-
Tax benefit (expenses)	$	(3,617)	(9,099)

The amounts of tax expenses recognized in other comprehensive income were as follows:

		2022	2021
Items that may not be reclassified subsequently to profit or loss:			
Actuarial gain of defined benefit plans	$	(1,239)	(22)

The Group did not recognize any amount of income tax directly in equity.

Reconciliation of tax benefit (expenses) and profit before tax were as follows:

		2022	2021
Profit before tax	$	275,934	116,378
Income tax using the Company's domestic tax rate	$	(55,187)	(23,275)
Effect on tax rates in foreign jurisdiction		(6,019)	2,725
Non-deductible expense		(742)	(786)
Tax-exempt income		-	5,600
Changes on unrecognized temporary differences		65,290	(2,301)
Additional tax on undistributed earnings		-	(809)
Investment gains and losses on domestic enterprises which were not included in taxable income		4,322	5,230
Change in provision in prior periods		873	-
Others		(12,154)	4,517
	$	(3,617)	(9,099)

(Continued)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom. Details were as follows:

		December 31, 2022	December 31, 2021
Unrecognized deferred tax assets (tax):			
Loss carryforwards	$	2,050,044	2,077,161
Aggregate amount of temporary differences related to investments in subsidiaries		764,487	777,378
Deductible temporary differences		209,964	230,303
	$	3,024,495	3,084,842

There are no significant unrecognized deferred tax liabilities on December 31, 2022 and 2021.

As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss		Loss carryforwards of unrecognized deferred tax assets	Expiry year
2015	$	141,846	2025
2016		333,628	2026
2017		2,538,046	2027
2018		3,255,134	2028
2019		1,568,955	2029
2020		289,843	2030
2021		175,238	2031
2018		1,031,708	2023
2019		548,124	2024, 2029
2020		3,315	2025
2021		552,471	2026,2031
2022		3,842	2032
	$	10,442,150	

(Continued)

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

		Accumulated impairment loss
Deferred tax assets:		
Beginning balance at January 1, 2022	$	62,702
Recognized in profit or loss		3,353
Balance at December 31, 2022	$	66,055
Beginning balance at January 1, 2021	$	60,482
Recognized in profit or loss		2,220
Balance at December 31, 2021	$	62,702

		Defined benefit plans	Unrealized foreign exchange gains	Others	Total
Deferred tax liabilities:					
Beginning balance at January 1, 2022	$	10,549	52,462	-	63,011
Recognized in profit or loss		63	3,290	-	3,353
Recognized in other comprehensive income		1,239	-	-	1,239
Balance at December 31, 2022	$	11,851	55,752	-	67,603
Beginning balance at January 1, 2021	$	10,463	50,259	47	60,769
Recognized in profit or loss		64	2,203	(47)	2,220
Recognized in other comprehensive income		22	-	-	22
Balance at January 1, 2021	$	10,549	52,462	-	63,011

(iii) The Company's income tax returns for all years through 2020 were assessed by the tax authorities.

(s) Capital and other equity

As of December 31, 2022 and 2021, the Company's authorized ordinary share were both $10,000,000, with par value of $10 (dollars) per share, and its issued and outstanding shares were 387,042 thousand shares and 355,042 thousand shares, respectively. The Company has reserved 20,000 thousand authorized shares for employee stock options, convertible preferred stock, and convertible bonds.

Reconciliations of shares outstanding were as follows:

(In thousands of shares)

	2022	2021
Beginning shares at January 1	355,042	355,042
Proceeds from issuing ordinary shares	32,000	-
Ending shares at December 31	387,042	355,042

(Continued)

(i) Ordinary share

A resolution was passed during the Board of Directors' meeting held on May 5, 2022 for the issuance of ordinary shares for cash subsequently, a resolution was passed for issuance of 32,000 thousand ordinary shares, with par value of $10 (dollars) per share. The issue price of these shares was $22.5 (dollars) per share, and the Company received $716,061 (deducted issuance costs of $3,939). The issuance of ordinary shares for cash subsequently had approved by FSC, and the base date of capital increase was set on August 26, 2022, and all related registration procedures have been completed.

(ii) Capital surplus

The components were as follows:

		December 31, 2022	December 31, 2021
Premium on issued stock	$	402,464	6,403
Changes in equity of subsidiaries and associates accounted for using equity method		126,651	18,856
Employee share options		11,490	-
Others		89	89
	$	**540,694**	**25,348**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

Under the Company's articles of incorporation, the Company's current-period earnings are appropriated and distributed in the following order:

a) pay all taxes and duties;

b) cover prior years' accumulated deficit, if any;

c) of the remaining balance, 10% is set aside as legal reserve; excluding when legal reserve exceeds contributed capital;

d) set aside a special reserve in accordance with the R.O.C. Securities and Exchange Act or as requested by the authorities in charge;

(Continued)

The balance, including the accumulated retained profits from the previous year, is the profit to be distributed. The Board of Directors shall propose the earnings distribution plan, in which the amount to be distributed cannot be less than 25% of the earnings available for distribution, in the shareholders' meeting for approval.

The Company's dividend policies are as follows:

a) Cash dividends and stock dividends are appropriated in consideration of the Company's budget for capital expenditures, financial condition, and future operating cash flows.

b) No dividends are distributed if the Company has no unappropriated earnings. Earnings can be distributed as cash or share dividends, but stock dividends shall not exceed 50% of the total distribution.

c) If there are no unappropriated earnings, or if there are unappropriated earnings but they are very much less than the earnings distributed in the prior year, or in consideration of financial, business, and operating requirements, then all of the capital surplus or a portion of the legal reserve or capital surplus can be distributed according to the law or government regulations.

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

2) Special reserve

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current period's total net reduction of other shareholders'equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders'equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 21,2022 and July 26, 2021, the Company's shareholders resolved to appropriate the earnings for 2021 and 2020. These earnings were appropriated as follows:

	2021	2020
Dividends distributed to ordinary shareholders		
Cash	$ 71,008	71,008
Amount per share (dollar)	$ 0.20	0.20

(Continued)

On March 9, 2023, the Company's Board of Directors resolved to appropriate the earnings for 2022 as follows:

	2022	
	Amount per share (dollar)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 0.45	$ 174,169

(iv) other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**
Beginning balance at January 1, 2022	$ (521,327)	12,675
Exchange differences on translation of foreign financial statements	16,194	-
Exchange differences on associates accounted for using equity method	21	-
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income	-	(11,050)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(1,625)
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	(1,184)
Balance at December 31, 2022	$ (505,112)	(1,184)

(Continued)

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2021	$	(518,017)	-
Exchange differences on translation of foreign financial statements		(3,287)	-
Exchange differences on associates accounted for using equity method		(23)	-
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income		-	12,675
Balance at December 31, 2021	$	(521,327)	12,675

(t) Share-based payment

As of December 31, 2022, the Group had the following share-based payment arrangement:

	Equity-settled Cash capital increase reserved for employee subscription
Grant date	2022.07.28
Number of shares granted (thousand shares)	3,200
Recipients	Employees of the Company
Vesting conditions	Immediately vested

The Group adopted the Black-Scholes model to evaluate the fair value of the abovementioned share-based payment at the grant date. The assumptions adopted in this valuation model were as follows:

	Cash capital increase reserved for employee subscription
Fair value per share on grant date (dollars)	27.8
Exercise price (dollars)	22.5
Expected volatility	38.8492%
Expected life	21 days
Dividend yield	-
Risk-free interest rate	1.1677%

(Continued)

Compensation costs of the Group arising from cash capital increase reserved for employee subscription were $11,490, which were recognized as operating cost and operating expense for the year ended December 31, 2022. There was no such transaction for the year ended December 31, 2021.

(u) Earnings per share (“EPS”)

(i) Basic EPS

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 267,882	106,743
Weighted average number of ordinary shares outstanding during the period (thousand shares)	368,375	355,042
Basic earnings per share (dollars)	$ 0.73	0.30

(ii) Diluted EPS

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 267,882	106,743
Weighted-average number of ordinary shares outstanding during the period (thousand shares)	368,375	355,042
Effect of potentially dilutive ordinary shares－employees' compensation (thousand shares)	644	229
Weighted-average number of ordinary shares outstanding during the period (diluted) (thousand shares)	369,019	355,271
Diluted earnings per share (dollars)	$ 0.73	0.30

(v) Revenue from contracts with customers

(i) The Group's revenue was recognized from contracts with customers both in 2022 and 2021.

(ii) Details of revenue as follows:

	2022			2021		
	Solar	**Others**	**Total**	**Solar**	**Others**	**Total**
Taiwan	$ 3,328,882	207,600	3,536,482	3,102,086	261,867	3,363,953
Singapore	1,758,710	-	1,758,710	2,151,702	-	2,151,702
India	-	-	-	199,339	-	199,339
Others	64,460	326	64,786	157,870	125	157,995
	$ 5,152,052	207,926	5,359,978	5,610,997	261,992	5,872,989

Since disaggregation of revenue was based on major products, the basis for division of operating segments, and their geographical regions, the revenue of major products and primary geographical markets were included in the above information.

(Continued)

(iii) Balance of contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable	$ 742,843	573,936	553,159
Less: loss allowance	-	(33,500)	(40,957)
Total	$ 742,843	540,436	512,202
Contract liabilities－current	$ 70,117	77,436	53,216

For details on notes and accounts receivable and loss allowance for impairment, please refer to note 6(c).

The amount of revenue recognized as the contract liability balance at the beginning of the period was as follows:

	2022	2021
Revenue recognized	$ 75,320	33,755

(w) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employees' remuneration and no more than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration to employees entitled to receive the abovementioned employee remuneration is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees and directors were as follows:

	2022	2021
Employees' remuneration	$ 17,268	6,812
Directors' remuneration	$ 3,454	1,362

Above-mentioned amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year. If, however, the shareholders determine that the employees' remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board meeting. Related information would be accessed at the Market Observation Post System website.

In 2022 and 2021, the actual amount of remuneration, which was same as the estimated amount.

(Continued)

(x) Non-operating income and expenses

(i) Interest income

		2022	2021
Interest income from bank deposits	$	48,405	28,687

(ii) Other income

		2022	2021
Rent income	$	5,539	4,195

(iii) Other gains and losses

		2022	2021
Gains (losses) on disposals of property, plant and equipment	$	(7,339)	(371)
Foreign exchange gains or losses, net		18,881	3,601
Gains (losses) on disposals of investments		-	121
Gains on lease modification		195	-
Government grants		11,338	11,433
Impairment loss on non-financial assets		(97,944)	(81,997)
Others		430	16,520
	$	(74,439)	(50,693)

(iv) Finance costs

		2022	2021
Interest expense	$	(58,536)	(56,894)
Other finance costs		(3,339)	(3,424)
	$	(61,875)	(60,318)

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

(Continued)

2) Concentration of credit risk

In order to reduce the credit risk on accounts receivable, the Group continuously evaluates the financial status of these customers and request collateral when necessary. The Group evaluates the possible loss on accounts receivable periodically and accrues a loss allowance for impairment, if necessary. As of December 31, 2022 and 2021, the Group's account receivables were obviously concentrated on 5 customers, whose accounts represented 85% and 88% of the total accounts receivable, respectively.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables, for credit risk exposure of other receivables, please refer to note 6(d).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	3-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Bank loans	$ 2,635,684	(2,802,952)	(1,623,843)	(253,483)	(297,007)	(628,619)
Notes and accounts payable, other payables and lease liabilities	2,213,555	(2,257,365)	(2,060,430)	(21,145)	(49,161)	(126,629)
Guarantee deposits received	3,195	(3,195)	-	(3,195)	-	-
	$ 4,852,434	**(5,063,512)**	**(3,684,273)**	**(277,823)**	**(346,168)**	**(755,248)**
December 31, 2021						
Non-derivative financial liabilities						
Bank loans	$ 2,781,136	(2,912,524)	(454,540)	(1,564,998)	(264,417)	(628,569)
Short-term notes and bills payable	159,954	(160,000)	(160,000)	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,101,272	(2,125,941)	(1,988,432)	(16,250)	(40,643)	(80,616)
Guarantee deposits received	3,110	(3,110)	-	(3,110)	-	-
	$ 5,045,472	**(5,201,575)**	**(2,602,972)**	**(1,584,358)**	**(305,060)**	**(709,185)**

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 20,650	30.71	634,162	18,710	27.68	517,893
CNY	27,253	4.4132	120,273	224	4.3454	973
Non-monetary items						
USD	40,162	30.71	1,233,389	41,773	27.68	1,156,267
CNY	208,886	4.4132	1,239,606	267,378	4.3454	1,161,864
Financial liabilities						
Monetary items						
USD	8,174	30.71	251,024	13,451	27.68	372,324
CNY	39,995	4.413	176,506	73	4.3454	317

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables that are denominated in foreign currency. A 1% of depreciation (appreciation) of the NTD against the other foreign currencies as of December 31, 2022 and 2021, would have increased (decreased) the net profit as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022 and 2021.

	Impact on profit (loss)	
	Increase by 1%	Decrease by 1%
December 31, 2022	$ 3,269	(3,269)
December 31, 2021	$ 1,462	(1,462)

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items were disclosed using the following total amounts:

	2022	2021
Foreign exchange gains or losses, net	$ 18,881	3,601

(Continued)

(iv) Interest rate risk

Please refer to the notes on liquidity risk and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The departments of the Group's entities reported the increases/decreases in the interest rates and the exposure to changes in interest rates to the Group's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

The interest rate risk is mainly due to the Group's borrowing at floating rates. If the interest rate increases (decreases) by 1% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), the impact on profit (loss) would be as follows:

	Impact on profit (loss)	
	Increase by 1%	**Decreases by 1%**
December 31, 2022	$ (26,357)	26,357
December 31, 2021	$ (27,811)	27,811

(v) Fair value

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
		Fair value			
	Carrying value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,141,347	-	-	-	-
Financial assets measured at amortized cost	4,370	-	-	-	-
Notes and accounts receivable	742,843	-	-	-	-
Other receivables	7,294	-	-	-	-
Refundable deposits	68,645	-	-	-	-
Other financial assets	1,151,707	-	-	-	-
Subtotal	$ 5,116,206	-	-	-	-

(Continued)

	December 31, 2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank loans	$ 2,635,684	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,213,555	-	-	-	-
Guarantee deposits received	3,195	-	-	-	-
Subtotal	$ 4,852,434	-	-	-	-

	December 31, 2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income:					
Non-hedging derivative financial assets	$ 45,175	-	-	45,175	45,175
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,580,611	-	-	-	-
Financial assets measured at amortized cost	8,152	-	-	-	-
Notes and accounts receivable	540,436	-	-	-	-
Other receivables	53,559	-	-	-	-
Refundable deposits	72,652	-	-	-	-
Other financial assets	1,191,601	-	-	-	-
Subtotal	$ 4,447,011	-	-	-	-
Financial liabilities at amortized cost					
Bank loans	$ 2,781,136	-	-	-	-
Short-term notes and bills payable	159,954	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,101,272	-	-	-	-
Guarantee deposits received	3,110	-	-	-	-
Subtotal	$ 5,045,472	-	-	-	-

(Continued)

2) Valuation techniques for financial instruments measured at fair value

The fair value of financial instruments trade in an active market is based on the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The unlisted company's stock, which the Group hold, not trade in active markets. The Group takes the quote market prices and the price-book ratio of similar publicly trade companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

3) Transfer between the fair value hierarchy every level:

For the years ended December 31, 2022 and 2021, there was no change on the fair value hierarchy of every level financial asset and liabilities.

4) Reconciliation of Level 3 fair values - Fair value through other comprehensive income-unquoted equity instruments

	2022	2021
Beginning balance at January 1	$ 45,175	-
Purchased	-	32,500
Disposed	(32,500)	-
Recognized in other comprehensive income	(12,675)	12,675
Ending balance at December 31	**$ -**	**45,175**

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income – equity investments.

The fair value measurements categorized within Level 3 use significant unobservable inputs. The significant unobservable inputs are independent to each other.

(Continued)

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Market approach-relevant information generated by publicly companies	• Price-book ratio(2.45 as December 31, 2021) • Market liquidity discount rate (40% as December 31, 2021)	• The higher the Price-book ratio, the higher the fair value • The higher the Market liquidity discount rate, the lower the fair value

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement of the fair value of financial instruments is reasonable. If different evaluation models or evaluation parameters are used, the evaluation results may be different. For financial instruments classified as level 3, if the evaluation parameters change, the impact on other comprehensive income is as follows:

	Input value	Fluctuation in inputs	Changes in fair value reflected in other comprehensive income	
			Favorable	Unfavorable
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Price-book ratio	1%	$ 455	(455)

The Group's favorable and unfavorable changes refer to the fluctuation of fair value, and the fair value is calculated by evaluating technology according to different levels of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact of a single input value change and does not take into account the correlation and variability between input values.

(Continued)

(z) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Each responsible division is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Supervisor is assisted in this oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Board of Directors.

The Company's Board of Directors oversees how the management complies with monitoring the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Group's notes and accounts receivable from the customers and investments in securities.

(Continued)

1) Accounts receivable

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or an end-user customer, geographic location, industry, aging profile, maturity, and existence of previous financial difficulties. Accounts receivable and other receivables relate mainly to the Group's end-user customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

As a result of environment fluctuation in 2022 and 2021, certain purchase limits have been redefined, particularly for customers operating in solar division. The Group will be monitoring and adjusting the limits continuously.

Goods are sold subject to a retention of title clause, so that in the event of non-payment the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

The allowance for impairment accounts is estimated to reflect the loss on notes and accounts receivable for those customers graded as "high risk". The allowance account reflects the specific loss based on customers' financial position, historical payment behavior, and asset pledge.

2) Investments

The credit risk exposure in the bank deposits and equity instruments is measured and monitored by the Group's finance department. Since the Group's transactions are with external parties with good credit standing, highly rated financial institutions, and publicly-traded stock companies, or involved convertible bonds issued by publicly-traded companies, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantees

According to the Group's management policy, the Group can only provide financial guarantees to certain entities which meet specific requirements. As of December 31, 2022 and 2021, the Group did not provide any financial guarantees.

(Continued)

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than payables) over the succeeding 60 to 90 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2022 and 2021, the Group had unused bank facilities for $1,844,944 and $1,416,912, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

In order to manage market risk, all transactions of the Group are carried out within the guidelines set by the management. Generally, hedge accounting is not applied in these circumstances, and the Group charges the changes in value to profit or loss.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the NTD, US Dollar (USD) and Chinese Yuan (CNY). These transactions are denominated in NTD, USD and CNY.

At any point in time, the Group hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily NTD, USD and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalance.

The Group's investments in subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

(Continued)

2) Interest rate risk

The Group's interest rate on borrowings was at a floating rate. The Group did not enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

In response to changes in interest rates, the Group assesses each currency lending rate of financial institutions and maintains good relationships with them, in order to obtain lower financing costs. This also strengthens the management of working capital, reduces dependence on bank borrowings, and lowers the risk of changes in interest rates.

3) Other market price risk

The Group monitors the risk arising from its available-for-sale security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of investment portfolio based on cash flow requirement. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(aa) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business.

The Group uses the debt-to-equity ratio to manage its capital. This ratio uses the total net debt to be divided by the total capital. The total net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalent. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

The Group's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 5,237,197	5,446,920
Less: cash and cash equivalents	(3,141,347)	(2,580,611)
Net liabilities	**$ 2,095,850**	**2,866,309**
Total equity	**$ 4,332,040**	**3,286,297**
Debt-to-equity ratio	**48.38%**	**87.22%**

As of December 31, 2022, the debt-to-equity ratio had increased, mainly resulting from total equity increased due to the Company issue ordinary shares for cash subsequently

(Continued)

(ab) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Long-term borrowings (including current portion)	$ 2,651,136	(217,972)	2,520	2,435,684
Short-term notes and bills payable	159,954	(160,000)	46	-
Lease liabilities (current and non-current)	128,664	(66,594)	231,804	293,874
Interest payable (recorded under other payables and current provisions)	2,343	(57,522)	59,303	4,124
Total liabilities from financing activity	$ 2,942,097	(502,088)	293,673	2,733,682

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long-term borrowings (including current portion)	$ 2,617,648	30,968	2,520	2,651,136
Short-term borrowings	-	160,000	(46)	159,954
Guarantee deposit (recorded under other non-current liabilities)	3,582	(460)	(12)	3,110
Lease liabilities (current and non-current)	141,069	(13,386)	981	128,664
Interest payable (recorded under other payables and current provisions)	2,376	(57,838)	57,805	2,343
Total liabilities from financing activity	$ 2,764,675	119,284	61,248	2,945,207

(7) Related-party transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
TECO Sun Energy Co., Ltd. (TECO Sun Energy)	Associates

(b) Significant transactions with related parties

(i) Operating revenue and accounts receivable

	2022	2021
Associates－TECO Sun Energy	$ 7,021	-

The remaining sales to related parties shall be based on the routine sales transactions. Realated receivables due from operating revenue had been settled as of December 31, 2022.

(Continued)

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 27,540	26,546
Post-employment benefits	324	324
Share-based payments	1,246	-
	$ 29,110	26,870

Please refer to note 6(t) for information on share-based payment.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Deposits (recorded under other current financial assets)	Guarantees for banker's acceptance	$ 1,090,807	1,164,507
Deposits (recorded under other current financial assets)	Mortage deposits	32,013	-
	Other current financial assets	1,122,820	1,164,507
Deposits (recorded under other non-current financial assets)	Guarantees for leased dormitory	2,710	2,078
Deposits (recorded under other non-current financial assets)	Guarantees for land	7,537	7,537
Deposits (recorded under other non-current financial assets)	Long-term borrowings (including current portion)	18,640	17,479
	Other non-current financial assets	28,887	27,094
Property, plant and equipment	Long-term borrowings (including current portion)	1,811,034	1,783,161
Deposits (recorded under guarantee deposits)	performance security	38,737	7,899
		$ 3,001,478	2,982,661

(Continued)

(9) Significant commitments and contingencies

(a) The Group has contracts involving significant unrecognized commitments as follows:

(i) Unused letters of credit for the Group's purchases of raw materials, machinery and equipment were as follows:

	December 31, 2022	December 31, 2021
Unused letters of credit	$ 88,086	26,519

(ii) Bank performance guarantees for the customs and others were as follows:

	December 31, 2022	December 31, 2021
Bank guarantees	$ 59,270	30,000

(iii) The status of agreements for the Group's expansion of the plant and purchases of machinery, other equipment and other assets was as follows:

	December 31, 2022	December 31, 2021
Total contract price	$ 1,560,044	727,464
Unexecuted amount	$ 1,260,430	526,738

(b) The Group entered into long-term purchase contracts with suppliers to purchase nitrogen in bulk volume. Starting from the contract, if the actual consumed volume is less than basic volume usage, the Group should pay for the cost of the basic volume usage instead.

(10) Losses due to major disasters: None

(11) Subsequent events: None.

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary (Note)	383,550	158,817	542,367	369,835	139,720	509,555
Labor and health insurance	39,906	13,686	53,592	37,559	13,969	51,528
Pension	20,312	6,470	26,782	20,192	6,296	26,488
Remuneration of directors	-	17,445	17,445	-	14,773	14,773
Others	17,155	5,728	22,883	16,908	6,983	23,891
Depreciation	249,520	26,541	276,061	264,293	35,003	299,296
Amortization	354	1,506	1,860	354	2,083	2,437

Note: the above amounts had not been deducted from various government grants.

(Continued)

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group for the year ended December 31, 2022:

i. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 1)	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
												Item	Value		
0	The Company	MPO	Other receivables - related parties	100,000	100,000	-	2%~5%	2	-	Operating turnover	-	None	-	425,490	850,981
0	The Company	MPZ	Other receivables - related parties	250,000	100,000	-	2%~5%	2	-	Operating turnover	-	None	-	425,490	850,981
0	The Company	MPB	Other receivables - related parties	100,000	-	-	2%~5%	2	-	Operating turnover	-	None	-	425,490	850,981

Note 1: Highest balance of financing to other parties during the period was the highest credit lines approved by the Board of Directors. The ending balance was the same as that of the credit lines approved by the Board of Directors.
Note 2: Purposes of fund financing for the borrower as follows:
1. For entries the Company has business transactions with.
2. For entries with short-term financing needs.

Note 3: For entities with short-term financing needs, which provides by the Company, the amoumt avilable for financing shall not exceed 10% of net worth of the Company.

Total amount of short-term financing shall not exceed 20% of net worth of the Company.

Note 4: The amount had been offset in the consolidated financial statements.

ii. Guarantees and endorsements for other parties: None.
iii. Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.
iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

Name of investee	Category and name of security		Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales				Ending	
						Shares / Units	Amount	Shares	Amount	Shares	Amount	Book value	Gain(loss) on disposal	Shares	Amount
The Company	MPO	Stock	Equity-accounted investees	Issued ordinary shares for cash	Subsidiaries	25,000,000	250,000	67,800,000	678,000	-	-	-	-	92,800,000	928,000
The Company	MPZ	Stock	Equity-accounted investees	Issued ordinary shares for cash	Subsidiaries	10,600,000	106,000	37,400,000	374,000	-	-	-	-	48,000,000	480,000

v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
vi. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
vii. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
MAS	The Company	Parent company	Sale	1,693,616	98.75 %	90 days	Non-significant difference	90 days	168,216	89.95 %	
The Company	MAS	Subsidiary	Purchase	1,693,616	42.41 %	90 days	Non-significant difference	90 days	(168,216)	31.46 %	
SNE	The Company	Parent company	Sale	1,062,355	100.00 %	T/T in advance	Non-significant difference	T/T in advance	-	0.00 %	
The Company	SNE	Subsidiary	Purchase	1,062,355	26.60 %	T/T in advance	Non-significant difference	T/T in advance	-	0.00 %	

Note: The amount had been offset in the consolidated financial statements.

viii. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
MAS	The Company	Parent company	168,216	10.13%	-	-	168,216	-

Note: The amount had been offset in the consolidated financial statements.

ix. Trading in derivative instruments: None.

(Continued)

x. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2022			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	SNE	The Company	2	Sale	1,062,355	T/T in advance	19.82 %
2	MAS	The Company	2	Sale	1,693,616	90 days	31.60 %
2	MAS	The Company	2	Notes and acountsreceivable	168,216	90 days	1.76 %

Note 1: Company numbering is as follows:
Parent company 0
Subsidiary stars from 1
Note 2: Relationship wuth transaction party numbering is as follows:
Parent company to subsidiary 1
Subsidiary to parent company 2
Subsidiary to subsidiary 3
Note 3: The amount had been offset in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year			The highest percentage of the periords	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units	Percentage of ownership	Carrying value				
The Company	Power Islands	Samoa	Holding Company	5,160,872	5,160,872	158,375,909	100.00 %	1,216,487	100.00 %	60,928	64,456	Note
The Company	Inergy Technology Inc.	Taiwan	Product design	95,821	95,821	8,558,750	18.72 %	217,172	21.06 %	111,697	19,795	
The Company	Teco-Motech	Taiwan	Solar power generation and selling	14,400	14,400	1,440,000	60.00 %	5,398	60.00 %	3,289	1,973	Note
The Company	MPO	Taiwan	Solar power generation and selling	928,000	250,000	92,800,000	100.00 %	839,473	100.00 %	12,730	12,830	Note
The Company	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	28,000	28,000	2,800,000	40.00 %	30,339	100.00 %	4,532	1,814	
The Company	MPG	Taiwan	Solar power generation and selling	33,000	33,000	3,300,000	100.00 %	24,381	100.00 %	1,492	1,492	Note
The Company	MPB	Taiwan	Solar power generation and selling	55,000	55,000	5,500,000	100.00 %	28,946	100.00 %	(1,264	(1,264	Note
The Company	MPZ	Taiwan	Solar power generation and selling	480,000	106,000	48,000,000	100.00 %	436,620	100.00 %	(3,019	(3,019	Note
Power Islands	Cheer View	British Virgin Islands	Holding Company	2,564,272	2,564,272	77,500,000	100.00 %	3	100.00 %	-	-	Note
Cheer View	AE	United States	Polysilicon manufacturing and selling	2,398,043	2,398,043	11,573,647	37.11 %	-	37.11 %	-	-	

Note : The amount had been offset in the consolidated financial statements.

(c) Information on investment in mainland China:

The following is the information on investees in Mainland China for the year 2022:

i. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	The highest percentage of the periords	Investment income (losses) (Notes 3 and 4)	Book value (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SNE	Manufacturing and processing, solar cells and solar modules	1,345,392 (CNY278,081)	(Note 1)	1,280,986	-	-	1,280,986	63,900	95.39 %	95.39 %	60,954	1,233,034	-
MAS	Manufacturing and processing, solar cells and solar modules	2,392,731 (CNY531,500)	(Note 2)	-	-	-	-	56,922	95.39 %	95.39 %	54,298	1,005,928	-
MASE	Manufacturing and processing, solar wafer and solar cells	164,232 (CNY37,000)	(Note 2)	-	-	-	-	(450	95.39 %	95.39 %	(429	(502	-

Note : The amount had been offset in the consolidated financial statements.

(Continued)

ii. Limitation on investment in Mainland China:

Unit: USD dollars

Accumulated Investment in Mainland China as of December 31, 2022 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 6)
1,280,986 (USD38,481,092.61)	1,658,340 (USD 54,000,000)	2,599,224

Note 1: The Company indirectly invested in the company in Mainland China through a third region (Power Islands). Note 3: Amounts was recognized based on audited financial statements.

Note 4: The amount consist of invesment gain or loss and carrying values as of December 31, 2022, recognized by the Company which indirectly invested through a third region.

Note 5: The investment in Mainland China, including equipment, was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into TWD at the average rates prevailing at the transaction date.

The equity in the earnings (losses) was translated into TWD at the average rates during each period of the year. Other amounts on foreign currency financial assets was translated at the exchange rate at the balance sheet date, which was TWD30.71.

Note 6: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity. Note 7: The amounts consist of investment in Mainland China were recorded at exchange rates into TWD.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated

(d) Major shareholders

As of December 31, 2022, there was no shareholder who held over 5% of the total non physical common stocks.

(14) Segment information

(a) General Information

The reporting segment in the Group is solar business. Solar business covers the manufacturing, marketing, and sale of solar cells and solar modules.

Other operating segments in the Group are related to the manufacturing, marketing, and sale of measurement instruments and photovoltaic inverters, and installation of photovoltaic (PV) power systems. As these segments do not reach the standard for disclosure, no separate disclosures were made thereon in 2022 and 2021.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations.

No tax expenses or non-operating income and expenses are allocated to the reporting segment. In addition, the reporting segment does not include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The accounting policies of the operating segments are the same as those described in note 4. The Group evaluates performance of operating segment on the basis of operating income. The Group treats intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2022			
	Solar	**Other**	**Elimination**	**Total**
Revenues:				
Revenues from external customers	$ 5,152,052	207,926	-	5,359,978
Revenues from parent and consolidated subsidiaries	21,829	-	(21,829)	-
Interest income	44,154	4,251	-	48,405
Total revenues	$ 5,218,035	212,177	(21,829)	5,408,383
Interest expense (financial cost)	$ (40,778)	(21,097)	-	(61,875)
Depreciation and amortization	$ (171,736)	(106,185)	-	(277,921)
Impairment loss of non-financial assets	$ (97,944)	-	-	(97,944)
Share of profit of associates accounted for using equity method	$ 21,609	-	-	21,609
Segment income	$ 272,746	63,949	-	336,695
Investment accounted for using equity method	$ 247,511	-	-	247,511
Capital expenditures for non-current assets	$ 195,288	116,186	-	311,474

(Continued)

	2021				
		Solar	**Other**	**Elimination**	**Total**
Revenues:					
Revenues from external customers	$	5,610,997	261,992	-	5,872,989
Revenues from parent and consolidated subsidiaries		18,860	-	(18,860)	-
Interest income		26,962	1,725	-	28,687
Total revenues	$	5,656,819	263,717	(18,860)	5,901,676
Interest expense (finance costs)	$	(40,741)	(19,577)	-	(60,318)
Depreciation and amortization	$	(207,948)	(93,785)	-	(301,733)
Reversal of impairment loss on non-financial assets	$	(81,997)	-	-	(81,997)
Share of profit of associates accounted for using equity method	$	26,150	-	-	26,150
Segment income	$	58,509	109,848	-	168,357
Assets:					
Investment accounted for using equity method	$	140,523	-	-	140,523
Capital expenditures for non-current assets	$	93,457	148,639	-	242,096

The material reconciling items of the above reportable segment are as below:

In 2022 and 2021, included in the total reportable segment revenue was elimination of intersegment revenue of $21,829 and $18,860, respectively. The reporting segment's income and earnings before tax, after such elimination, were the same as those items listed under non-operating income and expenses of the consolidated statements of operations. Please refer to non-operating income and gains and non-operating expenses and losses in the accompanying consolidated statements of comprehensive income.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

		2022	**2021**
Revenue from external customers:			
Taiwan	$	3,536,482	3,363,953
Singapore		1,758,710	2,151,702
India		-	199,339
Others		64,786	157,995
	$	5,359,978	5,872,989

(Continued)

Geographical information	December 31, 2022	December 31, 2021
Other non-current assets:		
Taiwan	$ 2,917,433	2,608,410
China	116,287	210,213
Total	$ 3,033,720	2,818,623

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Information about revenue from major customers

	2022	2021
A company	$ 1,758,710	2,151,702
B company	707,243	1,016,360
C company	567,355	199,686
D company	-	210,282
	$ 3,033,308	3,578,030

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5. Audited Parent Company Only Financial Statements for the Years Ended December 31, 2022 and 2021:

Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

We have audited the financial statements of Motech Industries Inc. ("the Company"), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit on the current financial statements, whose context has been addressed as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the details described below to be our key audit matter:

Inventory valuation

Please refer to Note 4(g) "Inventories" for accounting policies, Note 5 for accounting assumptions, judgments and estimation uncertainty of inventory, and Note 6(e) for the disclosure of valuation of inventory to the financial statements.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value. Due to the technology changes rapidly, the inventory may not conform to market demand, resulting in a significant impact on market demand, which may lead to product obsolescence that will affect the cost of inventory to be higher than the net realizable value. Therefore, the valuation of inventories has been identified as our key audit matter.

How the matter was addressed in our audit:

In relation to the key audit matter above, our audit procedures included: examining the inventory aging report; analyzing the variation in inventories and evaluating the selling price used for the Company's inventory valuation, then subsequently assessing the changes on fair value of the inventories; selecting samples to test the reasonableness of the net realizable values by comparing them to the original documents; as well as considering the adequacy of the Company's disclosure in this area.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ming-Hung Huang and Chia-Chien Tang.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2023

Notes to Readers

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

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 976,453	14	1,716,708	27
1136	Current financial assets at amortized cost (note 6(a))	-	-	4,152	-
1170	Notes and accounts receivable, net (notes 6(c) and 6(u))	710,343	10	517,645	8
1180	Accounts receivable－related parties, net (notes 6(c), 6(u) and 7)	53,058	1	74,835	1
1200	Other receivables (note 6(d))	2,382	-	20,719	-
1210	Other receivables－related parties (notes 6(d) and 7)	14,727	-	49,410	1
1220	Current tax assets	531	-	380	-
130x	Inventories (note 6(e))	868,029	13	732,722	12
1410	Prepayments (included related parties) (notes 6(j) and 7)	15,211	-	27,877	1
1479	Other current assets (note 6(j))	15,378	-	5,149	-
	Total current assets	2,656,112	38	3,149,597	50
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	-	-	45,175	1
1535	Non-current financial assets at amortised cost (note 6(a))	370	-	-	-
1550	Investments accounted for using equity method (notes 6(f) and 7)	2,798,816	40	1,573,709	25
1600	Property, plant and equipment (notes 6(g), 7 and 8)	1,364,353	19	1,293,653	21
1755	Right-of-use assets (note 6(h))	42,669	1	49,533	1
1780	Intangible assets (note 6(i))	622	-	2,012	-
1840	Deferred tax assets (note 6(q))	66,055	1	62,702	1
1980	Other non-current financial assets (note 8)	21,012	-	20,364	-
1990	Other non-current assets (notes 6(j) and 6(p))	88,805	1	90,589	1
	Total non-current assets	4,382,702	62	3,137,737	50
1xxx	**Total assets**	$ 7,038,814	100	6,287,334	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(l))	$ 200,000	3	130,000	2
2110	Short-term notes and bills payable (notes 6(k) and 6(aa))	-	-	159,954	3
2130	Current contract liabilities (note 6(u))	70,079	1	74,541	1
2170	Notes and accounts payable	366,561	5	387,875	6
2180	Accounts payable－related parties (note 7)	168,200	3	158,396	3
2200	Other payables (notes 6(v) and 6(aa))	294,907	4	206,678	3
2220	Other payables－related parties (note 7)	16	-	59	-
2230	Current tax liabilities	-	-	809	-
2250	Current provisions (note 6(o))	23,318	1	21,514	-
2280	Current lease liabilities (notes 6(n) and 6(aa))	9,896	-	9,531	-
2320	Long-term borrowings, current portion (notes 6(m), 6(aa) and 8)	1,422,989	20	235,672	4
2399	Other current liabilities	3,776	-	33,863	1
	Total current liabilities	2,559,742	37	1,418,892	23
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(m), 6(aa) and 8)	44,964	1	1,480,043	23
2550	Non-current provisions (note 6(o))	76,884	1	70,300	1
2570	Deferred tax liabilities (note 6(q))	67,603	1	63,011	1
2580	Non-current lease liabilities (notes 6(n) and 6(aa))	34,067	-	41,003	1
2600	Other non-current liabilities	649	-	336	-
	Total non-current liabilities	224,167	3	1,654,693	26
2xxx	**Total liabilities**	2,783,909	40	3,073,585	49
	Equity (notes 6(b), 6(f), 6(p), 6(q), 6(r) and 6(s)):				
3100	Ordinary share	3,870,419	55	3,550,419	57
3200	Capital surplus	540,694	8	25,348	-
3310	Legal reserve	21,764	-	11,081	-
3320	Special reserve	28,723	-	-	-
3350	Unappropriated retained earnings	299,601	4	135,553	2
3400	Other equity interest	(506,296)	(7)	(508,652)	(8)
3xxx	**Total equity**	4,254,905	60	3,213,749	51
	Total liabilities and equity	$ 7,038,814	100	6,287,334	100

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

		2022		2021	
		Amount	**%**	**Amount**	**%**
4000	**Net operating revenue (notes 6(u) and 7)**	5,274,388	100	5,568,741	100
5000	**Total operating costs (notes 6(e), 6(g), 6(h), 6(i), 6(n), 6(o), 6(p), 6(s), 6(v) and 7)**	(4,784,052)	(91)	(5,200,174)	(94)
5910	Realized or unrealized profit and loss from sales	1,759	-	(12,579)	-
5950	**Net gross profit from operations**	492,095	9	355,988	6
6000	**Operating expenses (notes 6(c), 6(g), 6(h), 6(i), 6(n), 6(p), 6(s), 6(v) and 7):**				
6100	Selling expenses	(46,434)	(1)	(45,907)	(1)
6200	Administrative expenses	(221,081)	(4)	(201,869)	(3)
6300	Research and development expenses	(48,060)	(1)	(46,953)	(1)
6450	Impairment gain and reversal of impairment loss	33,500	1	389	-
	Total operating expenses	(282,075)	(5)	(294,340)	(5)
6900	**Net operating profit**	210,020	4	61,648	1
7000	**Non-operating income and expenses (notes 6(f), 6(g), 6(n), 6(w) and 7):**				
7100	Interest income	5,501	-	3,885	-
7010	Other income	5,539	-	4,195	-
7020	Other gains and losses	(11,762)	-	41,400	1
7050	Finance costs	(40,302)	(1)	(39,619)	(1)
7070	Share of profit of subsidiaries and associates accounted for using equity method	98,077	2	36,043	1
	Total non-operating income and expenses	57,053	1	45,904	1
7900	**Profit before tax**	267,073	5	107,552	2
7950	Tax benefit (expenses) (note 6(q))	809	-	(809)	-
8200	**Net profit**	267,882	5	106,743	2
8300	**Other comprehensive income (notes 6(b), 6(f), 6(p), 6(q) and 6(r)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans	6,194	-	109	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(11,050)	-	12,675	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(1,184)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(1,239)	-	(22)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(7,279)	-	12,762	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	122,179	2	(32,329)	(1)
8370	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	21	-	(23)	-
8381	Exchange differences on translation of foreign financial statements of subsidiaries	(105,985)	(2)	29,042	1
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	16,215	-	(3,310)	-
8300	**Other comprehensive income**	8,936	-	9,452	-
8500	**Total comprehensive income**	$ 276,818	5	116,195	2
	Earnings per share (expressed in New Taiwan Dollars) (note 6(t))				
9750	**Basic earnings per share**	$ 0.73		0.30	
9850	**Diluted earnings per share**	$ 0.73		0.30	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total other equity interest: Exchange differences on translation of foreign financial statements	Total other equity interest: Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest: Total other equity interest	Total equity
Balance at January 1, 2021	$ 3,550,419	25,252	-	-	110,812	(518,017)	-	(518,017)	3,168,466
Net profit for the year ended December 31, 2021	-	-	-	-	106,743	-	-	-	106,743
Other comprehensive income	-	-	-	-	87	(3,310)	12,675	9,365	9,452
Total comprehensive income	-	-	-	-	106,830	(3,310)	12,675	9,365	116,195
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	11,081	-	(11,081)	-	-	-	-
Cash dividends	-	-	-	-	(71,008)	-	-	-	(71,008)
Changes in equity of associates accounted for using equity method	-	7	-	-	-	-	-	-	7
Other changes in capital surplus	-	89	-	-	-	-	-	-	89
Balance at December 31, 2021	3,550,419	25,348	11,081	-	135,553	(521,327)	12,675	(508,652)	3,213,749
Net Profit for the year ended December 31, 2022	-	-	-	-	267,882	-	-	-	267,882
Other comprehensive income	-	-	-	-	4,955	16,215	(12,234)	3,981	8,936
Total comprehensive income	-	-	-	-	272,837	16,215	(12,234)	3,981	276,818
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	10,683	-	(10,683)	-	-	-	-
Special reserve	-	-	-	28,723	(28,723)	-	-	-	-
Cash dividends	-	-	-	-	(71,008)	-	-	-	(71,008)
Changes in equity of associates accounted for using equity method	-	107,795	-	-	-	-	-	-	107,795
Proceeds from issuing ordinary shares	320,000	396,061	-	-	-	-	-	-	716,061
Share-based payments	-	11,490	-	-	-	-	-	-	11,490
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	1,625	-	(1,625)	(1,625)	-
Balance at December 31, 2022	**$ 3,870,419**	**540,694**	**21,764**	**28,723**	**299,601**	**(505,112)**	**(1,184)**	**(506,296)**	**4,254,905**

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

MOTECH INDUSTRIES INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	$ 267,073	107,552
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	154,149	161,981
Amortization expense	1,860	2,437
Impairment gain and reversal of impairment loss	(33,500)	(389)
Interest expense	40,302	39,619
Interest income	(5,501)	(3,885)
Share-based payments	11,490	-
Share of profit of subsidiaries and associates accounted for using equity method	(98,077)	(36,043)
Loss on disposal of property, plant and equipment	7,185	364
Impairment loss on non-financial assets	29,951	-
Unrealized profit and loss from sales	(1,759)	12,579
Gain on lease modifications	(46)	-
Total adjustments to reconcile profit	106,054	176,663
Changes in operating assets:		
Notes and accounts receivable	(192,698)	(115,632)
Accounts receivable – related parties	21,777	(27,441)
Other receivables	18,446	(14,877)
Other receivables – related parties	(12,376)	(1,140)
Inventories	(141,369)	(140,938)
Prepaid expenses	(1,252)	345
Prepayments to suppliers	13,918	20,043
Other current assets	(10,229)	23,938
Defined benefit assets	(319)	(318)
Total changes in operating assets	(304,102)	(256,020)
Changes in operating liabilities:		
Contract liabilities	(4,462)	22,061
Notes and accounts payable	(21,314)	132,476
Accounts payable – related parties	9,804	88,430
Other payables	30,441	16,450
Other payables – related parties	(43)	37
Provisions	8,386	5,947
Other current liabilities	3,413	(7,030)
Refund liabilities	-	(662)
Total changes in operating liabilities	26,225	257,709
Total changes in operating assets and liabilities	(277,877)	1,689
Cash inflow generated from operations	95,250	285,904
Income taxes refunded (paid)	(151)	507
Net cash flows from operating activities	95,099	286,411
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(32,500)
Proceeds from disposal of financial assets at fair value through other comprehensive income	34,125	-
Acquisition of financial assets at amortized cost	-	(4,152)
Proceeds from disposal of financial assets at amortized cost	3,782	-
Acquisition of investments accounted for using equity method	(1,052,000)	(76,000)
Proceeds from capital reduction of investments accounted for using equity method	-	26,630
Acquisition of property, plant and equipment	(188,628)	(47,513)
Proceeds from disposal of property, plant and equipment	6,000	260
Decrease (increase) in refundable deposits	11,172	(120)
Decrease (increase) in other receivables due from related parties	47,000	(7,000)
Acquisition of intangible assets	(470)	(200)
Decrease (increase) in other non-current financial assets	(648)	4,299
Increase in prepayments for business facilities	(8,395)	(5,520)
Interest received	5,451	3,933
Dividends received	49,555	36,403
Net cash used in investing activities	(1,093,056)	(101,480)
Cash flows from (used in) financing activities:		
Proceeds from short-term loans	854,612	770,000
Repayments of short-term loans	(784,612)	(940,000)
Increase in short-term notes and bills payable	310,000	410,000
Repayments of short-term notes and bills payable	(470,000)	(250,000)
Proceeds from long-term borrowings	50,400	152,200
Repayments of long-term borrowings	(300,682)	(154,782)
Increase in guarantee deposits received	313	276
Payment of lease liabilities	(9,798)	(9,585)
Cash dividends paid	(71,008)	(71,008)
Proceeds from issuing ordinary shares	716,061	-
Interest paid	(37,584)	(37,374)
Other financing activities	-	89
Net cash flows from (used in) financing activities	257,702	(130,184)
Net increase (decrease) in cash and cash equivalents	(740,255)	54,747
Cash and cash equivalents at beginning of period	1,716,708	1,661,961
Cash and cash equivalents at end of period	$ 976,453	1,716,708

See accompanying notes to financial statements.

(1) Company history

MOTECH Industries Inc. (the Company) was incorporated on June 3, 1981, as a company limited by shares and registered under the Ministry of Economic Affairs (MOEA) of the Republic of China (R.O.C.). The address of the Company's registered office is 6F, No. 248, Sec. 3, Pei-Shen Rd., Shen-Keng Dist., New Taipei City 222, Taiwan. The Company's major operating activities are the manufacturing, marketing, and sale of solar cells, solar modules, and photovoltaic inverters, the marketing, design, and installation of solar electricity systems, and solar power generation.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were authorized for issue by the Board of Directors on March 9, 2023.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

● Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”

● Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”

● Annual Improvements to IFRS Standards 2018–2020

● Amendments to IFRS 3 “Reference to the Conceptual Framework”

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

● Amendments to IAS 1 “Disclosure of Accounting Policies”

● Amendments to IAS 8 “Definition of Accounting Estimates”

● Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(Continued)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments have removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e., future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements.

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These individual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

(b) Basis of preparation

(i) Basis of measurement

The individual financial statements have been prepared on a historical cost basis except for the following material items in the balance sheets:

1) Financial assets at fair value through other comprehensive income are measured at fair value;

2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entity operates. The Company's parent company only financial statements are presented in New Taiwan dollars (TWD), which is the Company's functional currency. Except for those specifically indicates, all financial information presented in TWD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates of the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate of that date. The foreign currency gains or losses on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and the payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the reporting date.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate of the date the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of transactions.

(Continued)

Foreign currency differences arising from retranslation are recognized in profit or loss, expect for an investment in equity securities designated as at fair value through other comprehensive income, which is recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to New Taiwan Dollars (which was expressed in reporting currency) at the exchange rates of the reporting date. The income and expenses of foreign operations are translated to New Taiwan Dollars (which was expressed in reporting currency) at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

(i) It expects to realize the asset, or intends to sell or consume it in its normal operating cycle;

(ii) It holds the asset primarily for the purpose of trading;

(iii) It expects to realize the asset within twelve months after the reporting period; or

(iv) If the asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

(i) It expects to settle the liability in its normal operating cycle;

(ii) It holds the liability primarily for the purpose of trading;

(iii) The liability is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments that do not affect its classification.

(Continued)

(e) Cash and cash equivalents

Cash comprises cash on hand and cash in bank. Cash equivalents are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments. Time deposits, in conformity with the aforementioned definition, that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash equivalents.

(f) Financial instruments

Accounts receivable is initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: financial assets measured at amortized cost and Fair value through other comprehensive income – equity investment.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, refundable deposits and other financial assets) and contract assets.

Loss allowance for notes and accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

(Continued)

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost except for notes and accounts receivable and other receivables, are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(Continued)

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

When preparing the parent-company-only financial statements, investment in subsidiaries which are controlled by the Company is accounted for the using the equity method. Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs and the present value of decommissioning costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(Continued)

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings and structures: 11 to 51 years

2) Machinery and equipment: 2 to 10 years

3) Other equipment (Power station): 20 years

4) Office and other equipment: 1 to 20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

(Continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate;
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee;
- there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;
- there is a change in the assessment on lease term as to whether it will be extended or terminated; and
- the modifications of the lease underlying asset, scope or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, including office and other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income'.

(l) Intangible assets

(iii) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(v) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. The intangible assets of the Company are computer software, the estimated useful lives are 1 to 6 years.

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(m) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(Continued)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provision

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Decommissioning

The Company follows the policy of Bureau of Energy, Ministry of Economic Affairs, accruing the module recycle fee based on the size of the power station, and recognize as provision by the present value of decommissioning costs.

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(Continued)

1) Goods sold

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales of the Company is made with a credit term of 30 days to 90 days, which is consistent with the market practice.

The Company's obligation to provide a refund for faulty electronic components under the standard warranty terms is recognized as a provision for warranty; please refer to note 6(o).

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

2) Engineering contracts

The Company enters into contracts to build solar power station. Because its customer controls the asset as it is constructed, the Company recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The Company recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Company has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Company cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Company shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(Continued)

3) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(p) Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants shall not be recognized until there is reasonable assurance.

(Continued)

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheets either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. The Company recognizes government grants as deducts the grant in arriving at the carrying amount of the asset on a systematic and rational basis over the useful life of the asset.

Government grants related to income are presented as a credit in the statement of comprehensive income, they are deducted in reporting the related expense. If there is no related expense, they are recorded under a general heading such as ‘Other gain'.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits obligations are accrued when the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee. A liability is recognized when the obligation can be estimated reliably.

(Continued)

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment agreements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as a remuneration cost is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and reach employee stock options issued number of a new award.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

(Continued)

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per share (EPS)

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(u) Operating segment

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these parent-company-only financial statements, the management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent-company-only financial statements is as follows:

(a) Judgment regarding control of subsidiaries

The Company holds 40% outstanding voting shares of TECO Sun Energy Co., Ltd. (“TECO Sun Energy”), and is the largest shareholder of the investee. The remaining shares of TECO Sun Energy are concentrated within specific shareholders, wherein the Company cannot obtain more than half of the total number of directors' seats, and voting rights at a shareholders' meeting, of TECO Sun Energy. However, it is determined that the Company has significant influence on, but has no control over, TECO Sun Energy.

(b) Judgment of whether the Company has significant influence on its investee

The Company holds 18.72% outstanding voting shares of Inergy Technology Inc. (“Inergy”). However, since the Company still holds two out of nine seats of Inergy's board, it has significant influence over Inergy's financial and operating activities.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

The Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

The accounting policy and disclosure of the Company include measuring the financial and non-financial assets and financial liabilities at fair value. The accounting department of the Company uses information of external information to make the evaluation result agreeable to the market status and to ensure that the data resources are independent, reliable and consistent with the other resources. The accounting department of the Company regularly revises the input parameters, makes retrospective review and makes essential adjustments of evaluation models to ensure that the evaluation results is reasonable.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

-Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

-Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Continued)

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in note 6(x).

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash	$ 585	659
Demand deposits	767,008	1,140,747
Time deposits	208,860	485,302
Cash equivalents (investments in bonds sold under repurchase agreement)	-	90,000
	$ 976,453	1,716,708

Time deposits of the Company with a deposit period of more than three months, which were recognized as financial assets measured at amortized cost were as follows:

	December 31, 2022	December 31, 2021
Current financial assets at amortized cost	$ -	4,152
Non-current financial assets at amortized cost	370	-
	$ 370	4,152

(b) Financial assets at fair value through other comprehensive income

	December 31, 2022	December 31, 2021
Equity investments at fair value through other comprehensive income		
Unlisted companies	$ -	45,175

(i) Equity investments at fair value through other comprehensive income

These equity instrument investments held by the Company are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive gains and losses.

(Continued)

In June 2022, the Company has sold its shares held in the unlisted company as a result of an investment strategy. The shares sold had a fair value of $34,125 and the Company recognized a gain of $1,625, which is already included in other comprehensive income and the gain has been transferred to retained earnings. The Company did not dispose of strategic investments from January 1 to December 31, 2021, and the accumulated profits and losses during this period were not transferred in equity.

(ii) The Company's financial assets at fair value through other comprehensive income were not pledged as collateral. Please refer to note 6(x).

(c) Notes and accounts receivable

	December 31, 2022	**December 31, 2021**
Notes receivable	$ -	283
Accounts receivable	710,343	550,862
Accounts receivable–related parties	53,058	74,835
Subtotal	763,401	625,980
Less: loss allowance	-	(33,500)
	$ 763,401	**592,480**

The Company applies the simplified approach to provide for its expected credit losses, i.e., the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provision was determined as follows:

	December 31, 2022		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 742,430	0%	-
Past due 1~90 days	20,971	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	-	0%	-
Past due 151~180 days	-	0%~24.15%	-
Past due more than 181 days	-	100%	-
	$ 763,401		**-**

(Continued)

	December 31, 2021		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 590,220	0%	-
Past due 1~90 days	2,059	0%	-
Past due 91~120 days	-	0%	-
Past due 121~150 days	201	0%	-
Past due 151~180 days	-	0%~35.97%	-
Past due more than 181 days	33,500	100%	33,500
	$ 625,980		**33,500**

The movements in the allowance for notes and accounts receivable were as follows:

	2022	**2021**
Beginning balance	$ 33,500	37,010
Impairment loss reversed	(33,500)	(389)
Amounts written off	-	(3,121)
Ending balance	**$ -**	**33,500**

At the reporting date, there was no pledge for notes and accounts receivable. Please refer to note 6(x) for further credit risk information.

(d) Other receivables

	December 31, 2022	**December 31, 2021**
Other receivables	$ 2,382	20,719
Other receivables – related parties	14,727	49,410
Less: loss allowance	-	-
	$ 17,109	**70,129**

There were no changes on the movements in the allowance for other receivables for the years ended December 31, 2022 and 2021.

At the reporting date, there was no pledge for other receivables. Please refer to note 6(x) for further credit risk information.

(e) Inventories

(i) The components were as follows:

	December 31, 2022	December 31, 2021
Finished goods	$ 562,954	275,057
Work in progress	123,709	137,563
Raw materials and supplies	149,829	204,843
Merchandise	-	609
Raw materials in transit	31,537	114,650
	$ 868,029	**732,722**

(ii) Except for cost of goods sold and other remaining gains or losses which were included in operating cost or deduction of operating cost were as follows:

	2022	2021
Losses (gains) on valuation of inventories and obsolescence	$ 30,856	(30,692)
Unallocated production overheads	43,842	25,790
Scrap income	(2,331)	(1,731)
	$ 72,367	**(6,633)**

The aforementioned gains on reversal valuation of inventories were due to inventories, which had been recognized loss on valuation, had been sold.

At the reporting date, the inventories were not pledged.

(f) Investments accounted for using equity method

The components were as follows:

	December 31, 2022	December 31, 2021
Subsidiaries	$ 2,551,305	1,433,186
Associates	247,511	140,523
	$ 2,798,816	**1,573,709**

(Continued)

(i) Subsidiaries

Please see the consolidated financial statements for the year ended December 31, 2022.

(ii) Cash subscription by associates, wherein the Company failed to subscribe proportionately in accordance with its shareholding percentage

Inergy, which the Company invested in using equity method, issued new shares by cash in the first quarter of 2022, wherein the Company failed to subscribe proportionately, resulting in the Company's shareholding percentage in Inergy to decrease from 21.06% to 18.72%, amounting to $107,795, recognized as capital surplus. There was no such transaction for the year ended December 31, 2021.

(iii) At the reporting date, the investments accounted for using the equity method were not pledged.

(iv) Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the parent-company-only financial statements of the Company.

	December 31, 2022	December 31, 2021
Total equity of the individually insignificant investments in associates	$ 247,511	140,523

	2022	2021
Attributable to the Company:		
Net profit from continuing operations	$ 21,609	26,150
Other comprehensive income	(1,163)	(23)
Total comprehensive income	$ 20,446	26,127

(g) Property, plant and equipment

(i) The movements were as follows:

	Land	Building and structure	Machinery and equipment	Other equipment (Power station)	Office and other equipment	Total
Cost or deemed cost:						
Beginning balance at January 1, 2022	$ 17,905	1,026,022	2,223,024	78,078	1,326,113	4,671,142
Additions	-	-	164,627	-	81,639	246,266
Reclassification	-	-	4,878	-	6,704	11,582
Disposals	-	-	(368,493)	-	(45,737)	(414,230)
Balance at December 31, 2022	$ 17,905	1,026,022	2,024,036	78,078	1,368,719	4,514,760
Beginning balance at January 1, 2021	$ 17,905	1,026,831	2,261,440	78,078	1,323,299	4,707,553
Additions	-	-	13,411	-	13,863	27,274
Reclassification	-	-	10,938	-	3,307	14,245
Disposals	-	(809)	(62,765)	-	(14,356)	(77,930)
Balance at December 31, 2021	$ 17,905	1,026,022	2,223,024	78,078	1,326,113	4,671,142

(Continued)

	Land	Building and structure	Machinery and equipment	Other equipment (Power station)	Office and other equipment	Total
Depreciation and impairment loss:						
Beginning balance at January 1, 2022	$ -	284,485	1,825,342	25,154	1,242,508	3,377,489
Depreciation expense	-	20,428	84,061	4,606	34,917	144,012
Impairment loss	-	-	26,704	-	3,247	29,951
Disposals	-	-	(355,308)	-	(45,737)	(401,045)
Balance at December 31, 2022	$ -	304,913	1,580,799	29,760	1,234,935	3,150,407
Beginning balance at January 1, 2021	$ -	264,721	1,799,431	20,473	1,218,332	3,302,957
Depreciation expense	-	20,506	88,414	4,681	38,255	151,856
Disposals	-	(742)	(62,503)	-	(14,079)	(77,324)
Balance at December 31, 2021	$ -	284,485	1,825,342	25,154	1,242,508	3,377,489
Carrying amounts:						
Balance at December 31, 2022	$ 17,905	721,109	443,237	48,318	133,784	1,364,353
Balance at January 1, 2021	$ 17,905	762,110	462,009	57,605	104,967	1,404,596
Balance at December 31, 2021	$ 17,905	741,537	397,682	52,924	83,605	1,293,653

(ii) In response to the changes in the supply and demand of the market, the Company had decided to adjust its device configuration and suspend some of its machinery and other equipment of solar division in 2022. The Company recognized the impairment loss of $29,951, which was recorded under other gains and losses－impairment loss on non-financial assets. There was no such transaction for the year ended December 31, 2021.

(iii) The Company had performed an impairment test as of December 31, 2019 because there were indications that the assets might be impaired. Due to the operating result in 2021, which showed that the impairment loss recognized for those individual assets may have decreased, the Company performed an impairment test as of December 31, 2021. After performing the impairment test, the carry amount of CGU to which they belonged was not lower than the recoverable amount (value in use). As of December 31, 2021, the key assumptions used in the estimation of value in use were the discount rate of 6.76%, the average growth rate (sales volume) of (0.80) %, the average growth rate (average selling price) of (0.74) % and the average growth rate (unit cost) of (0.40) %.

The discount rate was a pre-tax measure based on the rate of 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of generally investing in equities and the systemic risk of the specific CGU. Budgeted earnings before interest, taxes, depreciation and amortization (“EBITDA”) were based on expectations of future outcomes considering the past experience, adjusted for the anticipated revenue growth. Revenue estimation was projected considering the operating results in the previous year and the estimation of the Company's own production capacity based on the future annual business plan approved by the management. The sales volume in the future was estimated to grow steadily, but the sales price was easily affected by the industry boom and fluctuates.

(Continued)

(iv) The reclassification was mainly for the transfer of prepayments for business facility and inventories.

(v) As of December 31, 2022 and 2021, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

(h) Right-of-use assets

The Company leases many assets, including land, buildings and structures, machinery and other equipment. Information about leases for which the Company as a lessee was presented below:

		Land	Buildings and structures	Machinery	Other equipment	Total
Cost:						
Beginning balance at January 1, 2022	$	73,020	6,171	981	-	80,172
Additions		3,600	-	-	-	3,600
Decreases		-	-	(981)	-	(981)
Balance at December 31, 2022	**$**	**76,620**	**6,171**	**-**	**-**	**82,791**
Beginning balance at January 1, 2021	$	73,020	6,171	-	3,001	82,192
Additions		-	-	981	-	981
Decreases		-	-	-	(3,001)	(3,001)
Balance at December 31, 2021	**$**	**73,020**	**6,171**	**981**	**-**	**80,172**
Accumulated depreciation:						
Beginning balance at January 1, 2022	$	29,174	974	491	-	30,639
Depreciation for the year		9,649	325	163	-	10,137
Decreases		-	-	(654)	-	(654)
Balance at December 31, 2022	**$**	**38,823**	**1,299**	**-**	**-**	**40,122**
Beginning balance at January 1, 2021	$	20,198	650	-	2,667	23,515
Depreciation for the year		8,976	324	491	334	10,125
Decreases		-	-	-	(3,001)	(3,001)
Balance at December 31, 2021	**$**	**29,174**	**974**	**491**	**-**	**30,639**
Carrying amount:						
Balance at December 31, 2022	**$**	**37,797**	**4,872**	**-**	**-**	**42,669**
Balance at January 1, 2021	**$**	**52,822**	**5,521**	**-**	**334**	**58,677**
Balance at December 31, 2021	**$**	**43,846**	**5,197**	**490**	**-**	**49,533**

The Company leases land and buildings for its office use, operation space and installation location of PV power stations, with lease terms ranging from 6 to 20 years; the Company also lease machinery and other equipment, with the lease term of 2 to 3 years.

(Continued)

(i) Intangible assets

(i) The movements were as follows:

		Computer software
Costs:		
Beginning balance at January 1, 2022	$	9,709
Additions		470
Disposals		(200)
Balance at December 31, 2022	**$**	**9,979**
Beginning balance at January 1, 2021	$	10,763
Additions		200
Disposals		(1,254)
Balance at December 31, 2021	**$**	**9,709**
Amortization and impairment loss:		
Beginning balance at January 1, 2022	$	7,697
Amortization for the year		1,860
Disposals		(200)
Balance at December 31, 2022	**$**	**9,357**
Beginning balance at January 1, 2021	$	6,514
Amortization for the year		2,437
Disposals		(1,254)
Balance at December 31, 2021	**$**	**7,697**
Carrying amounts:		
Balance at December 31, 2022	**$**	**622**
Balance at January 1, 2021	**$**	**4,249**
Balance at December 31, 2021	**$**	**2,012**

(ii) Amortization expense

The amortization expenses of intangible assets were included in the statement of comprehensive income as follows:

		2022	2021
Operating costs	$	354	354
Operating expenses		1,506	2,083
	$	**1,860**	**2,437**

(iii) Collateral

At the reporting date, the intangible assets were not pledged.

(Continued)

(j) Prepayments, other current and other non-current assets

(i) The components of prepayments were as follows:

	December 31, 2022	December 31, 2021
Prepaid expenses	$ 5,994	4,742
Prepayments to suppliers－current	4,126	21,979
Prepayments to suppliers－current-related parties	5,091	1,156
	$ 15,211	27,877

(ii) The components of other current assets and other non-current assets were as follows:

	December 31, 2022	December 31, 2021
Excess business tax paid	$ 10,396	4,641
Others	4,982	508
Other current assets	$ 15,378	5,149
Prepayments for business facilities	$ 8,395	5,520
Refundable deposits	21,153	32,325
Net defined benefit assets	59,257	52,744
Other non-current assets	$ 88,805	90,589

(iii) At the reporting date, the other current assets and other non-current assets were not pledged.

(k) Short-term notes and bills payable

	December 31, 2021		
	Guarantee or acceptance institution	Range of annual interest rates (%)	Amount
Commercial paper payable	International Bills Finance C	1.288%~1.488%	$ 160,000
Less: discount on short-term notes and bills payable			(46)
Total			$ 159,954

There was no such transaction for the year ended December 31, 2022.

(i) At the reporting date, there was no pledge for short-term notes and bills payable.

(ii) Please refer to note 6(x) for liquidity and interest rate risk information.

(l) Short-term borrowings

	December 31, 2022	December 31, 2021
Unsecured bank loans (in NTD)	$ 200,000	130,000
Unused short-term credit lines	$ 1,717,433	1,336,540
Range of annual interest rates	1.853%~2.425%	1.5%

(i) At the reporting date, there was no pledge for short-term borrowings.

(ii) Please refer to note 6(x) for liquidity and interest rate risk information.

(m) Long-term borrowings

(i) The components were as follows:

	December 31, 2022			
	Currency	Range of annual interest rate	Maturity year	Amount
Syndicated loan	NTD	2.5645%~2.5674%	2023	$ 1,409,490
Financial loans for solar power station projects	NTD	1.975%~2.525%	2033	36,130
Financial long-term borrowings	NTD	2.275%~2.375%	2024-2025	22,333
				1,467,953
Less: current portion				(1,422,989)
Total				$ 44,964
Unused long-term credit lines				$ 98,180

	December 31, 2021			
	Currency	Range of annual interest rate	Maturity year	Amount
Syndicated loan	NTD	1.9556%	2023	$ 1,675,170
Financial loans for solar power station projects	NTD	1.35%~1.8%	2033	39,628
Financial long-term borrowings	NTD	1.65%	2024	917
				1,715,715
Less: current portion				(235,672)
Total				$ 1,480,043
Unused long-term credit lines				$ 33,530

(Continued)

(ii) Pledge for loan

At the reporting date, assets had been pledged as collaterals for long-term borrowings, please refer to note 8.

(iii) Syndicated loan borrowings

In November 2020, the Company entered into a triennium syndicated loan agreement with a group of banks to pay off the balance of its 2018 syndicated loan.

The Company can extend its credit term only once for two more years, within 24 to 30 months starting from the initial drawdown, through written application to leading bank, provided it does not breach the financial covenant within three years starting from the initial drawdown date.

In accordance with the agreement, the Company shall submit annual consolidated financial statements and the second quarter consolidated financial statements reviewed by the accountant approved by the management bank during the term of the credit agreement, and maintain the agreed financial indicators, including current ratio, financial debt ratio, interest coverage ratio and tangible net worth.

If the Company initially fails to comply with the aforementioned covenants, it would not be regarded as breach of contract if it can provide the leading bank a financial improvement plan; and consequently, its preceding second quarter or annual consolidated financial statements is in conformity with the covenants; furthermore, a compensation has to be paid. If the Company still fails to comply with the said covenant in its preceding consolidated financial statements, all its credit facilities stated in the contract will be considered invalid. Also, the leading bank can decide either to waive all or parts of the unused credit facilities without the approval of the participating banks, or it can demand the Company for an immediate payment on its obligations under this agreement. The Company was in compliance with the aforementioned covenants in each period.

(iv) Please refer to note 6(x) for liquidity and interest rate risk information.

(n) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	$ 9,896	9,531
Non-current	$ 34,067	41,003

For the maturity analysis, please refer to note 6(x).

(Continued)

The amounts recognized in profit or loss were as follows:

	2022	2021
Interest expense on lease liabilities (recorded under finance costs)	$ 1,093	1,239
Variable lease payments not included in the measurement of lease liabilities	$ 131	135
Expenses relating to short-term leases	$ 15,326	13,092
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 412	435

The amounts recognized in the statement of cash flows by the Company were as follows:

	2022	2021
Total cash outflow for leases	$ 26,760	24,486

(i) Real estate and buildings leases

The Company leases land and buildings for its office use, operating space and the installation location of PV power stations, with leases terms ranging from 6 to 20 years. Some leases included an option to renew the lease for an additional period of the same duration after the end of the contract term. The extension option held are exercisable only by the Company and not by the lessors. If the lessee is not reasonably certain to use an optional extended lease term, the payments associated with the optional period will not be included with in lease liabilities.

(ii) Other leases

The Company leases machinery and other equipment, with lease terms ranging from 2 to 3 years. In some cases, the Company has options to purchase the assets at the end of the contract term. In other cases, it guarantees the residual value of the leased assets at the end of the contract term.

The Company also leases IT equipment and other equipment with lease terms ranging from 1 to 3 years. These leases are short-term and leases of low-value items; therefore, the Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(Continued)

(o) Provisions

		Warranty	Decommissioning	Total
Beginning balance at January 1, 2022	$	91,631	183	91,814
Provisions made		9,127	2	9,129
Provisions used		(741)	-	(741)
Balance at December 31, 2022	$	100,017	185	100,202
Beginning balance at January 1, 2021	$	85,684	181	85,865
Provisions made		7,563	2	7,565
Provisions used		(1,616)	-	(1,616)
Balance at December 31, 2021	$	91,631	183	91,814

The carrying amounts of provisions were as follow:

		December 31, 2022	December 31, 2021
Current provisions	$	23,318	21,514
Non-current provisions		76,884	70,300
	$	100,202	91,814

(i) Provision for warranties of the Company is related to solar modules and photovoltaic inverters sold. It is based on estimates made from historical warranty data associated with similar goods and services.

(ii) Provision for decommissioning of the Company is related to power station. It is recognized the module recovery expense as provision, which is in accordance with the Regulation for Installation and Management of the Renewable Energy Generation Equipment.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value were as follows:

		December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$	35,167	34,452
Fair value of plan assets		(94,424)	(87,196)
Net defined benefit assets (recorded under other non-current assets)	$	(59,257)	(52,744)

(Continued)

The Company makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. Minimum earnings on such funds shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The amount of the Company's Bank of Taiwan labor pension reserve account balance was already higher than the defined benefit obligation, so the Company had applied for a moratorium on the withdrawal of labor pension reserve account during to April 2020 to March 2023. The Company's Bank of Taiwan labor pension reserve account balance amounted to $94,424 as of December 31, 2022. For information on utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

	2022	2021
Defined benefit obligations at January 1	$ 34,452	34,784
Current service costs and interest	332	332
Actuarial gains or losses	383	833
Benefits paid	-	(1,497)
Defined benefit obligations at December 31	**$ 35,167**	**34,452**

3) Movements of defined benefit plan assets

	2022	2021
Fair value of plan assets at January 1	$ 87,196	87,101
Expected return on plan assets	651	650
Actuarial gains or losses	6,577	942
Benefits paid	-	(1,497)
Fair value of plan assets at December 31	**$ 94,424**	**87,196**

(Continued)

4) Expenses (reversal) recognized in profit or loss

		2022	2021
Cost of services	$	77	74
Net interest on the net defined benefit assets		(396)	(392)
	$	(319)	(318)
Operating expenses	$	(319)	(318)

5) The remeasurements of the net defined benefit asset recognized in other comprehensive income

		2022	2021
Cumulative amount at January 1	$	(9,042)	(8,933)
Recognized during the period		(6,194)	(109)
Cumulative amount at December 31	$	(15,236)	(9,042)

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2022	December 31, 2021
Discount rate	2.000%	0.750%
Rate of salary increase	3.000%	2.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $0.

The weighted-average lifetime of the defined benefits plans for 2022 is 18.45 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences on defined benefit obligations	
		Increased by 0.25%	Decreased by 0.25%
December 31, 2022			
Discount rate	$	(1,032)	1,079
Rate of salary increase		1,047	(1,019)
December 31, 2021			
Discount rate		(1,127)	1,187
Rate of salary increase		1,157	(1,100)

(Continued)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

The method and assumptions used on current sensitivity analysis are the same as those of the prior year.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal accounts at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company allocates $22,325 and $22,254 as pension costs under the defined contribution plans in 2022 and 2021, respectively. Payment was made to the Bureau of Labor Insurance.

(q) Income taxes

(i) Tax benefit (expense)
The components of tax benefit (expense) were as follows:

	2022	2021
Current tax benefit (expenses)		
Current period	$ -	(809)
Adjustment for prior periods	809	-
	809	(809)
Deferred tax benefit	-	-
Tax benefit (expenses)	**$ 809**	**(809)**

The amounts of tax expenses recognized in other comprehensive income were as follows:

	2022	2021
Items that may not be reclassified subsequently to profit or loss:		
Actuarial gain of defined benefit plans	**$ (1,239)**	**(22)**

The Company did not recognize any amount of income tax directly in equity.

(Continued)

Reconciliation of tax benefit (expense) and profit before tax were as follows:

		2022	2021
Profit before tax	$	267,073	107,552
Income tax using the Company's domestic tax rate	$	(53,415)	(21,510)
Non-deductible expense		(742)	(786)
Tax-exempt income		-	5,600
Changes on unrecognized temporary differences		47,433	5,746
Change in provision in prior periods		809	-
Additional tax on undistributed earnings		-	(809)
Investment gains and losses on domestic enterprises which were not included in taxable income		6,724	10,950
	$	809	(809)

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom. Details were as follows:

		December 31, 2022	December 31, 2021
Unrecognized deferred tax assets (tax):			
Aggregate amount of temporary differences related to investments in subsidiaries	$	764,487	777,378
Loss carryforwards		1,660,538	1,686,262
Deductible temporary differences		209,964	230,303
	$	2,634,989	2,693,943

There are no significant unrecognized deferred tax liabilities on December 31, 2022 and 2021.

(Continued)

As of December 31, 2022, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Loss carryforwards of unrecognized deferred tax assets	Expiry year
2015	$ 141,846	2025
2016	333,628	2026
2017	2,538,046	2027
2018	3,255,134	2028
2019	1,568,955	2029
2020	289,843	2030
2021	175,238	2031
	$ 8,302,690	

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

	Accumulated impairment loss
Deferred tax assets:	
Beginning balance at January 1, 2022	$ 62,702
Recognized in profit or loss	3,353
Balance at December 31, 2022	$ 66,055
Beginning balance at January 1, 2021	$ 60,482
Recognized in profit or loss	2,220
Balance at December 31, 2021	$ 62,702

	Defined benefit plans	Unrealized foreign exchange gains	Others	Total
Deferred tax liabilities:				
Beginning balance at January 1, 2022	$ 10,549	52,462	-	63,011
Recognized in profit or loss	63	3,290	-	3,353
Recognized in other comprehensive income	1,239	-	-	1,239
Balance at December 31, 2022	$ 11,851	55,752	-	67,603
Beginning balance at January 1, 2021	$ 10,463	50,259	47	60,769
Recognized in profit or loss	64	2,203	(47)	2,220
Recognized in other comprehensive income	22	-	-	22
Balance at January 1, 2021	$ 10,549	52,462	-	63,011

(Continued)

(iii) Assessment

The Company's income tax returns for all years through 2020 were assessed by the tax authorities.

(r) Capital and other equity

As of December 31, 2022 and 2021, the Company's authorized ordinary share were both $10,000,000, with par value of $10 (dollars) per share, and its issued and outstanding shares were 387,042 thousand shares and 355,042 thousand shares, respectively. The Company has reserved 20,000 thousand authorized shares for employee stock options, convertible preferred stock, and convertible bonds.

Reconciliations of shares outstanding were as follows:

(In thousands of shares)

	2022	2021
Beginning shares at January 1	355,042	355,042
Proceeds from issuing ordinary shares	32,000	-
Ending shares at December 31	**387,042**	**355,042**

(i) Ordinary share

A resolution was passed during the Board of Directors' meeting held on May 5, 2022 for the issuance of ordinary shares for cash subsequently, a resolution was passed for issuance of 32,000 thousand ordinary shares, with par value of $10 (dollars) per share. The issue price of these shares was $22.5 (dollars) per share, and the Company received $716,061 (deducted issuance costs of $3,939). The issuance of ordinary shares for cash subsequently had approved by FSC, and the base date of capital increase was set on August 26, 2022, and all related registration procedures have been completed.

(ii) Capital surplus

The components were as follows:

	December 31, 2022	December 31, 2021
Premium on issued stock	$ 402,464	6,403
Changes in equity of subsidiaries and associates accounted for using equity method	126,651	18,856
Employee share options	11,490	-
Other	89	89
	$ 540,694	**25,348**

(Continued)

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

Under the Company's articles of incorporation, the Company's current-period earnings are appropriated and distributed in the following order:

a) pay all taxes and duties;

b) cover prior years' accumulated deficit, if any;

c) of the remaining balance, 10% is set aside as legal reserve; excluding when legal reserve exceeds contributed capital;

d) set aside a special reserve in accordance with the R.O.C. Securities and Exchange Act or as requested by the authorities in charge;

The balance, including the accumulated retained profits from the previous year, is the profit to be distributed. The Board of Directors shall propose the earnings distribution plan, in which the amount to be distributed cannot be less than 25% of the earnings available for distribution, in the shareholders' meeting for approval.

The Company's dividend policies are as follows:

a) Cash dividends and stock dividends are appropriated in consideration of the Company's budget for capital expenditures, financial condition, and future operating cash flows.

b) No dividends are distributed if the Company has no unappropriated earnings. Earnings can be distributed as cash or share dividends, but stock dividends shall not exceed 50% of the total distribution.

c) If there are no unappropriated earnings, or if there are unappropriated earnings but they are very much less than the earnings distributed in the prior year, or in consideration of financial, business, and operating requirements, then all of the capital surplus or a portion of the legal reserve or capital surplus can be distributed according to the law or government regulations.

(Continued)

1) Legal reserve

If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the share capital.

2) Special reserve

In accordance with the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 21, 2022 and July 26, 2021, the Company's shareholders resolved to appropriate the earnings for 2021 and 2020. These earnings were appropriated as follows:

	2021	2020
Dividends distributed to ordinary shareholders		
Cash	$ 71,008	71,008
Amount per share (dollar)	$ 0.20	0.20

On March 9, 2023, the Company's Board of Directors resolved to appropriate the earnings for 2022 as follows:

	2022	
	Amount per share (dollar)	Total amount
Dividends distributed to ordinary shareholders		
Cash	$ 0.45	$ 174,169

(Continued)

(iv) Other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Beginning balance at January 1, 2022	$ (521,327)	12,675
Exchange differences on translation of foreign financial statements	122,179	-
Exchange differences on translation of foreign financial statements for subsidiaries	(105,985)	-
Exchange differences on associates accounted for using equity method	21	-
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income	-	(11,050)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(1,625)
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	(1,184)
Balance at December 31, 2022	$ (505,112)	(1,184)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Beginning balance at January 1, 2021	$ (518,017)	-
Exchange differences on translation of foreign financial statements	(32,329)	-
Exchange differences on translation of foreign financial statements for subsidiaries	29,042	-
Exchange differences on associates accounted for using equity method	(23)	-
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income	-	12,675
Balance at December 31, 2021	$ (521,327)	12,675

(Continued)

(s) Share-based payment

As of December 31, 2022, the Company had the following share-based payment arrangement:

	Equity-settled Cash capital increase reserved for employee subscription
Grant date	2022.07.28
Number of shares granted (thousand shares)	3,200
Recipients	Employees of the Company
Vesting conditions	Immediately vested

The Company adopted the Black-Scholes model to evaluate the fair value of the abovementioned share-based payment at the grant date. The assumptions adopted in this valuation model were as follows:

	Cash capital increase reserved for employee subscription
Fair value per share on grant date (dollars)	27.8
Exercise price (dollars)	22.5
Expected volatility	38.8492%
Expected life	21 days
Dividend yield	-
Risk-free interest rate	1.1677%

Compensation costs of the Company arising from cash capital increase reserved for employee subscription were $11,490, which were recognized as operating cost and operating expense for the year ended December 31, 2022. There was no such transaction for the year ended December 31, 2021.

(t) Earnings per share (“EPS”)

(i) Basic EPS

		2022	2021
Profit attributable to ordinary shareholders of the Company	$	267,882	106,743
Weighted average number of ordinary shares outstanding during the period (thousand shares)		368,375	355,042
Basic earnings per share (dollars)	$	0.73	0.30

(Continued)

(ii) Diluted EPS

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ 267,882	106,743
Weighted-average number of ordinary shares outstanding during the period (thousand shares)	368,375	355,042
Effect of potentially dilutive ordinary shares－employees' compensation (thousand shares)	644	229
Weighted-average number of ordinary shares outstanding during the period (diluted) (thousand shares)	369,019	355,271
Diluted earnings per share (dollars)	$ 0.73	0.30

(u) Revenue from contracts with customers

(i) The Company's revenue was recognized from contracts with customers both 2022 and 2021.

(ii) Details of revenue were as follows:

	2022			2021		
	Solar	Others	Total	Solar	Others	Total
Primary geographical markets:						
Taiwan	$ 3,328,882	136,871	3,465,753	3,107,899	261,634	3,369,533
Singapore	1,758,710	-	1,758,710	2,151,702	-	2,151,702
Others	49,599	326	49,925	47,381	125	47,506
	$ 5,137,191	137,197	5,274,388	5,306,982	261,759	5,568,741

Since disaggregation of revenue was based on major products, the basis for division of operating segments, and their geographical regions, the revenue of major products and primary geographical markets were included in the above information.

(iii) Balance of contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable (including related parties)	$ 763,401	625,980	486,028
Less: loss allowance	-	(33,500)	(37,010)
Total	$ 763,401	592,480	449,018
Contract liabilities	$ 70,079	74,541	52,480

For details on notes and accounts receivable and loss allowance for impairment, please refer to note 6(c).

(Continued)

The amount of revenue recognized for the years ended December 31, 2022 and 2021 that was included in the contract liability balance at the beginning of the period were $72,498 and $33,565, respectively.

(v) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employees' remuneration and no more than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration to employees entitled to receive the abovementioned employee remuneration is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees and directors were as follows:

	2022	2021
Employees' remuneration	$ 17,268	6,812
Directors' remuneration	$ 3,454	1,362

Above-mentioned amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or lost in the following year. If, however, the shareholders determine that the employees' remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board meeting. Related information would be accessed at the Market Observation Post System website.

In 2022 and 2021, the actual amount of remuneration, which was same as the estimated amount.

(w) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income from bank deposits	$ 5,322	2,467
Interest income from loans to other parties	179	1,418
	$ 5,501	3,885

(ii) Other income

	2022	2021
Rent income	$ 5,539	4,195

(iii) Other gains and losses

		2022	2021
Gains (losses) on disposals of property, plant and equipment	$	(7,185)	(364)
Foreign exchange gains or losses, net		1,804	14,953
Management income		14,449	5,509
Impairment loss on non-financial assets		(29,951)	-
Government grants		4,690	7,136
Others		4,431	14,166
	$	(11,762)	41,400

(iv) Finance costs

		2022	2021
Interest expense	$	(38,489)	(38,401)
Other finance costs		(1,813)	(1,218)
	$	(40,302)	(39,619)

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

In order to reduce the credit risk on accounts receivable, the Company continuously evaluate the financial status of these customers and request collateral when necessary. The Company evaluates the possible loss on accounts receivable periodically and accrues a loss allowance for impairment, if necessary. As of December 31, 2022 and 2021, the Company's accounts receivable were obviously concentrated on 5 and 6 customers, whose accounts represented 89% and 93% of the total accounts receivable, respectively.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables, for credit risk exposure of other receivables, please refer to note 6(d).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	within 1 years	1-2 years	3-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Bank loans	$ 1,667,953	(1,710,419)	(1,523,676)	(155,036)	(12,017)	(19,690)
Guarantee deposits received	649	(649)	-	(649)	-	-
Notes and accounts payable, other payables and lease liabilities (including related parties)	873,647	(879,084)	(840,969)	(11,306)	(17,219)	(9,590)
	$ 2,542,249	(2,590,152)	(2,364,645)	(166,991)	(29,236)	(29,280)
December 31, 2021						
Non-derivative financial liabilities						
Bank loans	$ 1,845,715	(1,880,437)	(366,836)	(1,478,477)	(11,957)	(23,167)
Short-term notes and bills payable	159,954	(160,000)	(160,000)	-	-	-
Guarantee deposits received	336	(336)	-	(336)	-	-
Notes and accounts payable, other payables and lease liabilities (including related parties)	803,542	(810,216)	(764,089)	(10,556)	(21,139)	(14,432)
	$ 2,809,547	(2,850,989)	(1,290,925)	(1,489,369)	(33,096)	(37,599)

The Company does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 13,966	30.71	428,896	12,340	27.68	341,571
CNY	27,253	4.4132	120,273	224	4.3454	973
Non-monetary items						
USD	40,162	30.71	1,233,389	41,773	27.68	1,156,267
Financial liabilities						
Monetary items						
USD	8,172	30.71	250,962	13,449	27.68	372,268
CNY	39,995	4.4132	176,506	73	4.3454	317

(Continued)

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable and other payables that are denominated in foreign currency. A 1% of depreciation (appreciation) of the NTD against other foreign currencies as of December 31, 2022 and 2021, would have increased (decreased) the net profit as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022 and 2021.

	Impact on profit (loss)	
	Increase by 1%	**Decrease by 1%**
December 31, 2022	$ 1,217	(1,217)
December 31, 2021	$ 300	(300)

3) Foreign exchange gains and losses on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items was disclosed using the following total amounts:

	2022	**2021**
Foreign exchange gains	$ 1,804	14,953

(iv) Interest rate risk

Please refer to the notes on liquidity risk and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The departments of the Group's entities reported the increases/decreases in the interest rates and the exposure to changes in interest rates to the Company's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

The interest rate risk is mainly due to the Company's borrowing at floating rates. If the interest rate increases (decreases) by 1% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), the impaction on profit (loss) would be as follows:

	Impact on profit (loss)	
	Increase by 1%	**Decreases by 1%**
December 31, 2022	$ (16,680)	16,680
December 31, 2021	$ (18,457)	18,457

(Continued)

(v) Fair value

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 976,453	-	-	-	-
Financial assets measured at amortized cost	370	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	780,510	-	-	-	-
Refundable deposits	21,153	-	-	-	-
Other financial assets-non-current	21,012	-	-	-	-
Subtotal	$ 1,799,498	-	-	-	-
Financial liabilities at amortized cost:					
Bank loans	$ 1,667,953	-	-	-	-
Notes and accounts payable, other payables and lease liabilities (including related parties)	873,647	-	-	-	-
Guarantee deposits received	649	-	-	-	-
Subtotal	$ 2,542,249	-	-	-	-

(Continued)

	December 31, 2021				
	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income：					
Non-hedging derivative financial assets	$ 45,175	-	-	45,175	45,175
Financial assets measured at amortized cost:					
Cash and cash equivalents	$ 1,716,708	-	-	-	-
Financial assets measured at amortized cost	4,152	-	-	-	-
Notes and accounts receivable and other receivables (including related parties)	662,609	-	-	-	-
Refundable deposits	32,325	-	-	-	-
Other financial assets-non-current	20,364	-	-	-	-
Subtotal	$ 2,436,158	-	-	-	-
Financial liabilities at amortized cost:					
Bank loans	$ 1,845,715	-	-	-	-
Short-term notes and bills payable	159,954	-	-	-	-
Notes and accounts payable, other payables and lease liabilities (including related parties)	803,542	-	-	-	-
Guarantee deposits received	336	-	-	-	-
Subtotal	$ 2,809,547	-	-	-	-

2) Valuation techniques for financial instruments measured at fair value

The fair value of financial instruments trade in an active market is based on the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The unlisted company's stock, which the Company hold, not trade in active markets. The Company takes the quote market prices and the price-book ratio of similar publicly trade companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

(Continued)

3) Transfer between the fair value hierarchy every level:

For the years ended December 31, 2022 and 2021, there was no change on the fair value hierarchy of every level financial asset and liabilities.

4) Reconciliation of Level 3 fair values - Fair value through other comprehensive income-unquoted equity instruments

		2022	2021
Beginning balance at January 1	$	45,175	-
Purchased		-	32,500
Disposed		(32,500)	-
Recognized in other comprehensive income		(12,675)	12,675
Ending balance at December 31	**$**	**-**	**45,175**

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income – equity investments.

The fair value measurements categorized within Level 3 use significant unobservable inputs. The significant unobservable inputs are independent to each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Market approach-relevant information generated by publicly companies	• Price-book ratio (2.45 as of December 31, 2021) • Market liquidity discount rate (40% as of December 31, 2021)	• The higher the price-book ratio, the higher the fair value • The higher the market liquidity discount rate, the lower the fair value

(Continued)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement of the fair value of financial instruments is reasonable. If different evaluation models or evaluation parameters are used, the evaluation results may be different. For financial instruments classified as level 3, if the evaluation parameters change, the impact on other comprehensive income is as follows:

			Effects of changes in fair value on other comprehensive income	
	Inputs	**Fluctuation in inputs**	**Favorable**	**Unfavorable**
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Price-book ratio	1%	$ 455	(455)

The Company's favorable and unfavorable changes refer to the fluctuation of fair value, and the fair value is calculated by evaluating technology according to different levels of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact of a single input value change and does not take into account the correlation and variability between input values.

(y) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks' exposures, please refer to the respective notes in the financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Each responsible division is responsible for developing and monitoring the Company's risk management policies and reports regularly to the Board of Directors on its activities.

(Continued)

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Supervisor is assisted in this oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Board of Directors.

The Company's Board of Directors oversees how the management complies in monitoring the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to financial instruments fails to meet it contractual obligations and arises principally from the Company's notes and receivables from the customers and investments in securities.

1) Accounts receivable

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed regularly. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or an end-user customer, geographic location, industry, aging profile, maturity, and existence of previous financial difficulties. Accounts receivable and other receivables relate mainly to the Company's end-user customers. Customers that are graded as “high risk” are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

As a result of environment fluctuation in 2022 and 2021, certain purchase limits have been redefined, particularly for customers operating in solar division. The Company will be monitoring and adjusting the limits continuously.

Goods are sold subject to a retention of title clause, so that in the event of non-payment the Group may have a secured claim. The Company otherwise does not require collateral in respect of trade and other receivables.

The allowance for impairment accounts is estimated to reflect the loss on notes and accounts receivable for those customers graded as “high risk”. The allowance account reflects the specific loss based on customers' financial position, historical payment behavior, and asset pledge.

2) Investments

The credit risk exposure in the bank deposits and equity instruments is measured and monitored by the Company's finance department. Since the Company's transactions are with external parties with good credit standing, highly rated financial institutions, and publicly traded stock companies, or involved convertible bonds issued by publicly traded companies, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantees

According to the Company's management policy, the Company can only provide financial guarantees to certain entities which meet specific requirements. As of 2022 and 2021, the Company didn't provide any guarantees or endorsements to other companies.

(iv) Liquidity risk

Liquidity risk is a risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than payables) over the succeeding 60 to 90 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2022 and 2021, the Company had unused bank facilities for $1,815,613 and $1,370,070, respectively.

(Continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

In order to manage market risk, all transactions of the Company are carried out within the guidelines set by the management. Generally, hedge accounting is not applied in these circumstances, and the Company charges the changes in value to profit or loss.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company entities, primarily the NTD. These transactions are denominated in NTD, CNY and USD.

At any point in time, the Company hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily NTD and US Dollar (USD).

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalance.

The Company's investments in subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

2) Interest rate risk

The Company's interest rate on borrowings was at a floating rate. The Company did not enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

In response to changes in interest rates, the Company assesses each currency lending rate of financial institutions and maintains good relationships with them, in order to obtain lower financing costs. This also strengthens the management of working capital, reduces dependence on bank borrowings, and lowers the risk of changes in interest rates.

(Continued)

3) Other market price risk

The Company monitors the risk arising from its available-for-sale security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Company monitors the combination of investment portfolio based on cash flow requirement. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(z) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business.

The Company uses the debt-to-equity ratio to manage its capital. This ratio uses the total net debt to be divided by the total capital. The total net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalent. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

The Company's debt-to-equity ratio at the reporting date was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	$ 2,783,909	3,073,585
Less: cash and cash equivalents	(976,453)	(1,716,708)
Net liabilities	$ 1,807,456	1,356,877
Total equity	$ 4,254,905	3,213,749
Debt-to-equity ratio	42.48%	42.22%

(aa) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(h).

(ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Long term borrowings (including current portion)	$ 1,715,715	(250,282)	2,520	1,467,953
Short-term notes and bills payable	159,954	(160,000)	46	-
Lease liabilities (current and non-current)	50,534	(9,798)	3,227	43,963
Interest payable (recorded under other payables and current provisions)	982	(37,584)	37,736	1,134
Total liabilities from financing activity	$ 1,927,185	(457,664)	43,529	1,513,050

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long term borrowings (including current portion)	$ 1,715,777	(2,582)	2,520	1,715,715
Short-term notes and bills payable	-	160,000	(46)	159,954
Lease liabilities (current and non-current)	59,138	(9,585)	981	50,534
Interest payable (recorded under other payables and current provisions)	1,213	(37,374)	37,143	982
Total liabilities from financing activity	$ 1,776,128	110,459	40,598	1,927,185

(Continued)

(7) Related-party transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Power Islands Limited (Power Islands)	Subsidiaries
Motech (Suzhou) Renewable Energy Co., Ltd. (SNE)	Subsidiaries
Motech (Xuzhou) Renewable Energy Co., Ltd. (XNE) (Note1)	Subsidiaries
Motech (Ma Anshan) Renewable Energy Co., Ltd. (MAS)	Subsidiaries
Cheer View Investment Limited (Cheer View)	Subsidiaries
Motech (Maansgan) Energy Technologies Co. (MASE)	Subsidiaries
Noble Town Holdings Co., Ltd. (Noble Town) (Note 2)	Subsidiaries
Teco-Motech Co., Ltd. (Teco-Motech)	Subsidiaries
Motech Power One Co., Ltd. (MPO)	Subsidiaries
Motech Power Gamma Co., Ltd (MPG)	Subsidiaries
Motech Power Beta Co., Ltd (MPB)	Subsidiaries
Motech Power Zeta Co., Ltd (MPZ)	Subsidiaries
TECO Sun Energy Co., Ltd. (TECO Sun Energy)	Associates

Note 1: On January 20, 2020 the Board of Directors decided to dissolve XNE. The remaining capital investment had been recovered by SNE in April 2021, and the related liquidation procedures had been completed.

Note 2: On January 21, 2021 the Board of Directors decided to dissolve Noble Town. The remaining capital investment had been recovered by Power Islands in January 2021, and the related liquidation procedures had been completed.

(b) Significant transactions with related parties

(i) Operating revenue and accounts receivable

	Operating revenue	
	2022	**2021**
Subsidiary－MPZ	$ 55,976	178,041
Subsidiary－MPO	47,520	4,018
Associates－TECO Sun Energy	7,021	-
Subsidiary－MAS	6,556	-
Subsidiary－Others	6,161	(2,240)
	$ 123,234	**179,819**

(Continued)

	Accounts receivable due from related parties	
	December 31, 2022	**December 31, 2021**
Accounts receivable:		
Subsidiary－MPZ	$ 15,920	73,457
Subsidiary－MPO	35,553	1,130
Subsidiary－Others	1,585	248
	$ 53,058	74,835

If the credit terms of 90 days are offered to end customers, the remaining sales to related parties shall be based on the routine sales transactions. No accounts receivable from related parties were pledged as collateral since the provision for expected credit impairment is not required.

(ii) Purchases

	Purchases	
	2022	**2021**
Subsidiary－MAS	$ 1,693,479	2,576,748
Subsidiary－SNE	1,057,860	230,223
	$ 2,751,339	2,806,971

	Accounts payable to related parties	
	December 31, 2022	**December 31, 2021**
Subsidiary－MAS	$ 168,200	158,396

As of December 31, 2022 and 2021, the Company prepaid SNE amounting to $5,091 and $1,156, respectively, which was recognized as prepayments.

Since the items purchased from related parties are not the same with those of other vendors, the purchase price could not be compared; however, the payment terms are not significantly different from those offered by other vendors.

(Continued)

(iii) Management income

The Company provided services to its subsidiaries, including human resources wherein the revenues are recognized as management income under other gains and losses. The transaction amount and outstanding balance were listed as follows:

	Amounts	
	2022	**2021**
Subsidiary－MPO	$ 6,722	1,895
Subsidiary－MPZ	3,780	1,615
Subsidiary－MPB	2,228	1,263
Subsidiary－MPG	1,719	736
	$ 14,449	**5,509**

	Other receivables due from related parties	
	December 31, 2022	**December 31, 2021**
Subsidiary－MPO	$ 1,790	979
Subsidiary－MPZ	1,097	640
Subsidiary－MPB	705	432
Subsidiary－MPG	512	300
	$ 4,104	**2,351**

(iv) Research and development expenses

The research and development expenses for materials purchased from related parties and outstanding balance were listed as follows:

	Amounts	
	2022	**2021**
Subsidiary－MAS	**$ 137**	**383**

	Other payables to related parties	
	December 31, 2022	**December 31, 2021**
Subsidiary－MAS	**$ 16**	**59**

(Continued)

(v) Property transactions

1) Purchase of property, plant and equipment

Equipment (including unfinished construction) purchased from related parties of the Company were as follows:

	Purchase price	
	2022	**2021**
Subsidiary－SNE	**$ 4,495**	**-**

Related payables due from property transactions had been settled as of December 31, 2022.

(vi) Loans to other parties

Loans to related parties and outstanding balance were listed as follows:

	2022				
	Ending credit lines	**Actual usage amount during the period**	**Range of interest annual rates**	**Interest income**	**Other receivables-interest**
Subsidiary－MPO	$ 100,000	-	2~5%	-	-
Subsidiary－MPZ	100,000	-	2~5%	179	-
	$ 200,000	**-**		**179**	**-**

	2021				
	Ending credit lines	**Actual usage amount during the period**	**Range of interest annual rates**	**Interest income**	**Other receivables-interest**
Subsidiary－MPO	$ 40,000	-	2~5%	60	-
Subsidiary－MPB	100,000	-	2~5%	747	-
Subsidiary－MPZ	250,000	47,000	2~5%	611	59
	$ 390,000	**47,000**		**1,418**	**59**

(vii) Other receivables－others

The Company paid the leases expense on behalf of related parties. The outstanding balance were as follows:

	December 31, 2022	**December 31, 2021**
Subsidiary－MPZ	**$ 10,623**	**-**

(Continued)

(viii) Other receivables from related parties and other payables to related parties were listed as follows:

Other receivables－related parties:

	December 31, 2022	December 31, 2021
Other receivables－others	10,623	-
Other receivables－management income	4,104	2,351
Other receivables－loans－MPZ	-	47,000
Other receivables－interest	-	59
	$ 14,727	49,410

Other payables－related parties:

	December 31, 2022	December 31, 2021
Other payables－research and development expenses	$ 16	59

(ix) Equity transaction

The amounts of the company subscribed the new shares contributed by the subsidiaries in cash were as follow:

	December 31, 2022	December 31, 2021
Subsidiary－MPO	678,000	-
Subsidiary－MPZ	374,000	56,000
Subsidiary－MPB	-	20,000
	$ 1,052,000	76,000

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 27,540	26,546
Post-employment benefits	324	324
Share-based payments	1,246	-
	$ 29,110	26,870

Please refer to note 6(s) for information on share-based payment.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Deposits (recorded under other non-current financial assets)	Guarantees for leased dormitory	$ 2,710	2,078
Deposit (recorded under other non-current financial assets)	Guarantees for lands	7,537	7,537
Deposits (recorded under other non-current financial assets)	Long-term borrowings (including current portion)	10,765	10,749
	Other non-current financial assets	21,012	20,364
Property, plant and equipment	Long-term borrowings (including current portion)	781,821	805,424
		$ 802,833	825,788

(9) Commitments and contingencies

(a) The Company has contracts involving significant unrecognized commitments as follows:

(i) Unused letters of credit for the Company's purchases of raw materials, machinery and equipment were as follows:

	December 31, 2022	December 31, 2021
Unused letters of credit	$ 88,086	26,519

(ii) Bank performance guarantees for the customs and others were as follows:

	December 31, 2022	December 31, 2021
Bank guarantees	$ 59,270	30,000

(iii) The status of agreements for the Company's expansion of the plant and purchases of machinery and other equipment was as follows:

	December 31, 2022	December 31, 2021
Total contract price	$ 1,557,844	727,464
Unexecuted amount	$ 1,258,230	526,738

(b) The Company entered into long-term purchase contracts with suppliers to purchase nitrogen in bulk volume. Starting from the contract, if the actual consumed volume is less than basic volume usage, the Company should pay for the cost of the basic volume usage instead.

(Continued)

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2022 Operating costs	2022 Operating expenses	2022 Total	2021 Operating costs	2021 Operating expenses	2021 Total
Employee benefits						
Salary (Note)	336,742	147,389	484,131	317,934	129,039	446,973
Labor and health insurance	35,760	12,213	47,973	33,615	12,537	46,152
Pension	15,982	6,024	22,006	16,091	5,845	21,936
Director's remuneration	-	17,445	17,445	-	14,773	14,773
Others	12,486	3,110	15,596	12,212	3,218	15,430
Depreciation	129,000	25,149	154,149	130,310	31,671	161,981
Amortization	354	1,506	1,860	354	2,083	2,437

Note: the above amounts had not been deducted from various government grants.

(b) Additional information on the number of employees and employee benefits of the Company in 2022 and 2021 were as follows:

	2022	2021
Number of employees	646	623
Number of directors who were not employees	7	7
Average employee benefit expense	$ 892	861
Average employee salary expense	$ 758	726
Adjustment of average employee salaries	4.41%	
Supervisor's remuneration	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) were as follows:

(i) The wages of the employees of the Company are in accordance with related regulations and are paid based on the professional skills and knowledge required, the complexity of their work and performance integrated with the Company's operating goals, and been determined by reference to industry salary levels. Employees' overall wages include their basic salary, meal allowances and additional allowances. In addition, merit program would be provided based on the Company's operating performance and individual performance. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a minimum of 1% of the profit as employee remuneration, which will be granted after being approved by the Board and reported in the shareholders' meeting.

(Continued)

(ii) The remuneration to managers is based on their involvement in the Company's operation, seniority and performance, and determined by reference to the Company's business strategy, future risks, profitability and industry salary level. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a minimum of 1% of the profit as employee remuneration, which shall be reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(iii) The remuneration to directors is based on their involvement and contribution to the Company, and determined by reference to the Company's future risks, development trends of the industry and industry salary level. The remuneration to directors included fixed remuneration and business execution expenses. According to the Company's articles of incorporation, if the Company incurred profit for the year, the Company should appropriate a maximum of 5% of the profit as directors' remuneration, which shall be reviewed by the Salary and Remuneration Committee and approved by the Board of Directors.

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Company for the year ended December 31, 2022:

i. Loans to other parties:

Number	plName of lender● Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 1)	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Notes 3)
												Item	Value		
0	The Company	MPO	Other receivables - related parties	100,000	100,000	-	2%~5%	2	-	Operating capital	-	None	-	425,490	850,981
0	The Company	MPZ	Other receivables - related parties	250,000	100,000	-	2%~5%	2	-	Operating capital	-	None	-	425,490	850,981
0	The Company	MPB	Other receivables - related parties	100,000	-	-	2%~5%	2	-	Operating capital	-	None	-	425,490	850,981

Note 1: Highest balance of financing to other parties during the period was the highest credit lines approved by the Board of Directors. The ending balance was the same as that of the credit lines approved by the Board of Directors.

Note 2: Purposes of fund financing for the borrower as follows:

1. For entries the Company has business transactions with.
2. For entries with short-term financing needs.

Note 3: For entities with short-term financing needs, which provides by the Company, the amoumt avilable for financing shall not exceed 10% of net worth of the Company.

Total amount of short-term financing shall not exceed 20% of net worth of the Company.

ii. Guarantees and endorsements for other parties: None.

iii. Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

Name of investee	Category and name of security		Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales				Ending	
						Shares / Units	Amount	Shares	Amount	Shares	Amount	Book value	Gain(loss) on disposal	Shares	Amount
The Company	MPO	Stock	Equity-accounted investees	Issued ordinary shares for cash	Subsidiaries	25,000,000	250,000	67,800,000	678,000	-	-	-	-	92,800,000	928,000
The Company	MPZ	Stock	Equity-accounted investees	Issued ordinary shares for cash	Subsidiaries	10,600,000	106,000	37,400,000	374,000	-	-	-	-	48,000,000	480,000

v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vi. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vii. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
MAS	The Company	Parent company	Sale	1,693,616	98.75 %	90 days	Non-significant difference	90 days	168,216	89.95 %	
The Company	MAS	Subsidiary	Purchase	1,693,616	42.41 %	90 days	Non-significant difference	90 days	(168,216)	31.46 %	
SNE	The Company	Parent company	Sale	1,062,355	100.00 %	T/T in advance	Non-significant difference	T/T in advance	-	0.00 %	
The Company	SNE	Subsidiary	Purchase	1,062,355	26.60 %	T/T in advance	Non-significant difference	T/T in advance	-	0.00 %	

viii. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
MAS	The Company	Parent company	168,216	10.13	-	-	168,216	-

ix. Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units	Percentage of ownership	Carrying value			
The Company	Power Islands	Samoa	Holding Company	5,160,872	5,160,872	158,375,909	100.00 %	1,216,487	60,928	64,456	
The Company	Inergy Technology Inc.	Taiwan	Product design	95,821	95,821	8,558,750	18.72 %	217,172	111,697	19,795	
The Company	Teco-Motech	Taiwan	Solar power generation and selling	14,400	14,400	1,440,000	60.00 %	5,398	3,289	1,973	
The Company	MPO	Taiwan	Solar power generation and selling	928,000	250,000	92,800,000	100.00 %	839,473	12,730	12,830	
The Company	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	28,000	28,000	2,800,000	40.00 %	30,339	4,532	1,814	
The Company	MPG	Taiwan	Solar power generation and selling	33,000	33,000	3,300,000	100.00 %	24,381	1,492	1,492	
The Company	MPB	Taiwan	Solar power generation and selling	55,000	55,000	5,500,000	100.00 %	28,946	(1,264)	(1,264)	
The Company	MPZ	Taiwan	Solar power generation and selling	480,000	106,000	48,000,000	100.00 %	436,620	(3,019)	(3,019)	
Power Islands	Cheer View	British Virgin Islands	Holding Company	2,564,272	2,564,272	77,500,000	100.00 %	3	-	-	
Cheer View	AE	United States	Polysilicon manufacturing and selling	2,398,043	2,398,043	11,573,647	37.11 %	-	-	-	

(c) Information on investment in Mainland China:

The following is the information on investees in Mainland China for the year 2022:

i. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Notes 3 and 4)	Book value (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow						
SNE	Manufacturing and processing, solar cells and solar modules	1,345,392 (CNY278,081)	(Note 1)	1,280,986	-	-	1,280,986	63,900	95.39 %	60,954	1,233,034	-
MAS	Manufacturing and processing, solar cells and solar modules	2,392,731 (CNY531,500)	(Note 2)	-	-	-	-	56,922	95.39 %	54,298	1,005,928	-
MASE	Manufacturing and processing, solar wafer and solar cells	164,232 (CNY37,000)	(Note 2)	-	-	-	-	(450)	95.39 %	(429)	(502)	-

ii. Limitation on investment in Mainland China:

Unit: USD

Accumulated Investment in Mainland China as of December 31, 2022 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 6)
1,280,986 (USD38,481,092.61)	1,658,340 (USD 54,000,000)	2,599,224

Note 1: The Company indirectly invested in the company in Mainland China through a third region (Power Islands).

Note 2: The Company indirectly invested in the company in Mainland China through a third region in the company in Mainland China. Note 3: Amounts was recognized based on audited financial statements.

Note 4: The amount consist of invesment gain or loss and carrying values as of December 31, 2022, recognized by the Company which indirectly invested through a third region.

Note 5: The investment in Mainland China, including equipment, was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into TWD at the average rates prevailing at the transaction date. The equity in the earnings (losses) was translated into TWD at the average rates during each period of the year. Other amounts on foreign currency financial assets was translated at the exchange rate at the balance sheet date, which was TWD30.71.

Note 6: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity. Note 7: The amounts consist of investment in Mainland China were recorded at exchange rates into TWD.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders

As of December 31, 2022, there was no shareholder who held over 5% of the total non physical common stocks.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2022.

6. **Financial Difficulties Experienced by the Company and Its Affiliates in the Most Recent Year and as of the Date of this Annual Report, and Their Impact on the Company's Financial Position:** None.

VII. Review and Analysis of Financial Position and Performance and Associated Risks

1. **Financial Position:** Reasons and Impact of Significant Changes in Asset, Liability and Equity in 2021 and 2022

Financial Position (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year	2021.12.31	2022.12.31	Changes		Analysis on Changes (Note)
			Amount	%	
Current assets	5,309,581	6,064,792	755,211	14.22	
Investments accounted for under the equity method	140,523	247,511	106,988	76.14	1
Property, plant and equipment	2,648,623	2,668,184	19,561	0.74	
Intangible assets	2,012	622	(1,390)	(69.09)	
Other assets	632,478	588,128	(44,350)	(7.01)	
Total assets	8,733,217	9,569,237	836,020	9.57	
Current liabilities	2,808,110	3,945,116	1,137,006	40.49	2
Non-current liabilities	2,638,810	1,292,081	(1,346,729)	(51.04)	2
Total liabilities	5,446,920	5,237,197	(209,723)	(3.85)	
Total capital	3,550,419	3,870,419	320,000	9.01	
Capital surplus	25,348	540,694	515,346	2,033.08	3
Retained earnings	146,634	350,088	203,454	138.75	4
Other components of equity	(508,652)	(506,296)	2,356	(0.46)	
Non-controlling interests	72,548	77,135	4,587	6.32	
Total equity	3,286,297	4,332,040	1,045,743	31.82	5

Analysis on changes (Changes in percentage and dollar amount exceeding 20% and NT$10 million, respectively):

1. Investments accounted for under the equity method increased mainly due to the recognition of equity adjustments concerning affiliates accounted for under the equity method as the Group did not participate in the cash capital increase of inergy Technology Inc., an investee accounted for under the equity method, and its holdings in the investee decreased.
2. Current liabilities increased while non-current liabilities decreased compared to 2021 as long-term loans were transferred to the account of current portion of long-term loans.
3. Capital surplus increased mainly due to share premium from cash capital increase, equity adjustment concerning affiliates accounted for under the equity method and an increase in employee stock options.
4. Retained earnings increased mainly due to an increase in net income.
5. Total equity increased mainly due to increases in capital surplus and retained earnings.

2. Financial Performance

(1) Reasons for significant changes in revenue, operating income and income before income tax in 2021 and 2022

Financial Performance (Consolidated) - International Financial Reporting Standards

(In Thousands of New Taiwan Dollars)

Item \ Year	2021	2022	Increase (Decrease)	Change (%)	Analysis on Changes (Note)
Net revenue	5,872,989	5,359,978	(513,011)	(8.74)	
Cost of revenue	(5,322,244)	(4,666,071)	656,173	(12.33)	
Gross profit	550,745	693,907	143,162	25.99	1
Operating expenses	(382,388)	(357,212)	25,176	(6.58)	
Operating income	168,357	336,695	168,338	99.99	1
Non-operating income and expenses	(51,979)	(60,761)	(8,782)	16.90	
Income before income tax	116,378	275,934	159,556	137.10	1
Income tax expense	(9,099)	(3,617)	5,482	(60.25)	
Net income	107,279	272,317	165,038	153.84	1
Other Comprehensive Income, Net of Tax	9,119	10,376	1,257	13.78	
Total Comprehensive Income	116,398	282,693	166,295	142.87	1
Analysis on changes (Changes in percentage and dollar amount exceeding 20% and NT$10 million, respectively): 1. Gross profit, operating income, income before income tax, net income and total comprehensive income: Mainly due to advantages from product mix.					

(2) Expected sales volume and its basis

The annual sales target is determined by assessing the changes in external environment and solar markets as well as taking into account the Company’s technologies and capacities on a consolidated basis.

3. Cash Flows

(1) Variance analysis of cash flows in 2022

(In Thousands of New Taiwan Dollars, %)

Item \ Year	2021	2022	Increase (Decrease)	
			Amount	%
Operating activities	1,554,196	455,131	(1,099,065)	(70.72)%
Investing activities	(1,192,394)	(136,743)	1,055,651	88.53%
Financing activities	(122,889)	211,762	334,651	272.32%

Explanations on significant changes:

1 Net cash generated by operating activities: Mainly due to cash inflows from the application for a refund of excess business tax paid by subsidiaries in China.

2 Net cash used in investing activities: Mainly due to capital expenditures associated with power station construction and acquisition of equipment to enhance cell production lines and increase module size for market demand.

3 Net cash generated by financing activities: Mainly due to cash inflows from cash capital increase.

(2) Improvement schemes for liquidity shortfall: The Company and its subsidiaries did not experience liquidity shortfall.

(3) Liquidity analysis for 2023 - consolidated

(In Thousands of New Taiwan Dollars)

Cash, Beginning of Year	Net Cash Provided by Operating Activities	Net Cash Used in Investing and Financing Activities	Cash Surplus (Shortage)	Remedies for Cash Shortage	
				Investment Plans	Financing Plans
3,141,347	632,000	(1,228,000)	2,545,347	N/A	N/A

Analysis on expected cash flows in 2023

1. Operating activities: Cash inflows mainly due to growth in revenue.
2. Investing and financing activities: Capital expenditures for power plant investment leads to cash outflows.

4. Major Capital Expenditures in the Most Recent Year and Their Impacts on the Company's Finance and Operation

Consolidated capital expenditures were mainly for the construction of power stations and enhancement on capacities. All decisions were carefully reviewed by the Board and beneficial to the Company's finance and operation. The main source of funds for capital expenditures was cash flows generated from operations and bank loans.

5. Reinvestment Policies in the Most Recent Year, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of the Next Year

(1) Reinvestment policies in the most recent year: reinvestment policies of the company and its subsidiaries were all long-term strategic investments.

(2) Main reasons for investment gains or losses and improvement plans in the most recent year:

(In Thousands of New Taiwan Dollars)

Investee	Main Business	Investment Gain (Loss) in 2022	Main Reasons for Investment Gains or Losses	Improvement Plans
Power Islands Limited	Holding company	64,456	Recognition of income from reinvestments	None
inergy Technology Inc.	Product design	19,795	Recognition of income from reinvestments	None
Teco-Motech Co., Ltd.	Generation and selling of solar power with PV systems	1,973	Recognition of revenue from selling of solar power	None
Motech Power One Co., Ltd.	Generation and selling of solar power with PV systems	12,830	Recognition of revenue from selling of solar power	None
TECO Sun Energy Co., Ltd.	Generation and selling of solar power with PV systems	1,814	Recognition of revenue from selling of solar power	None
Motech Power Gamma Co., Ltd.	Generation and selling of solar power with PV systems	1,492	Recognition of revenue from selling of solar power	None
Motech Power Beta Co., Ltd.	Generation and selling of solar power with PV systems	(1,264)	As the transfer of feeder lines to the new project was delayed, revenue from the new project failed to be recognized as scheduled, which affected the profitability in 2022	Performance will improve after the transfer
Motech Power Zeta Co., Ltd.	Generation and selling of solar power with PV systems	(3,019)	Profitability affected during the construction period	Performance will improve once the construction is completed
Cheer View Investment Limited	Holding company	-	Impairment loss was fully recognized for its investee, AE. Thus, there was no investment gains or losses	None
AE Polysilicon Corporation	Manufacturing and selling of polysilicon	-	Impairment loss was fully recognized for AE. Thus, there was no investment gains or losses	Liquidation underway
Motech (Suzhou) Renewable Energy Co., Ltd.	Processing and manufacturing of solar cells and modules	60,954	Recognition of income from reinvestments	None
Motech (Maanshan) Renewable Energy Co., Ltd.	Processing and manufacturing of solar cells and modules	54,298	Recognition of revenue from cells and modules.	None
Motech (Maanshan) Energy Technologies Co., Ltd.	Processing and manufacturing of solar wafers and cells	(429)	Basic maintenance fees.	Streamline plans executed

(3) Investment plans of the next year

A. Continue to actively explore the downstream system market in response to government's advocacy of green energy as well as channels for our cells and modules.

B. Integrate Group resources, adjust the production scale and personnel allocation in China and Taiwan, and optimize as well as enhance production capacities to improve our production competitiveness and generate more benefits for the Group.

C. In line with the government's promotion of energy transformation policy, we expand the composite model of fishery and electricity symbiosis, where the diverse and composite uses of solar energy are promoted through cross-industry collaboration. With prudence and considerations of external environment and company resources, we will adopt long-term sound strategies to expand our business in the area.

6. Risks in the Most Recent Year and as of the Date of this Annual Report and the Assessments thereof

(1) Risk management organization

A. Risk management policies

Risk management is an essential part of business sustainability. To reduce the occurrence and losses of incidents, the Company adopts preventive measures to reinforce the risk management system in hope to achieve sustainable operation and protect stakeholders' rights.

To ensure continuous operations under major hazards or emergencies, we develop business continuity plans and emergency drills through business strategy planning, business continuity risk assessment, impact analysis, and adoption of recovery strategies to mitigate potential risk from natural disasters and management deficiencies.

B. Structure of risk management organization

Board of Directors: The Company's Board of Directors is the highest-ranking unit in terms of risk management. Its objectives include regulatory compliance and the promotion and implementation of company-wide risk management. It clearly understands the risks of operations, ensures the effectiveness of risk management and takes on the ultimate responsibility for risk management.

Finance unit: It is the fund management unit of the Company, responsible for managing the use and flows of funds. It has emergency procedures in place when the demand for funds rises due to incidents in the market.

Internal audit department: The Company's Internal Audit Office is an independent department which reports directly to the Board. It monitors and provides methods and procedures of internal controls and internal audits to ensure an effective risk management operation.

Legal department: It is responsible for the Company's regulatory compliance and legality reviews of contracts. To assist with controlling the legal risk, internal policies and regulations are reviewed constantly for immediate responses to impacts on business due to changes in laws and regulations made by the competent authorities. It also has comprehensive review procedures in place to secure the exhaustiveness and legality of all transactions of the Company.

(2) Impacts of fluctuations in interest rates and foreign exchange rates and inflation on the Company's profitability and associated action plans

(In Thousands of New Taiwan Dollars)

Item \ Year	2021			2022		
	Amount	% to Net Revenue	% to Operating Income	Amount	% to Net Revenue	% to Operating Income
Interest Income	28,687	0.49%	17.04%	48,405	0.90%	14.38%
Interest Expense	(56,894)	(0.97)%	(33.79)%	(58,536)	(1.09)%	(17.39)%
Net exchange (loss) gain	3,601	0.06%	2.14%	18,881	0.35%	5.61%
Valuation gain (loss) of financial assets	0	0%	0%	0	0%	0%

Source: Audited financial reports

A. Impacts of interest rate fluctuations and associated action plans:

Measures taken in response to interest rate risk included regular assessments on bank borrowing rates, adjustments on short-term borrowings and the maintenance of a good relationship with banks to obtain a lower financing cost. In addition, the Company and its subsidiaries strengthened working capital management and used fund raising instruments in the capital market to lower their dependence on bank borrowings and thus diversify the risk of changes in borrowing rates.

B. Impacts of foreign exchange rate fluctuations and associated action plans:

Expenses and revenues of the Company and its subsidiaries from operations were mostly dominated in foreign currencies and the majority of them were covered by natural hedges. In addition to monitoring our U.S. dollar position, the Company engaged in forward foreign exchange contracts when the need arises to reduce our foreign currency exposure. In 2022, the consolidated exchange gains amounted to about NT$18,881 thousand. The Company will continue to collect international finance and exchange rate data to have a better understanding on currency movements and adopt the most appropriate and low-risk hedging instruments to mitigate the impact of exchange rate fluctuations on the Company's operations.

C. Impacts of inflation and associated action plans:

Due to industry characteristics, inflation did not have any significant impact on the profitability of the Company and its subsidiaries in the most recent year and as of the date of this annual report.

(3) The policies, main reasons for gains or losses and associated action plans with respect to high-risk, highly-leveraged investments, lending funds to other parties, endorsement and guarantee and derivative trading

The Company and its subsidiaries did not engage in high-risk, highly-leveraged investments. Derivative transactions were not entered into for the purpose of trading and they were mostly forward foreign exchange contracts to hedge exchange rate risk from operations. The Company's hedging strategy focused on hedging risk of changes in the fair value of assets due to exchange rate fluctuations with counterparties being qualified banks. Thus, no significant credit risk was expected. Moreover, as gains and losses from exchange rate movements could be offset by the hedged items, there was no significant market risk. The Company conducted transactions pursuant to policies in the "Procedures for Acquisition or Disposal of Assets", "Procedures for Lending Funds to Other Parties", "Procedures for Endorsement and Guarantee" and "Procedures for Financial Derivative Transactions".

(4) Future research and development plans and estimated expenses:

Project	Progress	R&D Expenses to be Invested	Trial Production Schedule	Deciding Factors
Development of ultrathin N-type TOPCon M10 cell	Sample Trial	Tool, wafers, pastes and screens	Fourth quarter of 2023	Yield and efficiency of mass production
Development of N-type TOPCon with selective emitter technology	Process validation	Wafers, pastes and screens required for experiments	Fourth quarter of 2023	Level of efficiency improvement
Fine line electrode	Testing on paste and screens. Expect to improve efficiency by 0.1%	Wafers, paste, and screens for experiments	Second quarter of 2023	Optimal combination of printing machine, paste and screens
Process development of modules with M10 cells (182mm)	Planning on platform for mass production of M10 modules	Adjustments in module materials for M10 cells	Fourth quarter of 2023	Yield of M10 cells in module mass production
Development of agro-photovoltaics modules	Analysis on characteristics of optical materials	Development of optical materials	Second quarter of 2024	Compatibility of optical materials and existing module materials

R&D expenses for 2023 will account for about 2% of the net revenue.

(5) Impacts of changes in major domestic and overseas policies and regulations on Company's finance and business and associated action plans:

The Company and its subsidiaries constantly monitored the trends of changes in the political and economic environment in Taiwan and overseas as well as the changes in policies and regulations, and prepared appropriate action plans. Changes in major domestic and overseas policies and regulations did not have significant adverse impacts on the finance and business of the Company and its subsidiaries in the most recent year and as of the date of this annual report.

(6) Impacts of changes in technology (including cyber security risk) and industry on the Company's finance and business and associated action plans:

The more significant changes in silicon solar cell technology include the emerging trends of M10 and G12 wafer sizes and the expectation that the N-type cell technology will replace PERC, which is the mainstream at present. We have engaged in TOPCon technology at an earlier stage and is now the only supplier of N-type products in Taiwan. We plan to upgrade the production line of M6 cell to M10 and G12 during 2023. With advancements in manufacturing technology, module efficiency will gradually increase to 22%. We continue to provide customers with products of the best performance.

The Company has emphasized on risk control and protection of information security in recent years. We have adopted the defense in depth approach by building multiple layers of security to protect information, and implemented strict controls to deal with cyberattacks and cyber security incidents from ransomware. Thus, as of the date of this annual report, changes in technology (including cyber security risk) and industry did not have any impact on the Company's finance and business.

(7) Impacts of changes in corporate image on corporate risk management and associated action plans

The Company was committed to maintain its corporate image and comply with laws and regulations. Adhering to the principles of professionalism and integrity, incident that might affect the Company's corporate image did not occur in the most recent year and as of the date of this annual report.

(8) Expected benefits and risks relating to merger and acquisition and associated action plans:

In 2022 and as of the date of this annual report, the Company and its subsidiaries did not have plans to acquire other companies. For plans of mergers and acquisitions in the future, we will be prudent in our assessments and fully consider the synergy of combination to protect our shareholders' rights.

(9) Expected benefits and risks relating to plant expansion and associated action plans

The deterioration of global warming, increased awareness on environmental protection and decreased reserves of major energy all contributed to the expected growth of PV industry. The plant expansion plans of the Company and its subsidiaries were all reviewed carefully; thus, the potential risks associated were extremely low.

(10) Risks of concentrated sources of purchases or sales and associated action plans

The Company and its subsidiaries aggressively explore new markets and customers. We had a substantial number of customers; thus, there was no customer concentration risk. Key raw materials of the Company were mostly provided by two or more suppliers. Hence, there was no supplier concentration risk.

(11) Impact and risk of sale or transfer of significant number of shares by the Directors, Supervisors or shareholders with over 10% of shareholding and associated action plans: None.

(12) Impact and risk of change in management and associated action plans

In 2022 and as of the date of this annual report, such incident did not occur in the Company nor its subsidiaries.

(13) Major litigations and non-litigations

A. Major litigations, non-litigations, or administrative disputes in the most recent year and as of the date of this annual report that have been concluded by means of a final and unappealable judgment, or are still under litigation, and have significant impacts on the interests of shareholders or share prices, the facts, amount of money at stake in the dispute, commencement date, major parties involved, and the status as of the date of this annual report:

(a) The Company initiated an action to claim construction cost of NT$33.5 million from Ri Yang Photovoltaic Energy Technology Co., Ltd. (Ri Yang) and Ri Ri Chun Petroleum Co., Ltd. (Ri Ri Chun). After years in trial, the court had ruled in favor of the Company on December 29, 2021.

(b) The India company, Titan Energy Systems Ltd. (Titan), purchased solar cells from Topcell Solar International Co., Ltd. (TSI) in November, 2010 and owed TSI US$1,819,468.57. TSI had engaged Indian lawyers to file a lawsuit against Titan in India on November 1, 2013. Motech merged with TSI on June 1, 2015 and assumed the action. Impairment loss was fully recognized for the accounts receivables and the rulings shall not have any material impact on the shareholders' equity. On March 28, 2019, the Company received notifications from the lawyer stating that Titan had filed for bankruptcy on January 9, 2019. The Company had completed the filing of creditors' rights on November 15, 2019. On December 30, 2022, the Company received the court's ruling approving Titan's bankruptcy filing on December 8, 2022 send by the bankruptcy administrator of Titan. The case was closed.

(c) The Company's customer, Green Energy Technology Inc. (Green Energy), signed an agreement with the Company for its overdue payment on purchases of US$2,851,521.47 on March 11, 2019 and notarized the document. However, Green Energy failed to repay the Company in accordance with the agreement. The Company applied to the court for compulsory enforcement on the property of Green Energy at the Taiwan Taipei District Court in August, 2019. However, the Company received notification where the Taiwan Taipei District Court declared bankruptcy of Green Energy on April 14, 2020. The Company had filed creditors' rights on May 6, 2020.

(d) With regard to the litigation concerning the installation of PV systems in Pingtung between the Company and Greenrock Energy co., Ltd. and Yan An Renewable Energy Co., Ltd., (debtors), as the debtors failed to perform their obligations stipulated in the outsourcing contract engaged on June 4, 2020 as well as the purchase agreement signed on June 22, 2021, and remained so even after the Company has urged for actions, Motech therefore sought compensation in accordance with applicable laws for a total of NT$51,620,804 plus interests. The case is currently tried at the Taiwan Tainan District Court.

(e) The Company's subsidiaries, Motech (Maanshan) Renewable Energy Co., Ltd., Motech (Xuzhou) Renewable Energy Co., Ltd. and Motech (Suzhou) Renewable Energy Co., Ltd. (Motech China), placed orders to purchase silicon wafers from the investee of Green Energy Technology Inc. (Green Energy Taiwan) in China, i.e., Ultra Energy (Weifang) Technology Co., Ltd. (Green Energy China). Motech China and Green Energy China executed the agreement on March 5, 2019 and agreed on payment terms. However, as Green Energy Taiwan failed to make purchase payments to the Company afterwards, Motech China deemed the payment terms with Green Energy China as not had been fulfilled and consequently did not make payments for purchases. As a result, Green Energy China filed a civil lawsuit on December 23, 2021, demanding Motech China to make payment of RMB 19,646,700 plus interests. People's Court of Kunshan City ruled against Motech China on June 24, 2022 and the company filed an appeal concerning the court ruling with the Suzhou Intermediate People's Court, Jiangsu Province on July 14, 2022. Motech China received the notice that the appeal was dismissed on December 14, 2022 and paid Green Energy China according to the ruling on December 16, 2022. The case was closed.

B. Major litigations, non-litigations, or administrative disputes in the most recent year and as of the date of this annual report which have involved the Directors, Supervisors, President, de facto responsible person, major shareholders with over 10% of shareholding and affiliates; have been concluded by means of a final and unappealable judgment, or are still under litigation; and have significant impacts on the interests of shareholders or share prices: None.

(14) Other significant risks and associated action plans: None.

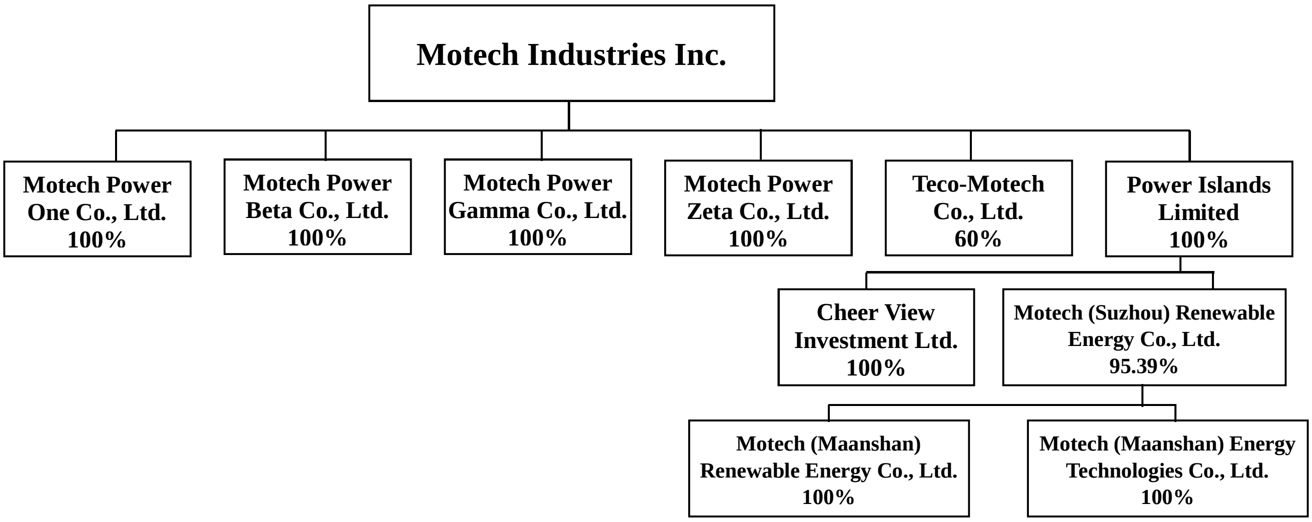
7. **Other Significant Matters:** None.

VIII. Special Notes

1. Affiliates

(1) Chart of affiliates

As of December 31, 2022



(2) Basic information on affiliates

As of December 31, 2022 (In Thousands of New Taiwan Dollars)

Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
Motech Power One Co., Ltd.	2017.04	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	928,000	Generation and selling of solar power with PV systems
Motech Power Beta Co., Ltd.	2018.11	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	55,000	Generation and selling of solar power with PV systems
Motech Power Gamma Co., Ltd.	2018.12	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	33,000	Generation and selling of solar power with PV systems
Motech Power Zeta Co., Ltd.	2019.02	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	480,000	Generation and selling of solar power with PV systems
Teco-Motech Co., Ltd.	2017.02	6F., No. 248, Sec. 3, Beishen Rd., Shenkeng Dist., New Taipei City 222, Taiwan (R.O.C.)	24,000	Generation and selling of solar power with PV systems
Power Islands Limited	2002.01	Portcullis (Samoa) Ltd, Portcullis Chambers, P.O. Box 1225, Apia Samoa	5,160,872	Holding company
Motech (Suzhou) Renewable Energy Co., Ltd.	2006.12	No.1 Maodi Rd., Yushan Town, Kunshan City, Jiangsu Province P.R.C.	1,345,392	Processing and manufacturing of solar cells and modules
Motech (Maanshan) Renewable Energy Co., Ltd.	2015.12	5th Bl., No.1188 Jin-shan Rd., Maanshan Economic and Technology Development Zone, Anhui Province P.R.C.	2,392,731	Processing and manufacturing of solar cells and modules
Motech (Maanshan) Energy Technologies Co., Ltd.	2017.11	No.1188 Jin-shan Rd., Maanshan Economic and Technology Development Zone, Anhui Province P.R.C.	164,232	Processing and manufacturing of solar wafers and cells

Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
Cheer View Investment Limited	2006.09	Portcullis (BVI) Ltd, Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	2,564,272	Holding company

(3) Shareholders in common of Motech and its affiliates with deemed control and subordination: None.

(4) Industries in which the affiliates operate:

Businesses engaged by Motech and its affiliates include:

A. The research, design, manufacturing and selling of the following products:
   - (a) Processing and manufacturing of solar cells and modules
   - (b) Manufacturing and selling of PV inverters
   - (c) Design and installation of PV system
   - (d) Generation and selling of solar power with PV systems

B. Technical services for the integration and installation of aforementioned power systems

C. Import and export of Company-related businesses

(5) Names and shareholding of Directors, Supervisors and Presidents of the Affiliates:

As of December 31, 2022 (In Thousands of Shares)

Company	Title	Name or Representative	Shareholding	
			Shares	Shares
Motech Power One Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	92,800	100%
Motech Power Beta Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	5,500	100%
Motech Power Gamma Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	3,300	100%
Motech Power Zeta Co., Ltd.	Chairman	Motech Industries Inc. Representative: Fred Yeh	48,000	100%
Teco-Motech Co., Ltd.	Director Director Director Director Director Supervisor Supervisor	Motech Industries Inc. Representative: Fred Yeh TECO Electric & Machinery Co., Ltd. Representative: Chien-Cheng Chen Motech Industries Inc. Representative: Ting-Chao Wang Motech Industries Inc. Representative: Li-Fu Tsai TECO Capital Investment Co., Ltd. Representative: Chun-Chih Chiu Li-Yu Huang Alan Wu	1,440	60%
Power Islands Limited	Director Director	Motech Industries Inc. Representative: Yung-Hui Tseng Motech Industries Inc. Representative: Chih-Kaou Lee	158,376	100%
Motech (Suzhou) Renewable Energy Co., Ltd.	Director Director Director	Power Islands Ltd. Representative: Fred Yeh Power Islands Ltd. Representative: Ting-Chao Wang Power Islands Ltd. Representative: Chih-Kaou Lee	Company not limited by shares	95.39%

Company	Title	Name or Representative	Shareholding	
			Shares	Shares
	Supervisor	Power Islands Ltd. Representative: Ming-Shiaw Lu		
Motech (Maanshan) Renewable Energy Co., Ltd.	Director Director Director Supervisor	Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Fred Yeh Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ting-Chao Wang Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Chih-Kaou Lee Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ming-Shiaw Lu	Company not limited by shares	95.39%
Motech (Maanshan) Energy Technologies Co., Ltd.	Director Director Director Supervisor	Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Fred Yeh Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ting-Chao Wang Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Chih-Kaou Lee Motech (Suzhou) Renewable Energy Co., Ltd. Representative: Ming-Shiaw Lu	Company not limited by shares	95.39%
Cheer View Investment Limited	Director Director	Power Islands Ltd. Representative: Yung-Hui Tseng Power Islands Ltd. Representative: Chih-Kaou Lee	77,500	100%

(6) Operational highlights of Affiliates:

(In Thousands of New Taiwan Dollars)

Company	Capital	Total Assets	Total Liabilities	Net Worth	Net Revenue	Operating Income	Net Income	Earnings per Share (NT$)
Motech Power One Co., Ltd.	928,000	1,754,444	806,476	947,968	114,251	28,321	12,730	0.14
Motech Power Beta Co., Ltd.	55,000	154,114	107,528	46,586	12,230	258	(1,264)	(0.23)
Motech Power Gamma Co., Ltd.	33,000	124,726	89,507	35,219	13,977	3,434	1,492	0.45
Motech Power Zeta Co., Ltd.	480,000	741,242	263,887	477,355	29,037	612	(3,019)	(0.06)
Teco-Motech Co., Ltd.	24,000	77,445	48,826	28,619	10,892	4,845	3,289	1.37
Power Islands Limited	5,160,872	1,233,389	0	1,233,389	0	0	60,928	0.38
Motech (Suzhou) Renewable Energy Co., Ltd.	1,345,392	1,812,664	513,149	1,299,515	89,685	(3,202)	63,900	Company not limited by shares
Motech (Maanshan) Renewable Energy Co., Ltd.	2,392,731	1,862,409	807,867	1,054,542	1,715,033	74,710	56,922	Company not limited by shares
Motech (Maanshan) Energy Technologies Co., Ltd.	164,232	56,960	57,486	(526)	0	(554)	(450)	Company not limited by shares
Cheer View Investment Limited	2,564,272	3	0	3	0	0	0	0.00

2. **Private Placement of Securities in the Most Recent Year and as of the Date of this Annual Report:** None.

3. **The Company's Shares Held or Disposed of by Subsidiaries in the Most Recent Year and as of the Date of this Annual Report:** None.

4. **Other Necessary Supplement:** None.

5. **Any Events in the Most Recent Year and as of the Date of this Annual Report that had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:** None.