Stock Code: 6125

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries

Consolidated Financial Report with Independent Auditors' Report

2022 and 2021

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Declaration of Consolidated Financial Report of Affiliated Companies

The companies to be included by the Company in the consolidated financial statement of affiliated enterprises in 2022 (January 1 to December 31, 2022) pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those to be included in the consolidated financial report of the parent company and subsidiaries pursuant to the Statement of International Financial Reporting Standards (IFRS) No. 10. Further, the related information to be disclosed in the consolidated financial report of affiliated enterprises has been disclosed in the said consolidated financial report of the parent company and subsidiaries. Accordingly, it is not necessary for the Company to prepare the consolidated financial report of affiliated enterprises separately.
In witness thereof, the Declaration is hereby presented.

Company name: Kenmec Mechanical Engineering Co., Ltd.

Person in charge: CHING-FU HSIEH

March 10, 2023

Independent Auditors' Report

To KENMEC MECHANICAL ENGINEERING CO., LTD.:

Audit opinion

We audited the consolidated balance sheets of KENMEC MECHANICAL ENGINEERING CO., LTD. and its subsidiaries (Kenmec Group) as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the periods from January 1 to December 31, 2022 and 2021, and the notes to the consolidated financial statements (including the summary of significant accounting policies).

In our opinion, the said consolidated financial reports were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and thus presented fairly, in all material aspects, the consolidated financial positions of the Kenmec Group as of December 31, 2022 and 2021, and the consolidated financial performance and cash flows for the periods from January 1 to December 31, 2022 and 2021.

Basis of Audit Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibilities under such standards are further described in the "CPA's responsibility for the audit of the consolidated financial statements" section in this report. We were independent of Kenmec Group, in accordance with the Norms of Professional Ethics for Certified Public Accountants and fulfilled all other responsibilities thereunder. We believe that we acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of Kenmec Group for the year of 2022. Such matters were addressed during the overall audit of the consolidated financial statements and the process of forming the audit opinions, and thus we did not provide opinions separately regarding such matters.

The key audit matters in the audit of the consolidated financial statements of Kenmec Group for the year of 2022 are as follows:

<u>Project incomes recognized on the basis of stage of completion</u>

The Company of the Group mainly engages in automation projects. Its project revenue is recognized based on the degree of completion of the contracts, of which the estimated total project cost is an important factor in calculating the percentage of completion. The estimated total costs of projects and contract items are evaluated and judged by management based on the nature of projects, estimated contract amounts, project approaches and work methods. However, due to the long duration of the work period, the contracts are likely to be affected by fluctuations in prices of raw materials and labor, as well as addition/reduction of projects, making them subject to inherent risks of complexity. As there is a certain degree of subjectivity in these estimates, the calculation of the percentage of revenue from the completion of some projects may have errors or have a significant impact on the misinterpretation of revenue in each period. Therefore, the total estimated cost for project contracts is a material estimate and judgment of the Company, hence it is considered a key audit item. For accounting policies and disclosure information relevant to the recognition of project income, see Notes 4, 5 and 27 to the financial statements.

For the above key audit matters, the audit procedures we performed are as follows:

1. To understand and test the Company's internal control procedures relevant to the preparation of the estimated total project cost.
2. To select samples and examine the documents of the Company's projects to confirm the reasonableness of the estimated total project cost.

The verification of the revenue from shipment to certain customers

The Group's Tainergy Tech Group is primarily engaged in the research, design, manufacture and sales of solar cells, modules and related systems. Based on materiality and the Statement on Auditing Standards (SAS), revenue recognition is presumed to have significant risks. We believe that the occurrence of sales revenue recognized by the Group from certain specific customers to be material to the financial statements and have determined that the authenticity of the sales revenue from certain specific customers is a critical issue for this year's audit. For the description of revenue recognition policies, see Note 4.

For the above key audit matters, the audit procedures we performed are as follows:

1. We knew and tested the design and implementation of the internal control related to the recognition of revenue from parts of certain customers.
2. We carried out population sampling for the revenue statements of the said parts of certain customers, reviewed relevant supporting documents, and examined the collection of payments to confirm the occurrence of sales transactions.
3. We reviewed any material sales returns and discounts occurring after the balance sheet date to make sure whether there was any material misstatement of the sales revenue from the parts of certain customers.

Property, plant and equipment impairment

As of December 31, 2022, the carrying value of the Group's property, plant and equipment was NTD 2,388,132 thousand, accounting for 21.52% of total assets, which was significant. For accounting policies and related disclosures on asset impairment assessment, please refer to Notes 4, 5 and 15 on the consolidated financial report.

As Taisic Materials Co. invests in the field of silicon carbide, the revenue is yet significantly shown, resulting in idle production capacity. Management expects that the future economic benefits of property, plant and equipment will be reduced, resulting in its recoverable amount of property, plant and equipment being less than the carrying amount. Therefore, the Group recognized an impairment loss of NTD 59,402 thousand in 2022.

Management evaluated the recoverable amount of the property, plant and equipment impairment mentioned above based on the model of fair value less cost to sell, while referring to the adoption of the opinions in the expert's report as the basis. As the method and key assumption parameters used in the evaluation of the expert's valuation report have a high degree of professional judgment, the evaluation of property, plant and equipment impairment is listed as a key audit item.

Our principal audit procedures for the above description include:

1. To understand management's process and approval process in evaluating the provision of impairment for property, plant and equipment.
2. We evaluated the professional experience, suitability and independence of the independent valuation experts appointed by management and verified the qualifications of the independent valuation experts. We also adopted our financial advisors to assist in the evaluation of the appropriateness of the methods and assumptions used by the independent valuation experts in the evaluation of fair value.

3. We have used our financial advisors to assist in sampling parameters and historic information or external information used by the independent valuation experts to ensure the reasonableness of the valuation parameters used.

Other Matters

For the parent company only financial statements prepared by Kenmec Mechanical Engineering Co., Ltd. in 2022 and 2021, we had an independent auditors' report issued with an unqualified opinion for reference.

Responsibility of the management and governance unit for the consolidated financial statements

Management was responsible for preparation of the consolidated financial statements with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, interpretations and the statements of interpretation approved and released by the Financial Supervisory Commission and maintaining the necessary internal control related to preparation of the consolidated financial statements to ensure that the consolidated financial statements were free of material misstatement due to fraud or error.

During preparation of the consolidated financial statements, management was also responsible for evaluating Kenmec Group's ability as a going concern, disclosure of relevant matters, and application of the going concern basis of accounting unless management intended to make Kenmec Group enter into liquidation or terminate its operations, or there were no other actual or feasible solutions other than liquidation or termination of its operations.

Kenmec Group's governance unit (including the Audit Committee) was responsible for supervising the financial reporting procedures.

CPA's responsibility for the audit of the consolidated financial statements

We audited the consolidated financial statements for the purpose of obtaining reasonable assurance about whether the consolidated financial statements were free of material misstatement due to fraud or error and issuing an audit report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. The misstatements might be due to fraud or error. If the individual or total amount misstated was reasonably expected to have an impact on the economic decision-making of the users of the consolidated financial statements, the misstatement was deemed material.

As part of an audit in accordance with the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also performed the following works:

1. We identified and assessed the risk of any misstatement in the consolidated financial statements due to fraud or error, designed and implemented response measures suitable for the evaluated risks, and acquired sufficient and appropriate audit evidence to use as the basis of our audit opinions. Fraud may involve collusion, forgery, omission on purpose, fraudulent statements or violation of internal control, and we did not find that the risk of material misstatement due to fraud was higher than the same due to error.
2. We understood the internal control related to the audit to an extent necessary to design audit procedures applicable to the current circumstances. However, the purpose of such work was not to express opinions regarding the effectiveness of Kenmec Group's internal control.
3. We evaluated the appropriateness of the accounting policies adopted by management and the rationality of the accounting estimates and relevant disclosure made by management.
4. We drew a conclusion about the appropriateness of the application of the going concern basis of accounting by management and whether the event or circumstances which might cause major doubts about Kenmec Group's ability as a going concern had a material uncertainty. If any material uncertainty was deemed to exist in such event or circumstance, we must provide

a reminder in the audit report for the users of the consolidated financial statements to pay attention to the relevant disclosures therein, or amend our audit opinions when such disclosures were inappropriate. Our conclusion was drawn based on the audit evidence acquired as of the date of this audit report. However, future events or circumstances might result in a situation where Kenmec Group, would no longer have its ability as a going concern.

5. We evaluated the overall presentation, structure, and contents of the consolidated financial statements (including the relevant notes) and whether the consolidated financial statements presented relevant transactions and events fairly.
6. We acquired sufficient and appropriate audit evidence for the financial information of the entities forming the Group to provide opinions regarding the consolidated financial statements. We were responsible for instruction, supervision and conduct of the Group's audit cases, as well as the expression of the audit opinions for the Group.

The matters for which we communicated with the governance unit include the planned audit scope and time, as well as major audit findings (including the significant deficiencies of the internal control identified during the audit).

We also provided a declaration of independence to the governance unit, which assured that we complied with the requirements related to independence in the Norm of Professional Ethics for Certified Public Accountant, and communicated all relationships and other matters (including relevant protective measures) which we deemed to be likely to cause an impact on the independence of CPAs to the governance unit.

We determined the key audit matters to be audited in Kenmec Group consolidated financial statements in 2022 based on the matters communicated with the governance unit. We specified such matters in the audit report except when public disclosure of certain matters was prohibited by related laws or regulations, or when, in very exceptional circumstances, we determined not to cover such matters in the audit report as we could reasonably expect that the negative impact of the coverage would be greater than the public interest brought thereby.

Deloitte & Touche Taiwan

CPA LI-HUANG LI

CPA PO-JEN WENG

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

Approval No. from the Financial Supervisory Commission
Jin-Guan-Zheng-Shen-Zi No. 1010028123

March 28, 2023

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2022 and December 31 and January 1, 2021

Unit: NTD thousand

Code	Assets	December 31, 2022 Amount	%	December 31, 2021 (after restatement) Amount	%	January 1, 2021 (after restatement) Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	$ 2,103,295	19	$ 1,320,252	13	$ 1,207,173	12
1110	Financial assets measured at fair value through profit or loss – current (Note 7)	584,732	5	652,480	6	331,014	3
1136	Financial assets measured at amortized cost – current (Note 9)	305,189	3	314,006	3	565,047	6
1140	Contract assets – current (Notes 25 and 27)	454,410	4	444,997	4	449,254	4
1150	Notes receivable – non-related parties (Note 10)	59,141	-	47,453	-	49,325	1
1160	Notes receivable – related parties, net (Notes 10 and 39)	61,718	1	-	-	-	-
1170	Accounts receivable – non-related parties (Note 10)	343,953	3	507,909	5	485,973	5
1180	Accounts receivable – related parties (Notes 10 and 39)	13,104	-	2,702	-	-	-
1200	Other receivables (Note 10)	37,508	-	24,639	-	34,042	-
1210	Other receivables – related parties (Notes 10 and 39)	69,844	1	38,381	-	-	-
1220	Current income tax assets (Note 29)	9,878	-	1,005	-	9,169	-
130X	Inventory (Note 11)	987,863	9	1,015,198	10	1,790,498	17
1421	Prepayments (Note 19)	213,171	2	188,296	2	163,491	2
1460	Non-current assets held for sale (Note 12)	298,309	3	894,761	9	-	-
1470	Other current assets (Note 19)	275,049	2	187,313	2	323,453	3
11XX	Total current assets	5,817,164	52	5,639,392	54	5,408,439	53
	Non-current assets						
1510	Financial assets measured at fair value through profit or loss – non-current (Note 7)	86,436	1	74,100	1	44,141	1
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 8)	38,368	-	35,805	-	28,145	-
1535	Financial assets measured at amortized cost – non-current (Note 9)	76,609	1	39,803	-	28,539	-
1550	Investment under the equity method (Note 14)	37,260	-	17,178	-	1,685	-
1600	Property, plant and equipment (Note 15)	2,388,132	22	2,550,447	24	3,303,281	32
1755	Right-of-use assets (Note 16)	503,275	5	534,067	5	278,111	3
1760	Investment property (Note 17)	1,154,309	10	1,077,479	10	450,396	5
1780	Other intangible assets (Note 18)	15,384	-	22,287	-	24,833	-
1840	Deferred income tax assets (Note 29)	177,246	2	188,427	2	244,566	2
1915	Prepayment for equipment (Note 19)	106,341	1	86,190	1	15,706	-
1920	Guarantee deposits paid (Note 19)	32,083	-	46,874	1	232,687	2
1990	Other non-current assets (Notes 10, 19 and 24)	662,381	6	186,948	2	191,404	2
15XX	Total non-current assets	5,277,824	48	4,859,605	46	4,843,494	47
1XXX	Total assets	$ 11,094,988	100	$ 10,498,997	100	$ 10,251,933	100
Code	Liabilities and equity						
	Current liabilities						
2100	Short-term loans (Note 20)	$ 333,682	3	$ 440,070	4	$ 980,028	10
2130	Contract liabilities – current (Note 25 and 27)	1,279,430	11	1,336,926	13	747,930	7
2150	Notes payable – non-related parties (Note 21)	1,348	-	11,396	-	162,121	2
2170	Accounts payable – non-related parties (Note 21)	644,196	6	527,506	5	481,606	5
2180	Accounts payable – related parties (Note 21 and 39)	2,129	-	34,521	-	-	-
2200	Other payables (Note 22)	537,330	5	413,280	4	867,142	9
2220	Other payables – related parties (Notes 22 and 39)	3,755	-	7,791	-	-	-
2230	Current income tax liabilities (Note 29)	4,621	-	5,645	-	15,927	-
2250	Liability reserve – current (Note 23)	24,289	-	20,417	-	30,679	-
2260	Liabilities directly related to non-current assets held for sale (Note 12)	-	-	51,739	1	-	-
2280	Lease liabilities – current (Note 16)	35,518	-	18,053	-	26,835	-
2315	Other receipts in advance (Note 22)	-	-	818,065	8	-	-
2313	Deferred income (Notes 22)	1,095,670	10	415,244	4	-	-
2320	Long-term liabilities due within one year (Note 20)	117,252	1	243,743	2	229,868	2
2399	Other current liabilities (Note 22)	67,855	1	53,444	1	19,665	-
21XX	Total current liabilities	4,147,075	37	4,397,840	42	3,561,801	35
	Non-current liabilities						
2540	Long-term loans (Note 20)	905,441	8	790,723	7	760,485	7
2550	Liability reserve – non-current (Note 23)	2,063	-	2,278	-	2,575	-
2570	Deferred income tax liabilities (Note 29)	57,978	-	61,948	1	57,507	-
2580	Lease liabilities – non-current (Note 16)	309,551	3	333,821	3	84,046	1
2630	Long-term deferred income (Notes 22 and 31)	61,759	1	62,997	1	110,393	1
2640	Net defined benefit liabilities – non-current (Note 24)	61,693	1	78,820	1	93,177	1
2670	Other non-current liabilities (Note 22)	34,536	-	38,485	-	279,420	3
25XX	Total non-current liabilities	1,433,021	13	1,369,072	13	1,387,603	13
2XXX	Total liabilities	5,580,096	50	5,766,912	55	4,949,404	48
	Equity attributable to the owner of the Company (Note 26)						
3110	Common stock capital	2,490,112	22	2,490,112	24	2,490,112	24
3200	Capital reserves	293,869	3	604,226	6	903,455	9
	Retained earnings						
3310	Legal reserves	134,786	1	134,786	1	134,786	2
3320	Special reserves	319,117	3	328,572	3	328,572	3
3350	Undistributed earnings	633,963	6	140,019	2	419,464	4
3300	Total retained earnings	1,087,866	10	603,377	6	882,822	9
	Other equity						
3410	Exchange differences on translation of financial statements of foreign operations	(229,740)	(2)	(256,306)	(3)	(264,268)	(3)
3420	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	(11,507)	-	(6,966)	-	(14,649)	-
3400	Total of other equity	(241,247)	(2)	(263,272)	(3)	(278,917)	(3)
3500	Treasury stocks	(22,792)	-	(49,596)	(1)	-	-
31XX	Total equity of the Company's owner	3,607,808	33	3,384,847	32	3,997,472	39
36XX	Non-controlling interests (Notes 26 and 35)	1,907,084	17	1,347,238	13	1,305,057	13
3XXX	Total equity	5,514,892	50	4,732,085	45	5,302,529	52
	Total liabilities and equity	$ 11,094,988	100	$ 10,498,997	100	$ 10,251,933	100

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH   Manager: CHING-FU HSIEH   Accounting Manager: CHIN-I LAI

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NTD thousand; however earnings (loss) per share is in NTD

Code		2022 Amount	2022 %	2021 (after restatement) Amount	2021 (after restatement) %
	Operating revenue				
4100	Operating revenue (Note 27)	$ 5,359,208	100	$ 4,039,778	100
	Operating costs				
5110	Operating costs (Note 11)	(4,361,125)	(81)	(3,871,001)	(96)
5900	Operating gross profit	998,083	19	168,777	4
	Operating expenses (Notes 28 and 39)				
6100	Marketing expense	(151,653)	(3)	(137,282)	(3)
6200	Administrative expense	(565,758)	(11)	(587,211)	(14)
6300	R&D expense	(254,970)	(5)	(161,342)	(4)
6450	Expected credit impairment recovery profit (loss)	27,323	1	(30,455)	(1)
6000	Total operating expenses	(945,058)	(18)	(916,290)	(22)
6900	Operating profit (loss) – net	53,025	1	(747,513)	(18)
	Non-operating revenue and expenses (Notes 14, 28 and 39)				
7100	Interest income	23,693	-	13,129	-
7010	Other revenue	163,509	3	115,976	3
7020	Other profits and losses	241,682	5	(233,921)	(6)
7050	Financial costs	(41,287)	(1)	(55,848)	(1)
7060	The share of the profit or loss of affiliated companies, joint ventures that adopt equity method	15,826	-	288	-
7000	Total non-operating revenue and expenses	403,423	7	(160,376)	(4)
7900	Net profit (loss) before tax	456,448	8	(907,889)	(22)
7950	Income tax expense (Note 29)	(12,698)	-	(65,832)	(2)
8200	Current net profit (loss)	443,750	8	(973,721)	(24)

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Code		2022 Amount	2022 %	2021 (after restatement) Amount	2021 (after restatement) %
	Other comprehensive income				
	Titles not reclassified as profit or loss:				
8311	Remeasurement of the defined benefit plan (Note 24)	$ 19,465	-	$ 10,085	-
8316	Unrealized valuation profit/loss on investment in equity instruments measured at fair value through other comprehensive income (Note 26)	(5,396)	-	7,660	-
8349	Income tax relating to non-reclassified items (Note 29)	(3,219)	-	(1,862)	-
8310		10,850	-	15,883	-
	Titles likely to be reclassified as profit or loss subsequently:				
8361	Exchange differences on translation of financial statements of foreign operations (Note 26)	43,576	1	30,961	1
8399	Income tax related to items likely to be reclassified (Note 29)	(1,190)	-	(6,888)	-
8360		42,386	1	24,073	1
8300	Other comprehensive income (after tax) in the year	53,236	1	39,956	1
8500	Total comprehensive income for the year	$ 496,986	9	($ 933,765)	(23)
	Net profit (loss) attributable to:				
8610	The owner of the Company	$ 470,074	9	($ 287,356)	(7)
8620	Non-controlling equity	(26,324)	(1)	(686,365)	(17)
8600		$ 443,750	8	($ 973,721)	(24)
	Total comprehensive income attributable to:				
8710	The owner of the Company	$ 498,732	9	($ 269,562)	(7)
8720	Non-controlling equity	(1,746)	-	(664,203)	(16)
8700		$ 496,986	9	($ 933,765)	(23)
	Earnings (losses) per share (Note 30)				
9750	Basic	$ 1.91		($ 1.16)	
9850	Diluted	$ 1.89		($ 1.16)	

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH Manager: CHING-FU HSIEH Accounting Manager: CHIN-I LAI

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

		Equity attributable to the owner of the Company											
		Share capital			Retained earnings			Other equity					
Code		Number of shares (thousand shares)	Common stock capital	Capital reserves	Legal reserves	Special reserves	Undistributed earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income	Treasury stocks	Total	Non-controlling equity	Total equity
A1	Balance on January 1, 2021	249,011	$ 2,490,112	$ 903,455	$ 134,786	$ 328,572	$ 419,348	($ 264,268)	($ 14,649)	$ -	$ 3,997,356	$ 1,304,763	$ 5,302,119
A3	Effects of retroactive applications and retroactive restatement	-	-	-	-	-	116	-	-	-	116	294	410
A5	Balance after restatement on January 1, 2021	249,011	2,490,112	903,455	134,786	328,572	419,464	(264,268)	(14,649)	-	3,997,472	1,305,057	5,302,529
	Other changes in capital reserves:												
C15	Cash dividends distributed from capital reserves	-	-	(370,517)	-	-	-	-	-	-	(370,517)	-	(370,517)
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	66,032	-	-	-	5,586	23	-	71,641	(59,361)	12,280
M7	Changes in ownership interests in subsidiaries	-	-	5,256	-	-	-	-	-	-	5,256	(5,256)	-
D1	Net profit in 2021	-	-	-	-	-	(287,356)	-	-	-	(287,356)	(686,365)	(973,721)
D3	Other comprehensive income after tax in 2021	-	-	-	-	-	7,911	2,376	7,660	-	17,947	22,009	39,956
D5	Total comprehensive income in 2021	-	-	-	-	-	(279,445)	2,376	7,660	-	(269,409)	(664,356)	(933,765)
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(49,596)	(49,596)	-	(49,596)
O1	Changes in non-controlling interests (Note 35)	-	-	-	-	-	-	-	-	-	-	771,154	771,154
Z1	Balance on December 31, 2021	249,011	2,490,112	604,226	134,786	328,572	140,019	(256,306)	(6,966)	(49,596)	3,384,847	1,347,238	4,732,085
	Allocation and distribution of earnings in 2021												
B3	Special reserves	-	-	-	-	(9,455)	9,455	-	-	-	-	-	-
B5	Cash dividends to the shareholders of the Company	-	-	(395,218)	-	-	-	-	-	-	(395,218)	-	(395,218)
M3	Disposal of investment under the equity method	-	-	-	-	-	-	7,960	-	-	7,960	-	7,960
	Other changes in capital reserves:												
C7	Changes in affiliates recognized under the equity method	-	-	-	-	-	(247)	-	-	-	(247)	-	(247)
M5	Actual acquisition or disposal of part of interests in subsidiaries	-	-	(9,716)	-	-	-	68	1	-	(9,647)	9,647	-
M7	Changes in ownership interests in subsidiaries	-	-	89,230	-	-	-	-	-	-	89,230	(89,230)	-
N1	Employee stock options issued by the Company	-	-	5,347	-	-	-	-	-	74,841	80,188	28	80,216
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	(810)	-	810	-	-	-	-
D1	Net profit in 2022	-	-	-	-	-	470,074	-	-	-	470,074	(26,324)	443,750
D3	Other comprehensive income after tax in 2022	-	-	-	-	-	15,472	18,538	(5,352)	-	28,658	24,578	53,236
D5	Total comprehensive income in 2022	-	-	-	-	-	485,546	18,538	(5,352)	-	498,732	(1,746)	496,986
L1	Treasury stocks purchased	-	-	-	-	-	-	-	-	(48,037)	(48,037)	-	(48,037)
O1	Changes in non-controlling interests (Note 35)	-	-	-	-	-	-	-	-	-	-	641,147	641,147
Z1	Balance on December 31, 2022	249,011	$ 2,490,112	$ 293,869	$ 134,786	$ 319,117	$ 633,963	($ 229,740)	($ 11,507)	($ 22,792)	$ 3,607,808	$ 1,907,084	$ 5,514,892

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH Manager: CHING-FU HSIEH Accounting Manager: CHIN-I LAI

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
January 1 to December 31, 2022 and 2021

Unit: NTD thousand

Code		2022	2021 (after restatement)
	Cash flow from operating activities		
A10000	Net profit (loss) before tax in the year	$ 456,448	($ 907,889)
A20010	Profit and expense/loss:		
A20100	Depreciation expenses	336,918	381,832
A20200	Amortization expenses	7,188	19,758
A20300	Expected credit impairment recovery profit (loss)	(27,323)	30,455
A20400	Net loss (profit) on financial assets and liabilities measured at fair value through profit or loss	3,988	(49,173)
A20900	Financial costs	41,287	55,848
A21200	Interest income	(23,693)	(13,129)
A21300	Dividend revenue	(2,097)	(1,955)
A21900	Compensation cost of employee stock options	5,600	12,280
A22300	The share of the profit or loss of affiliated companies, joint ventures that adopt equity method	(15,826)	(288)
A22500	Profit on disposal of property, plants and equipment	(63,224)	(3,823)
A22700	Disposal of investment property benefits	(49,766)	(57,788)
A22800	Disposal of gains in right-of-use assets	(37,509)	-
A23000	Gains on disposal of non-current assets held for sale	(146,853)	-
A23700	Impairment loss from non-financial assets	77,793	329,114
A23800	Profit on reversal of impairment loss from non-financial assets	(2,973)	(13,288)
A22900	Profit (loss) on lease modification	(86)	(172)
A29900	Reversal of deferred income	(46,306)	-
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	(102,367)	1,176
A31130	Notes receivable	(11,688)	1,872
A31140	Notes receivable – related parties	(61,718)	-
A31150	Accounts receivable	191,279	(52,813)
A31160	Accounts receivable – related parties	(10,402)	(2,702)
A31180	Other receivables	1,616	10,863
A31190	Other receivables – related parties	7,497	-
A31200	Inventory	28,269	95,594
A31230	Prepayments	(22,836)	(11,620)
A31240	Other current assets	(87,736)	136,140

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Code		2022	2021 (after restatement)
A31990	Other non-current assets	$ 20,932	($ 9,749)
A32125	Contract liabilities	(57,496)	588,996
A32130	Notes payable	(10,048)	(150,725)
A32150	Accounts payable	116,690	45,900
A32160	Accounts payable – related parties	(32,392)	34,521
A32180	Other payables	98,799	(140,670)
A32190	Other payables – related parties	(4,036)	7,791
A32200	Liability reserve	3,657	(10,559)
A32210	Other receipts in advance	27,420	-
A32230	Other current liabilities	(23,999)	851,844
A32240	Net defined benefit liabilities	(331)	(6,955)
A32990	Deferred income	675,508	411,024
A33000	Cash generated from operations	1,260,184	1,581,710
A33100	Interest received	20,117	12,883
A33300	Interest paid	(41,532)	(55,922)
A33500	Income tax paid	(19,793)	(8,687)
AAAA	Net cash inflow from operating activities	1,218,976	1,529,984
	Cash flows from investing activities		
B00010	Acquisition of financial assets measured at fair value through other comprehensive income	(7,959)	-
B00040	Acquisition of financial assets measured at amortized cost	(27,989)	-
B00050	Disposal of financial assets measured at amortized cost	-	239,777
B00100	Acquisition of financial assets designated as measured at fair value through profit or loss	(1,424,856)	(2,062,355)
B00200	Disposal of financial assets designated as measured at fair value through profit or loss	1,465,371	1,774,311
B01800	Acquisition of associates	(4,306)	(10,860)
B02000	Increase in prepayments for investment	(493,696)	-
B02200	Net cash outflow from acquisition of subsidiaries	-	(30,979)
B02300	Net cash outflow from disposal of subsidiaries	-	(4,024)
B02700	Purchase of property, plants and equipment	(225,995)	(1,007,308)
B02800	Proceeds from disposal of property, plant and equipment	68,476	46,703
B09900	Proceeds from disposal of right-of-use assets	41,286	-
B03800	Decrease in guarantee deposits paid	14,791	177,309
B04300	Other receivables – related parties	(38,960)	(19,422)
B04500	Purchase of intangible assets	(13,611)	(5,192)
B05400	Acquisition of right-of-use assets	(2,224)	(98,642)
B05500	Disposal of investment property price	108,784	90,559

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Code		2022	2021 (after restatement)
B07600	Dividends received	$ 2,097	$ 1,955
B07100	Increase in prepayments for equipment	(31,311)	(74,605)
BBBB	Net cash outflow from investing activities	(570,102)	(982,773)
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(106,388)	(539,958)
C01600	Borrowing of long-term loans	403,630	367,587
C01700	Repayment of long-term loans	(415,403)	(323,474)
C03100	Decrease in guarantee deposits received	(3,949)	(240,935)
C04200	Repayment of the principal of leases	(28,866)	(38,995)
C04500	Payment of dividends to the owner of the Company	(395,218)	(370,517)
C04800	Purchase of treasury stocks	(48,037)	(49,596)
C04900	Payment of costs of transactions in treasury stocks	(225)	-
C05100	Purchase of treasury stocks by employees	74,841	-
C05500	Disposal of equity in subsidiaries	7,960	-
C05800	Changes in non-controlling interests (Note 35)	641,147	771,154
CCCC	Net cash inflow (outflow) from financing activities	129,492	(424,734)
DDDD	Effect of exchange rate changes on cash and cash equivalents	4,677	(9,398)
EEEE	Net increase in cash and cash equivalents	783,043	113,079
E00100	Balance of cash and cash equivalents at beginning of the year	1,320,252	1,207,173
E00200	Balance of cash and cash equivalents at ending of the year	$ 2,103,295	$ 1,320,252

The attached notes are part of the consolidated financial report.

Chairman: CHING-FU HSIEH | Manager: CHING-FU HSIEH | Accounting Manager: CHIN-I LAI

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
January 1 to December 31, 2022 and 2021
(All amounts are in NTD thousand unless otherwise specified.)

I. Company milestones

KENMEC MECHANICAL ENGINEERING CO., LTD. (hereinafter referred to as the Company) was established in July 1976 focusing on the design, machining, manufacturing and trading of industrial machines and steel angle frames; import and export of machinery, hardware, office equipment, and electric machinery; machining, manufacturing and trading of transfer lines, robot production lines, flexible manufacturing systems, automatic conveyors, automatic pallet stackers, automatic warehousing equipment, unmanned trucks, and robotic arms; manufacturing, machining and trading of computer and optical communication products and their components; agent of domestic and foreign manufacturers for manufacturing, trading, quoting and bidding of the aforementioned products.

The Company has traded on Taipei Exchange as of January 23, 2002.

The consolidated financial report is expressed in New Taiwan dollars, the functional currency of the Company.

II. Approval date and procedures of the financial report

The consolidated financial reports were approved at the Board meeting on March 10, 2023.

III. Application of new and amended standards and interpretation

(I) The International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), interpretations (IFRIC) and the statements of interpretation (SIC) (hereinafter collectively referred to as "IFRSs") approved and released by the Financial Supervisory Commission (hereinafter referred to as "FSC") are applied for the first time.

Apart from those described below, the Group expected no material changes to the accounting policies of the Group after adopting the amended IFRSs approved and released by the FSC:

Amendments to IAS 16, "Property, Plant and Equipment: Proceeds before Intended Use"

This amendment applies to plant, property and equipment of the Group in the location and condition necessary for the Group to achieve management's intended mode of operation after January 1, 2021. The amendment stipulates that it is inappropriate that the sale proceeds of the items developed in order to bring property, plant and equipment to the location and condition necessary to meet the operation as expected by management are stated as a deduction from the cost of the assets. The items mentioned above shall be measured based on IAS 2 "Inventory," and the sale proceeds and costs of such items shall be recognized as profit or loss according to the applicable standards. For related accounting policies, please refer to Note 4.

Upon application of amendment to IAS 16, the Group retroactively restates the comparative period information and the cumulative effect is recognized under retained earnings as of January 1, 2021.

Upon initial adoption of the amendment, the estimated effects in 2021 are as follows:

	Book value	Adjustments for initial application	Book value after adjustment
Effects of assets, liabilities and equity			
December 31, 2021			
Property, plant and equipment	$ 2,568,926	($ 18,479)	$ 2,550,447
Effects of assets	$ 2,568,926	($ 18,479)	$ 2,550,447
Retained earnings	$ 144,392	($ 4,373)	$ 140,019
Non-controlling equity	1,361,344	(14,106)	1,347,238
Effects of equity	$ 1,505,736	($ 18,479)	$ 1,487,257
January 1, 2021			
Effects of inventory	$ 1,784,535	$ 5,963	$ 1,790,498
Property, plant and equipment	3,308,834	(5,553)	3,303,281
Effects of assets	$ 5,093,369	$ 410	$ 5,093,779
Retained earnings	$ 419,348	$ 116	$ 419,464
Non-controlling equity	1,304,763	294	1,305,057
Effects of equity	$ 1,724,111	$ 410	$ 1,724,521
Effects of total comprehensive income in 2021			
2021			
Operating revenue	$ 4,038,905	$ 873	$ 4,039,778
Operating costs	(3,867,260)	(3,741)	(3,871,001)
Operating expenses	(900,269)	(16,021)	(916,290)
Non-operating revenue and expenses	(160,376)	-	(160,376)
Income tax expenses	(65,832)	-	(65,832)
Effects of current net loss	(954,832)	(18,889)	(973,721)
Other comprehensive income	39,956	-	39,956
Effect of total comprehensive income for the year	($ 914,876)	($ 18,889)	($ 933,765)

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	Book value	Adjustments for initial application	Book value after adjustment
Net loss effect is attributable to:			
The owner of the Company	($ 282,867)	($ 4,489)	($ 287,356)
Non-controlling equity	(671,965)	(14,400)	(686,365)
	($ 954,832)	($ 18,889)	($ 973,721)
Total comprehensive income effect is attributable to:			
The owner of the Company	($ 264,920)	($ 4,642)	($ 269,562)
Non-controlling equity	(649,956)	(14,247)	(664,203)
	($ 914,876)	($ 18,889)	($ 933,765)
Effects of cash flow items from January 1 to December 31, 2021			
Net cash inflow (outflow) from operating activities	$ 439,565	($ 13,729)	$ 425,836
Net cash inflow (outflow) from investing activities	(680,799)	13,729	(667,070)
Net cash inflow from financing activities	574,089	-	574,089
Effect of exchange rate changes on cash and cash equivalents	(2,928)	-	(2,928)
Net increase in cash and cash equivalents	$ 329,927	$ -	$ 329,927

Apart from those described below, the Group expected no material changes to the accounting policies of the Group after adopting the amended IFRSs approved and released by the FSC:

(II) FSC-approved IFRSs to be applied in 2023

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

Note 1: This amendment applies to annual reporting periods after January 1, 2023.

Note 2: This amendment applies to changes in accounting estimates and accounting policies that occur in annual reporting periods after January 1, 2023.

Note 3: The amendments apply to transactions that occur after January 1, 2022, except for the recognition of deferred tax for all temporary differences related to leases and decommissioning obligations as of January 1, 2022.

1. Amendments to IAS 1, “Disclosure of Accounting Policies”

The amendments require the Group to determine the significant accounting policy information to be disclosed according to the definition of materiality. If the accounting policy information is reasonably expected to have an impact on the decision made by the main user of general-purpose financial statements who uses these financial statements to make such decision, the accounting policy information is deemed material. The amendments also clarify the following:

- The accounting policy information related to insignificant transactions or other matters or circumstances is not material and the Group is not required to disclose this accounting policy.
- The Group may make judgment according to the nature of a transaction or other matters or circumstances and determine that related accounting policy information is material, even if the amount is insignificant.
- The accounting policy information not related to significant transactions or other matters or circumstances is material.

In addition, the amendments give an example to explain that the accounting policy information related to significant transactions or other matters or circumstances may be material in the following cases:

(1) The Group changes the accounting policy during the reporting period and the change leads to material changes of the information in the financial statements;
(2) The Group selects applicable accounting policies from the options allowed in the Standards;
(3) In case there is no specific standards to follow, the Group adopts the accounting policies established according to IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
(4) the Group discloses the accounting policies that are determined using significant judgments or assumptions; or
(5) Complicated accounting treatment rules are involved and the user of the financial statements relies on the information to understand significant transactions or other matters or circumstances.

2. Amendments to IAS 8, “Definition of Accounting Estimates”

The amendments define accounting estimates as the currency amount affected by measurement uncertainty in the financial statements. When applying accounting policies, the Group may need to measure the items in the financial statements using the currency amount that cannot be observed directly and must be estimated. When measuring the effect of the changes in technique or input value on accounting estimates, they shall be the changes in accounting estimates if they are not the correction of the previous errors.

Except for the above-mentioned effects, up to the approval and release date of the consolidated financial reports, the Group assessed that the effects of the amendments to other standards and interpretations will not have a material impact on the financial position and financial performance.

(III) IFRSs issued by the IASB but not yet approved and released by the FSC

New/Amended/Revised Standards and Interpretation	Effective Date per IASB (Note 1)
Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and their Associate or Joint Venture"	Undetermined
IFRS 16 amendment "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17, "Initial application of IFRS 17 and IFRS 9 – Comparative Information"	January 1, 2023
Amendments to IAS 1, "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1, "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless otherwise specified, the above-mentioned new/amended/revised standards or interpretation shall become effective in the annual reporting periods beginning on or after each effective date for such standards or interpretation.

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

1. Amendments to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and their Associate or Joint Venture"

According to the amendments, if the Group sells or invests assets that meet the definition of a "business" in IFRS 3 "Business Combinations" to any of the associates (or joint ventures), or the Group loses control over any of the subsidiaries that meets the aforesaid definition and maintains significant influence (or joint control) over the subsidiary, the Group recognizes all the profits or losses generated from such transactions.

However, if the Group sells or invests assets that do not meet the definition of a "business" in IFRS 3 "Business Combinations" to any of the associates (or joint ventures), or the Group loses control over any of the subsidiaries that do not meet the aforesaid definition in a transaction with any of the associates (or joint ventures) and maintains significant influence (or joint control) over the subsidiary, the profit or loss resulting from such transactions shall be recognized only to the extent of unrelated investors' interests in such associate (or joint venture), i.e. the Group's share of the profit or loss shall be eliminated.

2. Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (amendment in 2020) and "Non-current Liabilities with Covenants" (amendment in 2022)

The amendment in 2020 specifies that when determining whether liabilities are classified as non-current liabilities, it shall be assessed whether the Group, at the end of a reporting period, has a right to extend the due date of the liabilities by at least 12 months after the reporting period. If the Group has such a right at the end of the reporting period, the liabilities are classified as non-current liabilities no matter whether the Group is expected to exercise the right.

The amendment in 2020 clarifies that if the Group shall complete certain requirements to have the right to defer the settlement of liabilities, the Group must have followed the requirements before the end of a reporting period; the same shall apply even if the lender checks the Group's compliance with such requirements on a later date. The amendment in 2022 further clarifies that only covenants that are required to be followed prior to the reporting period end date affect the classification of the liability. Although the covenants to be followed within 12 months after the reporting period do not affect the classification of liabilities, relevant information must be disclosed to enable users of the financial statements to understand that the corporate may not be able to comply with the covenants and be required to make repayments within 12 months after the reporting period.

The amendment in 2020 regulates that, for the purpose of liability classification, the aforementioned settlement of liabilities refers to a transfer of cash, other economic resources or the Group's equity instruments to the counterpart to eliminate the liabilities. However, if the terms and conditions of liabilities may, at the option of the counterparty, result in settlement of the liabilities by the transfer of the Group's equity instruments, and the option is recognized as equity separately in accordance with IAS 32 "Financial Instruments: Presentation," the aforementioned terms and conditions do not affect the classification of the liabilities.

Except for the above-mentioned effects, up to the approval and release date of the consolidated financial report, the Group assessed the effects of the amendments to other standards and interpretation on the financial position and performance on a continuous basis. The relevant effects would be disclosed after the assessment.

IV. Summary of significant accounting policies

(I) Statement of compliance

The consolidated financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs approved and released by the FSC.

(II) Basis for preparation

Except for the financial instruments measured at fair value and the net defined benefit liabilities recognized at the present value of defined benefit obligations less the fair value of the planned assets, the consolidated financial reports were prepared on the basis of historical cost.

Fair value measurements are classified into Levels 1, 2, and 3 based on the degree to which an input is observable and the significance of the input:

1. Level 1 inputs: refer to quoted prices in an active market for identical assets or liabilities that are accessible on the measurement date (before adjustment).
2. Level 2 inputs: refer to the inputs, other than the quoted prices included in Level 1, that are observable for assets or liabilities directly (namely, the price) or indirectly (namely, presumed from the price).
3. Level 3 inputs: refer to the inputs that are not observable for assets or liabilities.

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

Current assets include:

1. assets held mainly for the purpose of trading;
2. assets expected to be realized within 12 months after the balance sheet date; and
3. cash or cash equivalents (excluding those that are restricted for being used for exchange or settlement of liabilities within 12 months after the balance sheet date).

Current liabilities include:

1. liabilities held mainly for the purpose of trading;
2. liabilities to be settled within 12 months after the balance sheet date, (irrelevant whether any long-term re-financing or payment re-arrangement agreement has been completed after the balance sheet date and before the date of release of financial reports; such liabilities are still current liabilities); and
3. liabilities whose due date cannot be unconditionally extended by more than 12 months after the balance sheet date. However, the terms and conditions of the liabilities that may, at the option of the counterparty, result in settlement of the liabilities by issuance of equity instruments do not affect the classification of liabilities.

Assets or liabilities that are not the above-mentioned current assets or current liabilities are classified as non-current assets or non-current liabilities.

The Group engages in construction projects with an operating cycle longer than one year. Therefore, the assets and liabilities related to the constructions are classified as current or non-current based on the normal operating cycle.

(IV) Basis for consolidation

The consolidated financial report are financial reports including the Company and the entities controlled (subsidiaries, including structured entities). The operating profits and losses of acquired or disposed subsidiaries from the acquisition date to the disposal date in the current period are included in the consolidated statement of comprehensive income. The financial reports of the subsidiaries are adjusted to have their accounting policies consistent with those of the Group. All the transactions, account balances, profits, and expenses/losses between entities are eliminated during preparation of the consolidated financial report. The total comprehensive income of the subsidiaries is attributable to the owner of the Company and the non-controlling equity even though this results in the non-controlling equity having a deficit balance.

Changes to the Group's equity ownership in the subsidiaries are treated as equity transactions if the changes do not result in loss of control. The book values of the Group and the non-controlling equity are adjusted to reflect the changes in their relative equity in the subsidiaries. The difference between the adjusted amount of the non-controlling equity and the fair value of any paid or received consideration is directly recognized as equity and attributable to the owner of the Company.

For the subsidiaries' details, shareholding ratios, and business operations, please refer to Note 13 and Table 9 and 10.

(V) Foreign currency

During preparation of each entity's financial reports, transactions using currencies other than the entity's functional currency (foreign currencies) are stated in the functional currency at the exchange rate on the date of transaction.

Monetary foreign currency items are translated at the closing exchange rate on each balance sheet date. Exchange differences arising from settlement or translation of the monetary items are recognized as profit or loss in the current period.

Non-monetary foreign currency items measured at fair value are translated at the exchange rate on the date of determining the fair value, and the exchange differences resulting therefrom are recognized as profit or loss in the current period. However, when changes in the fair value are recognized as other comprehensive income, the exchange differences arising therefrom are stated as the same.

Non-monetary foreign currency items measured at historical cost are translated at the exchange rate on the date of transaction and are not retranslated.

During preparation of the consolidated financial reports, the assets and liabilities of foreign operations (including the subsidiaries, associates, joint ventures or branches with countries in which they operate or currencies they use different from those of the Company) are translated into NTD at the exchange rate on each balance sheet date. Their profit and expense/loss items were translated at the average exchange rate of the period, and the exchange differences resulting therefrom were recognized in other comprehensive income (and attributable respectively to the owner of the Company and the non-controlling equity).

If the Group disposes all the interests of foreign operations or disposes their partial interest in a subsidiary and lose the control thereover, or the retained equity interest after disposal of the joint agreements or associates of the foreign operations is stated as financial assets and treated with the same accounting policy as the one for financial instruments, all the accumulated exchange differences attributable to the owner of the Group and related to the foreign operations are reclassified as profit or loss.

When partial disposal of the subsidiary of the foreign operations does not lead to loss of control, any accumulated exchange differences are re-attributed in proportion to the subsidiary’s non-controlling equity but not recognized as profit or loss. For any other partial disposal of foreign operations, any accumulated exchange differences are reclassified as profit or loss based on the proportion of the disposal.

(VI) Inventory

Inventory includes raw materials, materials, finished goods work in process, and real estate held for sale. The inventory is measured based on the lower of the cost or net realizable value. The cost and the net realizable value are compared on the basis of the individual items except for the inventories of the same type. Net realizable value refers to the estimated selling price in a normal situation less the estimated cost needed to complete the work and the estimated cost needed to complete the sale. The weighted average method is used to calculate the inventory cost.

(VII) Investment in associates

An associate refers to a company over which the Group has a significant influence, but it is not a subsidiary or joint venture.

The Group adopts the equity method for investment in associates.

Under the equity method, the investment in associates is initially recognized at its costs, and the amount of increase or decrease in the book value of such investment after the date of acquisition depends on the Group’s shares of profit/loss and other comprehensive income in the associates and joint ventures and the distributed profits. In addition, changes to the Group’s equity in the associates are recognized based on our shareholding ratio.

When the acquisition cost exceeds the Group’s shares of the net fair value of the associates’ identifiable assets and liabilities on the date of acquisition, such excess is recognized in goodwill which is included in the book value of such investment and may not be amortized; when the Group’s shares of the net fair value of the associates’ identifiable assets and liabilities on the date of acquisition exceed the acquisition cost, such excess is recognized in profit/loss of the period.

When the Group does not subscribe for new shares issued by the associates based on our shareholding ratio, resulting in changes to the shareholding ratio and consequently to the net equity value of investment, these changes are used for adjustment of the capital reserve – changes in the net equity of associates and joint ventures recognized under the equity method and the investments under the equity method. However, if subscription or acquisition of the shares is not based on the shareholding ratio, leading to a decrease in the Group's ownership equity in the associates, the amounts related to the associate in other comprehensive income are reclassified according to the percentage of such decrease and treated with the same accounting treatment basis as the one which the associates' direct disposal of relevant assets or liabilities shall be in accordance with. If the said adjustment shall be debited to capital reserves, and the balance of capital reserves arising from investment under the equity method is insufficient to be offset, the difference is debited to retained earnings.

When the Group's shares of losses in the associates are equal to or exceeded our equity in the associates (including the book value of investment in the associate under the equity method and other long-term equities that in nature are part of the net investment portfolio made by the Group in the associate concerned), we do not recognize further losses. The Group recognizes additional losses and liabilities only when any legal obligation or constructive obligation is incurred or the Group made payment on behalf of the associates.

For impairment evaluation, the Group examines the entire investment book value (including goodwill) for impairment as a single asset by comparing the recoverable amount and book value of the investment. Any recognized impairment loss is not allocated to any assets forming any part of the book value of the investment, including goodwill. Any reversal of the impairment loss is recognized to the extent of a subsequently increase in the recoverable amount of the investment.

The profit or loss generated from the upstream, downstream and side stream transactions between the Group and the associates is recognized in the consolidated financial reports only when such profit or loss is irrelevant to the Group's equity in the associates.

(VIII) Property, plant and equipment

The property, plant and equipment are recognized in accordance with the cost and subsequently measured based on the cost net of accumulated depreciation and impairment losses.

The property, plant and equipment under construction are recognized based on the cost net of accumulated impairment losses. The cost included professional service fees and the loan costs eligible for capitalization. Once the assets are completed and ready for their intended use, the assets are classified as appropriate items under property, plant and equipment, and the depreciation of the assets starts.

Except for the self-owned land, each significant part of the property, plant and equipment is separately depreciated on the straight-line basis over its useful life. The Group reviews the estimated useful life, residual value and method of depreciation at least on the end day of each year. and prospectively recognize the effect from changes in accounting estimates.

For derecognition of the property, plant and equipment, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss.

(IX) Investment property

An investment property refers to a property held for earning rent income or for capital appreciation, or both. Investment property includes the land held without a definite purpose of use.

The investment property for internal use was initially measured based on the cost (including transaction cost) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses.

All the investment properties were depreciated on the straight-line basis.

For derecognition of the investment property, the difference between the net disposal proceeds and the asset book value was recognized in profit or loss

(X) Intangible assets

1. Acquired separately

Intangible assets with limited useful life acquired separately are initially measured in accordance with the cost and subsequently based on the cost net of accumulated amortization and impairment losses. Intangible assets are amortized on the straight-line basis over its useful life. the Group reviews the estimated useful life, residual value and method of amortization at least on the end day of each year and prospectively recognizes the effect from changes in accounting estimates. Intangible assets with indefinite useful life are recognized based on the cost net of accumulated impairment losses.

2. Derecognition

For derecognition of the intangible assets, the difference between the net disposal proceeds and the asset book value is recognized as profit or loss of the period.

(XI) Impairments of property, plant and equipment, right-of-use assets, intangible assets (excluding goodwill), and contract cost related assets

The Group assesses whether there are any signs indicating that any property, plant and equipment, right-of-use assets, and intangible assets (excluding goodwill) may be impaired on each balance sheet date. If there are any such signs, the recoverable amount of the assets is estimated. When the recoverable amount of individual assets cannot be estimated, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Corporate assets are amortized on a reasonable and consistent basis to the smallest group of cash-generating units

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment at least annually or when there is any sign of impairment.

The recoverable amount is the higher of the fair value less costs of sale and the value in use. When the recoverable amount of any individual assets or cash-generating units is less than the book value, the book value of the individual assets or cash-generating units is adjusted down to the recoverable amount, and the impairment loss is recognized as profit or loss.

The impairment for the inventory, property, plant and equipment as well as intangible assets recognized due to customer contrasts is first recognized in accordance with the inventory impairment regulations and the aforesaid requirements. The excess of the book value of contract cost-related assets over the consideration that can be received for providing relevant goods or services net of relevant direct costs is recognized as impairment losses thereafter. The book value of the contract cost-related assets is then included in the cash-generating unit to which the assets belong in order to perform impairment assessment for the cash-generating unit.

When the impairment loss is reversed subsequently, the book value of the asset, cash-generating unit or contract cost-related assets is adjusted up to the revised recoverable amount. However, the increased book value does not exceed the book value (less the amortization or depreciation) determined under the circumstance that the impairment loss of the assets, cash-generating unit or contract cost-related assets is not recognized in the previous year. The reversal of the impairment loss is recognized as profit or loss.

(XII) Non-current assets held for sale

If the book value of non-current assets is to be recovered mainly through sale transactions rather than through continuing use, they are classified as held for sale. Non-current assets qualified for the classification must be available for immediate sale in the current condition and must be very likely to be sold. When management at an appropriate level guarantees selling the assets, and the sale transaction is to be completed within one year from the date of classification, they are very likely to be sold.

Non-current assets classified as held-for-sale are measured at the lower of the book value and the fair value net of sale costs, in which case the depreciation of such assets stops.

(XIII) Financial instruments

Financial assets and financial liabilities are recognized in the consolidated balance sheet when the Group becomes a party of the financial instrument contract.

For initial recognition of the financial assets and financial liabilities, when the financial assets or financial liabilities are not measured at fair value through profit or loss, the assets or liabilities are measured at the fair value plus any transaction cost directly attributable to acquisition or issuance of the financial assets or financial liabilities. Any transaction cost measured at fair value through profit or loss directly attributable to the acquisition or issuance of the financial assets or financial liabilities is immediately recognized as profit or loss.

1. Financial assets

The regular transactions of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Type of measurements

The financial assets held by the Group are those measured at fair value through profit or loss and at amortized cost as well as investment in equity instruments measured at fair value through other comprehensive income.

A. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are mandatorily to be measured at fair value through profit and loss. The financial assets mandatorily measured at fair value through profit and loss include the investment in equity instruments that are not designated to be measured at fair value through other comprehensive income, and the investment in liability instruments that are not qualified to be classified as those measured at amortized cost or measured at fair value through other comprehensive income.

The financial assets measured at fair value through profit or loss are measured at fair value. The produced dividend and interest are recognized in other income and interest income, respectively. The profit or loss generated from remeasurement is recognized in other profit or loss. For determination of the fair value, please refer to Note 38.

B. Financial assets measured at amortized cost

When the Group’s invested financial assets meet both of the following two conditions, they are classified as financial assets measured at amortized cost:

a. The financial assets held under a business model with the purpose of holding these assets to collect contractual cash flows; and

b. The contractual terms generate cash flows on a specific date that are solely payments of principal and interest.

After the initial recognition, the financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable measured at amortized cost) are measured based on the amortized cost equal to the total book value determined under the effective interest method less any impairment losses, and any profit or loss from foreign currency translation is recognized as profit or loss.

Except for the following two circumstances, the interest income is calculated as the effective interest rate times the total book value of financial assets:

a. For purchased or originated credit-impaired financial assets, the interest income is calculated as the credit-adjusted effective interest rate times the amortized cost of the financial assets.
b. For financial assets originally not purchased or originated credit-impaired but subsequently becoming credit-impaired, the interest income is calculated as the effective interest rate times the amortized cost of the financial assets in the next reporting period after the credit impairment.

Credit-impaired financial assets represent significant financial difficulties confronting the issuer or debtor, default, the circumstance that the debtor is likely to file for bankruptcy or other financial reorganization, or that the active market of financial assets disappears due to financial difficulties.

Cash equivalents include highly liquid time deposits that can be converted into defined amounts of cash at any time within 3 months after the date of acquisition and are subject to an insignificant risk of changes in value, and are used to meet short-term cash commitments.

C. Investment in equity instruments measured at fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable election to designate the investment in equity instruments held not for trading and not recognized by the acquirer in a business merger or with consideration to be measured at fair value through other comprehensive income.

Investment in equity instruments measured at fair value through other comprehensive income is measured at fair value. Subsequent changes in the fair value are recognized in other comprehensive income and accumulated in other equity. For disposal of the investment, any cumulative profits or losses are directly transferred to retained earnings and not reclassified as profit or loss.

After the Group’s right to receive dividends is determined, the dividends of investment in equity instruments measured at fair value through other comprehensive income are recognized in profit or loss except that such dividends apparently represent a partial return of the investment cost.

(2) Impairment of financial and contractual assets

The Group assesses impairment losses on the financial assets (including accounts receivable) measured according to amortized cost based on the expected credit losses on each balance sheet date.

Loss allowances for accounts receivable and contract assets are recognized based on the lifetime-expected credit losses. The Group first assesses whether the credit risk on other financial assets significantly increases after the initial recognition. When the increase is not significant, the loss allowance for the financial assets is recognized based on the 12-month expected credit losses; when the increase is significant, it is recognized based on the lifetime-expected credit losses.

The expected credit losses are the average credit losses weighted by the risk of default. 12-month expected credit losses represent the expected credit losses on financial instruments from any potential default within 12 months after the reporting date. Lifetime-expected credit losses represent the expected credit losses on financial instruments from any potential default during the expected lifetime.

For the purpose of internal credit risk management, financial assets are deemed to be defaulted when the following circumstance occurred, without consideration of the collateral held:

A. Any internal or external information indicates that a debtor is impossible to pay off the debts.
B. Any payment is overdue more than 365 days, unless any reasonable and supportable information makes it appropriate to postpone the default criteria.

The impairment loss on all financial assets is deducted from the book value of the financial assets through allowance accounts. However, the loss allowance of the investment in liability instruments measured at fair value through other comprehensive income is recognized as other comprehensive income, and the book value thereof is not reduced.

(3) Derecognition of financial assets

The Group derecognizes financial assets only when the contractual rights to the cash flows from the assets become invalid, or the financial assets and almost all the risks and returns over the ownership of the financial assets are transferred to other companies.

For removal of the entire financial assets measured at amortized cost, the differences between the book value and the received consideration were recognized in profit or loss. Upon derecognition of the entire investment in liability instruments measured at fair value through other comprehensive income, the difference between its book value, and the total amount of the consideration received plus any cumulative gain or loss recognized as other comprehensive profit or loss is recognized as profit or loss. Upon derecognition of the entire investments in equity instruments measured at fair value through other comprehensive income, the cumulative gain or loss is directly transferred to retained earnings and not reclassified as profit or loss.

2. Equity instruments

The debt and equity instruments issued by the Group are classified as financial liabilities or equity based on the definition of real and financial liabilities as well as equity instruments under the terms and conditions of the contracts.

The equity instruments issued by the Group are recognized based on the payment net of the direct cost of issuance.

When a reacquired equity instrument is originally owned by the Company, the re-acquisition is recognized as a deduction from equity. Purchase, sale, issuance or cancellation of the equity instruments owned by the Company are not recognized as profit or loss.

3. Financial liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

For derecognition of financial liabilities, the differences between the book value and the consideration paid (including any non-cash assets transferred and any liabilities assumed) are recognized as profit or loss.

(XIV) Liability reserve

The amount recognized as a liability reserve is the best estimate of the expenses needed to settle the obligation on the balance sheet date in consideration of the risks and uncertainty of the obligation. The liability reserves are measured based on the estimated discounted cash flow for settlement of the obligation.

1. Onerous contract

When the unavoidable cost for fulfillment of contractual obligations is expected to exceed the expected economic benefit from the contract, the present obligation deriving from the onerous contract is recognized as liability reserve.

2. Warranty

The warranty obligation to guarantee that products conform to the agreed specification is recognized based on the best estimate made by management for the expenses needed to settle the Group’s obligation when the revenue of the relevant commodities is recognized.

(XV) Recognition of revenue

After the Group’s recognition of performance obligations under a contract with customers, the Group allocates the transaction price to each performance obligation and recognizes the allocated amount as revenue after each performance obligation is fulfilled.

For the contract in which transfer of commodities or services and collection of considerations are conducted at an interval within 1 year, the transaction price is not adjusted for significant financing components.

1. Revenue from sale of commodities

Revenue from sale of commodities is generated from the sales of solar and electronic equipment products. Once the solar and electronic equipment products are delivered to the customer-designated location and accepted by the customer, the customer is entitled to the products’ price determination and right of use, has the main responsibility to resell the products, and takes the risk that the products might become outdated. Therefore, the revenue and accounts receivable are recognized at that point of time. The receipts in advance from the sale are recognized as contract liabilities before the delivery of the products.

When export of raw materials for processing, the control over the ownership of processed products is not transferred, and thus the revenue for the export of raw materials is not recognized.

2. Service income

Service income derives from repair of equipment.

With provision of the equipment repair service from the Group, the customer acquires and consumes the benefit from performance of the contract. Related income is recognized when services are completely provided. The involvement of technicians is needed for repair of equipment. the Group measures the progress of the work based on the percentage of the incurred man-hours in the estimated total man-hours. Since payment is made after completion of the repair as agreed in the contract, the Group recognizes the service income as contract assets when the service is provided and transfer it to account receivable when the repair is completed.

3. Project income

Since the cost of construction is directly related to the percentage of fulfillment of the contractual obligation, the Group measures the progress based on the percentage of the actually invested cost in the estimated total cost. the Group progressively recognizes contract assets during the construction and transfer them to accounts receivable when issuance of bills. If the construction project proceeds received exceed the revenue recognized, the difference is recognized as contract liabilities. Construction retainage retained by customers according to contractual terms and conditions is to ensure that the Group fulfills all the contractual obligation thereof and is recognized as contract assets before the fulfillment of the contract.

If the result of the fulfillment cannot be measured reliably, the contract income is recognized only within the scope of the actually incurred contract fulfillment cost expected to be recovered.

(XVI) Lease

The Group assesses whether an agreement is (or contained) a lease on the date of entering into the agreement.

1. The Group is the lessor

A lease is classified as finance leases when almost all the risks and returns attached to the ownership of assets are transferred to the lessee according to the terms and conditions, and all the other leases are classified as operating leases.

The lease payment under operating leases less lease incentives is recognized as profit on the straight-line basis over the lease term. The original direct cost generated from the acquisition of the operating leases plus the book value of underlying assets is recognized as expenses on the straight-line basis over the lease term. The lease agreement with the lessee is dealt with as a new lease from the effective date of lease modification.

When land and building are included as elements of a lease, the Group assesses if individual elements are classified as financial or operating lease based on whether almost all the risks and compensations attached to the ownership of these elements are transferred to the lessee. The lease payment is allocated to the land and building based on a relative proportion of the leasehold interest fair value of these land and building on the execution date of the contract. If the lease payment can be allocated to these two elements reliably, each of them is dealt with depending on the category it belongs. If the lease payment cannot be allocated to these two elements reliably, the overall lease is classified as financial lease; if these two elements obviously meet the criteria of operating lease, the overall lease is classified as operating lease.

2. the Group is the lessee

The lease payment from the leases of low-value underlying assets to which the exemption of recognition is applied and short-term lease is recognized as expenses on the straight-line basis over the lease term, while right-of-use assets and lease liabilities with respect to other leases are recognized on the lease commencement date.

The right-of-use assets are initially measured based on the cost (including the initial recognized amount of lease liabilities, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost and the cost estimated to restore the underlying asset) and subsequently measured based on the cost net of accumulated depreciation and accumulated impairment losses, and then the remeasurement of the lease liabilities is adjusted. The right-of-use assets are separately presented in the consolidated balance sheet.

The right-of-use assets are depreciated on the straight-line basis over the period from the lease commencement date to the expiration of the useful life or the lease period, whichever is sooner.

The lease liabilities were initially measured based on the present value of lease payments (including fixed payments). If the interest rate implicit in a lease could be readily determined, the lease payments were discounted at the interest rate. When such interest rate cannot be readily determined, the lessee's incremental borrowing rate of interest is used.

Subsequently, the lease liabilities are measured at amortized cost under the effective interest method, and the interest expenses are amortized over the lease term. When any changes in the lease term, the amount to be paid under residual value guarantee, the assessment relating the purchase options of underlying assets, or the changes in the index or rate determining the lease payments cause the changes in the future lease payments, we remeasure the lease liabilities and adjust the right-of-use assets accordingly. However, the residual remeasurement is recognized in profit or loss when the book value of right-of-use assets is reduced to zero. For the lease modification not dealt with as a single lease, the remeasurement of the lease liabilities due to reduction of the lease scope is conducted to reduce the right-of-use assets and recognized in profit or loss in terms of termination of any part of all of the lease; the remeasurement of the lease liabilities due to other modifications is conducted for adjustment of the right-of-use assets. The lease liabilities are separately presented in the consolidated balance sheet.

(XVII) Cost of borrowing

The cost of borrowing that can be directly attributable to the assets for which acquisition, building or production meet the requirements is part of the cost of such assets until almost all the required activities for them to reach the intended status of use or sale are completed.

The income earned from temporary investment by using certain loans before the occurrence of capital expenses meeting the requirements is deducted from the cost of borrowing that meets the requirements of capitalization.

Otherwise, all the costs of borrowing are recognized as profit or loss in the year in which the borrowing occurred.

(XVIII) Government grants

The government grants shall only be recognized when it is reasonable to ensure that the Group will comply with the conditions incident to the government subsidies and the subsidies may be received affirmatively.

The government grant related revenues are recognized as profit or loss on a systematic basis within the period when the costs to be subsidized by the government are recognized as expenses by the Group. Government grants for which the acquisition of non-current assets in a purchase or building manner or in other manners by the Group is necessary are recognized as deferred income and transferred to profit or loss on a reasonable and systematic basis over the useful life of the relevant assets.

If the government subsidies are used to make up the expenses or losses that have occurred, or immediately support the finance of the Group and there is no future cost, such subsidies are recognized in profit or loss during the period when they can be received.

(XIX) Employee benefits

1. Short-term employee benefits

Liabilities related to employee benefits are measured at non-discounted amount expected to be paid against the services to be provided by the employees.

2. Retirement benefits

Every pension fund contributed under the defined pension appropriation plan is recognized as expenses during the period when employees provide services.

Defined retirement benefit costs (including servicing costs, net interest, and remeasurement) under the defined retirement benefit plan are calculated actuarially using the projected unit credit method. Service costs (including current and previous service costs) and net interest on net defined benefit liabilities (assets) were recognized in employee benefit expenses when they were incurred. Remeasurement (including actuarial profits or losses and return on plan assets net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs. It is not reclassified as profit or loss in the subsequent periods.

Net defined benefit liabilities (assets) represent the contribution deficit (surplus) in the defined retirement benefit plan. Net defined benefit assets shall not exceed the present value of contribution refunded from the defined retirement benefit plan or future deductible contribution.

(XX) Share-based payment arrangement

<u>Employee stock options for employees</u>

The employee stock options are recognized as expenses based on the fair value of equity instruments on the grant date and the best estimate of the vested amount on the straight-line basis over the vesting period, while the capital reserve – employee stock options is adjusted. If the amount is immediately vested on the grant date, it is recognized as expenses on that date. The Group may transfer treasury stocks to employees. The grant date is the date of notification to employees.

(XXI) Income tax

The income tax expenses are the total of current and deferred income taxes.

1. Current income tax

The Group determines the current revenue (loss) in accordance with the laws and regulations of the jurisdiction where the income tax returns are filed and, with this as a basis, calculates the income tax payable (receivable).

The additional income tax on undistributed earnings calculated according to the Income Tax Act of the Republic of China is recognized in the year when the related resolution is made at the shareholders' meeting.

The adjustments to the income tax payable in the previous year are recognized in the current income tax.

2. Deferred income tax

The deferred income taxes are calculated based on the temporary difference between the book value of assets and liabilities in the book and the tax base for calculation of taxable income.

Deferred income tax liabilities are generally recognized based on all taxable temporary differences; deferred income tax assets are recognized when we are likely to have taxable income available to offset the income tax arising from deductible temporary differences, loss carryforwards, purchase of machinery/equipment, R&D and talent training.

Taxable temporary differences generated from investment in subsidiaries, associates and joint arrangements are recognized in deferred income tax liabilities except where the Group can control the timing of reversal of the taxable temporary differences, and where such differences are not likely to be reversed in the foreseeable future. Deductible temporary differences related to such investment are recognized, to the extent that they are expected to be reversed in the foreseeable future, as deferred income tax assets only when we are likely to have taxable income adequate to realize the temporary differences.

The book value of deferred income tax assets is reviewed at each balance sheet date. When any of the deferred income tax assets is not likely to have taxable income adequate to return all or part of the assets anymore, the book value thereof is reduced. Those that are not originally recognized as deferred income tax assets are reviewed at each balance sheet date. When any of those is likely to generate taxable income adequate to return all or part of the assets in the future, the book value thereof is increased.

The deferred income tax assets and liabilities are measured at the tax rate of the period in which the liabilities or assets are expected to be settled or realized. The tax rate is subject to the tax rate and tax laws legislated or substantively legislated on the balance sheet date. The deferred income tax liabilities and assets are measured to reflect the tax on the balance sheet date arising from the method that the Group excepts to use to recover or settle the book value of the liabilities and assets.

3. Current and deferred income taxes

The current and deferred income taxes are recognized as profit or loss other than those related to the titles stated as other comprehensive income or as equity directly, which are recognized in other comprehensive income separately or in equity directly.

V. Major sources of uncertainty of significant accounting judgments, estimates, and assumptions

For adoption of the accounting policies, our management must make judgments, estimates and assumptions related to the information that cannot be readily acquired from other sources based on historical experience and other relevant factors. The actual results may differ from those estimates.

The Group will incorporate possible impacts of the COVID-19 outbreak on the economic environment into consideration of material accounting estimates for cash flow projects, growth rates, discount rates and profitability. Management will continue to review estimates and underlying assumptions. When the amendments to the estimates only affect the current period, they are recognized in the period in which they are made; when the amendments to the estimates affect the current and future periods at the same time, they are recognized in the period in which they are made and the future period.

Main sources of uncertainties of estimates, and assumptions

(I) Construction contracts

The construction profit or loss of a construction contract is recognized in revenue and cost with reference to the completion level of the contractual activities. The completion level is measured based on the percentage of the contract cost incurred to the completed works up to now in the estimated total contract cost. The amount of the variable consideration such as incentives and damages will be incorporated in the contract income only when, after subsequent elimination of related uncertainties, the amount of the accumulated income after the incorporation and recognition of such variable consideration will not likely lead to significant reversal.

Since the estimated total cost and contract items are derived by management from assessment and judgment of the nature of individual products, expected outsourcing price, project period, construction project, and construction method, they may affect the calculation of the completion percentage and construction profit/loss. (Please refer to Note 27.)

(II) Property, plant and equipment impairment

Impairment of solar cell-related equipment is evaluated based on the recoverable amount (the higher of the fair value of such asset less the cost of sale and its use value) of such asset. Market prices, estimated economic lives, capacity utilization rate or in-process cost and replacement cost estimates and disposal of costs will affect the recoverable amount of such asset, which is likely to result in additional recognition of impairment losses or reversal of impairment losses already recognized by the Group.

VI. Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and working capital	$ 4,265	$ 3,796
Bank check and demand deposit	932,355	1,101,385
Cash equivalents (investment with an initial maturity date within 3 months)		
Bank time deposit	1,166,675	215,071
	$ 2,103,295	$ 1,320,252

Interest rate range of bank deposits on the balance sheet date

	December 31, 2022	December 31, 2021
Bank deposit	0.001%～1.05%	0.001%～0.5%
Bank time deposit with an initial maturity date within 3 months	1.05%～4.85%	0.12%～3.0%

VII. Financial instruments measured at fair value through profit or loss

	December 31, 2022	December 31, 2021
Financial assets – current		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
– Overseas listed (OTC) stocks	$ 10,815	$ 31,061
– Fund beneficiary certificates	300,180	380,110
– Floating-rate financial commodity	273,737	241,309
	$ 584,732	$ 652,480
Financial assets – non-current		
Mandatory measurement at fair value through profit or loss		
Non-derivative financial assets		
– Domestic non-listed (non-OTC) stocks	$ 86,436	$ 74,100

Floating-rate financial product contract signed by the Group with the bank The bank is authorized by the floating-rate financial product to adjust the product yield from time to time according to the investment operation.

For the amount of the financial instrument measured at fair value through profit or loss that are pledged as collateral for the issuance of a manufacturer’s promissory note, please refer to Note 40.

VIII. Financial assets measured at fair value through other comprehensive income

Investment in equity instruments

	December 31, 2022	December 31, 2021
Non-current		
Domestic investment		
Non-listed (Non-OTC) stock		
Common stock of United Information System Service Co., Ltd.	$ 29,968	$ 34,905
Common stock of Ecatch Automation Co., Ltd.	900	900
Meng-Lue Venture Investment Limited Partnership	7,500	-
	$ 38,368	$ 35,805

According to the long-term strategy, the Group invested in United Information System Service, common stock of Ecatch Automation Co., Ltd., and Meng-Lue Venture Investment Limited Partnership. Profits are anticipated through the long-term investment. Since the Group's management deemed that the recognition of short-term changes in the investment's fair value in profit or loss was not consistent with the said long-term investment plan, they opted to have the investment measured at fair value through other comprehensive income.

IX. Financial assets measured at amortized cost

	December 31, 2022	December 31, 2021
Current		
Domestic investment		
Time deposit with an initial maturity date over 3 months(I)	$ 305,189	$ 314,006
Less: Loss allowance	-	-
	$ 305,189	$ 314,006
Non-current		
Domestic investment		
Time deposit with an initial maturity date over 3 months(I)	$ 76,609	$ 39,803
Less: Loss allowance	-	-
	$ 76,609	$ 39,803

(I) As of December 31, 2022 and 2021, the interest rate range for time deposits with original maturities of more than 3 months was 0.001% to 7% per annum, respectively.

(II) For more information on the pledge of the financial assets measured at amortized cost, please refer to Note 40.

X. Notes/accounts receivable and other receivables

	December 31, 2022	December 31, 2021
Notes receivable		
Measurement at amortized cost		
Total book value	$ 59,141	$ 47,453
Less: Loss allowance	-	-
	$ 59,141	$ 47,453
Notes receivable – related parties (Note 39)	$ 61,718	$ -
Accounts receivable		
Measurement at amortized cost		
Total book value	$ 345,424	$ 511,081
Less: Loss allowance	(1,471)	(3,172)
	$ 343,953	$ 507,909
Overdue receivables (listed in other non-current assets)	$ 22,312	$ 30,829
Less: Loss allowance	(22,312)	(30,829)
	$ -	$ -
Accounts receivable – related parties (Note 39)	$ 13,104	$ 2,702
Other receivables		
Business tax refund receivable	$ 9,217	$ 7,599
Interest receivable	6,622	3,046
Proceeds receivable from disposal of investments	11,701	792
Others	9,968	13,202
Less: Loss allowance	-	-
	$ 37,508	$ 24,639
Other receivables – related parties (Note 39)	$ 69,844	$ 38,381

(I) Notes and accounts receivable

The Group provides an O/A 30-to-90-day credit period on average for sale of commodities, and interest does not accrue on accounts receivable. When determining the recoverability of accounts receivable, the Group considers any changes in their credit quality from the original credit date to the balance sheet date. Since historical experience tells us that the accounts receivable overdue for more than 1 year are not recoverable, the Group recognizes the accounts receivable of more than 1 year in 100% loss allowance. As for the loss allowance of the accounts receivable within 1 year, the amount not recoverable is estimated with reference to the previous default record current financial status of the counterparty.

The Group recognizes the loss allowance for accounts receivable based on the lifetime expected credit losses. The lifetime expected credit losses are calculated using a provision matrix with consideration of customers' historical default records and current financial position, industrial and economic environments, GDP forecasts and industrial prospects. Since our historical experience of credit losses show no significant difference in the type of loss between different customers, the customers are not further classified in the provision matrix. We only set the expected credit loss rate based on the days overdue of accounts receivable.

When there is any evidence showing that the trading counterparty is facing serious financial difficulties and the Group cannot estimate a reasonable recoverable amount (for example, the trading counterparty is undergoing liquidation or any debt has been overdue for more than 365 days), the Group directly write off related accounts receivable, continue to claim for payment, and recognize the recovered amount therefrom in profit or loss.

The Group's loss allowance for notes and accounts receivable measured using the provision matrix are as follows:

December 31, 2022

	Not overdue	1–90 days overdue	91–180 days overdue	181–365 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	1%～66.86%	1%～66.86%	1%～80%	1%～80%	100%	
Total book value	$ 475,003	$ 4,384	$ -	$ -	$ -	$ 479,387
Loss allowance (lifetime expected credit losses)	(1,162)	(309)	-	-	-	(1,471)
Amortized cost	$ 473,841	$ 4,075	$ -	$ -	$ -	$ 477,916

December 31, 2021

	Not overdue	1–90 days overdue	91–180 days overdue	181–365 days overdue	More than 365 days overdue	Total
Percentage of expected credit losses	0%～56.45%	0%～56.45%	6.58%～38.43%	14.36%	100%	
Total book value	$ 486,621	$ 71,160	$ 3,285	$ 170	$ -	$ 561,236
Loss allowance (lifetime expected credit losses)	(1,969)	(947)	(232)	(24)	-	(3,172)
Amortized cost	$ 484,652	$ 70,213	$ 3,053	$ 146	$ -	$ 558,064

Changes in loss allowance for notes and accounts receivable and overdue receivables are as follows:

	2022	2021
Balance – beginning of the year	$ 34,001	$ 28,336
Add: Written-off bad debts recovered	25,682	-
Add: Impairment loss appropriated in the year	-	6,119
Less: Impairment loss reversed in the year	($ 27,323)	$ -
Less: Actual amount written off in the year	(8,227)	(149)
Differences from translation of foreign currencies	(350)	(305)
Balance – ending of the year	$ 23,783	$ 34,001

(II) Other receivables

Interest does not accrue on other receivables. When determining the recoverability of other receivables, the Group considers any changes in their credit quality from the original credit date to the balance sheet date. Since historical experience tells us that other receivables overdue for more than 1 year are not recoverable, the Group recognizes other receivables of more than 1 year in 100% loss allowance. As for the loss allowance of other receivables within 1 year, the amount not recoverable is estimated with reference to the previous default record current financial status of the counterparty.

Changes in loss allowance for other receivables are as follows:

	December 31, 2022	December 31, 2021
Balance – beginning of the year	$ -	$ 422
Less: Impairment loss reversed in the year	-	(422)
Balance – ending of the year	$ -	$ -

On December 31, 2022 and 2021, the Group did not have other receivables which were overdue and for which no loss allowance was recognized in the account.

XI. Inventory

	December 31, 2022	December 31, 2021
Finished goods	$ 188,323	$ 100,822
Work in process	33,677	79,200
Raw material	394,863	279,222
In-transit inventory	16,852	16,032
Real estate held for sale.	354,148	539,922
	$ 987,863	$ 1,015,198

The cost of sales related to the inventories in 2022 and 2021 was NTD 4,361,125 thousand and NTD 3,871,001 thousand, respectively.

The cost of sales related to the inventories in 2022 and 2021 included the following items:

	2022	2021
Inventory decline impairment recovery gains (losses)	$ 934	($ 7,421)
Prepayment for purchase impairment reversal gain	2,039	13,288
	$ 2,973	$ 5,867

The recovery gain of net realizable value of inventory in 2022 resulted from a rise in the sale prices of the inventory on certain markets.

XII. Non-current assets held for sale

	December 31, 2022	December 31, 2021
Right-of-use assets	$ 23,280	$ 76,175
Property, plant and equipment		
House and building costs	524,975	1,073,093
Accumulated depreciation – Houses and buildings	(287,221)	(287,681)
Machinery and equipment	539,733	509,112
Accumulated depreciation – Machinery and equipment	(504,757)	(486,651)
Other fixed assets	82,728	94,188
Accumulated depreciation – Other fixed assets	(81,051)	(92,537)
Uncompleted construction	622	613
Guarantee deposits paid	-	8,449
Non-current assets held for sale	$ 298,309	$ 894,761
Other payables	$ -	$ 8,563
Deferred income	-	43,176
Liabilities directly related to non-current assets held for sale	$ -	$ 51,739

(I) Due to the requirements of the government's construction project, the Group's Kenmec Mecha-Tronics and Kenmec Technology (Suzhou) entered into a house demolition compensation agreement with the local government authority in March 2021. Hence, the assets levied by the government were reclassified to non-current assets held for sale.

The agreement was signed on March 29, 2021, by the Group's Kenmec Technology and Kenmec Mecha-Tronics, for a total consideration of RMB 123,840 thousand and RMB 214,375 thousand, respectively. As of December 31, 2022, Kenmec Technology and Kenmec Mecha-Tronics has received RMB 99,000 thousand and RMB 172,000 thousand, respectively, and paid demolition-related expenses of RMB 11,691 thousand and RMB 10,745 thousand. Please refer to Note 22.

(II) In the Board meeting held on October 22, 2021, the Group's Tainergy reported to the Board of Directors the disposal of the land use rights and plant of the subsidiary Tainergy Kunshan located in China. It has been reclassified to non-current assets held for sale and presented separately in the consolidated balance sheet. On October 27, 2022, the transfer of the building and construction and right-of-use assets was completed with Kunshan Changshunhong Energy Technology Co., Ltd. Please refer to Note 41.

(III) On December 23, 2022, the Group's Tainergy entered into an agreement of equipment purchase and sale to sell solar power equipment. This has been reclassified to non-current assets held for sale and expressed separately in the consolidated balance sheet.

(IV) On December 23, 2022, the Group's Tainergy entered into an agreement of equipment purchase and sale to sell solar power equipment and expects to dispose of a portion of idle machinery and equipment within the next six months and is presently proactively seeking transaction parties. This has been reclassified to non-current assets held for sale and expressed separately in the consolidated statement of assets and liabilities. However, the disposal price is expected to be less than the carrying amount, with an impairment loss of NTD 4,235 thousand recognized in 2022. The impairment loss is included in other gains and losses under non-operating income and expenses in the consolidated statement of comprehensive income.

XIII. Subsidiary

(I) Subsidiaries included in the consolidated financial reports

Entities in the consolidated financial reports are as follows:

Name of investor	Name of the subsidiary	Nature of business	Shareholding ratio December 31, 2022	Shareholding ratio December 31, 2021	Description
The Company	Kenmec International Holding (BVI) Co., Ltd. (hereinafter referred to as B.V.I. – Kenmec International)	Investment holding business	100	100	
The Company	Ample Assets Holdings Ltd. (hereinafter referred to Ample)	Investment holding business	-	100	7
The Company	Kenmec Vietnam Company Limited (hereinafter referred to Kenmec Vietnam)	Manufacturing of electric water heaters, engineering machinery	100	100	
The Company	Tainergy Tech. Co. Ltd. (hereinafter referred to as Tainergy)	Research, design, manufacture and sales of solar cells, modules and related systems	27.17	27.19	1、9
The Company	KENTEC INC. (hereinafter referred to as Kentec)	Manufacture of electronics parts and components	89.16	89.16	
The Company	Taisic Materials Co. (hereinafter referred to as Taisic Materials)	Manufacturing and sales of electronic parts and components	8.80	8.60	3
The Company	Chief Global Logistics Co., Ltd. (Chief Global Logistics)	Warehousing	52	100	4、8
The Company	Hua-Xia Construction Co., Ltd. (Hua-Xia Construction)	Comprehensive Construction	100	100	8
B.V.I.－Kenmec International	Kenmec Technology (Fuqing) Co., Ltd. (hereinafter referred to as Kenmec Fuqing)	Development, production and sales of new electronic components (chip components), digital audio and video coding equipment	-	100	7
B.V.I.－Kenmec International	Kenmec Mecha-Tronics (Suzhou) Co., Ltd. (hereinafter referred to as Kenmec Mecha-Tronics)	T.F.T. process equipment, semiconductor process equipment, industrial conveying machinery, and automated storage equipment.	100	100	
B.V.I.－Kenmec International	Kenmec Automation Engineering (KunShan) (hereinafter referred to Automation Kunshan)	Automated flow line equipment and supporting equipment, display production equipment, semiconductor production equipment, etc.	100	100	

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Name of investor	Name of the subsidiary	Nature of business	Shareholding ratio December 31, 2022	Shareholding ratio December 31, 2021	Description
Kenmec Mecha-Tronics	Suzhou Kenmec Property Development Ltd. (hereinafter referred to as Kenmec Property Development)	Real estate business	68.25	68.25	
Ample	Fraternity Trade Development (KunShan) Co., Ltd. (hereinafter referred to as Fraternity Kunshan)	Tourism and leisure industry, such as management of hot spring hotels, health and leisure clubs, and slow living and light bite tourism	-	100	7
Tainergy	Tainergy Tech Holding (Samoa) Co., Ltd. (hereinafter referred to as SAMOA – Tainergy Tech)	Investment holding business	100	100	
Tainergy	VIETNERGY COMPANY LIMITED	Manufacture of high-tech solar cells and related cell components	100	100	
Tainergy	Star Solar New Energy Co., Ltd. (Star Solar New Energy)	Sales of solar power generation systems	-	-	2
Tainergy	Kentec	Manufacture of electronics parts and components	4.33	4.33	
Tainergy	Taisic Materials	Manufacturing and sales of electronic parts and components	47.66	55.41	3
SMOA – Tainergy Tech	Tainergy Technology (Kunshan) Co., Ltd. (hereinafter referred to as Tainergy Kunshan)	R&D, design, production of high-tech cells (solar cells and the components of the cells)	100	100	
Tainergy Kunshan	Kunshan Kunfu Electronic Materials Co., Ltd.	Sales and manufacture of electronic materials and parts	100	100	5
Tainergy Kunshan	Kenmec Property Development	Real estate business	31.75	31.75	
Tainergy Kunshan	Kunshan Jichang Energy Technology Co., Ltd.	Sale of solar power-related products	100	100	6
Kentec	Kenmec Communication Holding (BVI) Co., Ltd. (hereinafter referred to as B.V.I. – Kenmec Communication)	Investment holding business	100	100	
B.V.I. – Kenmec Communication	Kenmec Technology (Suzhou) Co., Ltd. (hereinafter referred to as Kenmec Technology)	Production of new electronic components (chip components), digital sounds, etc.	100	100	

Remarks:

1. The Group has a direct and indirect shareholding of 27.17% in Tainergy and, nevertheless, has substantial control over the Group. It is thus incorporated as an entity of the Group.
2. On January 20, 2021, the Group’s Tainergy did not increase capital of Star Solar

New Energy according to its shareholding ratio, resulting in a decrease in shareholding ratio from 100% to 35.71%, losing control over the company. The fair value of the remaining 35.71% equity at the disposal date was NTD 4,674 thousand, which was changed to an investment accounted for using the equity method. Please refer to Note 34.

3. In July 2022, Tainergy of the Company and the Group did not increase its shareholdings in Taisic Materials in proportion to their shareholdings, resulting in an increase in their shareholding ratios to 8.80% and decrease to 47.656%, respectively.
   In May 2021, Tainergy of the Company and the Group did not increase its shareholdings in Taisic Materials in proportion to their shareholdings, resulting to a decrease in their shareholding ratios to 8.60% and 55.41%, respectively. Please refer to Note 35 for changes in non-controlling equity.
4. In August, the Company did not increase its shareholding in Aptos Technology Inc. Please refer to Note 35 for the changes in non-controlling interests.
5. In August 2022, Kunshan SENSIC Electronic Materials Co., Ltd. changed its name to Kunshan Kunfu Electronic Materials Co., Ltd. and was registered.
6. Kunshan Jichang Energy Technology Co., Ltd. is located in Kunshan City, Jiangsu Province of the People's Republic of China and was established with a 100% capital investment by Tainergy Technology (Kunshan) Co., Ltd., one of the consolidated companies, in June 2020. The main business activity of Kunshan Jichang Energy Technology Co., Ltd. is the sale of solar power-related products. A capital of RMB 209,466 thousand was expected to be contributed, but it has not yet been contributed as of December 31, 2022.
7. In 2022, Ample, Kenmec Technology (Fuqing) Co., Ltd., and Fraternity Trade Development (KunShan) remitted the payment and the liquidation was completed.
8. The Group's share of profit or loss and other comprehensive income of Aptos Technology and Hua-Xia Company for 2021 was based on the financial statements not audited by the CPAs. However, the management of the Company believes that the financial statements unaudited of the aforementioned investees do not yet have a material effect.
9. They are subsidiaries holding significant non-controlling equity: None.

(II) Information on subsidiaries holding significant non-controlling equity

Name of the subsidiary	Proportion of shareholding and voting right with non-controlling equity December 31, 2022	December 31, 2021
Tainergy	72.83%	72.81%

For the main territory and the country in which the company is registered, please refer to Table 8.

Name of the subsidiary	Profit (loss) on distribution to non-controlling equity 2022	2021	Non-controlling equity December 31, 2022	December 31, 2021
Tainergy (without the non-controlling equity of subsidiaries)	$ 82,816	($ 620,723)	$ 1,569,202	$ 1,235,171

The following financial information summary is prepared based on the amount before elimination of inter-company transactions:

Tainergy and Subsidiaries

	December 31, 2022	December 31, 2021
Current assets	$ 1,742,812	$ 2,222,226
Non-current assets	1,644,628	1,811,293
Current liabilities	(646,240)	(1,872,490)
Non-current liabilities	(249,744)	(352,119)
Equity	$ 2,491,456	$ 1,808,910
Equity attributed to:		
The owner of the Company	$ 644,300	$ 482,929
Non-controlling equity of Tainergy	1,569,202	1,235,171
Non-controlling equity of Tainergy's subsidiaries	277,954	90,810
	$ 2,491,456	$ 1,808,910

	2022	2021
Operating revenue	$ 2,221,436	$ 1,583,558
Net profit (loss) for the year	$ 113,883	($ 861,798)
Other comprehensive income	33,818	32,762
Total comprehensive income	$ 147,701	($ 829,036)
Net profit (loss) attributable to:		
The owner of the Company	$ 152,023	($ 190,370)
Non-controlling equity of Tainergy	82,816	(620,723)
Non-controlling equity of Tainergy's subsidiaries	(120,956)	(50,705)
	$ 113,883	($ 861,798)
Total comprehensive income attributable to:		
The owner of the Company	$ 161,625	($ 180,643)
Non-controlling equity of Tainergy	107,032	(597,688)
Non-controlling equity of Tainergy's subsidiaries	(120,956)	(50,705)
	$ 147,701	($ 829,036)

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	2022	2021
Cash flow		
Operating activities	$ 171,841	($ 851,187)
Investment activities	(188,720)	288,869
Financing activities	140,321	696,981
Effects of changes in exchange rates	(8,717)	(2,896)
Net cash inflow	$ 114,725	$ 131,767

XIV. Investment under the equity method

Investment in associates

	December 31, 2022	December 31, 2021
Individual unimportant associates	$ 37,260	$ 17,178

	2022	2021
Share enjoyed by the Group		
Current net profit of continuing operations	$ 15,826	$ 288
Other comprehensive income	-	-
Total comprehensive income	$ 15,826	$ 288

The Group's share of profit or loss and other comprehensive income in affiliates are calculated according to the unaudited financial reports. However, management of the Company believes that the unaudited financial reports of the above investees will not have a material impact.

XV. Property, plant and equipment

	Land and land improvement	House and building	Machinery and equipment	Transport equipment	Other equipment	Uncompleted construction	Total
Cost							
Balance on January 1, 2022	$ 931,300	$ 988,834	$ 4,332,992	$ 68,040	$ 714,947	$ 335,932	$ 7,372,045
Addition	-	778	60,306	7,697	31,587	126,257	226,625
Disposal	-	(35,923)	(92,792)	(8,489)	(18,187)	-	(155,391)
Transferred to held for sale (Note 12)	(65,356)	-	(23,403)	-	51	(4,235)	(92,943)
Reclassification to investment property (Note 17)	-	(381,655)	-	-	-	-	(381,655)
Reclassification	-	750	293,831	-	7,293	(174,498)	127,376
Net exchange differences	-	20,968	142,159	3,787	36,193	(2,964)	200,143
Balance on December 31, 2022	$ 865,944	$ 593,752	$ 4,713,093	$ 71,035	$ 771,884	$ 280,492	$ 7,296,200
Accumulated depreciation and impairment							
Balance on January 1, 2022	$ 19,526	$ 515,028	$ 3,725,374	$ 55,821	$ 505,849	$ -	$ 4,821,598
Depreciation expenses	-	33,120	143,018	5,237	49,277	-	230,652
Disposal	-	(29,338)	(94,172)	(8,489)	(18,140)	-	(150,139)
Recognized impairment loss	-	-	59,338	8	879	-	60,225
Transferred to held for sale (Note 12)	(19,526)	-	(11,218)	-	51	-	(30,693)
Reclassification to investment property (Note 17)	-	(180,092)	-	-	-	-	(180,092)
Net exchange differences	-	8,881	116,281	3,810	27,545	-	156,517
Balance on December 31, 2022	$ -	$ 347,599	$ 3,938,621	$ 56,387	$ 565,461	$ -	$ 4,908,068
Net amount on December 31, 2022	$ 865,944	$ 246,153	$ 774,472	$ 14,648	$ 206,423	$ 280,492	$ 2,388,132

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	Land and land improvement	House and building	Machinery and equipment	Transport equipment	Other equipment	Uncompleted construction	Total
Cost							
Balance on January 1, 2021	$ 931,798	$ 1,556,965	$ 5,231,612	$ 79,592	$ 838,859	$ 629,359	$ 9,268,185
Effect of retroactive applications of the amendments to IAS 16	-	-	-	-	-	(5,553)	(5,553)
Balance on December 31, 2021 (after restatement)	931,798	1,556,965	5,231,612	79,592	838,859	623,806	9,262,632
Addition	-	156,895	124,713	1,417	105,455	314,337	702,817
Disposal	-	(6,749)	(772,232)	(13,651)	(185,481)	(17,156)	(995,269)
Sale of subsidiary (Note 34)	-	-	(86)	-	(94)	-	(180)
Reclassification	-	425,090	248,433	1,282	16,078	(673,077)	17,806
Transferred to held for sale (Note 12)	-	(1,073,093)	(509,112)	-	(94,188)	(613)	(1,677,006)
Transferred to investment property (Note 17)	-	(67,930)	-	-	-	-	(67,930)
Net exchange differences	(498)	(2,344)	9,664	(600)	34,318	88,635	129,175
Balance on December 31, 2021	$ 931,300	$ 988,834	$ 4,332,992	$ 68,040	$ 714,947	$ 335,932	$ 7,372,045
Accumulated depreciation and impairment							
Balance on January 1, 2021	$ 16,395	$ 776,907	$ 4,531,540	$ 64,168	$ 570,341	$ -	$ 5,959,351
Depreciation expenses	3,252	55,563	172,945	5,711	60,245	-	297,716
Recognized impairment loss	-	-	196,385	-	125,308	-	321,693
Disposal	-	(2,656)	(759,211)	(13,651)	(176,871)	-	(952,389)
Sale of subsidiary (Note 34)	-	-	(7)	-	(7)	-	(14)
Reclassification	-	-	(4,483)	-	4,483	-	-
Transferred to held for sale (Note 12)	-	(287,681)	(486,651)	-	(92,537)	-	(866,869)
Transferred to investment property (Note 17)	-	(28,094)	-	-	-	-	(28,094)
Net exchange differences	(121)	989	74,856	(407)	14,887	-	90,204
Balance on December 31, 2021	$ 19,526	$ 515,028	$ 3,725,374	$ 55,821	$ 505,849	$ -	$ 4,821,598
Net on December 31, 2021 (after restatement)	$ 911,774	$ 473,806	$ 607,618	$ 12,219	$ 209,098	$ 335,932	$ 2,550,447

(I) As Taisic Materials Co. invests in the field of silicon carbide, the revenue is yet significantly shown. Taisic Materials Co. of the Group expected that the future economic benefits for machinery and equipment used to produce such product would be reduced. Taisic Materials Co. appointed an expert to evaluate the fair value of equipment based on the usage of the assets and a recoverable amount of NT$255,529 was calculated, which was less than the carrying amount. Therefore, the Group recognized an impairment loss of NTD 59,402 thousand in 2022. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income. The recoverable amount of this machinery and equipment was determined by the Group's Taisic Materials Co. at fair value less costs of disposal. The relevant fair value was determined by the cost method, which is mainly assumed to be economic depletion and is a Level 3 fair value measurement.

The Group's Vietnergy Co., Ltd. expected that the recoverable amount of machinery and equipment used for production in Vietnam would be less than the carrying amount due to idleness. Therefore, NTD 823 thousand was recognized as an impairment loss in 2022. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income.

(II) The utilization of the production capability of the Solar Cell Department of Vietnergy Co., Ltd. has been poor. The Group expected that the future economic benefits from the machinery and equipment used to produce such product would decrease. Hence the Group engaged an expert to evaluate the fair value of the equipment based on the use of the assets, and a recoverable amount of NTD 868,626 thousand was calculated, which was less than the carrying amount. Therefore, an impairment loss of NTD 312,976 thousand was recognized in 2021. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income. The Group determined the recoverable amount of this machinery and equipment using fair value less costs of disposal. Related fair value was determined by the cost method, mainly assumed to be economic depletion, which is a Level 3 fair value measurement.

The Group's machines and equipment in Mainland China expected to be used for production were left idle. As a result, the recoverable amount of the machinery and equipment was lower than the book value. Therefore, an impairment loss of NTD 8,717 thousand was recognized in 2021. The impairment loss was stated under other profits and losses in the consolidated statement of comprehensive income.

The depreciation expense was calculated on the straight-line basis over the following useful lives:

Land improvement	20 years
House and building	
Main factory building	20-50 years
Mechanical & electric power equipment	8-10 years
Engineering system	4-6 years
Machinery and equipment	
Solar power system	16-20 years
Auto warehouse equipment	16 years
Cleanroom equipment	6-12 years
Boiler equipment	6-8 years
SMT production line	6-9 years
Test equipment	6-10 years
Electricity transmission, distribution and transformer equipment	20 years
System and equipment construction	3-18 years
Solar power equipment	2-10 years
Machine tool/machinery	5-10 years
Instrument	3-8 years
Transport equipment	4-8 years
Other equipment	1-10 years

For the amount of the property, plant and equipment mortgaged as collateral for loans, please refer to Note 40.

XVI. Lease agreement

(I) Right-of-use assets

	December 31, 2022	December 31, 2021
Book value of right-of-use assets		
Land	$ 86,365	$ 104,396
Building	416,566	429,671
Office equipment	344	-
	$ 503,275	$ 534,067

	2022	2021
Addition of right-of-use assets	$ 37,863	$ 381,279
Lease modification of right-of-use assets	$ 14,604	$ -
Disposal of right-of-use assets	$ 7,979	$ 6,426
Depreciation expense of right-of-use assets		
Land	$ 2,644	$ 4,453
Building	25,494	30,848
Office equipment	83	-
	$ 28,221	$ 35,301
Capitalization of depreciation expenses	$ 18,650	$ 8,257

Other than the additions and depreciation expenses recognized listed above, there were no significant subleases or impairments of the right-of-use assets of the Group in 2022 and 2021.

On October 22, 2021, the Group's Board of Directors resolved to dispose of land use rights and ground buildings of Tainergy Kunshan to Kunshan Changshunhong Energy Technology Co., Ltd. for RMB12,254 thousand, which was reclassified to non-current assets held for sale, please refer to Note 12. On October 27, 2022, the transfer of the building and construction and right-of-use assets was completed with Kunshan Changshunhong Energy Technology Co., Ltd.

The Group built equipment on the leased right-of-use asset. During construction, depreciation and interest expenses incurred were capitalized to repayment of equipment. For capitalization of interest expenses, please refer to Note 28.

For the right-of-use assets pledged as collateral for loans, please refer to Note 40.

(II) Lease liabilities

	December 31, 2022	December 31, 2021
Book value of lease liabilities		
Current	$ 35,518	$ 18,053
Non-current	309,551	333,821
	$ 345,069	$ 351,874

Range of discount rate for lease liabilities is as follows:

	December 31, 2022	December 31, 2021
Land	5.2%	5.2%
Building	1.68%～5.49%	1.68%～5.49%
Office equipment	3.94%	-

(III) Important lease activities and terms

The Group also rents several land lots and buildings for plants and offices with a lease term of 1.25–20 years. After the termination of the lease period, the Group is not entitled to a bargain purchase option for the land and buildings rented.

(IV) Other lease information

For the contract of the Group to lease out investment property under operating lease, please refer to Note 17.

	2022	2021
Short-term lease and lease expense of low-value assets	$ 14,995	$ 6,861
Total cash (outflow) amount for lease	($ 46,913)	($ 49,420)

The Group opts to apply the exemption of recognition to the lease of property which is qualified as a short-term lease or a lease of low-value assets, and does not recognize right-of-use assets and lease liabilities with respect to such lease.

The Group had no rental commitments with a lease term commencing after the balance sheet date on both December 31, 2022 and 2021.

XVII. Investment property

	Completed investment property
Cost	
Balance on January 1, 2022	$ 1,469,611
Reclassification	381,655
Disposal	(120,036)
Net exchange differences	14,432
Balance on December 31, 2022	$ 1,745,662
Accumulated depreciation	
Balance on January 1, 2022	$ 392,132
Depreciation expenses	78,045
Reclassification	180,092
Disposal	(61,018)
Net exchange differences	2,102
Balance on December 31, 2022	$ 591,353
Net amount on December 31, 2022	$ 1,154,309
Cost	
Balance on January 1, 2021	$ 797,161
Reclassification	740,215
Disposal	(61,743)
Net exchange differences	(6,022)
Balance on December 31, 2021	$ 1,469,611
Accumulated depreciation	
Balance on January 1, 2021	$ 346,765
Depreciation expenses	48,815
Reclassification	28,094
Disposal	(28,972)
Net exchange differences	(2,570)
Balance on December 31, 2021	$ 392,132
Net on December 31, 2021	$ 1,077,479

The total lease payments to be received in the future for lease-out of investment property under operating leases are as follows:

	December 31, 2022	December 31, 2021
1st year	$ 98,524	$ 84,411
2nd year	87,809	70,410
3rd year	83,744	66,604
4th year	83,166	67,565
5th year	83,521	67,565
Over 5 years	914,602	903,854
	$ 1,351,366	$ 1,260,409

The investment property was depreciated on the straight-line basis over the following useful lives:

House and building	20–26.5 years

The fair values of the Company's investment in real property in the mechanical company for 2022 and 2021 were not evaluated by independent valuers but were evaluated by the Group's management using a valuation model commonly used by market participants and measured using Level 3 inputs. The evaluation was performed with reference to the market evidence related to the transaction price of similar properties. The valuated fair value is as follows:

	December 31, 2022	December 31, 2021
Fair value	$ 731,772	$ 937,609

The fair values of the investment properties of the Group's Kenmec Property Development for 2022 and 2021 were not valuated by independent valuation personnel, but only valuated by management using valuation models commonly used by market participants on the balance sheet date using Level 3 inputs. The valuation was carried out by referring to a similar cash flow method, and important unobservable inputs used include a discount rate of 1.83%. The fair values from the valuation were as follows:

	December 31, 2022	December 31, 2021
Fair value	$ 660,706	$ 671,252

The fair values of the investment properties of the Group's Tainergy Kunshan for 2022 and 2021 were not valuated by independent valuation personnel, but only valuated by management using valuation models commonly used by market participants and by Prudential Cross-Strait Real Estate Appraisers Firm on the balance sheet date using Level 3 inputs. The evaluation was performed with reference to the market evidence related to the transaction price of similar properties. The valuated fair value is as follows:

	December 31, 2022	December 31, 2021
Fair value	$ 307,622	$ 47,171

All of the Group's investment properties belong to self-owned equity. For the amount of investment properties pledged as collateral for loans, please refer to Note 40.

XVIII. Other intangible assets

	Patent right	Computer software cost	Other intangible assets	Total
Cost				
Balance on January 1, 2022	$ 19,048	$ 31,531	$ 12,020	$ 62,599
Acquired separately	-	13,611	-	13,611
Disposal	-	(155)	(12,020)	(12,175)
Net exchange differences	-	(396)	-	(396)
Balance on December 31, 2022	$ 19,048	$ 44,591	$ -	$ 63,639
Accumulated amortization and impairment				
Balance on January 1, 2022	$ 3,810	$ 24,482	$ 12,020	$ 40,312
Amortization expenses	1,905	5,283	-	7,188
Disposal	-	(155)	(12,020)	(12,175)
Recognized impairment loss	13,333	-	-	13,333
Net exchange differences	-	(403)	-	(403)
Balance on December 31, 2022	$ 19,048	$ 29,207	$ -	$ 48,255
Net amount on December 31, 2022	$ -	$ 15,384	$ -	$ 15,384
Cost				
Balance on January 1, 2021	$ 22,548	$ 39,334	$ -	$ 61,882
Acquired separately	-	5,192	-	5,192
Acquired by business combination	-	-	12,020	12,020
Disposal	(3,500)	(12,995)	-	(16,495)
Balance on December 31, 2021	$ 19,048	$ 31,531	$ 12,020	$ 62,599
Accumulated amortization				
Balance on January 1, 2021	$ 5,405	$ 31,644	$ -	$ 37,049
Amortization expenses	1,905	5,833	12,020	19,758
Disposal	(3,500)	(12,995)	-	(16,495)
Balance on December 31, 2021	$ 3,810	$ 24,482	$ 12,020	$ 40,312
Net on December 31, 2021	$ 15,238	$ 7,049	$ -	$ 22,287

Since there was no sign of impairment in 2021, the Group did not conduct impairment assessment.

The amortization expense was calculated on the straight-line basis over the following useful lives:

Patent right	3-7 years
Computer software cost	1-3 years

Summary of amortization expenses by function:

	2022	2021
Operating costs	$ 1,798	$ 7,694
Marketing expense	711	2,328
Administrative expense	1,988	4,507
R&D expense	2,691	5,229
	$ 7,188	$ 19,758

XIX. Other assets

	December 31, 2022	December 31, 2021
Current		
Prepayments		
Prepayment for purchase (I)	$ 78,016	$ 15,230
Prepaid expenses	70,037	69,202
Overpaid tax retained for offsetting the future tax payable	65,118	103,864
	$ 213,171	$ 188,296
Other current assets		
Other financial assets (VI)		
– Current deposit reserve account	$ 207,193	$ 121,921
– Time deposit pledge	-	17,000
Construction guarantee deposits paid	66,920	47,304
Others	936	1,088
	$ 275,049	$ 187,313
Non-current		
Prepayment for equipment (II)	$ 106,341	$ 86,190
Guarantee deposits paid (III)	32,083	46,874
Other non-current assets		
Other financial assets – reserve account (VI)	149,219	182,398
Prepayment for investment (V)	493,696	-
Overdue receivables (IV)	22,312	30,829
Loss allowance – overdue receivables	(22,312)	(30,829)
Net defined benefit assets (Note 24)	4,016	1,100
Others	15,450	3,450
	$ 800,805	$ 320,012

(I) Prepayment for purchase

The Group's prepayments for purchase were mainly the prepayments made according to the requirements of the material purchase contracts signed between Tainergy and Sino-American Silicon Products Inc.

As of December 31, 2022 and 2021, an accumulated impairment loss of NTD 164,930 thousand and NTD 166,969 thousand has been appropriated for the prepayment for purchase, respectively. Please refer to the description of Note 41.

A profit of NTD 2,039 thousand and a loss of NTD 13,288 thousand were recognized as a reduction of operating costs from prepayment for purchase impairment reversal gain and the operating cost in 2022 and 2021, respectively. Please refer to the description of Note 11.

(II) Prepayment for equipment

The Group's prepayments for equipment are the prepayments made for purchasing property, plant and equipment needed for production of the commodities or services to be supplied according to the purchase contracts.

(III) Guarantee deposits paid

1. The loan performance guarantee between the Group's Tainergy Kunshan and Chailease Specialty Finance Co., Ltd. was NTD 8,000 thousand.
2. The contract performance deposit for inventory sale-leaseback loans of the deposits deductible from payments for purchased materials and non-returnable deposits paid according to the requirements of the material purchase contract signed between the Group's Tainergy and SunEdison Products Singapore Pte, Ltd. (originally named MEMC Singapore Pte, Ltd.) As of December 31, 2022 and 2021, the balance of the deposits deductible from payments for purchased materials was NTD 0. As of December 31, 2022 and 2021, an accumulated impairment loss of NTD 1,048,772 thousand has been appropriated for its guarantee deposits paid. Please refer to the description of Note 41.
3. The Group's Tainergy entered into purchase contracts with other vendors in 2021. Deductible purchase guarantees for the purchase of materials were paid according to the contracts. As of December 31, 2022 and 2021, the balances of deductible purchase guarantees for the purchase of materials were NTD 10,253 thousand and NTD 12,012 thousand, respectively.

(IV) Overdue receivables

The Group's overdue receivables are the receivables overdue more than 1 year, and 100% of the loss allowance with respect to such overdue receivables are recognized. Please refer to the description in Note 10.

(V) Prepayment for investment

The Group's Suzhou Technology Company entered into a contract with Rong Yao Cultural Tourism Development Group, expecting to jointly establish Anhui Rong Yun Property Development Co., Ltd., with the Company holding 35% of the shares. As of December 31, 2022, as the company was still in the preparatory stage, it was recorded as prepaid investment.

(VI) Other financial assets

The other financial assets of the Group were mainly the current deposits for application to the bank for issuance of acceptances and the current deposits and bank accounts pledged for acquisition of project tenders. Please refer to the description in Note 40.

XX. Loan

(I) Short-term loans

	December 31, 2022	December 31, 2021
Unsecured loans		
Credit loans	$ 35,392	$ 21,893
Secured loan (Note 40)		
Bank loans	298,290	418,177
	$ 333,682	$ 440,070

The interest rate of working loans on December 31, 2022 and 2021 was 3.4%–6.65% and 1.3%–4.2%, respectively.

(II) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2022	December 31, 2021
Unsecured loans					
Taiwan Business Bank	February 5, 2026	The loan totals NTD 100,000 thousand for a period of 5 years (non-revolving) without a grace period. It is disbursed on a lump-sum basis or in installments. The interest is paid every month. The installments of the principal is paid in equal each month from the date of automatic repayment of principal.	2.725%	$ 65,559	$ 85,271
Taiwan Business Bank	June 18, 2026	The loan totals NTD 30,000 thousand. The principal and interest are amortized in 60 installments in 1-month intervals starting 1 year after the date of borrowing.	2.625%	26,407	30,000
Taiwan Business Bank	December 18, 2023	The loan totals NTD 30,000 thousand. The principal and interest are amortized in 30 installments in 1-month intervals starting 1 year after the date of borrowing.	2.375%	12,000	24,000
Taiwan Business Bank	November 30, 2027	The loan totals NTD 80,000 thousand. The interest was amortized from the 1st installment to the 6th installment on a monthly basis from the date of borrowing, and the amortization of the principal and interest began from the 7th installment.	2.435%	10,000	-
CHAILEASE SPECIALTY FINANCE CO., LTD.	June 30, 2023	The loan totals NTD 150,000 thousand. The interest was amortized from the 1st installment to the 6th installment on a monthly basis from the date of borrowing, and the amortization of the principal and interest began from the 7th installment.	3.5%	-	149,434
Secured loan (Note 40)					
Hua Nan Bank	December 29, 2023	The loan totals NTD 54,000 thousand and is repaid on a monthly basis from January 29, 2011. The interest is paid every month.	2.33%	4,718	9,341
First Commercial Bank	October 13, 2032	The loan totals NTD 110,000 thousand with a grace period of 1 years. It is disbursed on a lump-sum basis or in installments. The interest is paid every month. The installments of the principal are calculated from the expiry date of the grace period at an interval of 1 month. The principal is amortized in 168 installments.	2.23%	69,464	87,426
The Shanghai Commercial & Savings Bank	July 27, 2025	The loan totals NTD 90,000 thousand with a grace period of 2 years. It is disbursed on a lump-sum basis or in installments. The interest is paid every month. The installments of the principal are calculated from the expiry date of the grace period at an interval of 3 months. The principal is amortized in 12 installments.	2.505%	82,500	90,000
The Shanghai Commercial & Savings Bank	June 15, 2027	The total loan amount is NTD 3,630 thousand. Interest of the loan is paid monthly and the principal is repayable in 24 equal installments from one month from the date of expiration of the grace period (3 years).	1.97%	3,630	-
Bank of Taiwan	June 15, 2024	Total loan amount of NTD 400,000 thousand.	2.05%	400,000	-
Taiwan Business Bank	January 10, 2035	The loan totals NTD 260,000 thousand for a period of 15 years (non-revolving) with a grace period of 2 years. It is disbursed on a lump-sum basis. The interest is paid every month. The installments of the principal are calculated from the expiry date of the grace period at an interval of 3 months. The principal is amortized in 52 installments.	2.075%	245,000	260,000

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	Maturity date	Material terms	Effective interest rate	December 31, 2022	December 31, 2021
The Bank of East Asia	October 11, 2026	The loan totals RMB 44,000 thousand. The principal and interest are paid equally every month.	5.338%	$ -	$ 93,666
The Bank of East Asia	October 11, 2026	The loan totals RMB 46,000 thousand. The interest is paid every month and the principal is repaid on the due date.	5.338%	-	9,487
CHAILEASE SPECIALTY FINANCE CO., LTD.	April 30, 2022	The loan totals NTD 80,000 thousand. The interest and principal are amortized on a monthly basis from the date of first drawdown.	2.6%	-	20,305
Bank SinoPac	April 28, 2025	The loan totals NTD 48,550 thousand. The principal and interest are amortized on a monthly basis from the date of borrowing.	2.74%	37,292	41,485
Bank SinoPac	July 28, 2027	The loan totals NTD 3,308 thousand. The principal and interest are amortized in 84 installments at an interval of 1 month from the date of borrowing.	2.74%	24,328	27,676
Bank SinoPac	August 28, 2027	The loan totals NTD 4,943 thousand. The principal and interest are amortized in 84 installments at an interval of 1 month from the date of borrowing.	2.74%	14,702	18,227
Bank SinoPac	September 28, 2028	The loan totals NTD 6,592 thousand. The principal and interest are amortized in 138 installments at an interval of 1 month from the date of borrowing.	2.74%	16,639	16,704
IBT Leasing Co., Ltd.	February 26, 2022	The loan totals NTD 25,000 thousand. The principal and interest are amortized in 24 installments at an interval of 1 month from the date of borrowing.	3.44%	-	994
Hotai Finance Co., Ltd.	March 30, 2022	The loan totals NTD 50,000 thousand. The principal and interest are amortized in 24 installments at an interval of 1 month from the date of borrowing.	3.12%	-	6,508
Hua Nan Bank	October 18, 2025	The loan totals NTD 345 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing.	2.5%	195	265
Hua Nan Bank	October 18, 2025	The loan totals NTD 1,955 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing.	2.5%	1,108	1,499
Hua Nan Bank	May 3, 2026	The loan totals NTD 7,700 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing.	2.5%	5,262	6,802
Taiwan Business Bank	February 8, 2024	The loan totals NTD 10,000 thousand. The principal and interest are amortized in 36 installments at an interval of 1 month from the date of borrowing.	2.16%	3,889	7,222
The Shanghai Commercial & Savings Bank	September 3, 2026	The loan totals NTD 10,000 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing.	2.545%	-	9,333
The Shanghai Commercial & Savings Bank	August 5, 2026	The loan totals NTD 10,000 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing.	2.545%	-	9,333
The Shanghai Commercial & Savings Bank	August 6, 2026	The loan totals NTD 10,000 thousand. The principal and interest are amortized in 60 installments at an interval of 1 month from the date of borrowing.	2.545%	-	29,488
Subtotal				1,022,693	1,034,466
Less: Due within one year				(117,252)	(243,743)
Long-term loans				$ 905,441	$ 790,723

For information on the Group's provision of guarantee and pledge for the aforementioned long-term loans, please refer to Note 40.

XXI. Notes and accounts payable

	December 31, 2022	December 31, 2021
Notes payable		
From operation	$ 1,260	$ 11,165
Not from operation	88	231
	$ 1,348	$ 11,396
Accounts payable		
From operation	$ 644,196	$ 527,506
Accounts payable – related parties (Note 39)		
From operation	$ 2,129	$ 34,521

The average credit period for purchasing raw materials, materials and commodities is 30–120 days. Interest is not included in the accounts payable recognized with respect to such purchase. the Group reviews the remaining debts on a regular basis to ensure that all payables can be paid back within the agreed term of credit.

XXII. Other liabilities

	December 31, 2022	December 31, 2021
Current		
Other payables		
Equipment payment payable	$ 41,984	$ 41,354
Expenses payable	335,992	370,699
Others	159,354	1,227
	$ 537,330	$ 413,280
Other receipts in advance (I)	$ -	$ 818,065
Deferred income (II)	$ 1,095,670	$ 415,244
Other liabilities		
Collections	$ 23,674	$ 20,534
Refund liabilities	5,771	5,798
Rent collected in advance	27,420	27,058
Deferred income (III)	10,990	-
Others	-	54
	$ 67,855	$ 53,444
Other payables – related parties (Note 39)	$ 3,755	$ 7,791
Non-current		
Long-term deferred income		
Government grants (III)	$ 61,759	$ 62,997
Other liabilities		
Guarantee deposits received	$ 34,536	$ 38,485

(I) The Group's Tainergy sold right-of-use assets and property, plant and equipment to Kunshan Changshunhong Energy Technology Co., Ltd. and received other prepayment of NTD 818,065 thousand. On October 27, 2022, the transfer of the building and construction and right-of-use assets was completed with Kunshan Changshunhong Energy Technology Co., Ltd. Please refer to Note 41.

(II) Due to the requirements of the government's construction project, the Group's Kenmec Mecha-Tronics and Kenmec Technology (Suzhou) entered into a house demolition compensation agreement with the local government authority, and received demolition payments of RMB 99,000 thousand and RMB 172,000 thousand, respectively, and paid demolition-related fees of RMB 11,691 thousand and RMB 10,745 thousand, respectively.

(III) For the deferred income generated from the government grants acquired by the Group, please refer to Note 32.

XXIII. Liability reserve

	December 31, 2022	December 31, 2021
Current		
Warranty (I)	$ 21,584	$ 10,945
Rework (II)	2,079	6,152
Onerous contract	626	3,320
	$ 24,289	$ 20,417
Non-current		
Warranty (I)	$ 2,063	$ 2,278

(I) The warranty liability reserve is the present value of the best estimate estimated for any future outflow of economic benefits due to warranty obligation by the Group's management according to the agreements in contracts for sale of commodities. The estimate is based on the Company's historical warranty experience and adjusted in consideration of new raw materials, procedural changes or other factors that influence the quality of the products.

(II) The rework liability reserve is an estimated cost in case of rework for the goods that have been sold to the customer. It is stated as operating cost in the account. Since no significant effect is expected with the discount, the measured amount of the rework liability reserve is not discounted.

XXIV. Retirement benefit plan

(I) Defined contribution plan

The pension system applicable to the Company and the Group's Kentec and Tainergy according to the "Labor Pension Act" is the defined pension appropriation plan managed by the government. A pension equal to 6% of an employee's monthly wage shall be appropriated to the individual labor pension account at the Bureau of Labor Insurance.

(II) Defined benefit plan

The pension system applicable to the Group, Kentec and Tainergy of the Group according to the "Labor Standards Act" is the defined retirement benefit plan managed by the government. The years of service rendered and the average wage of six months prior to the approved retirement date shall be the reference for calculation of the pension to be paid to the employee. These companies appropriate 2% of the total wage of an employee as the labor pension fund every month and remit the amount to the labor pension reserve funds account at the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. Before the end of each year, if the assessed balance in the account is inadequate to make a full payment of pensions to the employees who may meet the retirement conditions in the next year, we will make up the difference in one appropriation before the end of March the following year. The account is managed by the Bureau of Labor Funds, Ministry of Labor and the Group does not have the right to influence the investment management strategies.

The amounts of the defined benefit plan included in the consolidated balance sheet are listed as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	$ 165,762	$ 184,664
Fair value of plan assets	(108,085)	(106,944)
	57,677	77,720
Add: Net defined benefit assets (Note 19)	4,016	1,100
Net defined benefit liabilities	$ 61,693	$ 78,820

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1, 2021	$ 205,898	($ 113,026)	$ 92,872
Service cost			
Current service cost	135	-	135
Interest expense (income)	1,030	(572)	458
Recognition in profit or loss	1,165	(572)	593
Remeasurement			
Return on plan assets (except for any amount included in net interest)	-	(1,531)	(1,531)
Actuarial loss (profit)			
– Changes in demographic assumption	5,613	-	5,613
– Changes in financial assumption	(19,014)	-	(19,014)
– Experience adjustments	4,847	-	4,847
Recognition in other comprehensive income	(8,554)	(1,531)	(10,085)
Contribution by employer	-	(2,612)	(2,612)
Payment of benefits	(10,797)	10,797	-
Company account payment	(3,048)	-	(3,048)
December 31, 2021	184,664	(106,944)	77,720
Service cost			
Current service cost	57	-	57
Interest expense (income)	1,164	(678)	486
Recognition in profit or loss	1,221	(678)	543

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Remeasurement			
Return on plan assets (except for any amount included in net interest)	$ -	($ 8,691)	($ 8,691)
Actuarial loss (profit)			
– Changes in financial assumption	(11,020)	-	(11,020)
– Experience adjustments	246	-	246
Recognition in other comprehensive income	(10,774)	(8,691)	(19,465)
Contribution by employer	-	(1,121)	(1,121)
Payment of benefits	(9,349)	9,349	-
December 31, 2022	$ 165,762	($ 108,085)	$ 57,677

The amounts of the defined benefit plan recognized in profit or loss are summarized by function as follows:

	2022	2021
Operating costs	$ 389	$ 958
Marketing expense	7	283
Administrative expense	(7)	(1,015)
R&D expense	154	367
	$ 543	$ 593

The Group is exposed to the following risks due to the pension system under the “Labor Standards Act”:

1. Investment risk: The Bureau of Labor Funds, Ministry of Labor separately has invested the labor pension fund in domestic (foreign) equity and debt securities, and bank deposits. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the profit generated from the Group’s plan assets shall be calculated with an interest rate not below the interest rate for a 2-year time deposit with local banks.
2. Interest rate risk: A decrease in the interest rates of government bonds and corporate bonds leads to increase the present value of the defined benefit obligation, and the return on debt investment of the plan assets will be increased accordingly. The net defined benefit liabilities may be partially offset by both increases.
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salary of the plan participants. Therefore, the present value of the defined benefit obligation will be increased due to an increase in the plan participants’ salary.

The Group's present value of the defined benefit obligation was calculated actuarially by a qualified actuary. The major assumptions on the date of measurement are as follows:

	December 31, 2022	December 31, 2021
Discount rate	0.25%	0.625%
Anticipated salary increase rate	2.25%～2.75%	2.25%～2.75%

If there were any reasonably possible changes to the major actuarial assumptions separately, the resulting increase (decrease) in the present value of the defined benefit obligation in the situation where all the other assumptions remained the same is as follows:

	December 31, 2022	December 31, 2021
Discount rate		
Increase by 0.25%	($ 3,414)	($ 4,219)
Decrease by 0.25%	$ 3,525	$ 4,366
Anticipated salary increase rate		
Increase by 0.25%	$ 3,449	$ 4,242
Decrease by 0.25%	($ 3,359)	($ 4,122)

Since the actuarial assumptions might be correlated to each other, and it was unlikely that the changes were only in a single assumption, the aforesaid sensitivity analysis might not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2022	December 31, 2021
Expected contribution within 1 year	$ 979	$ 2,642
Average maturity of defined benefit obligations	8.1–13 years	8.8-14.4 years

(III) Since B.V.I. – Kenmec International, Kenmec Technology, Kenmec Mecha-Tronics, Kenmec Property Development, B.V.I. – Kenmec Communication, Kenmec Vietnam, SAMOA – Tainergy Tech., Tainergy Kunshan, Kunshan Kunfu Electronic Materials Co., Ltd., Kunshan Jichang Energy Technology Co., Ltd., and Vietnergy Company Limited of the Group have not established employee retirement regulations and the local government does not formulate mandatory employee retirement regulations, the aforesaid information does not apply.

XXV. Maturity analysis on asset liabilities

The assets and liabilities of the Group with respect to the construction business are classified as current or non-current with the operating cycle as standard. The related amount recognized based on the amount anticipated to be recovered or reimbursed within a year and more than a year after the balance sheet date is as follows:

	Within 1 year	More than 1 year	Total
December 31, 2022			
Assets			
Contract assets	$ 13,494	$ 440,916	$ 454,410
Liability			
Contract liabilities	$ 180,490	$ 1,098,940	$ 1,279,430
December 31, 2021			
Assets			
Contract assets	$ 22,299	$ 422,698	$ 444,997
Liability			
Contract liabilities	$ 122,170	$ 1,214,756	$ 1,336,926

XXVI. Equity

(I) Share capital

Common shares

	December 31, 2022	December 31, 2021
Number of authorized shares (thousand shares)	402,000	402,000
Authorized capital	$ 4,020,000	$ 4,020,000
Number of shares issued and fully paid (thousand shares)	249,011	249,011
Issued capital	$ 2,490,112	$ 2,490,112

(II) Capital reserves

	December 31, 2022	December 31, 2021
Available for makeup of loss, distribution of cash dividends or transfer into capital (1)		
Stock issuance in excess of par value	$ 39,206	$ 429,656
Treasury stock trading	72,665	68,626

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	December 31, 2022	December 31, 2021
Difference between the actual price for acquisition of equity in subsidiaries and the book value	$ 68,244	$ 81,364
Only available for makeup of loss (2)		
Recognition of changes in equity ownership in subsidiaries	113,754	24,580
	$ 293,869	$ 604,226

1. These capital reserves may be used to make up losses or to distribute cash dividends or be transferred into the capital if the Company does not incur a loss. However, the amount of the transfer into the capital shall be limited to a certain percentage of the paid-in capital in every year.
2. These capital reserves are the equity transaction effects recognized by the Company as a result of the changes of the equity in subsidiaries when the Company does not actually acquire or dispose the equity of the subsidiaries, or the adjustments for the Company to recognize subsidiaries' capital reserves under the equity method.

(III) Retained earnings and dividend policy

The Company approved the Articles of Incorporation through the resolution made at the shareholders' meeting on June 23, 2020. They expressly specify that the Company authorizes the Board of Directors to distribute the distributable dividends and bonuses in the form of cash and report at the shareholders' meeting.

According to the Company's earnings distribution policy specified in the amendments of the Articles of Incorporation, if the Company has a profit at the year's final accounting, it shall first pay the income tax and make up any cumulative losses in accordance with laws, and then make a 10% contribution of the balance to the legal reserve, and also make provision/reversal of special reserves pursuant to the laws. Any balance thereof shall, together with the accumulated undistributed earnings and the "adjusted amount of the annual undistributed profits," be submitted by the Board of Directors in the form of an earnings distribution proposal to the shareholders' meeting for ratification. For the distribution policy of employee and director remuneration stipulated in the Company's Articles of Incorporation, please refer to in Note 28 (VII) Remuneration to employees and directors.

The Company's business is currently in the stage of operational growth, requiring profits to be retained as funding necessary for operational growth and investments. Therefore, the Company currently adopts a "balance as dividend" policy, giving consideration to the distribution of a balanced dividend equaling at least 50% of the annual net profits after tax. The Board of Directors may, however, submit a proposal for distribution to the shareholders' meeting for decision after taking into account the actual funding situation of the Company.

Profits may be distributed in the form of a combination of cash and stock dividends, provided that cash dividend is at least 20% of the total dividend. The shareholders' meeting may, however, make adjustment thereto based on future funding plans.

Legal reserves shall be prepared to the amount at which the balance of the legal reserves reaches to the total paid-in capital. Legal reserves may be used to make up loss. Where the Company does not sustain loss, the part of the legal reserves that exceeds the total paid-in capital by 25% may be appropriated as capital or distributed by cash.

The Company held an annual general meeting on June 24, 2022 and August 27, 2021. Earnings distribution and loss make-up proposals in 2021 and 2020 approved at the said meetings are as follows:

	2021	2020
Special reserves	($ 9,455)	$ -
Cash dividends from capital reserves	$ 395,218	$ 370,517
Cash dividends from capital reserves per share (NTD)	$ 1.6	$ 1.5

The proposal for distribution of earnings in 2022 resolved by the Board of Directors on March 10, 2023 is as follows:

	2022
Legal reserves	$ 48,011
Special reserves	($ 22,025)
Cash dividend	$ 401,885
Cash dividend per share (NTD)	$ 1.62

The proposal for distribution of earnings in 2022 is to be resolved at the annual shareholders' meeting to be held on June 28, 2023.

(IV) Special reserves

	2022	2021
Balance – beginning of the year	$ 328,572	$ 328,572
Reversal of special reserves	(9,455)	-
Balance – ending of the year	$ 319,117	$ 328,572

The special reserve set aside for the land when IFRSs are applied for the first time may be reversed at the time of disposal or reclassification. The special reserve set aside for the exchange differences from the translation of foreign operations' financial statements (including subsidiaries) is reserved according to the percentage of disposal. It will be completely reversed when the Group loses the significant influence. When earnings are distributed, a special reserve shall be set aside for the difference between the net deduction of other shareholder's equities stated on the end date of the reporting period and the special reserve set aside when IFRSs are applied for the first time. If there is any reversal of the decrease in shareholders' equity, the earnings may be distributed based on the reversal proportion.

(V) Other equity

1. Exchange differences on translation of financial statements of foreign operations:

	2022	2021
Balance – beginning of the year	($ 256,306)	($ 264,268)
Amounts incurred in the year		
Exchange differences from foreign operations	18,538	2,376
Disposal of subsidiaries using the equity method	7,960	-
Disposal of part of interests in subsidiaries	68	-
Acquisition of partial equity in subsidiaries	-	5,586
Balance – ending of the year	($ 229,740)	($ 256,306)

2. Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income

	2022	2021
Balance – beginning of the year	($ 6,966)	($ 14,649)
Amounts incurred in the year		
Unrealized profit/loss		
Equity instruments	(5,352)	7,660
Disposal of part of interests in subsidiaries	1	-
Acquisition of partial equity in subsidiaries	-	23
Accumulated gain or loss on disposal of equity instruments transferred to retained earnings	810	-
Balance – ending of the year	($ 11,507)	($ 6,966)

(VI) Non-controlling equity

	2022	2021
Balance – beginning of the year	$ 1,347,238	$ 1,304,763
Effect of retroactive applications of the amendments to IAS 16 (Note 3)	-	294
Current net profit (loss)	(26,324)	(686,365)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of foreign operations	23,848	21,697
Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income	(44)	-
Remeasurement of defined benefits plans	774	312
Acquisition of partial equity in subsidiary Tainergy	$ -	$ 6,739
Disposal of partial equity in subsidiary Tainergy	(2,615)	239
Non-controlling equity – increase of capital in Tainergy not according to shareholding ratio	1,547	-
Non-controlling equity – increase of capital in Taisic Materials not according to shareholding ratio	(79,727)	(3,224)
Non-controlling equity – increase of capital in Kentec not according to shareholding ratio	-	5
Non-controlling equity – increase of capital in Star Solar New Energy not according to shareholding ratio	-	375
Non-controlling equity – increase of capital in Chief Global Logistics not according to shareholding ratio	2,759	-
Acquisition of equity in subsidiary Taisic Materials	630,000	147,040
Acquisition of equity in subsidiary Tainergy	-	553,002
Acquisition of subsidiary Aptos Technology	9,600	-
Non-controlling equity related to outstanding vested stock options held by Kentec's employees	28	-
Non-controlling equity related to outstanding vested stock options held by subsidiary Taisic Materials' employees	-	2,361
Balance – ending of the year	$ 1,907,084	$ 1,347,238

(VII) Treasury stocks

Cause of repurchase	Transfer of shares to employees (thousand shares)
Number of shares on January 1, 2021	-
Increase in the year	2,000
Number of shares on December 31, 2021	2,000
Number of shares on January 1, 2022	2,000
Increase in the year	2,000
Decrease in the Year	(3,066)
Number of shares on December 31, 2022	934

According to the Securities and Exchange Act, the treasury stock held by the Company shall not be pledged and entitled to any dividends and voting rights.

XXVII. Revenue

	2022	2021
Revenue from contracts with customers		
Revenue from sale of products	$ 2,990,511	$ 2,453,917
Project income	2,256,416	1,507,230
Service income	55,722	57,274
Revenue from sale of electricity	18,884	21,357
Lease income	37,675	-
	$ 5,359,208	$ 4,039,778

(I) Description of contracts with customers

1. Revenue from sale of commodities

Revenue from sale of commodities is generated from the sales of products. Once the products are delivered to the customer-designated location and accepted by the customer, the customer is entitled to the products' price determination and right of use, has the main responsibility to resell the products, and takes the risk that the products might become outdated. Therefore, the revenue and accounts receivable are recognized at that point of time.

Solar cells and modules were sold to downstream manufacturers in the solar energy sector. the Group sold the products at the price agreed in the contract, quotation or order.

2. Project income

Since the cost of construction is directly related to the percentage of fulfillment of the contractual obligation, the Group measures the progress based on the percentage of the actually invested cost in the estimated total cost. the Group progressively recognizes contract assets during the construction and transfer them to accounts receivable when issuance of bills. If the construction project proceeds received exceed the revenue recognized, the difference is recognized as contract liabilities. Construction retainage retained by customers according to contractual terms and conditions is to ensure that the Group fulfills all the contractual obligation thereof and is recognized as contract assets before the fulfillment of the contract.

If the result of the fulfillment cannot be measured reliably, the contract income is recognized only within the scope of the actually incurred contract fulfillment cost expected to be recovered.

3. Service income

Service income derives from repair of equipment.

With provision of the equipment repair service from the Group, the customer acquires and consumes the benefit from performance of the contract. Related income is recognized when services are completely provided. Since payment is made after completion of the repair as agreed in the contract, the Group recognizes the service income as contract assets when the service is provided and transfer it to account receivable when the repair is completed.

4. Revenue from sale of electricity

The revenue from sale of electricity was calculated based on the actually sold electricity by degree and the rate.

5. Lease income

Rental income is calculated based on the actual rent received and the frequency of use.

(II) Balance of contract amount

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts and notes receivable (Note 10)	$ 477,916	$ 558,064	$ 535,298
Contract assets			
Solar equipment construction	$ -	$ -	$ 14,102
Construction of automated equipment	454,410	444,997	435,152
Contract assets – current	$ 454,410	$ 444,997	$ 449,254
Contract liabilities			
Sale of commodities	$ 117,305	$ 63,219	$ 57,106
Real estate sales	12,939	36,897	80,053
Solar equipment construction	3,429	3,448	7,857
Construction of automated equipment	1,145,757	1,233,362	602,914
Contract liabilities – current	$ 1,279,430	$ 1,336,926	$ 747,930

Changes in loss allowance for contract assets are as follows:

	2022	2021
Balance – beginning of the year	$ -	$ -
Add: Impairment loss appropriated in the year	-	24,758
Less: Actual amount written off in the year	-	(24,758)
Balance – ending of the year	$ -	$ -

(III) Customer contract income breakdown

Please refer to Note 45 for income breakdown information.

XXVIII. Net profit (loss) of continuing operations

(I) Interest income

	2022	2021
Bank deposit	$ 23,693	$ 13,129

(II) Other revenue

	2022	2021
Lease revenue		
Investment property	$ 70,734	$ 59,204
Government subsidy income (Note 32)	61,316	28,280
Dividend revenue	2,097	1,955
Revenue from the sale of molds and jigs	2,731	11,341
Others	26,631	15,196
	$ 163,509	$ 115,976

(III) Other profits and losses

	2022	2021
Profit on disposal of property, plants and equipment	$ 63,224	$ 3,823
Disposal of investment property benefits	49,766	57,788
DISPOSAL OF GAINS IN RIGHT-OF-USE ASSETS	37,509	-
Gains on disposal of non-current assets held for sale (Note 40)	146,853	-
Net foreign exchange gains	32,451	6,989
Gain (loss) on financial assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss	(3,988)	49,173
Impairment loss	(77,793)	(321,693)
Other revenues and expenses	(6,340)	(30,001)
	$ 241,682	($ 233,921)

For the impairment loss recognized by the Group in 2022 and 2021, please refer to the description in Notes 12, 15 and 18.

(IV) Financial costs

	2022	2021
Bank loan interest	$ 38,235	$ 52,284
Interest on lease liabilities	3,052	3,564
	$ 41,287	$ 55,848

Information on capitalization of interest:

	2022	2021
Capitalization of interest – amount	$ 5,564	$ 4,311
Capitalization of interest – interest rate	2.35%～2.99%	1.88%～4.248%

(V) Depreciation and amortization

	2022	2021
Summary of depreciation expenses by function		
Operating costs	$ 213,772	$ 256,335
Operating expenses	123,146	125,497
	$ 336,918	$ 381,832
Summary of amortization expenses by function		
Operating costs	$ 1,798	$ 7,694
Operating expenses	5,390	12,064
	$ 7,188	$ 19,758

(VI) Employee benefit expense

	2022	2021
Short-term employee benefits	$ 991,555	$ 936,324
Retirement benefits		
Defined contribution plan	25,366	23,659
Defined benefit plan (Note 24)	543	593
	25,909	24,252
Share-based payment (Note 31)	5,600	12,280
Total of employee benefit expenses	$ 1,023,064	$ 972,856
Summarized by function		
Operating costs	$ 526,914	$ 483,825
Operating expenses	496,150	489,031
	$ 1,023,064	$ 972,856

(VII) Remuneration to employees and directors

After deducting the profit before tax of the current year prior to distribution of the remuneration to employees, directors and supervisors, the amount to the percentage of 5%–15% was distributed as remuneration to employees and 1%–3% was distributed as remuneration to directors. Since there are losses before tax in 2021, no estimates were made for the remuneration to the employees or directors.

The remuneration to employees, directors and supervisors in 2022 was resolved by the Board of Directors on March 10, 2023 as follows:

Estimated ratio

	2022
Remuneration to employees	7.3%
Remuneration to directors	1.5%

Amount

	2022
Remuneration to employees	$ 37,262
Remuneration to directors	$ 7,657

If there were any changes in the amount after the approval and release date of annual consolidated financial statements, the change was treated as a change in accounting estimate and accounted in the following year.

There was no discrepancy between the actual distribution of remuneration to employees and directors in 2021 and 2020 and the amount recognized in the consolidated financial statements in 2021 and 2020.

Since there are losses before tax in 2021 and 2020, no estimates were made for the remuneration to employees and directors.

The information about the remuneration to employees and directors in 2022 and 2021 resolved by the Board of Directors may be viewed on the Market Observation Post System of the TWSE.

(VIII) Foreign exchange (loss) gain

	2022	2021
Total profit from translation of foreign currencies	$ 187,334	$ 72,242
Total loss from translation of foreign currencies	(154,883)	(65,253)
Net gain	$ 32,451	$ 6,989

XXIX. Income tax of continuing operations

(I) Income tax recognized in profit or loss

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

	2022	2021
Current income tax		
Tax incurred in the year	$ 15,305	$ 14,772
Adjustments for the previous year	(5,409)	(770)
Deferred income tax		
Tax incurred in the year	2,802	51,830
Income tax expenses recognized in profit or loss	$ 12,698	$ 65,832

The adjustment of the accounting income and income tax expenses (profit) are as follows:

	2022	2021
Net profit (loss) before tax of continuing operations	$ 456,448	($ 907,889)
Income tax profit on net loss or gain before tax calculated at the statutory tax rate	$ 105,298	($ 358,555)
Expense and loss not deductible from tax	109	32,377
Non-taxable income	75,180	(10,059)
Unrecognized loss carryforwards	5,708	472,852
Unrecognized deductible temporary difference	(186,562)	(76,484)
Repatriation of earnings of subsidiaries	18,374	-
Basic tax payable difference	-	6,471
Adjustment to income tax expenses of the previous year in the period	(5,409)	(770)
Income tax expenses recognized in profit or loss	$ 12,698	$ 65,832

(II) Income tax recognized in other comprehensive income

	2022	2021
Deferred income tax		
Amounts incurred in the year		
– Translation from foreign operations	$ 1,190	$ 6,888
– Remeasurement of defined benefits plans	3,219	1,862
	$ 4,409	$ 8,750

(III) Current income tax assets and liabilities

	December 31, 2022	December 31, 2021
Current income tax assets		
Income tax refund receivable	$ 9,878	$ 1,005
Current tax liabilities		
Income tax payable	$ 4,621	$ 5,645

(IV) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

2022

	Balance – beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance – ending of the year
Deferred income tax assets				
Temporary difference				
Defined retirement benefit plan	$ 15,062	($ 63)	($ 3,219)	$ 11,780
Exchange differences from foreign operations	11,573	-	(1,190)	10,383
Others	161,792	(6,709)	-	155,083
	$ 188,427	($ 6,772)	($ 4,409)	$ 177,246
Deferred income tax liabilities				
Temporary difference				
Land incremental tax	($ 56,108)	$ -	$ -	($ 56,108)
Others	(5,840)	3,970	-	(1,870)
	($ 61,948)	$ 3,970	$ -	($ 57,978)

2021

	Balance – beginning of the year	Recognition in profit or loss	Recognition in other comprehensive income	Balance – ending of the year
Deferred income tax assets				
Temporary difference				
Defined retirement benefit plan	$ 17,236	($ 312)	($ 1,862)	$ 15,062
Exchange differences from foreign operations	12,872	5,589	(6,888)	11,573
Property, plant and equipment impairment loss	42,327	(42,327)	-	-
Others	172,131	(10,339)	-	161,792
	$ 244,566	($ 47,389)	($ 8,750)	$ 188,427
Deferred income tax liabilities				
Temporary difference				
Land incremental tax	($ 56,108)	$ -	$ -	($ 56,108)
Others	(1,399)	(4,441)	-	(5,840)
	($ 57,507)	($ 4,441)	$ -	($ 61,948)

(V) Amounts of deductible temporary difference of the deferred income tax assets unrecognized in consolidated balance sheet, unused loss carryforwards, and unused investment tax credits

	December 31, 2022	December 31, 2021
Loss carryforwards		
Mature in 2022	$ 61,396	$ 225,372
Mature in 2023	867,670	955,059

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	December 31, 2022	December 31, 2021
Mature in 2024	$ 321,513	$ 320,419
Mature in 2025	309,694	487,860
Mature in 2026	260,867	263,331
Mature in 2027	642,728	821,019
Mature in 2028	1,141,414	859,459
Mature in 2029	471,728	466,331
Mature in 2030	1,199,933	141,227
Mature in 2031	370,543	373,017
Mature in 2032	98,391	-
	$ 5,745,877	$ 4,913,094
Deductible temporary difference		
Inventory devaluation loss	$ 32,857	$ 27,772
Allowance for loss	76,693	75,421
Guarantee deposits paid impairment	328,341	328,341
Unrealized exchange gain	(7,044)	579
Property, plant and equipment impairment loss	852,424	915,555
Loss carryforwards	1,103,023	1,561,890
Unrealized warranty expense	2,079	6,152
Unrealized project loss	471	1,279
Others	195,231	179,394
	$ 2,584,075	$ 3,096,383

(VI) Authorization of income tax

The Group's profit-seeking business income tax filings up until 2020 have been approved by the tax authority.

XXX. Earnings (losses) per share

Unit: NTD per share

	2022	2021
Basic earnings (loss) per share		
From continuing operations	$ 1.91	($ 1.16)
Diluted earnings (loss) per share		
From continuing operations	$ 1.89	($ 1.16)

The net profit (loss) and the weighted average number of common stocks used for calculating earnings (loss) per share are as follows:

Current net profit (loss)

	2022	2021
Net profit (loss) used for calculation of basic earnings (loss) per share	$ 470,074	($ 287,356)
Net profit (loss) used for calculation of diluted earnings (loss) per share	$ 470,074	($ 287,356)

Number of shares — Unit: thousand shares

	2022	2021
Weighted average number of common stocks used for calculation of basic earnings (loss) per share	246,751	247,226
Effect of potential diluted common stocks:		
Remuneration to employees	1,467	-
Weighted average number of common stocks used for calculation of diluted earnings (loss) per share	248,218	247,226

When the Group can select stocks or cash as the remuneration to employees, it is assumed that the employee's remuneration is paid with stocks when the diluted EPS is calculated. The weighted average outstanding common stocks are added when the potential common stocks have diluting capability to calculate the diluted EPS. The diluting capability of the potential common stocks is referenced in the next year when the Board of Directors resolved to calculate the diluted EPS prior to payment of the employee's remuneration with stocks.

XXXI. Share-based payment arrangement

(I) On May 21, 2021, the Group's Taisic Materials retained employee stock options due to a cash capital increase. Information on employee stock options already issued is as follows:

	2021	
Employee stock options	Unit (thousand)	Weighted average exercise price (NTD)
Outstanding at the beginning of the period	-	$ -
Granted this period	6,000	10
Exercised this period	(6,000)	10
Outstanding at the end of the period	-	
Exercisable at the end of the period	-	
Weighted average fair value of stock options granted this period (NTD)	$ 0.63	

In 2021, the Group recognized remuneration costs of NTD 3,780 thousand for the share-based payment agreement.

(II) 2021 capital increase by cash retained for employee stock options

The Board meeting of the Group's Tainergy held on September 3, 2021, resolved to issue 25,000 thousand shares of common stock at NTD 10 per share for a total of NTD 250,000 thousand for capital increase by cash. The date of employee stock options granted for capital increase by cash was September 7, 2021. As required by Article 267 of the Company Act, 10% was retained for employees to subscribe, totaling 2,500 thousand shares, with NTD 8,500 thousand recognized as remuneration costs.

(III) The Company's Employee Stock Option Plan

On July 4, 2022, the Board of Directors resolved to transfer treasury shares to employees at NTD 24.80 and NTD 24.02 per share, respectively. As of the date of payment of employee stock options, 1,533 thousand shares and 1,533 thousand shares were transferred, respectively for a total transfer price of NTD 74,841 thousand. The base date of employee stock options was set on July 19, 2022. The Group recognized a remuneration cost of NTD 5,600 thousand on the date of grant.

The Black-Scholes valuation model was used for the employee stock options granted by the Company in July 2022. The inputs used in the valuation model are as follows:

	July 2022
Price on grant date	NTD 24.69
Exercise price	NTD 24.80/24.02
Stock price volatility	42.70
Lifetime	0.088 years
Expected dividend rate	-
Risk-free interest rate	0.5357

In 2022, the remuneration cost recognized was NTD 5,600 thousand.

XXXII. Government grants

(I) Tainergy Kunshan of the Group established factories in Kunshan Economic and Technological Development Zone (KETD) for production of solar cells in 2008. To provide preferential investment conditions, the KETD Administration Committee agreed on a one-off subsidy of NTD 155,756 thousand for construction of infrastructure in consideration of the investment of the Tainergy Kunshan and the geology of the land for which the right-of-use had been acquired. The subsidy was subject to amortization in 50 years based on the effective period of the right-of-use of the land. The Board meeting held on October 22, 2021 approved to dispose of part of the land use rights; therefore, RMB 9,939 thousand (NTD 43,176 thousand) was directly reclassified to liabilities held for disposal. As at December 31, 2022 and 2021, the balance of the amortization and reclassification was NTD 61,144 thousand (RMB 13,871 thousand) and NTD 61,914 thousand (RMB 14,253 thousand), respectively, and stated as long-term deferred income. NTD 1,683 thousand and NTD 2,812 thousand were recognized in profit in 2022 and 2021, respectively.

(II) Tainergy Kunshan of the Group acquired a one-off equipment subsidy of NTD 3,889 thousand (RMB 859 thousand) from the government in 2015, 2016 and 2017, respectively. The respective subsidy was subject to amortization in 5 to 10 years based on the useful life of the equipment. As of December 31, 2022 and 2021, the balance of the amortization was NTD 615 thousand (RMB 140 thousand) and NTD 1,083 thousand (RMB 249 thousand), respectively, and stated as long-term deferred income. NTD 485 thousand and NTD 574 thousand were recognized in profit in 2022 and 2021, respectively.

(III) On October 27, 2022, the Group's Tainergy Kunshan sold part of its land use rights and recorded a gain of NTD 44,138 thousand (RMB9,939 thousand) under long-term deferred income.

(IV) In July 2022, the Company and Taisic Materials Co. of the Group signed a Taiwan Industry Innovation Platform Counseling Project of MOEA with the Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECF), receiving a grant for the development of silicon carbide long crystal equipment and critical materials for the period from July 1, 2022 to June 30, 2025. In 2022, a grant of NTD 26,000 thousand was received under the Project, recognizing a grant income of NTD 15,010 thousand.

(V) The Group applied for subsidization of wage and working capital for the difficult companies in the manufacture and technical service industries affected by severe pneumonia with novel pathogens, and received a grant of NTD 18,567 thousand from the Ministry of Economic Affairs as of December 31, 2021.

(VI) The Group's Kentec applied for the "Cloud Server Human-Machine Collaboration Production Optimization Project" from the Taiwan Industry Innovation Platform Program, Ministry of Economic Affairs. Subsidies recognized for the project in 2021 totaled NTD 6,327 thousand.

XXXIII. Business merger

(I) Acquisition of subsidiaries

	Main operating activities	Date of acquisition	Percentage (%) of ownership interest with voting rights /acquisition	Transfer consideration
Hua-Xia Construction	Comprehensive Construction	July 30, 2021	100	$ 30,980

(II) Transfer consideration

	Hua-Xia Construction
Cash	$ 30,980

(III) Assets acquired at the date of acquisition

	Hua-Xia Construction
Current assets	
Cash and cash equivalents	$ 1
Other receivables	18,959
Non-current assets	
Intangible assets	12,020
	$ 30,980

(IV) Net cash outflow from acquisition of subsidiaries

	Hua-Xia Construction
Consideration paid in cash	$ 30,980
Balance of cash and cash equivalents acquired	(1)
	$ 30,979

XXXIV. Disposal of subsidiaries

In January 2021, as the Group did not participate in cash capital increase of Star Solar New Energy, the shareholding ratio decreased from 100% to 35.71%, losing its control over the subsidiary.

(I) Consideration received

	Star Solar New Energy
Investment disposal proceeds	
Cash and cash equivalents	$ -
Investment under the equity method	4,674
Total consolidation received	$ 4,674

(II) Analysis of assets and liabilities over which the control is lost

	Star Solar New Energy
Current assets	
Cash and cash equivalents	$ 4,024
Other receivables	15
Prepayments	103
Non-current assets	
Property, plant and equipment	166
Guarantee deposits paid	55
Current liabilities	
Other payables	(64)
Net assets lost	$ 4,299

(III) Gain on disposal of subsidiaries

	Star Solar New Energy
Consideration received	$ 4,674
Capital reserve – Recognition of changes in equity ownership in subsidiaries	(375)
Net assets disposed	(4,299)
Profit or loss from loss of control	$ -

(IV) Net cash outflow from loss of control

	Star Solar New Energy
Consideration received in cash and cash equivalents	$ -
Less: Balance of cash and cash equivalents disposed	(4,024)
	($ 4,024)

XXXV. Equity transaction with respect to non-controlling equity

In January 2022, the Group did not increase the capital of Tainergy according to its shareholding ratio, resulting in a decrease in shareholding ratio from 27.19% to 27.17%.

In July 2021, the Company and Tainergy of the Group did not increase it shareholdings in Taisic Materials in proportion to their shareholdings, resulting in an increase in their shareholdings from 8.6% to 8.8% and a decrease in their shareholdings from 55.41% to 47.66%, respectively. Equity interest attributable to the non-controlling interest in Tainergy decreased from 40.36% to 34.71%.

In August 2022, the Group did not increase the capital of Chief Global Logistics according to its shareholding ratio, resulting in a decrease in shareholding ratio from 100% to 52%.

In January 2021, the Group's Tainergy did not increase the capital of Star Solar New Energy according to its shareholding ratio, resulting in a decrease in shareholding ratio from 100% to 35.71%.

In July 2021, the Company and Tainergy of the Group did not increase it shareholdings in Taisic Materials in proportion to their shareholdings, resulting in a decrease in their shareholdings from 10% to 8.60% and a decrease in their shareholdings from 64.4% to 55.41%, respectively. Equity interest attributable to the non-controlling interest in Tainergy decreased from 45.83% to 39.43%.

In September 2021, the Group did not increase it shareholdings in Tainergy in proportion to their shareholdings, resulting in a decrease in their shareholdings from 28.83% to 27.20%.

In December 2021, the Group disposed of shares of Tainergy Tech., resulting in a decrease in shareholding ratio from 27.20% to 27.19%.

Since these trades do not change the control of the Group over the aforementioned subsidiaries, the Group deals with them as transaction of equity.

	2022	2021
Consideration in cash paid	($ 79,400)	($ 772,321)
Consideration in cash received	1,547	1,167
Amount of book value of subsidiary's net assets to be transferred in non-controlling equity based on changes in relative equity (changes in ownership of subsidiaries)	89,230	849,395
Amount of book value of subsidiary's net assets to be transferred out from non-controlling equity based on changes in relative equity (actually acquired partial equity in subsidiaries)	68,068	(1,344)
Adjustment of other equity items attributable to the owner of the Company		
－ Exchange differences on translation of financial statements of foreign operations	68	(5,586)
－ Unrealized profit/loss from the financial assets measured at fair value through other comprehensive income	1	(23)
Difference in transaction of equity	$ 79,514	$ 71,288
Adjustment items of difference in transaction of equity		
Capital reserve (changes in ownership of subsidiaries)	$ 89,230	$ 5,256
Capital reserve (actually acquired partial equity in subsidiaries)	(9,716)	66,032
	$ 79,514	$ 71,288

XXXVI. Information on cash flow

(I) Non-cash transactions

In addition to those disclosed in other notes, the Group was engaged in the following non-cash investment and financing activities in 2022 and 2021:

1. The Group reclassified NTD 92,954 thousand and NTD 3,081 thousand of contract assets into property, plant and equipment in 2022 and 2021, respectively.
2. The Group reclassified NTD 34,422 thousand and NTD 14,725 thousand of prepayment for equipment into property, plant and equipment in 2022 and 2021, respectively.
3. The Group's investment receivables from financial instruments at fair value through profit or loss increased by NTD 10,909 thousand and NTD 792 thousand in 2022 and 2021, respectively.
4. The payment to be made by the Group for purchase of the property, plant and equipment increased and decreased by NTD 630 thousand and NTD 304,491 thousand, respectively, in 2022 and 2021.
5. The Group reclassified NTD 15,000 thousand prepaid investments to financial assets at fair value through profit or loss – noncurrent in 2021.
6. The Group reclassified NTD 76,175 thousand of right-of-use assets into non-current assets held for sale in 2021.
7. The Group reclassified NTD 810,137 thousand of property, plant and equipment into non-current assets held for sale and NTD 39,836 thousand into investment property in 2021.
8. The Group reclassified NTD 672,285 thousand of inventories into investment property in 2021.

(II) Changes in liabilities from financing activities

2022

	111 years			Non-cash change			111 years
	January 1	Cash flow	New lease	Lease contract modification	Disposal	Profit or loss from translation of foreign currencies	December 31
Lease liabilities	$ 351,874	($ 24,254)	$ 35,639	($ 14,604)	($ 4,288)	$ 702	$ 345,069

2021

	110 years			Non-cash change			110 years
	January 1	Cash flow	New lease	Lease contract modification	Disposal	Profit or loss from translation of foreign currencies	December 31
Lease liabilities	$ 110,881	($ 36,648)	$ 282,637	$ -	($ 6,598)	$ 1,602	$ 351,874

XXXVII. Capital risk management

The Group conducts capital management to ensure the companies of the Group can keep operating while maximizing shareholders' return by optimizing the liability and equity balances. The overall strategy of the Group is currently not changed.

The capital structure of the Group is comprised of their net liabilities (i.e.. loans minus cash and cash equivalents) and shareholders' equity (i.e. capital stock, capital reserves, retained earnings, other equities, and non-controlling equity).

The Group did not need to adhere to external capital requirements.

The key management of the Group conducts monthly review of the Group's capital structure, including the cost of capital and relevant risks. Observing the suggestions of the key management, the consolidate companies balance the overall capital structure by paying dividends, issuing new stocks, repurchasing stocks, and issuing new corporate bonds, or repaying existing liabilities.

XXXVIII. Financial instruments

(I) Fair value information – financial instruments not measured at fair value

As of December 31, 2022 and 2021, the Group did not have any financial assets and liabilities having major differences between book and fair values.

(II) Fair value information – financial instruments measured at fair value on a repetitive basis

1. Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Overseas listed (OTC) stocks	$ 10,815	$ -	$ -	$ 10,815
Domestic non-listed (non-OTC) stocks	-	-	86,436	86,436
Fund beneficiary certificate	300,180	-	-	300,180
Floating-rate financial commodity	-	273,737	-	273,737
Total	$ 310,995	$ 273,737	$ 86,436	$ 671,168
Financial assets measured at fair value through other comprehensive income				
Investment in equity instruments				
– Domestic non-listed (non-OTC) stocks	$ -	$ -	$ 38,368	$ 38,368

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Overseas listed (OTC) stocks	$ 31,061	$ -	$ -	$ 31,061
Domestic non-listed (non-OTC) stocks	-	-	74,100	74,100
Fund beneficiary certificate	380,110	-	-	380,110
Floating-rate financial commodity	-	241,309	-	241,309
Total	$ 411,171	$ 241,309	$ 74,100	$ 726,580
Financial assets measured at fair value through other comprehensive income				
Investment in equity instruments				
– Domestic non-listed (non-OTC) stocks	$ -	$ -	$ 35,805	$ 35,805

There were no transfers of fair value measurements between Level 1 and Level 2 in 2022 and 2021.

2. Adjustments to the financial instruments measured at Level 3 fair value

2022

Financial assets	Measurement at fair value through profit or loss Equity instruments	Financial assets measured at fair value through other comprehensive income Equity instruments	Total
Balance – beginning of the year	$ 74,100	$ 35,805	$ 109,905
Purchase	-	7,959	7,959
Recognition in profit or loss (other profits and losses)	12,336	-	12,336
Recognized under other comprehensive income (Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income)	-	(5,396)	(5,396)
Balance – ending of the year	$ 86,436	$ 38,368	$ 124,804

2021

Financial assets	Measurement at fair value through profit or loss Equity instruments	Financial assets measured at fair value through other comprehensive income Equity instruments	Total
Balance – beginning of the year	$ 44,141	$ 28,145	$ 72,286
Reclassification (Note 36)	15,000	-	15,000
Recognition in profit or loss (other profits and losses)	14,959	-	14,959
Recognized under other comprehensive income (Unrealized profit/loss on valuation of financial assets measured at fair value through other comprehensive income)	-	7,660	7,660
Balance – ending of the year	$ 74,100	$ 35,805	$ 109,905

3. Evaluation technology and inputs of Level 2 fair value measurement

Class of financial instruments	Evaluation technology and inputs
Floating-rate financial products	Cash flow discounting method: With this method, the cash flow in the future is estimated based on the observable forward interest rate at the end of the period and the interest rate specified in the contract, and the discount is determined with reference to the discount rate reflecting the credit risk of the counterparty.

4. Evaluation technology and inputs of Level 3 fair value measurement

The fair value of non-listed (non-OTC) equity instruments is estimated based on the analysis of the financial status and operating outcome of the investee, the latest transaction price, the quotation of the same equity instruments on active markets, the quotation of similar instruments on active markets, comparable company valuation multiples, and other assumptions that cannot be supported by the observable market price or interest rate. The significant unobservable inputs are as follows. The fair value of the investment increases when the long-term revenue growth rate and pre-tax operating margin increase.

(III) Type of financial instruments

	December 31, 2022	December 31, 2021
Financial assets		
Measurement at fair value through profit or loss		
Mandatory measurement at fair value through profit or loss	$ 671,168	$ 726,580
Financial assets measured at amortized cost (Note 1)	3,525,776	2,719,091
Financial assets measured at fair value through other comprehensive income		
Investment in equity instruments	38,368	35,805
Financial liabilities		
Measurement at amortized cost (Note 2)	2,579,669	2,516,078

Note 1: The balance includes financial assets measured at amortized cost such as cash and cash equivalents, investment in liability instruments, notes and accounts receivable, other receivables, guarantee deposits paid and other financial assets. This balance includes the balance of assets transferred to the disposal group held for sale.

Note 2: The balance includes financial liabilities measured at amortized cost such as short-term loans, notes and accounts payable, other payables, long-term liabilities mature within one year, guarantee deposits received, long-term loans, and other financial liabilities. This balance includes the balance of liabilities transferred to the disposal group held for sale.

(IV) Financial risk management purpose and policy

The Group's main financial instruments include investments in equity and liability instruments, accounts receivable, accounts payable, borrowings, and lease liabilities. The Group's financial management department is responsible for provision of services for business units, planning and coordination of investments in domestic and international financial markets, analysis of internal risk exposure based on the risk level and scope, and reporting, supervision, and management of the financial risks related to the Group's operations. The said risks include the market risk (such as exchange rate risk, interest rate risk and other price risks), credit risk and liquidity risk.

The Group uses derivative financial instruments to avoid risk exposure and mitigate the impact of such risks. Derivative financial instruments are subject to the policies adopted at the meeting of the Board of Directors of the Group. These policies include the exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and the written current funds investment principle. Internal reviewers review the compliance of the policies and the exposure limits on an ongoing basis. The Group does not conduct transactions of financial instruments (including derivative financial instruments) for speculation purposes.

The finance management department reports to the Risk Management Committee of the Group every quarter. The Committee is an independent organization dedicated to monitoring risks and implementing policies to mitigate risk exposure.

1. Market risk

The major financial risks that the operating activities imposed on the Group are exchange rate fluctuation risk (see (1) below), interest rate fluctuation risk (see (2) below), and other price risks (see (3) below). The Group is engaged in various derivative financial instruments to manage the imposed foreign exchange rate and interest rate risk, including:

A. Forward exchange contracts or exchange rate options for avoidance of the exchange rate risk due to difference of currencies in collection, payment, and purchase of (raw) materials;

B. Maintenance of an adequate portfolio of fixed and variable interest rates to mitigate the fluctuation risk of cash flow and fair value.

The Group does not change the risk exposure on the financial instrument market or the methods for management and measurement of such exposure.

(1) Exchange rate risk

The Group is engaged in sales and purchases transactions in foreign currency. These transactions expose the Group to the exchange rate fluctuation risk. About 54% of the sales amount of the Group is not valuated with the functional currency of the Group's individual entities engaging in the transactions. About 69% of the cost amount is not valuated with the functional currency of the Group's individual entities engaging in the transactions. The Group uses forward foreign exchange contracts or exchange rate options to manage the exchange rate risk within the policies.

Refer to Note 43 for the book value of the monetary assets and liabilities of the Group valued with non-functional currencies on the balance sheet date (including the monetary items valued with non-functional currencies and written off on the consolidated financial statements) and the book value of the derivative instruments exposed to exchange rate risk.

Sensitivity analysis

The Group is affected primarily by the fluctuation in the exchange rate of USD and RMB.

The sensitivity analysis of the Group in the exchange rate of NTD (functional currency) to any related foreign currencies increasing or decreasing by 3% is described in the following table. This 3% is the sensitivity ratio used by the Group when reporting the exchange rate risk to the key management. It also indicates the assessment of management on the reasonable potential fluctuation of the exchange rate. The sensitivity analysis only included the outstanding foreign currency items. The translation thereof at the end of the year is adjusted by an increase or decrease of 3% in the exchange rate. The sensitivity analysis includes the loans that are not valued with the functional currency of the creditor or borrower. The positive numbers in the table below represent the increase in net income or decrease in net loss after income taxes or equity that would result from a 3% weakening of the New Taiwan dollar relative to the respective currencies. A 3% appreciation of the New Taiwan dollar against the respective currencies would have a negative impact on net profit or loss after tax or equity for the same amount.

	Effect of USD		Effect of RMB	
	2022	2021	2022	2021
Profit or loss	$ 18,098 (i)	$ 568 (i)	$ 8,230 (i)	$ 9,640 (i)

(i) The profit or loss was mainly generated from the Group's accounts receivable, accounts payable and loan valued in USD and RMB which were outstanding on the balance sheet date and were not hedged against the cash-flow risk.

The sensitivity of the Group to USD exchange rate increased this year because the accounts payable in USD decreased; the sensitivity to RMB exchange rate decreased because of the reduced accounts receivable in RMB. Management found that the sensitivity analysis could not represent the inherent risk of the exchange rate, as the foreign currency risk exposure on the balance sheet date could not reflect the exposure in the year.

(2) Interest rate risk

The interest rate risk exposure occurred as the Group's entities borrowed funds at the floating rates at the same time. The Group maintains an adequate portfolio of fixed interest rate to manage the interest rate risk. The Group assesses hedging activities on a regular basis to keep consistent in their opinions on interest rate and their given risk preference to ensure adoption of most cost-efficient hedging strategies.

The book value of the financial assets and liabilities of the Group exposed to the interest rate risk on the balance sheet date are as follows:

	December 31, 2022	December 31, 2021
With fair value interest rate risk		
– Financial assets	$ 381,798	$ 353,809
– Financial liabilities	345,069	351,874
With cash flow interest rate risk		
– Financial assets	2,459,707	1,641,571
– Financial liabilities	1,356,375	1,474,536

The Group is exposed to cash flow interest rate risk due to holding bank loans at variable interest rate. This conforms to the policy of the Group to reduce the interest rate fair value risk by maintaining the loans at floating interest rate. The cash flow interest rate risk of the Group is primarily due to the fluctuated benchmark interest rate of the loans valued in NTD.

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure of the derivative instruments and non-derivative instruments on the balance sheet date. As for the liabilities at floating interest rate, the analysis is made with the assumption that the outstanding liability amount on the balance sheet date is completely in circulation during the reporting period. The variable interest rate used by the Group when reporting the interest rate to the key management is the interest rate plus or minus 1%. It also indicates the assessment of management on the reasonable potential fluctuation of the interest rate.

If interest rates increase/decrease by 1%, with all other variables maintained the same, the Group's net income (loss) for 2022 and 2021 would increase/decrease by NTD 8,827 thousand and decrease/increase by NTD 1,336 thousand, respectively, mainly due to the exposure to interest rate risk of the Group's variable-rate bank deposits.

(3) Other price risks

The Group sustains exposure to equity securities price risk due to investment in publicly offered equity securities and beneficiary certificates. The Group's management manages risk by holding different risk investment portfolios. The Group designates responsible teams to monitor the price risk and assess when the hedging position shall be increased for the risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk exposure on the balance sheet date.

If the equity price increased/decreased by 3%, the profit or loss after tax in 2022 and 2021 increased/decreased by NTD 2,918 thousand and NTD 3,155 thousand, respectively, due to increases/decreases of the fair value of the financial assets measured at fair value through profit or loss. Other comprehensive income after tax in 2022 and 201 increased/decreased by NTD 1,151 thousand and NTD 1,074 thousand, respectively, due to changes in the fair value of the financial assets measured at fair value through other comprehensive income.

The sensitivity of the Group to the price risk increased/decreased in the current period due to an increase/decrease in the investment in equity securities.

2. Credit risk

The credit risk refers to the risk in the financial loss of the Group due to the counterparty delays in the fulfillment of the contractual obligations. Up to the balance sheet date, the Group's potential highest credit risk exposure due to failure of the counterparty to fulfill its obligations and the financial loss brought about by the financial guarantee that the Group provided was mainly derived from the book value of the financial assets recognized in the consolidated balance sheet.

According to the policy, the Group only trades the counterparties that are rated equivalent to the investment level or higher in brand awareness. Full guarantees are required if necessary to reduce the risk of financial losses due to default. In addition, the Group rates customers with reference to open financial information as well as mutual trading records. The Group monitors the credit risk exposure and the credit rating of the counterparties on an ongoing basis. The account of the customers is checked before the shipment to make sure there is no overdue payment and how the collection status is in the recent period, and the internal personnel of the Group supervises the release in order to minimize the potential credit risk. In addition, the Group reviews the recoverable amount of accounts receivable separately on the balance sheet date to make sure that the appropriate impairment loss of the accounts receivable that cannot be recovered is recognized. As a result, the management of the Group finds that the credit risk of the Group is reduced significantly.

Receivables are to be collected from many customers. They belong to different industries and are located in different geographic areas. The Group continuously assesses the financial status of the customers from which receivables shall be recovered.

3. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group’s business operation and reduce the effect of the fluctuating cash flow. The management of the Group monitors the use of financing facility and ensures compliance with the terms of the loan contract.

For the Group, bank loans are one of the important sources of liquidity. For the financing facility that the Group has not used, refer to relevant descriptions in (2) below.

(1) Liquidity and interest rate risks of non-derivative financial liabilities

The remaining contractual maturity analysis of the non-derivative financial liabilities is compiled based on the earliest repayment date required to the Group and the non-discounted cash flow of the financial liabilities (including the principal and estimated interest). Hence, the bank loan which the Group may be requested to repay immediately is listed in the earliest period on the table without consideration of the possibility of the bank to exercise this right immediately; the maturity analysis of other non-derivative financial liabilities is compiled based on the agreed repayment date.

For the cash flow of the interest paid at floating rate, the non-discounted interest amount is derived from the yield curve on the balance sheet date.

December 31, 2022

	Weighted average effective interest rate (%)	Less than 1 year	1-3 years	4-5 years	Over 5 years
Non-derivative financial liability					
Non-interest-bearing liabilities					
Notes payable		$ 1,348	$ -	$ -	$ -
Accounts payable		646,325	-	-	-
Other payables		541,085	-	-	-
Guarantee deposits received		34,536	-	-	-
Floating interest rate instruments					
Short-term loans	4.66	349,245	-	-	-
Long-term loans	2.18	118,533	590,483	118,177	256,161
Lease liabilities		29,364	48,159	40,726	263,849
		$ 1,720,436	$ 638,642	$ 158,903	$ 520,010

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 29,364	$ 88,885	$101,816	$101,413	$ 52,264	$ 6,356

December 31, 2021

	Weighted average effective interest rate (%)	Less than 1 year	1-3 years	4-5 years	Over 5 years
Non-derivative financial liability					
Non-interest-bearing liabilities					
Notes payable		$ 11,396	$ -	$ -	$ -
Accounts payable		562,027	-	-	-
Other payables		421,071	-	-	-
Guarantee deposits received		38,485	-	-	-
Floating interest rate instruments					
Short-term loans	2.69	451,913	-	-	-
Long-term loans	2.40	246,669	309,402	242,709	306,949
Lease liabilities		28,291	63,535	54,094	288,905
		$ 1,759,852	$ 372,937	$ 296,803	$ 595,854

More information on the maturity analysis of lease liabilities:

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years
Lease liabilities	$ 28,291	$117,629	$105,986	$105,886	$ 58,514	$ 18,519

(2) Financing facility

	December 31, 2022	December 31, 2021
Unsecured bank loan limit (reviewed every year)		
– Employed capital	$ 153,407	$ 175,893
– Unemployed capital	778,514	743,600
	$ 931,921	$ 919,493
Secured bank loan limit (extension possible under mutual agreement)		
– Employed capital	$ 2,299,356	$ 1,211,420
– Unemployed capital	1,290,718	756,850
	$ 3,590,074	$ 1,968,270
Secured other loan limit		
– Employed capital	$ -	$ 27,860
– Unemployed capital	-	-
	$ -	$ 27,860
Unsecured other loans		
– Employed capital	$ -	$ 149,433
– Unemployed capital	50,000	30,000
	$ 50,000	$ 179,433

XXXIX. Related party transaction

Since all the transactions, account balances, profits and expenses/losses between the Company and the subsidiaries (namely, the Company's related parties) were removed after the merger, they were not disclosed in the Note. In addition to those disclosed in other notes, transactions between the Group and other related parties are described as follows:

(I) Names of related parties and their relationship with the Group

Name of Related Party	Relationship with the Group
KENTEC ELECTRONICS (SUZHOU) CO., LTD.	Associate
Star Solar New Energy Co., Ltd.	Associate
Qie-Yi Co., Ltd.	De facto related party
Long-Zi Co., Ltd.	De facto related party
CHING-FU HSIEH	The Company's Chairman

(II) Operating revenue

Account Title	Type of Related Party	2022	2021
Sales revenue	Associate	$ 63,106	$ 3,349

There is no significant difference from the Company's other customers in the trading conditions and credit period applicable to the sale of goods between the Group and related parties.

(III) Purchase

Type of Related Party	2022	2021
Associate	$ 4,837	$ 61,130

There is no significant difference from the Company's other suppliers in the trading conditions and credit period applicable to the purchase of goods between the Group and related parties.

(IV) Accounts receivable from related parties

Account Title	Type of Related Party	December 31, 2022	December 31, 2021
Notes receivable	KENTEC ELECTRONICS (SUZHOU) CO., LTD.	$ 61,718	$ -
Accounts receivable	KENTEC ELECTRONICS (SUZHOU) CO., LTD.	$ 13,104	$ 2,702
Other receivables	KENTEC ELECTRONICS (SUZHOU) CO., LTD.	$ 4,822	$ 12,329
	Star Solar New Energy Co., Ltd.	22	12
		$ 4,844	$ 12,341

No guarantee was requested for the outstanding accounts receivable from related parties. No loss allowance was set aside for the accounts receivable from related parties in 2022 and 2021.

(V) Payables to related parties

Account Title	Type of Related Party	December 31, 2022	December 31, 2021
Accounts payable	KENTEC ELECTRONICS (SUZHOU) CO., LTD.	$ 2,129	$ 34,479
	Star Solar New Energy Co., Ltd.	-	42
		$ 2,129	$ 34,521
Other payables	KENTEC ELECTRONICS (SUZHOU) CO., LTD.	$ 2,184	$ 4,529
	Star Solar New Energy Co., Ltd.	1,571	3,262
		$ 3,755	$ 7,791

The outstanding balance of the accounts payable to related parties was not guaranteed.

(VI) Acquisition of property, plants, and equipment

Type/Name of Related Party	Acquisition Price 2022	Acquisition Price 2021
Associate	$ 1,828	$ -

(VII) Disposal of property, plants and equipment

Type/Name of Related Party	Disposal proceeds 2022	Disposal proceeds 2021	Disposal Profit (Loss) 2022	Disposal Profit (Loss) 2021
Associate	$ -	$ 15,268	$ -	$ 1,345

(VIII) Lease agreement

Type of Related Party	2022	2021
Interest expenses		
De facto related party	$ -	$ 44

2022

Type of Related Party	Premises	Lease Period	Determination of Rent	Monthly Rental
De facto related party	No. 21, Xindu Rd., Qianzhen Dist., Kaohsiung City	2021.12.31-2022.12.30	Negotiation	$ 196
De facto related party	No. 12, Xinda Rd., Qianzhen Dist., Kaohsiung City	2021.12.31-2022.12.30	Negotiation	186

2021

Type of Related Party	Premises	Lease Period	Determination of Rent	Monthly Rental
De facto related party	No. 21, Xindu Rd., Qianzhen Dist., Kaohsiung City	2018.12.31-2021.12.30	Negotiation	$ 196
De facto related party	No. 12, Xinda Rd., Qianzhen Dist., Kaohsiung City	2018.12.31-2021.12.30	Negotiation	186

(IX) Loans to related parties

Type/Name of Related Party	December 31, 2022	December 31, 2021
Associate		
KENTEC ELECTRONICS (SUZHOU) CO., LTD.	$ 65,000	$ 26,040

The Group's loaning of funds are all unsecured loans with interest rates similar to market rates. These loans are expected to be collected within one year. After evaluation, there are no expected credit losses.

(X) Endorsements/guarantees

Acquisition of endorsements/guarantees

Type/Name of Related Party	December 31, 2022	December 31, 2021
The Company's Chairman		
CHING-FU HSIEH		
Amount guaranteed	$ 941,328	$ 2,396,252

(XI) Related party transactions

Others

	Type/Name of Related Party	2022	2021
Manufacturing expense – repair expense	Associate	$ 5,698	$ 5,193
Manufacturing expense – processing cost	Associate	$ 27,843	$ 39,024
Repair cost	Associate	$ 3,468	$ 6,823
Manufacturing expense – others	Associate	$ 636	$ -
Other revenue	Associate	$ 16	$ -

(XII) Remuneration to key management

	2022	2021
Short-term employee benefits	$ 187,329	$ 44,607
Retirement benefits	729	850
Share-based Payment	636	5,246
	$ 188,694	$ 50,703

The remuneration to the directors and key management was decided by the Remuneration Committee subject to personal performance and market trend.

XL. Pledged and mortgaged assets

The following assets were provided as collaterals for bank loans, purchase or import of equipment, litigation, and performance bond under construction contracts. The details are as follows:

	December 31, 2022	December 31, 2021
Pledged C/D (stated as financial assets measured at amortized cost – current)	$ 62,687	$ 260,260
Pledged C/D (stated as other financial assets – current)	4,408	17,000
Floating-rate financial commodity (financial assets at fair value through profit or loss – current)	-	130,320
Other financial assets – current	202,785	121,921
Property, plant and equipment		
Land and land improvement	865,945	908,463
House and building	164,005	379,291
Machinery and equipment	194,304	325,779

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	December 31, 2022	December 31, 2021
Non-current assets held for sale		
Guarantee deposits paid	$ -	$ 8,449
House and building	-	551,110
Right-of-use assets	-	53,233
Investment property	411,222	416,800
Guarantee deposits paid	44,171	63,138
Pledged C/D (stated as financial assets measured at amortized cost – non-current)	76,609	39,803
Right-of-use of land (Stated as right-of-use assets)	75,385	76,335
Other financial assets – Non-current	149,219	182,398
	$ 2,250,740	$ 3,534,300

XLI. Significant contingent liability and unrecognized contractual commitment

In addition to those described in other notes, the Group's significant commitments and contingencies on the balance sheet date are as follows:

(I) Significant commitments

1. The amount under the letters of guarantee that the Group authorized banks to issue for performance of construction contracts or warranty of works and the balance of the unused letters of credit are as follows:

	December 31, 2022	December 31, 2021
Issuance of letters of guarantee		
NTD	$ 1,065,626	$ 890,270
USD	-	7,038
Unused opened letter of credit		
JPY	10,700	-

2. The total price of the contract entered into by Tainergy of the Group for completion and purchase of unfinished construction and equipment and the amount unpaid are as follows:

	December 31, 2022	December 31, 2021
Purchase of unfinished construction and equipment		
Total contract price	$ 131,265	$ 88,830
Amount paid	(54,081)	(40,415)
Amount unpaid	$ 77,184	$ 48,415

3. As of December 31, 2022 and 2021, the amount of the guarantee notes issued by the Group's Tainergy for loans was NTD 85,000 thousand and NTD 300,000 thousand, respectively. As for the amount of the endorsement/guarantee provided for loans, please refer to Table 2 in Note 44.

(II) Contingency

1. Material purchase agreement between Tainergy of the Group and SunEdison Products Singapore Pte, Ltd. (the former MEMC Singapore Pte, Ltd.; hereinafter referred to as SunEdison)

   Material purchase agreement

   Tainergy of the Group entered into a material purchase agreement with SunEdision on July 9, 2008. According to the agreement, the Group should purchase solar wafers no less than USD 3.4 billion from SunEdison from September 1, 2008 to August 31, 2018, and should provide a performance bond amount to about USD 10,500 thousand to 66,500 thousand (about NTD 332,455 thousand to 2,042,215 thousand) every year during the period of the agreement.

   Due to the fluctuation of the solar cell material, Tainergy of the Group did not purchase to the minimum quantity as agreed. A supplementary agreement was entered into with SunEdision on March 29, 2013 in which a common consensus was reached and the parties agreed to maintain their collaboration relation. According to the supplementary agreement, compensation for failure to purchase to the minimum quantity was deducted from the performance bond that Tainergy of the Group had paid. For this, the Group recognized a loss on guarantee deposits paid amounting to NTD 760,763 thousand in 2012 and set aside the unamortized balance of non-returnable deposits paid to the amount of NTD 59,551 thousand as impairment loss under the title of other non-current liabilities – others. The total amount was consequently NTD 820,314 thousand.

   SunEdison's application for reorganization

   SunEdision announced its application for reorganization procedures on April 21, 2016 (American time). Tainergy of the Group discussed with the counsels and comprehensively assessed the possibility of recovery based on SunEdison's debt restructuring plan and creditor meeting notice in June 2017. After deduction of an advance sales receipts of NTD 1,063 thousand (net) from related other receivables of NTD 20,854 thousand and guarantee deposits paid amounting to NTD 288,009 thousand, an impairment loss of NTD 307,800 thousand was set aside in Q2 of 2017.

   As of December 31, 2022 and 2021, the balance of the guarantee deposits paid that Tainergy of the Group recognized was NTD 0.

2. The silicon wafer purchase agreement between Tainergy of the Group and Sino-American Silicon Products Inc. (hereinafter referred to as Sino-American Silicon)

   Commitment to material purchase agreement

   Tainergy of the Group entered into a material purchase agreement with Sino-American Silicon in September 2007. The parties agreed on an annual purchase of solar wafers to the quantity, at the price, and amounting to no less than USD 44,388 thousand and EUR 85,518 thousand as specified in the agreement from January 1, 2008 to December 31, 2010 and from January 1, 2009 to December 31, 2019, respectively. The prepayments were not returnable and the supplier guaranteed to supply the material to the agreed quantity. Tainergy of the Group prepaid for purchase of the material by installments to the amount of EUR 7,470 thousand during the period specified in the agreement.

   Renewal of the agreement

   Tainergy of the Group and Sino-American Silicon agreed to perform the agreement continuously in accordance with the terms and conditions specified therein up to December 31, 2020 (included) If the fulfillment of the agreement is difficult for the parties due to changes in the market supply and demand, the parties agreed to discuss the performance of the agreement. Currently, the parties are willing to continue the fulfillment of the agreement.

As of December 31, 2022 and 2021, the Group's Tainergy made an assessment and found that the cost for fulfillment of the agreement would be higher than the anticipated economic benefit from the agreement, and thus set aside an accumulated loss of NTD 164,930 thousand and NTD 166,969 thousand, respectively. As of December 31, 2022 and 2021, the balance of the prepayments that the Group's Tainergy has made and against which goods were not delivered yet was both recognized to the amount of NTD 0.

3. Tainergy Technology (Kunshan) Co., Ltd., a subsidiary of the Group, entered into an agreement with a local assets management company for construction of a new factory building based on the right-of-use of the land that the Group had in Mainland China. the Group did not have to pay any money or fee to the assets management company for the construction project. After the construction of the factory building was completed, the Group agreed to establish a new subsidiary with cash and the fixed price of the surface building. The asset management company originally planned to purchase all the shares of the new subsidiary after it acquired the real estate ownership certificate. However, due to a change in the transaction mode resolved by the Board of Directors on October 22, 2021, the Company directly disposed of the land use right and the ground building. The transaction counterparty was the newly established subsidiary of the asset management company. The transaction price was the same as the original agreement.

The Group's accounts related to this transaction are as follows:

	December 31, 2022	December 31, 2021
Receipts in advance from disposal of assets (recorded as other receipts in advance)	$ -	$ 823,453
Property, plant and equipment held for disposal (recorded as non-current assets held for sale)	$ -	$ 551,110
Right-of-use assets held for disposal (recorded as non-current assets held for sale)	-	53,233
Guarantee deposits paid on collection and payment of related expenses for others (recorded as non-current assets held for sale)	-	8,449
	$ -	$ 612,792
Other payables on related expenses for others (recorded as liabilities directly related to non-current assets held for sale)	$ -	$ 8,563
Deferred income from government subsidies related to assets held for disposal (recorded as liabilities directly related to non-current assets held for sale)	-	43,176
	$ -	$ 51,739

On October 27, 2022, the Group's Tainergy Kunshan completed the transfer of the building and construction and right-of-use assets with Kunshan Changshunhong Energy Technology Co., Ltd. A gain of NTD 146,853 thousand (RMB33,143 thousand) from the disposal was recognized.

4. In March 2022, Mr. Chun-Ming Chen filed a lawsuit against the Company at the Civil Court of Shilin District Court, Keelung, claiming that the Company should repay a sum of RMB 15,000 thousand. A hearing was yet to be held as of March 28, 2023. The Company claimed that it did not borrow funds from Chun-Ming Chen. After evaluation, the lawsuit should not have a material impact on the Company's financial and business affairs. Additionally, based on the letter replied by a professional law firm, it is difficult to support the idea that the Company has borrowed funds from Mr. Chen based on the evidence provided by him.

XLII. Significant subsequent events: None

XLIII. Information on foreign currency assets and liabilities with significant effect

The following information is summarized and stated based on the foreign currencies other than the functional currency of the Group's individual entities. The disclosed exchange rate represents the exchange rate of such foreign currency to the functional currency. Information on foreign currency assets and liabilities with significant effect is as follows:

December 31, 2022

	Foreign currency (thousand)	Exchange rate		Book value
Foreign currency assets				
Monetary items				
USD	$ 37,035	30.71	(USD : NTD)	$ 1,137,367
USD	8,239	23,806	(USD : VND)	253,023
VND	1,806,684	0.0013	(VND : NTD)	2,330
JPY	23,789	0.2324	(JPY : NTD)	5,528
EUR	165	32.72	(EUR : NTD)	5,406
RMB	85,261	4.408	(RMB : NTD)	375,829
				$ 1,779,483
Non-monetary items				
VND	8,383,542	0.00129	(VND : NTD)	$ 10,815
Foreign liabilities				
Monetary items				
USD	14,998	30.71	(USD : NTD)	$ 460,597
USD	126	6.9646	(USD : RMB)	3,881
USD	5,595	23,806	(USD : VND)	171,808
JPY	35,760	0.2324	(JPY : NTD)	8,311
EUR	2,047	32,72	(EUR : NTD)	66,969
RMB	7,462	4,408	(RMB : NTD)	32,892
				$ 744,458

December 31, 2021

Foreign currency assets	Foreign currency (thousand)	Exchange rate		Book value
Monetary items				
USD	$ 34,465	27.68	(USD : NTD)	$ 953,994
USD	900	6.3674	(USD : RMB)	24,894
USD	6,288	23,067	(USD : VND)	174,055
VND	1,706,420	0.0012	(VND : NTD)	2,047
JPY	9,892	0.2405	(JPY : NTD)	2,380
EUR	$ 103	31.32	(EUR : NTD)	$ 3,238
RMB	96,403	4.344	(RMB : NTD)	418,777
				$ 1,579,385
Non-monetary items				
VND	25,884,155	0.0012	(VND : NTD)	$ 31,061
Foreign liabilities				
Monetary items				
USD	6,168	27.68	(USD : NTD)	$ 170,746
USD	20,727	6.3674	(USD : RMB)	573,663
USD	13,905	23,067	(USD : VND)	384,886
JPY	15,734	0.2405	(JPY : NTD)	3,784
EUR	330	31.32	(EUR : NTD)	10,344
RMB	3,939	4.344	(RMB : NTD)	17,111
				$ 1,160,534

The profit and loss from translation of foreign currency (including realized and unrealized) in 2022 and 2021 was NTD 32,451 thousand and NTD 6,989 thousand, respectively. However, it is not feasible to disclose the exchange loss and gain of each significant foreign currency because of the numerous functional currencies used by each entity of the Group and in foreign currency transactions.

XLIV. Disclosures of notes

(I) Major transaction matters:

1. Loans to others. (Table 1)
2. Endorsements/guarantees for others. (Table 2)
3. Securities – ending (excluding the equity in invested subsidiaries, associates and joint ventures). (Table 3)
4. Aggregate purchases or sales of the same securities reaching NTD 300 million or more than 20% of the paid-in capital. (Table 4)
5. Acquisition of real estate reaching NTD 300 million or more than 20% of the paid-in capital. (None)
6. Disposal of property reaching NTD 300 million or more than 20% of the paid-in capital. (Table 5)
7. Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 6)
8. Accounts receivable from related parties reaching NTD 100 million or more than 20% of the paid-in capital. (Table 7)
9. Trading in derivative instruments. (None)
10. Others: The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries. (Table 8)

(II) Information about investees. (Table 9)

(III) Information on investments in Mainland China:

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment profit/loss, investment book value at the end of the period, profit or loss received from investments, and limit on the amount of investment in Mainland China. (Table 9)
2. Any of the following significant transactions with investees in Mainland China, either directly or indirectly through a third area, and their prices, payment conditions, and unrealized profit/loss: (Table 10)
   (1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
   (2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
   (3) The amount of property transactions and the amount of resulting profits or losses.
   (4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
   (5) The highest balance, the end-of-period balance, the interest rate range, and total current interest with respect to financing of funds.
   (6) Other transactions that have a material effect on the profit or loss of the period or on the financial position, such as the rendering or receiving of services.

(IV) Information on major shareholders: The name, shareholding, and shareholding ratio of the shareholders with an equity ratio of 5% or more. (Table 11)

XLV. <u>Segment information</u>

(I) Basic information on operating segments

1. Classification of operating segments

   The information was provided for the chief operating decision maker to distribute resources and evaluate the performance of each department. It focused on the type of each batch of products or services delivered or provided. The reportable segments of the Group are as follows:

   (1) Automation segment

   Responsible for automated flow line equipment and supporting equipment for T.F.T. process equipment, semiconductor process equipment, industrial conveying machinery, and automated storage equipment; parking tower and mechanical parking equipment, incinerator and other environmental facilities; electronic anti-static products; production, sale, installation, and lease of window-cleaning equipment and hanging platforms.

   (2) Manufacture of solar power system, parts and components

   Responsible for manufacture of power generation, transmission and distribution equipment as well as cable and wireless communication machines and devices.

   (3) Electronic parts and components segment

   Responsible for manufacture of electronics parts and components

   (4) Other segments

   Responsible for the business of solar water heater and real estate business.

2. Principles in measurement of operation segment's profits, losses, assets and

liabilities

The accounting policy of the operating segments is the same as the important accounting policies stated in Note 4. The profit or loss of the Group's operating segments is measured based on the operating profit or loss controllable to the segment manager. It is used as a basis for evaluation of management performance. Debts are allocated in consideration of the capital cost and movement of funds of the Group as a whole. Since debts are not controllable separately to the manager of each operating segment, they are not used as a basis for evaluation of the management's performance.

(II) Segment revenue and operating result

The revenue and operation outcome of the Group's continuing operations are analyzed by reportable segment as follows:

	2022					
	Automation 1	Automation 2	Solar power system, parts and components	Electronic parts and components	Others (Vietnam, Fraternity, Fuqing, Kenmec Property, Aptos Technology, Hua-Xia, Automation)	Total
Revenue from external customers	$ 2,119,408	$ 460,784	$ 2,221,436	$ 519,897	$ 37,683	$ 5,359,208
Inter-segment income	205,526	275,927	-	65,340	2,795	549,588
Segment income	2,324,934	736,711	2,221,436	585,237	40,478	5,908,796
Internal write-off	(205,526)	(275,927)	-	(65,340)	(2,795)	(549,588)
Consolidated revenue	$ 2,119,408	$ 460,784	$ 2,221,436	$ 519,897	$ 37,683	$ 5,359,208
segment profit or loss	$ 372,318	($ 206,078)	($ 119,220)	$ 83,893	$ 14,248	$ 145,161
Dividend revenue						2,097
Profit on disposal of property, plants and equipment						63,224
Disposal of investment property benefits						49,766
Disposal of gains in right-of-use assets						37,509
Gains on disposal of non-current assets held for sale						146,853
Share of profit/loss of associates under the equity method						15,826
Profit or loss on valuation of financial assets measured at fair value through profit or loss						(3,988)
Profit before tax						$ 456,448

	2021					
	Automation 1	Automation 2	Solar power system, parts and components	Electronic parts and components	Others (Vietnam, Fraternity, Fuqing, Kenmec Property, Aptos Technology, Hua-Xia, Automation)	Total
Revenue from external customers	$ 1,228,454	$ 573,720	$ 1,584,431	$ 653,024	$ 149	$ 4,039,778
Inter-segment income	56	66,716	-	-	3,545	70,317
Segment income	1,228,510	640,436	1,584,431	653,024	3,694	4,110,095
Internal write-off	(56)	(66,716)	-	-	(3,545)	(70,317)
Consolidated revenue	$ 1,228,454	$ 573,720	$ 1,584,431	$ 653,024	$ 149	$ 4,039,778
segment profit or loss	$ 8,793	($ 153,578)	($ 839,522)	($ 9,231)	($ 27,378)	($ 1,020,916)
Dividend revenue						1,955
Profit on disposal of property, plants and equipment						3,823
Disposal of investment property benefits						57,788
Share of profit/loss of associates under the equity method						288
Profit or loss on valuation of financial assets measured at fair value through profit or loss						49,173
Net loss before tax						($ 907,889)

The segment profit or loss is the earnings or loss of each segment excluding the administration costs of the head office to be shared and the compensation of the directors and supervisors, dividend income, the portion of affiliates accounted for under the equity method, loss and gain from disposal of property, plant and equipment, loss and gain from disposal of investment property, loss and gain of disposal of non-current assets held for sale, and financial tool valuation gain (loss). These estimated amounts were provided for the chief operating decision maker to distribute resources to departments and evaluate their performance.

(III) Total segment assets

Segment assets	December 31, 2022	December 31, 2021
Continuing operations		
Automation segment	$ 5,341,953	$ 3,773,107
Manufacture of solar power system, parts and components	2,289,692	3,015,569
Electronic parts and components segment	1,244,709	833,717
Other segments	140,283	868,643
Total segment assets	9,016,637	8,491,036
Unallocated assets (Note)	2,078,351	2,007,961
Total consolidated assets	$ 11,094,988	$ 10,498,997

Note: These include financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, investment property, investments under the equity method, and deferred income tax assets.

Purpose of monitoring segment performance and distributing resources to segments:

Except for unallocated assets, all the assets are allocated to reportable segments. The assets shared by reportable segments are allocated based on the revenue of each reportable segment.

(IV) Information by territory

The Group has three main operation bases – Taiwan, China and Vietnam.

The Group's revenue of continuing operations from external clients and the non-current assets were classified respectively by operation base and location. Relevant information is listed as follows:

	Income from external clients		Non-current assets	
	2022	2021	December 31, 2022	December 31, 2021
Taiwan	$ 2,480,534	$ 1,692,378	$ 3,089,606	$ 2,679,188
USA/Canada	1,532,451	463,740	-	-
Mainland China	793,962	957,560	1,248,275	1,458,231
Hong Kong	193,386	539,944	-	-
Others	358,875	386,156	524,024	366,873
	$ 5,359,208	$ 4,039,778	$ 4,861,905	$ 4,504,292

Non-current assets do not include the financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, financial assets measured at amortized cost, investments under the equity method, and deferred income tax assets.

(V) Information about major clients

The single customer from which the income earned reached more than 10% of the Group's total income:

2022			2021		
Customer ID	Amount	Percentage in revenue %	Customer ID	Amount	Percentage in revenue %
CF company	$ 750,530	14	BM company	$ 450,300	11
CH company	668,496	12			

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Loans to Others
2022

Table 1

Unit: NTD and foreign currency (thousand)

No. (Note 1)	Lending company	Borrowing company	Current account	Related party	Maximum balance in current period	Balance – ending of the period	Drawdown	Range of interest rates %	Nature of loaning of funds	Transaction amount	Reasons for the need of short-term financing	Appropriated allowance for bad debt	Collateral		Ceiling of loans to a single borrower (Notes 2 to 10)	Ceiling of total loaning of funds (Notes 2 to 10)
													Name	Value		
0	KENMEC MECHANICAL ENGINEERING CO., LTD.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	$ 671,110	$ 492,820	$ 431,400	3.0%~3.5%	Needs for short-term financing	$ -	Working funds	$ -	-	$ -	$ 721,562	$ 1,443,123
		KENMEC AUTOMATION ENGINEERING (KUNSHAN)	Other receivables	Y	256,842	-	-	3.50%	〃	-	〃	-	-	-	721,562	1,443,123
		VIETNERGY COMPANY LIMITED	Other receivables	Y	149,700	-	-	3.00%	〃	-	〃	-	-	-	721,562	1,443,123
		KENTEC INC.	Other receivables	Y	50,000	-	-	2.00%	〃	-	〃	-	-	-	721,562	1,443,123
1	KENMEC AUTOMATION ENGINEERING (KUNSHAN)	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	210,231 RMB 47,360	96,976 RMB 22,000	96,976 RMB 22,000	4.75%	〃	-	〃	-	-	-	226,100 RMB 51,293	226,100 RMB 51,293
2	KENMEC TECHNOLOGY (FUQING) CO., LTD.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	99,132 RMB 22,000	- RMB -	- RMB -	4.75%	〃	-	〃	-	-	-	- RMB -	- RMB -
3	KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	KENTEC ELECTRONICS (SUZHOU) CO., LTD.	Other receivables	Y	26,064 RMB 6,000	- RMB -	- RMB -	4.35%	〃	-	〃	-	-	-	100,649 RMB 22,833	100,649 RMB 22,833
		Suzhou Kenmec Property Development Ltd.	Other receivables	Y	153,204 RMB 34,000	85,956 RMB 19,500	85,956 RMB 19,500	4.35%	〃	-	〃	-	-	-	100,649 RMB 22,833	100,649 RMB 22,833
4	Fraternity Trade Development (KunShan) Co., Ltd.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	109,496 RMB 24,300	- RMB -	- RMB -	4.75%	〃	-	〃	-	-	-	- RMB -	- RMB -
		Suzhou Kenmec Property Development Ltd.	Other receivables	Y	21,760 RMB 5,000	- RMB -	- RMB -	4.35%	〃	-	〃	-	-	-	- RMB -	- RMB -
5	Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	Other receivables	Y	143,075	-	-	3.00~5.00%	〃	-	〃	-	-	-	434,617	869,234
		TAISIC MATERIALS CO.	Other receivables	Y	200,000	100,000	-	2.5%~5.00%	〃	-	〃	-	-	-	434,617	869,234
		Star Solar New Energy Co., Ltd.	Other receivables	Y	65,000	65,000	65,000	2.5%~5.00%	〃	-	〃	-	-	-	434,617	869,234
6	Tainergy Technology (Kunshan) Co., Ltd.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	90,120	-	-	4.48%	〃	-	〃	-	-	-	328,321	328,321
		Suzhou Kenmec Property Development Ltd.	Other receivables	Y	160,728	110,200	110,200	3.65%~4.35%	〃	-	〃	-	-	-	328,321	328,321
		Kunshan Kunfu Electronic Materials Co., Ltd.	Other receivables	Y	2,253	2,204	2,204	4.35%	〃	-	〃	-	-	-	328,321	328,321
		KENTEC ELECTRONICS (SUZHOU) CO., LTD.	Other receivables	Y	19,681	-	-	4.35%	〃	-	〃	-	-	-	328,321	328,321
		KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	Other receivables	Y	74,936	-	-	4.35%	〃	-	〃	-	-	-	328,321	328,321
7	KENTEC INC.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Other receivables	Y	115,974	110,556	110,556	3.00%	〃	-	〃	-	-	-	126,344	252,688
		VIETNERGY COMPANY LIMITED	Other receivables	Y	97,268	-	-	3.00%	〃	-	〃	-	-	-	126,344	252,688
		TAISIC MATERIALS CO.	Other receivables	Y	24,000	-	-	2.00%	〃	-	〃	-	-	-	126,344	252,688
		Chief Global Logistics Co., Ltd.	Other receivables	Y	8,000	-	-	2.00%	〃	-	〃	-	-	-	126,344	252,688

Note 1: Number column description:
(1) 0 is reserved for issuer.
(2) Each invested company is numbered in sequential order starting from 1.

Note 2: KENMEC MECHANICAL ENGINEERING CO., LTD.'s limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 20% of the Company's net value: $3,607,808×20%=721,562
Ceiling of total loaning of funds: 40% of the Company's net value: $3,607,808×40%=1,443,123

Note 3: KENMEC AUTOMATION ENGINEERING (KUNSHAN)'s limit of loans to others is calculated as follows:
Ceiling of loans to a single borrower: 40% of the Company's net value: RMB 51,293×40%＝RMB 20,517
The limit of total loaning of funds: 40% of the Company's net value: RMB 51,293×40%＝RMB 20,517
For the loaning of funds between the foreign companies that belong to the same parent company as the Company and whose 100% voting shares are held by the Company directly and indirectly, its amount is not subject to 40% of the net value.
Ceiling of loans to a single borrower: 100% of the Company's net value: RMB 51,293×100%＝RMB 51,293
The limit of total loaning of funds:100% of the Company's net value: RMB 51,293×100%＝RMB 51,293

Note 4: KENMEC TECHNOLOGY (FUQING) CO., LTD. was canceled on June 1, 2022.

Note 5: KENMEC TECHNOLOGY (SUZHOU) CO., LTD.'s limit of loans to others is calculated as follows:
Ceiling of loans to a single borrower: 40% of the Company's net value: RMB 57,083×40%＝RMB 22,833
The limit of total loaning of funds: 40% of the Company's net value: RMB 57,083×40%＝RMB 22,833

Note 6: Fraternity Trade Development (KunShan) Co., Ltd. was canceled on October 31, 2022.

Note 7: Tainergy Tech. Co., Ltd.'s limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 20% of the Company's net value: $2,173,085×20%=434,617
Ceiling of total loaning of funds: 40% of the Company's net value: $2,173,085×40%=869,234

Note 8: Tainergy Technology (Kunshan) Co., Ltd.'s limit of loans to others is calculated as follows:
Ceiling of loans to a single borrower: 40% of the Company's net value: RMB 186,208×40%＝RMB 74,483
The limit of total loaning of funds: 40% of the Company's net value: RMB 186,208×40%＝RM 74,483

Note 9: KENTEC INC.'s limit of loans to others is calculated as follows:
Ceiling of loans to particular borrower: 20% of the Company's net value: $631,721×20%=126,344
Ceiling of total loaning of funds: 40% of the Company's net value: $631,721×40%=252,688

Note 10: The net value is determined based on the financial statements audited and certified by CPAs in the most recent year.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Endorsements/Guarantees for Others
2022

Table 2

Unit: NTD thousand

No. (Note 1)	Endorser/guarantor	Endorsee/guarantee: Company name	Endorsee/guarantee: Relationship (Note 2)	Limits on individual endorsements/ guarantees	Current maximum endorsement/ guarantee balance	Current endorsement/ guarantee balance – ending	Drawdown	Endorsement/ guarantee amount secured with property	Ratio of the cumulative endorsement/ guarantee amount to the net worth in the most recent financial statements (%)	Maximum endorsement/ guarantee limit	Endorsements/ guarantees made by the parent company for subsidiaries	Endorsements/ guarantees made by the subsidiaries for parent company	Endorsements/ guarantees made for the operations in Mainland China
0	KENMEC MECHANICAL ENGINEERING CO., LTD.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	(3)	$ 2,886,246 (Note 3)	$ 76,120	$ -	$ -	$ - (Current deposit – reserve account)	-	$ 2,886,246 (Note 4)	Y	N	Y
		KENTEC INC.	(2)	2,886,246 (Note 3)	178,540	100,000	3,000	-	2.77%	2,886,246 (Note 4)	Y	N	N
1	Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	(2)	1,738,468 (Note 5)	184,041	147,408	113,868	3,071	6.78%	1,738,468 (Note 6)	Y	N	N
		TAISIC MATERIALS CO.	(2)	- (Note 7)	150,000	-	-	-	-	1,738,468 (Note 6)	Y	N	N

Note 1: The number column is completed in the following manners:
1. 0 is reserved for issuer.
2. Each invested company is numbered in sequential order starting from 1.

Note 2: The relationship between the endorser/guarantor and endorsee/guarantee is classified into six categories as follows. It is only necessary to mark the type:
(1) A company which the Company has business dealings with.
(2) The company with the majority shareholdings of voting rights held by the Company directly and indirectly.
(3) The company holds the majority shareholdings of voting rights of the Company directly and indirectly,
(4) The company with more than 90% shareholdings of voting rights held by the Company directly and indirectly.
(5) The company needing mutual guarantee pursuant to an agreement in the same industry or between joint proprietors for undertaking engineering projects.
(6) The company received endorsements/guarantees from the shareholders proportionally to their shareholding due to a joint venture relationship.
(7) Escrow and joint and several guarantee of the contracts in the same industry that involve the transaction of pre-sale houses according to the Consumer Protection Act.

Note 3: Limits on individual endorsements/guarantees: No more than 80% of the Company's net value on December 31, 2022: $3,607,808×80%=2,886,246

Note 4: Maximum endorsement/guarantee limit: No more than 80% of the Company's net value on December 31, 2022: $3,607,808×80%=2,886,246

Note 5: Limits on individual endorsements/guarantees: No more than 80% of Tainergy Tech. Co. Ltd.'s net value on December 31, 2022: $2,173,085×80%=1,738,468

Note 6: Maximum endorsement/guarantee limit: No more than 80% of Tainergy Tech Co. Ltd.'s net value on December 31, 2022: $2,173,085×80%=1,738,468

Note 7: On July 15, 2022, the Group failed to increase the capital of Taisic Materials Co. in proportion to its shareholding, resulting in a decrease in the shareholding of Tainergy Tech Co., Ltd. from 55.41% to 47.656%. Taisic Materials Co. repaid the loan as an improvement plan on September 30, 2022 as an improvement plan.

Note 8: The net value is determined based on the financial statements audited and certified by CPAs in the most recent year.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Securities Held at the End of the Period
2022

Table 3

Unit: NTD and foreign currency (thousand)

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding percentage	Fair value	
KENMEC MECHANICAL ENGINEERING CO., LTD.	Fund beneficiary certificate							
	KGI Victory Money Market Fund	None	Financial assets mandatorily measured at fair value through profit or loss – current	15,487,528.17	$ 182,071		$ 182,071	
	TCB Money Market Fund	〃	〃	4,855,500.31	50,011		50,011	
	FSITC Taiwan Money Market	〃	〃	3,216,178.70	50,012		50,012	
					$ 282,094		$ 282,094	
	Overseas listed (OTC) stocks							
	EBS	〃	〃	39,800	$ 477		$ 477	
	SDT	〃	〃	33,120	150		150	
	PAN	〃	〃	64,687	1,248		1,248	
	SC5	〃	〃	34,848	764		764	
	HRC	〃	〃	35,000	2,483		2,483	
	HAC	〃	〃	93	1		1	
	IPA	〃	〃	370,800	5,692		5,692	
					$ 10,815		$ 10,815	
	Domestic non-listed (non-OTC) stocks							
	TeraSolar Energy Materials Corp.	The Company is a corporate director of the company	Financial assets mandatorily measured at fair value through profit or loss – non-current	1,776,637	$ 22,688	10.01%	$ 22,688	
	Tao Garden Hotel Co., Ltd.	〃	〃	5,000,000	43,600	16.64%	43,600	
	TMY Technology Inc.	None	〃	535,714	20,148	1.50%	20,148	
					$ 86,436		$ 86,436	
	United Information System Service Co., Ltd.	The Company is a corporate director of the company	Investment in equity instruments measured at fair value through other comprehensive income – non-current	780,000	$ 29,968	14.29%	$ 29,968	
	Ecatch Automation Co., Ltd.	〃	〃	90,000	900	15.00%	900	
	Meng-Lue Venture Investment Limited Partnership Preparatory Office	None	〃	-	7,500	8.33%	7,500	
					$ 38,368		$ 38,368	
KENTEC INC.	Domestic non-listed (non-OTC) stocks							
	3EGREEN TECHNOLOGY, INC.	“	Investment in equity instruments measured at fair value through other comprehensive income – non-current	139,096	$ -	6.93%	$ -	

(Next page)

(Continued from previous page)

Holding company	Type and name of securities	Relationship with the Issuer of Securities	Account title	At the end of the period				Remarks
				Number of shares	Book value	Shareholding percentage	Fair value	
KENTEC INC.	International non-listed stocks							
	MEDICUSTEK INTERNATIONAL INC.	〃	〃	1,333,333	$ -	2.42%	$ -	
Hua-Xia Construction Co., Ltd.	Fund beneficiary certificate							
	FSITC Taiwan Money Market	None	Financial assets mandatorily measured at fair value through profit or loss – current	1,163,031.10	$ 18,086		$ 18,086	
Tainergy Technology (Kunshan) Co., Ltd.	Floating-rate financial products							
	Kunshan Rural Commercial Bank Sharing - Ririgin RMB Financial Commodity	〃	〃		$ 92,568		$ 92,568	
	Zhejiang Commercial Bank, Shengxin Ying B-1 Wealth Management Product	〃	〃		13,224		13,224	
	Zhejiang Commercial Bank, Shengxin Ying C-1 Wealth Management Product	〃	〃		44,521		44,521	
	Kunshan Rural Commercial Bank, Yueying RMB Financial Product	〃	〃		88,160		88,160	
					$ 238,473		$ 238,473	
KENMEC AUTOMATION ENGINEERING (KUNSHAN)	Floating-rate financial products							
	Bank of Ningbo, Ningxing Tiantianliujin Financial Product	〃	〃		$ 35,264		$ 35,264	

Note: For more information on the investment in subsidiaries, affiliates and joint ventures, please refer to Table 9 and Table 10.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Aggregate Purchases or Sales of the Same Securities Reaching NTD 300 Million or More Than 20% of the Paid-in Capital
2022

Table 4

Unit: NTD thousand unless otherwise specified

Trading company	Type and name of securities	Account title	Counterparty	Relationship	At the beginning of the period		Purchase		Sale				At the end of the period	
					Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Selling price	Book cost	Losses and gains on disposal	Number of shares (thousand shares)	Amount
KENMEC MECHANICAL ENGINEERING CO., LTD.	FSITC Taiwan Money Market	Financial assets measured at fair value through profit or loss – current	-	-	18,104	$ 280,091	8,375	$ 130,000	23,262	$ 360,732	$ 360,000	$ 732	3,217	$ 50,012
〃	KGI Victory Money Market Fund	〃	-	-	5,986	69,991	40,237	472,000	30,735	360,251	359,973	278	15,488	182,071
〃	TCB Money Market Fund	〃			2,928	30,028	30,176	310,000	28,249	290,183	290,020	163	4,855	50,011

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Disposal of property reaching NTD 300 million or more than 20% of the paid-in capital
January 1 to December 31, 2022

Table 5

Unit: NTD and foreign currency (thousand)

Companies with real properties disposed of	Name of property	Date of occurrence	Original acquisition date	Book value	Transaction Amount	The receipt of the transaction price	Losses and gains on disposal	Counterparty	Relationship	Reason for disposal	Reference basis upon which the price was determined	Other special stipulations
Tainergy Technology (Kunshan) Co., Ltd.	Land use rights, land improvements and plant	October 27, 2022	May 2009	$ 662,476 RMB 149,672	$ 809,173 RMB 182,815	Collected	$ 146,697 RMB 33,143	Kunshan Changshunhong Energy Technology Co., Ltd.	—	Revitalization of assets	With reference to the appraisal report of professional appraisers and the result of the counterparty's negotiation	None

Note 1: The date of occurrence is the date of the transaction completion.
Note 2: The transaction amount is net of related taxes.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Purchases or sales of goods from and to related parties reaching NTD 100 million or more than 20% of the paid-in capital
2022

Table 6

Unit: NTD thousand unless otherwise specified

Purchaser/seller	Counterparty	Relationship	Transaction				Trading conditions different from those of regular transactions and reasons thereof (Note 1)		Notes/accounts receivable (payable)		Remarks (Note 2)
			Purchase (sale)	Amount	Percentage in total purchases (sales)	Loan period	Unit price	Loan period	Balance	Percentage in total notes/ accounts receivable (payable)	
KENMEC MECHANICAL ENGINEERING CO., LTD.	TAISIC MATERIALS CO.	Subsidiary	Sale	$ 164,578	7.28%	T/T 90 days upon invoice date	—	—	$ 3,890	2.33%	
Tainergy Tech. Co., Ltd.	VIETNERGY COMPANY LIMITED	Subsidiary	Processing fee	880,677	38.64%	T/T 30 days upon invoice date	—	—	(114,767)	54.57%	Part of the processing cost amounting to NTD 3,185 thousand is recognized in other payables, accounting for 13.54% of other total payables.

Note 1: If the conditions of trading with related parties are different from those of regular transactions, the difference and the reasons thereof shall be indicated in the “price” and “loan period” columns.
Note 2: In case of receipts in advance or prepayments, the reasons, agreed terms and conditions, amount, and the different from regular transactions shall be indicated in the “Remark” column.
Note 3: Related transactions and period-end balances were removed from the consolidated financial statements.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Accounts Receivable from Related Parties Reaching NTD 100 Million or More Than 20% of Paid-in Capital
2022

Table 7

Unit: NTD and foreign currency (thousand)

Company Booking Accounts Receivable	Counterparty	Relationship	Balance of Accounts Receivable from Related Parties	Turnover Rate	Overdue Accounts Receivable from Related Parties		Subsequent Recovered Amount of Accounts Receivable from Related Parties	Appropriated allowance for loss
					Amount	Treatment		
KENMEC MECHANICAL ENGINEERING CO., LTD.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Subsidiary	Other receivables $ 437,172 RMB 70,899 USD 4,059	(Note 1)	$ -	—	$ 60,719	$ -
KENMEC AUTOMATION ENGINEERING (KUNSHAN)	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Fellow subsidiary	Other receivables 105,292 RMB 23,887	(Note 1)	-	—	-	-
Tainergy Technology (Kunshan) Co., Ltd.	Suzhou Kenmec Property Development Ltd.	Fellow subsidiary	Other receivables 111,444 RMB 25,282	(Note 1)	-	—	-	-
KENTEC INC.	KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	Fellow subsidiary	Other receivables 112,461 USD 3,662	(Note 1)	-	—	-	-
VIETNERGY COMPANY LIMITED	Tainergy Tech. Co., Ltd.	Parent company	Accounts receivable 117,952 USD 3,841	8.98	-	—	-	-

Note 1: This is the amount from loaning of funds, its interest is recognized in other receivables and not incorporated in the calculation of turnover rate.
Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
The business relationship and important transactions between the parent company and its subsidiaries, and between subsidiaries.
2022

Table 8 Unit: NTD thousand

No. (Note 1)	Name of Trader	Counterparty	Relationship with counterpart (Note 2)	Transaction			Percentage of consolidated total operating revenue or total assets (Note 3)
				Title	Amount	Trading conditions	
0	The Company	Kenmec Mecha-Tronics	1	Other receivables	$ 437,172	Interest rate 3.0%–3.5%	3.94%
		Kenmec Mecha-Tronics	1	Accounts payable	55,274	No significant difference from general manufacturers	0.50%
		Kenmec Mecha-Tronics	1	Cost of sales	78,637	No significant difference from general manufacturers	1.47%
		Taisic Materials	1	Project income	164,578	No major difference from regular customers	3.07%
		Taisic Materials	1	Contract liabilities	112,035	No major difference from regular customers	1.01%
		Chief Global Logistics	1	Project income	32,355	No major difference from regular customers	0.60%
1	Kenmec Mecha-Tronics	Kenmec Mechanical	2	Contract liabilities	98,928	No major difference from regular customers	0.89%
		Automation Kunshan	3	Contract liabilities	84,109	No major difference from regular customers	0.76%
		Automation Kunshan	3	Project cost	178,098	No significant difference from general manufacturers	3.32%
		Automation Kunshan	3	Other payables	105,292	Interest rate 4.75%	0.95%
2	Automation Kunshan	Kenmec Mecha-Tronics	3	Contract liabilities	203,464	No major difference from regular customers	1.83%
3	Kentec	Kenmec Mecha-Tronics	3	Other receivables	112,461	Interest rate 3.0%	1.01%
4	Kenmec Technology	Kenmec Property Development	3	Other receivables	91,281	Interest rate 4.35%	0.82%
5	Tainergy	VIETNERGY COMPANY LIMITED	3	Accounts payable	114,767	No significant difference from general manufacturers	1.03%
		VIETNERGY COMPANY LIMITED	3	Cost of sales	880,677	No significant difference from general manufacturers	16.43%
6	Tainergy Kunshan	Kenmec Property Development	3	Other receivables	111,444	Interest rate 3.65%–4.35%	1.00%

Note 1: The business transactions between the parent company and its subsidiaries shall be indicated in the “No”. column. This column shall be completed as follows:
1. 0 is reserved for the parent company.
2. Each subsidiary is numbered in sequential order starting from 1.

Note 2: The relationship with the related parties is classified into seven categories as follows. It is only necessary to mark the type. (Repeated disclosure is not necessary for the same transaction between the parent company and its subsidiaries or between the subsidiaries. In case of the transaction in the form of parent company to a subsidiary, for example, if the parent company has disclosed the transaction, the subsidiary is not necessary to disclose the same repeatedly; In case of the transaction in the form of subsidiary to subsidiary, if a subsidiary has disclosure the transaction, the other subsidiary is not necessary to disclose the same.)
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: For calculating the percentage of the transaction amount in total consolidated operating revenue or assets, the share of the balance at ending of the period in the consolidated total assets is used as the basis of the calculation under the title of assets/liabilities; the share of the interim accumulated amount in the total consolidated operating revenue is used as the basis for the calculation under the title of profit/loss.

Note 4: Related transactions and period-end balances were removed from the consolidated financial statements.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Name and Territory of Investees and Other Relevant Information
2022

Table 9

Unit: NTD and foreign currency (thousand)

Name of investor	Name of investee	Territory	Main business operation	Original investment amount		Held at the end of the period			Current profit (loss) of investee	Profit (loss) from investments recognized in the current period	Remarks
				End of current period	End of last year	Number of shares	Ratio (%)	Book value			
KENMEC MECHANICAL ENGINEERING CO., LTD.	Kenmec International Holding (BVI) Co., Ltd.	Wickhams Cay 1 P.O. BOX 362 Road Town Tortola British Virgin Islands	Investment holding business	$ 1,168,764 USD 38,039	$ 1,268,529 USD 41,039	38,038,752	100	$ 5,514	$ 29,618	$ 34,866	Subsidiary
	Ample Assets Holdings Ltd.	Portcullis Trusnet Chambers,P.O. Box 1225,Apia,Samoa	Investment holding business	- USD -	138,746 USD 4,650	-	-	-	2,388	2,388	〃
	Tainergy Tech. Co., Ltd.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Research, design, manufacture and sale of solar cells and module-related systems	1,942,337	1,943,443	61,132,856	27.17	543,207	110,030	56,891	〃
	KENMEC VIETNAM COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Hanoi City, Vietnam	Manufacturing of electric water heaters, engineering machinery	122,347 USD 3,800	122,347 USD 3,800	-	100	105,344	3,162	3,162	〃
	KENTEC INC.	No. 385-3, Hongzhen Road, Pingzhen District, Taoyuan City	Manufacture of electronics parts and components	1,724,554	1,724,554	47,252,154	89.16	562,198	89,020	80,266	〃
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Manufacturing and sales of electronic parts and components	107,000	37,000	4,400,000	8.80	26,798	(295,572)	(53,861)	〃
	Chief Global Logistics Co., Ltd.	5F, No. 95, Nangang Sec., Nangang Dist., Taipei City	Warehousing	10,400	1,000	1,040,000	52.00	18,288	18,359	10,718	〃
	Hua-Xia Construction Co., Ltd.	4F., No. 76, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City	Comprehensive Construction	30,980	30,980	3,000,000	100	17,872	(797)	(797)	〃
KENTEC INC.	Kenmec Communication Holding (BVI) Co., Ltd.	Wickhams Cay 1 P.O. BOX 3444 Road Town Tortola British Virgin Islands	Investment holding business	930,336 USD 28,087	930,336 USD 28,087	28,086,868	100	251,669	11,215	12,039	〃
Tainergy Tech. Co., Ltd.	Tainergy Tech Holding (Samoa) Co., Ltd.	TrustNet Chambers Lotemau Centre, P.O. BoX 1225, Apia, Samoa.	Investment business	2,211,921 RMB 456,201	2,211,921 RMB 456,201	-	100	820,831	149,697	149,697	〃
	VIETNERGY COMPANY LIMITED	Plant B, Thach That – Quoc Oai Industrial Zone, Quoc Oai District, Ha Noi City, Vietnam	Manufacture of high-tech solar cells and related cell components	1,465,491 USD 46,500	1,465,491 USD 46,500	-	100	467,200	189,504	167,665	〃
	Star Solar New Energy Co., Ltd.	11F.-8, No. 398, Huanbei Rd., Neighborhood 11, Xinjie Vil., Zhongli Dist., Taoyuan City	Solar power generation and sale of solar power systems	5,000	5,000	500,000	35.71	3,886	6,290	2,835	Associate
	TAISIC MATERIALS CO.	No. 5, Ziqiang 1st Rd., Zhongli Industrial Park Service Center, Fuxing Vil., Zhongli Dist., Taoyuan City	Manufacturing and sales of electronic parts and components	238,280	238,280	23,828,000	47.656	300,874	(295,572)	(148,808)	Subsidiary

Note 1: For more information on the investees in Mainland China, please refer to Table 10.
Note 2: Related transactions and period-end balances were removed from the consolidated financial statements.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Information on investments in Mainland China
2022

Table 10

Unit: NTD and foreign currency (thousand)

1. Information about investees in Mainland China, such as the name, main business operations, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment profit/loss, book value of investment, investment gain or loss having been remitted back:

Name of Chinese investees	Main business operation	Paid-in capital	Method of investment (Note 1)	Accumulated amount of investments from Taiwan at the beginning of the current period	Amount of investments remitted or recovered in current period		Accumulated amount of investments from Taiwan at the end of current period	Current profit (loss) of Profit and loss for the period	The Company's shareholding of direct or indirect investment (%)	Profit (loss) from investments recognized in the current period (Note 2)	Book value of investment at ending	Profit received from investments as of end of current period	Remarks
					Remittance	Return							
KENMEC MECHA-TRONICS (SUZHOU) CO., LTD.	T.F.T. process equipment, semiconductor process equipment, industrial conveying machinery, and automatic storage equipment.	$ 1,198,618 USD 38,800 (Note 3)	(2)-(1)	$ 1,076,543 USD 34,900	$ -	$ -	$ 1,076,543 USD 34,900	($ 30,571) (RMB 6,914)	100	($ 30,571) (RMB 6,914) (2)－B	($ 217,033) (RMB 49,236)	$ -	
KENMEC TECHNOLOGY (FUQING) CO., LTD.	Development, production and sales of new electronic components (chip components), digital audio and video coding equipment, portable microcomputers, new flat-panel displays.	- USD -	(2)-(1)	99,765 USD 3,000	-	99,765 USD 3,000	-	46,338 RMB 10,479	100	46,338 RMB 10,479 (2)－B	-	-	
Fraternity Trade Development (KunShan) Co., Ltd.	Tourism and leisure industry, such as management of hot spring hotels, health and leisure clubs, and slow living and light bite tourism	- USD -	(2)-(2)	134,189 USD 4,500	-	134,189 USD 4,500	-	2,699 RMB 610	100	2,699 RMB 610 (2)－B	-	-	
Suzhou Kenmec Property Development Ltd.	Real estate business	1,157,582 RMB 25,2000 (Note 4)	(2)-(3)	-	-	-	-	(72,284) (RMB 16,404)	76.88	(68,457) (RMB 15,525) (2)－B	604,936 RMB 137,236	-	
KENMEC AUTOMATION ENGINEERING (KUNSHAN)	Automated flow line equipment and supporting equipment, display production equipment, semiconductor production equipment, etc.	266,914 RMB 60,000 (Note 5)	(2)-(1)	266,914 RMB 60,000	-	-	266,914 RMB 60,000	14,194 RMB 3,210	100	14,194 RMB 3,210 (2)－B	226,100 RMB 51,293	-	
KENTEC ELECTRONICS (SUZHOU) CO., LTD.	New electronic components (chip components), digital sounds, etc.	43,921 RMB 10,000	(2)-(7)	-	-	-	-	33,779 RMB 7,629	38.2	12,991 RMB 2,934	33,374 RMB 7,571	-	
KENMEC TECHNOLOGY (SUZHOU) CO., LTD.	New electronic components (chip components), digital sounds, etc.	855,358 USD 26,800 (Note 5)	(2)-(4)	759,491 USD 23,900	-	92,790 USD 3,200	666,701 USD 20,700	11,217 RMB 2,549	90.34	10,133 RMB 2,303	227,304 RMB 51,566	-	
Tainergy Technology (Kunshan) Co., Ltd.	R&D, design, production of high-tech green cells (solar cells) and their components	2,206,989 USD 70,000	(2)-(5)	2,206,989 USD 70,000	-	-	2,206,989 USD 70,000	149,695 RMB 33,729	27.17	40,672 RMB 9,164 (2)－B	223,013 RMB 50,593	-	
Kunshan Kunfu Electronic Materials Co., Ltd.	Sales and manufacture of electronic materials and parts	19,242 USD 4,500 (Note 5)	(2)-(6)	-	-	-	-	(474) (RMB 107)	27.17	(129) (RMB 29) (2)－B	1,167 RMB 265	-	
Kunshan Jichang Energy Technology Co., Ltd.	Sale of solar power-related products	-	(2)-(6)	-	-	-	-	-	27.17	-	-	-	

Note 1: Investment is carried out through the following 3 means:
(1) Engaged in direct investment in Mainland China.
(2)-(1) Invested in Mainland China through Kenmec International Holding (BVI) Co., Ltd.
(2)-(2) Invested in Mainland China through Ample Assets Holdings Ltd.
(2)-(3) Invested in Mainland China jointly through Kenmec Mecha-Tronics (Suzhou) Co., Ltd. and Tainergy Technology (Kunshan) Co., Ltd.
(2)-(4) Invested in Mainland China through Kenmec Communication Holding (BVI) Co., Ltd.
(2)-(5)Invested in Mainland China through Tainergy Tech Holding (Samoa) Co., Ltd.
(2)-(6) Invested in Mainland China through Tainergy Technology (Kunshan) Co., Ltd.
(2)-(7) Invested in Mainland China through Kenmec Automation Engineering (Kunshan).
(3) Other means.

Note 2: In the "Profit (loss) from investments recognized in the current period" column:
(1) An indication is needed if the investment is under preparation and there is no profit or loss.
(2) There are the following three profit/loss recognition bases. The appropriate one must be indicated.
A. The financial statements audited and approved by an international accounting firm that has a collaboration relationship with an accounting firm in the Republic of China.
B. The financial statements audited and approved by a CPA of the parent company in Taiwan.
C. Other (the unaudited financial statements of the aforesaid investees for the same period).

Note 3: The earnings of the liquidated invested KENMEC Automation Engineering (Suzhou) Co., Ltd. Amounting to USD 3.90 million were used for capital increase.

Note 4: The operating funds of the invested KENMEC MECHA-TRONICS (SUZHOU) CO., LTD. were used for reinvestment amounting to RMB 172 million and the operating funds of the invested Tainergy Technology (Kunshan) Co., Ltd. were used for investment amounting to RMB 80 million.

Note 5: The operating funds of the invested Tainergy Technology (Kunshan) Co., Ltd. were used for reinvestment amounting to RMB 4.5 million.

Note 6: In June 2021, Kenmec Technology (Suzhou) Co., Ltd. reduced its capital and refunded USD 15.2 million in shares.

2. Limit on the amount of investments in Mainland China:

Unit: foreign currency thousand/NTD thousand

Accumulated amount of investments from Taiwan to Mainland China at the end of current period (Note 7)	Investment amount approved by the Investment Commission, MOEA	Limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA (Note 8)
$ 4,217,147 (USD 125,600、RMB 60,000)	$ 5,507,991 (USD 161,700、RMB 123,000) (Exchange rate: USD 30.71; RMB 4.408)	$ 3,308,935

Note 7: Including Huang Pin Electronics (Suzhou) Co Ltd. after its liquidation in February 2012, the accumulated amount of investments from Taiwan that had not been remitted back was NTD 23,395 thousand (USD 657 thousand).

Note 8: The Company recognizes the loss on the investment in Tainergy Tech. Co., Ltd. and KENTEC INC. under the equity method and exceeds the limit on the amount of investments in Mainland China specified by the Investment Commission, MOEA.

Kenmec Mechanical Engineering Co., Ltd. and Subsidiaries
Information on Major Shareholders
2022

Table 11

Names of major shareholders	Shares	
	Number of shares held	Shareholding percentage
CHING-FU HSIEH	24,243,707	9.73%
YUEH-CHEN LIN	18,217,345	7.31%

Note 1: The information on major shareholders is acquired from the data of Taiwan Depository & Clearing Corporation with respect to the shareholders holding aggregately 5% or more of the common and special stocks of the Company that have been registered and delivered in dematerialized form (including treasury stocks) on the last business day at the end of the current quarter. The capital stock stated in the consolidated financial reports of the Company may be different from the number of stocks that have been actually registered and delivered in dematerialized form due to different bases of compilation and calculation.

Note 2: In case any shareholder who transferred their stocks to a trustee, the information on such shareholder was disclosed based on the account of the principal subject to the trust account opened by the trustee. As for a shareholder who declares insider shares of more than 10% shareholdings pursuant to the securities and exchange regulations, the number of shares held includes the shares of the shareholder and the shares that he/she transferred to a trustee and for which he/she has the right to determine the application of the trust property. For more information on the declaration of insider shares, refer to the MOPS.