Stock Code:6244

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2022 and 2021

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Representation Letter

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

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

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Independent Auditors' Report

To the Board of Directors of Motech Industries Inc.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Inventory valuation

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

KPMG

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

Notes to Readers

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

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

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

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

See accompanying notes to consolidated financial statements.

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

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

See accompanying notes to consolidated financial statements.

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

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

See accompanying notes to consolidated financial statements.

(1) Company history

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

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

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

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
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(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

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

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

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

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

(Continued)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
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(4) Summary of significant accounting policies

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

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

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

(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

(Continued)

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

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

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

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

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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

(i) Foreign operations

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

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

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

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

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

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

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

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

(Continued)

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

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

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

(Continued)

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1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Impairment of financial assets

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

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

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

(Continued)

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

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

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

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

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

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

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

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

4) Derecognition of financial assets

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

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

(Continued)

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

3) Financial liabilities

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

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

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

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

(Continued)

(h) Inventories

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

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

(i) Investment in associates

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

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(Continued)

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings and structures: 7 to 51 years

2) Machinery and equipment: 1 to 10 years

3) Other equipment (Power station): 20 years

4) Office and other equipment: 1 to 20 years

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

(k) Leases

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

(i) As a leasee

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

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

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

(Continued)

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate;

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee;

— there is a change in the assessment on whether it will have the option to exercise a purchase of the underlying asset;

— there is a change in the assessment on lease term as to whether it will be extended or terminated; and

— the modifications of the lease underlying asset, scope or other terms.

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

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

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

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

(ii) As a lessor

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

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

(l) Intangible assets

(i) Recognition and measurement

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

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

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

(ii) Subsequent expenditure

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

(iii) Amortization

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

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

(m) Impairment of non-financial assets

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

(Continued)

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

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

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

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

(n) Provision

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

(i) Warranties

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

(ii) Decommissioning

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

(o) Revenue recognition

(i) Revenue from contracts with customers

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

(Continued)

1) Goods sold

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

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

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

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

2) Engineering contracts

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

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

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

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

3) Power electric revenue

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

4) Financing components

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

(ii) Contract costs

1) Incremental costs of obtaining a contract

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

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

2) Costs to fulfill a contract

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

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

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

(p) Government grants

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

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

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

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

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

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

(Continued)

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

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

(iii) Short-term employee benefits

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

(r) Share-based payment

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

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

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

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

(s) Income taxes

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

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

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

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

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

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

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

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

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

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

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

  1) the same taxable entity; or

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

(Continued)

(t) Earnings per share (EPS)

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

(u) Operating segment

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

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

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

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

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

(a) Judgment regarding control of subsidiaries

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

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

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

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

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

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

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

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

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

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

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

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

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

(Continued)

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

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

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

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

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

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

(c) Notes and accounts receivable

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

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

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In Taiwan and other areas:

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

In China:

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

In Taiwan and other areas:

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

(Continued)

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In China:

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

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

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

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

(d) Other receivables

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

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

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

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

(e) Inventories

(i) The components were as follows:

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

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

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

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

At the reporting date, the inventories were not pledged.

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(f) Investments accounted for using equity method

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

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

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

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

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

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

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

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

(h) Property, plant and equipment

(i) The movements were as follows:

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

(Continued)

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

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

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

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

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

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

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

(i) Right-of-use assets

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

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

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

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

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(j) Intangible assets

(i) The movements were as follows:

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

(ii) Amortization expense

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

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

(iii) Collateral

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

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

(i) The components of prepayments were as follows:

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

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

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

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

(l) Short-term notes and bills payable

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

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

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

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

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
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(m) Short-term borrowings

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

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

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

(n) Long-term borrowings

(i) The components were as follows:

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

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

(ii) Pledge for loan

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

(iii) Syndicated loan

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

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

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

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

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

(o) Lease liabilities

The carrying amounts of lease liabilities were as follow:

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

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

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The amounts recognized in profit or loss were as follows:

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

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

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

(i) Real estate and buildings leases

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

(ii) Other leases

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

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

(p) Provisions

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

(Continued)

The carrying amounts of provisions were as follow:

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

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

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

(q) Employee benefits

(i) Defined benefit plans

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

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

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

1) Composition of plan assets

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

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

2) Movements in present value of the defined benefit obligations

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

3) Movements of defined benefit plan assets

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

4) Expenses (reversal) recognized in profit or loss

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

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

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

(Continued)

6) Actuarial assumptions

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

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

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

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

7) Sensitivity analysis

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

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

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

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

(ii) Defined contribution plans

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

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

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(r) Income taxes

(i) Tax benefit (expense)

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

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

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

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

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

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

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

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

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

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

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

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

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

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2) Recognized deferred tax assets and liabilities

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

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

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

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

(s) Capital and other equity

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

Reconciliations of shares outstanding were as follows:

(In thousands of shares)

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

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(i) Ordinary share

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

(ii) Capital surplus

The components were as follows:

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

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

(iii) Retained earnings

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

a) pay all taxes and duties;

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

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

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

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

The Company's dividend policies are as follows:

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

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

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

1) Legal reserve

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

2) Special reserve

In accordance with the FSC, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the current period's total net reduction of other shareholders'equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders'equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On June 21,2022 and July 26, 2021, the Company's shareholders resolved to appropriate the earnings for 2021 and 2020. These earnings were appropriated as follows:

	2021	2020
Dividends distributed to ordinary shareholders		
Cash	$ **71,008**	**71,008**
Amount per share (dollar)	$ **0.20**	**0.20**

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On March 9, 2023, the Company's Board of Directors resolved to appropriate the earnings for 2022 as follows:

	2022	
	Amount per share (dollar)	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 0.45	$ **174,169**

(iv) other comprehensive income accumulated in reserves, net of tax

	Exchange differences on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**
Beginning balance at January 1, 2022	$ (521,327)	12,675
Exchange differences on translation of foreign financial statements	16,194	-
Exchange differences on associates accounted for using equity method	21	-
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income	-	(11,050)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(1,625)
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income of associates accounted for using equity method	-	(1,184)
Balance at December 31, 2022	$ **(505,112)**	**(1,184)**

(Continued)

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income
Balance at January 1, 2021	$	(518,017)	-
Exchange differences on translation of foreign financial statements		(3,287)	-
Exchange differences on associates accounted for using equity method		(23)	-
Unrealized gains and losses from financial assets measured at fair value through other comprehensive income		-	12,675
Balance at December 31, 2021	**$**	**(521,327)**	**12,675**

(t) Share-based payment

As of December 31, 2022, the Group had the following share-based payment arrangement:

	Equity-settled Cash capital increase reserved for employee subscription
Grant date	2022.07.28
Number of shares granted (thousand shares)	3,200
Recipients	Employees of the Company
Vesting conditions	Immediately vested

The Group adopted the Black-Scholes model to evaluate the fair value of the abovementioned share-based payment at the grant date. The assumptions adopted in this valuation model were as follows:

	Cash capital increase reserved for employee subscription
Fair value per share on grant date (dollars)	27.8
Exercise price (dollars)	22.5
Expected volatility	38.8492 %
Expected life	21 days
Dividend yield	-
Risk-free interest rate	1.1677 %

(Continued)

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Compensation costs of the Group arising from cash capital increase reserved for employee subscription were $11,490, which were recognized as operating cost and operating expense for the year ended December 31, 2022. There was no such transaction for the year ended December 31, 2021.

(u) Earnings per share ("EPS")

(i) Basic EPS

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ **267,882**	**106,743**
Weighted average number of ordinary shares outstanding during the period (thousand shares)	**368,375**	**355,042**
Basic earnings per share (dollars)	$ **0.73**	**0.30**

(ii) Diluted EPS

	2022	2021
Profit attributable to ordinary shareholders of the Company	$ **267,882**	**106,743**
Weighted-average number of ordinary shares outstanding during the period (thousand shares)	368,375	355,042
Effect of potentially dilutive ordinary shares－employees' compensation (thousand shares)	644	229
Weighted-average number of ordinary shares outstanding during the period (diluted) (thousand shares)	**369,019**	**355,271**
Diluted earnings per share (dollars)	$ **0.73**	**0.30**

(v) Revenue from contracts with customers

(i) The Group's revenue was recognized from contracts with customers both in 2022 and 2021.

(ii) Details of revenue as follows:

	2022			2021		
	Solar	**Others**	**Total**	**Solar**	**Others**	**Total**
Taiwan	$ 3,328,882	207,600	3,536,482	3,102,086	261,867	3,363,953
Singapore	1,758,710	-	1,758,710	2,151,702	-	2,151,702
India	-	-	-	199,339	-	199,339
Others	64,460	326	64,786	157,870	125	157,995
	$ **5,152,052**	**207,926**	**5,359,978**	**5,610,997**	**261,992**	**5,872,989**

Since disaggregation of revenue was based on major products, the basis for division of operating segments, and their geographical regions, the revenue of major products and primary geographical markets were included in the above information.

(Continued)

(iii) Balance of contracts

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivable	$ 742,843	573,936	553,159
Less: loss allowance	-	(33,500)	(40,957)
Total	**$ 742,843**	**540,436**	**512,202**
Contract liabilities－current	**$ 70,117**	**77,436**	**53,216**

For details on notes and accounts receivable and loss allowance for impairment, please refer to note 6(c).

The amount of revenue recognized as the contract liability balance at the beginning of the period was as follows:

	2022	2021
Revenue recognized	**$ 75,320**	**33,755**

(w) Remuneration to employees and directors

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employees' remuneration and no more than 5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration to employees entitled to receive the abovementioned employee remuneration is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its remuneration to employees and directors were as follows:

	2022	2021
Employees' remuneration	**$ 17,268**	**6,812**
Directors' remuneration	**$ 3,454**	**1,362**

Above-mentioned amounts were calculated by using the Company's pre-tax net profit for the period before deducting the amounts of the remuneration to employees and directors, multiplied by the distribution of ratio of the remuneration to employees and directors based on the Company's articles of incorporation, and expensed under operating costs or expenses. If there would be any changes after the reporting date, the changes shall be accounted for as changes in accounting estimates and recognized as profit or loss in the following year. If, however, the shareholders determine that the employees' remuneration is to be distributed through stock dividends, the calculation, based on the shares, shall be calculated using the stock price on the day before the board meeting. Related information would be accessed at the Market Observation Post System website.

In 2022 and 2021, the actual amount of remuneration, which was same as the estimated amount.

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(x) Non-operating income and expenses

(i) Interest income

	2022	2021
Interest income from bank deposits	$ 48,405	28,687

(ii) Other income

	2022	2021
Rent income	$ 5,539	4,195

(iii) Other gains and losses

	2022	2021
Gains (losses) on disposals of property, plant and equipment	$ (7,339)	(371)
Foreign exchange gains or losses, net	18,881	3,601
Gains (losses) on disposals of investments	-	121
Gains on lease modification	195	-
Government grants	11,338	11,433
Impairment loss on non-financial assets	(97,944)	(81,997)
Others	430	16,520
	$ (74,439)	(50,693)

(iv) Finance costs

	2022	2021
Interest expense	$ (58,536)	(56,894)
Other finance costs	(3,339)	(3,424)
	$ (61,875)	(60,318)

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets and contract assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

In order to reduce the credit risk on accounts receivable, the Group continuously evaluates the financial status of these customers and request collateral when necessary. The Group evaluates the possible loss on accounts receivable periodically and accrues a loss allowance for impairment, if necessary. As of December 31, 2022 and 2021, the Group's account receivables were obviously concentrated on 5 customers, whose accounts represented 85% and 88% of the total accounts receivable, respectively.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables, for credit risk exposure of other receivables, please refer to note 6(d).

(ii) Liquidity risk

The following were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	3-5 years	Over 5 years
December 31, 2022						
Non-derivative financial liabilities						
Bank loans	$ 2,635,684	(2,802,952)	(1,623,843)	(253,483)	(297,007)	(628,619)
Notes and accounts payable, other payables and lease liabilities	2,213,555	(2,257,365)	(2,060,430)	(21,145)	(49,161)	(126,629)
Guarantee deposits received	3,195	(3,195)	-	(3,195)	-	-
	$ 4,852,434	**(5,063,512)**	**(3,684,273)**	**(277,823)**	**(346,168)**	**(755,248)**
December 31, 2021						
Non-derivative financial liabilities						
Bank loans	$ 2,781,136	(2,912,524)	(454,540)	(1,564,998)	(264,417)	(628,569)
Short-term notes and bills payable	159,954	(160,000)	(160,000)	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,101,272	(2,125,941)	(1,988,432)	(16,250)	(40,643)	(80,616)
Guarantee deposits received	3,110	(3,110)	-	(3,110)	-	-
	$ 5,045,472	**(5,201,575)**	**(2,602,972)**	**(1,584,358)**	**(305,060)**	**(709,185)**

The Group does not expect that the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

MOTECH INDUSTRIES INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 20,650	30.71	634,162	18,710	27.68	517,893
CNY	27,253	4.4132	120,273	224	4.3454	973
Non-monetary items						
USD	40,162	30.71	1,233,389	41,773	27.68	1,156,267
CNY	208,886	4.4132	1,239,606	267,378	4.3454	1,161,864
Financial liabilities						
Monetary items						
USD	8,174	30.71	251,024	13,451	27.68	372,324
CNY	39,995	4.413	176,506	73	4.3454	317

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, accounts payable, and other payables that are denominated in foreign currency. A 1% of depreciation (appreciation) of the NTD against the other foreign currencies as of December 31, 2022 and 2021, would have increased (decreased) the net profit as follows. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022 and 2021.

	Impact on profit (loss)	
	Increase by 1%	Decrease by 1%
December 31, 2022	$ 3,269	(3,269)
December 31, 2021	$ 1,462	(1,462)

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items were disclosed using the following total amounts:

	2022	2021
Foreign exchange gains or losses, net	$ 18,881	3,601

(iv) Interest rate risk

Please refer to the notes on liquidity risk and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to interest rate risk of derivative and non-derivative financial instruments on the reporting date. For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The departments of the Group's entities reported the increases/decreases in the interest rates and the exposure to changes in interest rates to the Group's key management so as to allow key management to assess the reasonableness of the changes in the interest rates.

The interest rate risk is mainly due to the Group's borrowing at floating rates. If the interest rate increases (decreases) by 1% (with other factors remaining constant on the reporting date and with analyses of the two periods on the same basis), the impact on profit (loss) would be as follows:

	Impact on profit (loss)	
	Increase by 1%	**Decreases by 1%**
December 31, 2022	$ **(26,357)**	**26,357**
December 31, 2021	$ **(27,811)**	**27,811**

(v) Fair value

1) Categories and fair value of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying value	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 3,141,347	-	-	-	-
Financial assets measured at amortized cost	4,370	-	-	-	-
Notes and accounts receivable	742,843	-	-	-	-
Other receivables	7,294	-	-	-	-
Refundable deposits	68,645	-	-	-	-
Other financial assets	1,151,707	-	-	-	-
Subtotal	$ **5,116,206**	-	-	-	-

(Continued)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
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	December 31, 2022				
	Carrying value	Fair value Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank loans	$ 2,635,684	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,213,555	-	-	-	-
Guarantee deposits received	3,195	-	-	-	-
Subtotal	**$ 4,852,434**	**-**	**-**	**-**	**-**

	December 31, 2021				
	Carrying value	Fair value Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income：					
Non-hedging derivative financial assets	**$ 45,175**	**-**	**-**	**45,175**	**45,175**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 2,580,611	-	-	-	-
Financial assets measured at amortized cost	8,152	-	-	-	-
Notes and accounts receivable	540,436	-	-	-	-
Other receivables	53,559	-	-	-	-
Refundable deposits	72,652	-	-	-	-
Other financial assets	1,191,601	-	-	-	-
Subtotal	**$ 4,447,011**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Bank loans	$ 2,781,136	-	-	-	-
Short-term notes and bills payable	159,954	-	-	-	-
Notes and accounts payable, other payables and lease liabilities	2,101,272	-	-	-	-
Guarantee deposits received	3,110	-	-	-	-
Subtotal	**$ 5,045,472**	**-**	**-**	**-**	**-**

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
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2) Valuation techniques for financial instruments measured at fair value

The fair value of financial instruments trade in an active market is based on the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

The unlisted company's stock, which the Group hold, not trade in active markets. The Group takes the quote market prices and the price-book ratio of similar publicly trade companies into consideration by using the market comparison approach. The estimates had been adjusted by the depreciation from lack of market liquidity.

3) Transfer between the fair value hierarchy every level:

For the years ended December 31, 2022 and 2021, there was no change on the fair value hierarchy of every level financial asset and liabilities.

4) Reconciliation of Level 3 fair values - Fair value through other comprehensive income-unquoted equity instruments

	2022	2021
Beginning balance at January 1	$ 45,175	-
Purchased	-	32,500
Disposed	(32,500)	-
Recognized in other comprehensive income	(12,675)	12,675
Ending balance at December 31	**$ -**	**45,175**

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income – equity investments.

The fair value measurements categorized within Level 3 use significant unobservable inputs. The significant unobservable inputs are independent to each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income	Market approach-relevant information generated by publicly companies	· Price-book ratio(2.45 as December 31, 2021) · Market liquidity discount rate (40% as December 31, 2021)	· The higher the Price-book ratio, the higher the fair value · The higher the Market liquidity discount rate, the lower the fair value

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement of the fair value of financial instruments is reasonable. If different evaluation models or evaluation parameters are used, the evaluation results may be different. For financial instruments classified as level 3, if the evaluation parameters change, the impact on other comprehensive income is as follows:

	Input value	Fluctuation in inputs	Changes in fair value reflected in other comprehensive income	
			Favorable	Unfavorable
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Price-book ratio	1%	$ 455	(455)

The Group's favorable and unfavorable changes refer to the fluctuation of fair value, and the fair value is calculated by evaluating technology according to different levels of unobservable input parameters. If the fair value of a financial instrument is affected by more than one input value, the above table only reflects the impact of a single input value change and does not take into account the correlation and variability between input values.

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(z) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Each responsible division is responsible for developing and monitoring the Group's risk management policies and reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Company's Supervisor is assisted in this oversight role by the internal auditor. The internal auditor reviews the risk controls and procedures, and reports the results on a regular or irregular basis to the Board of Directors.

The Company's Board of Directors oversees how the management complies with monitoring the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations and arises principally from the Group's notes and accounts receivable from the customers and investments in securities.

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
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1) Accounts receivable

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval; these limits are reviewed regularly. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or an end-user customer, geographic location, industry, aging profile, maturity, and existence of previous financial difficulties. Accounts receivable and other receivables relate mainly to the Group's end-user customers. Customers that are graded as "high risk" are placed on a restricted customer list and monitored by the management, and future sales are made on a prepayment basis.

As a result of environment fluctuation in 2022 and 2021, certain purchase limits have been redefined, particularly for customers operating in solar division. The Group will be monitoring and adjusting the limits continuously.

Goods are sold subject to a retention of title clause, so that in the event of non-payment the Group may have a secured claim. The Group otherwise does not require collateral in respect of trade and other receivables.

The allowance for impairment accounts is estimated to reflect the loss on notes and accounts receivable for those customers graded as "high risk". The allowance account reflects the specific loss based on customers' financial position, historical payment behavior, and asset pledge.

2) Investments

The credit risk exposure in the bank deposits and equity instruments is measured and monitored by the Group's finance department. Since the Group's transactions are with external parties with good credit standing, highly rated financial institutions, and publicly-traded stock companies, or involved convertible bonds issued by publicly-traded companies, there are no noncompliance issues and therefore no significant credit risk.

3) Guarantees

According to the Group's management policy, the Group can only provide financial guarantees to certain entities which meet specific requirements. As of December 31, 2022 and 2021, the Group did not provide any financial guarantees.

(iv) Liquidity risk

Liquidity risk is a risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses activity-based costing to cost its products and services, which assists it in monitoring cash flow requirements. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash flows on financial liabilities (other than payables) over the succeeding 60 to 90 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2022 and 2021, the Group had unused bank facilities for $1,844,944 and $1,416,912, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

In order to manage market risk, all transactions of the Group are carried out within the guidelines set by the management. Generally, hedge accounting is not applied in these circumstances, and the Group charges the changes in value to profit or loss.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the NTD, US Dollar (USD) and Chinese Yuan (CNY). These transactions are denominated in NTD, USD and CNY.

At any point in time, the Group hedges its estimated foreign currency exposure with respect to its forecast sales and purchases over the following six months.

The interest is denominated in the currency used in the borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily NTD, USD and CNY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalance.

The Group's investments in subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

(Continued)

2) Interest rate risk

The Group's interest rate on borrowings was at a floating rate. The Group did not enter into and designate interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

In response to changes in interest rates, the Group assesses each currency lending rate of financial institutions and maintains good relationships with them, in order to obtain lower financing costs. This also strengthens the management of working capital, reduces dependence on bank borrowings, and lowers the risk of changes in interest rates.

3) Other market price risk

The Group monitors the risk arising from its available-for-sale security instruments, which are held for monitoring cash flow requirements and unused capital. The management of the Group monitors the combination of investment portfolio based on cash flow requirement. Material investments within the portfolio are managed on an individual basis, and all buy-and-sell decisions are approved by the Board of Directors.

(aa) Capital management

The Board of Directors' policy is to maintain a strong capital base to maintain the confidence of investors, creditors, and the market and to sustain future development of the business.

The Group uses the debt-to-equity ratio to manage its capital. This ratio uses the total net debt to be divided by the total capital. The total net debt from the balance sheet is derived from the total liabilities, less, cash and cash equivalent. The total capital and equity include share capital, capital surplus, retained earnings, other equity.

The Group's debt-to-equity ratio at the reporting date was as follows:

		December 31, 2022	December 31, 2021
Total liabilities	$	5,237,197	5,446,920
Less: cash and cash equivalents		(3,141,347)	(2,580,611)
Net liabilities	**$**	**2,095,850**	**2,866,309**
Total equity	**$**	**4,332,040**	**3,286,297**
Debt-to-equity ratio		**48.38 %**	**87.22 %**

As of December 31, 2022, the debt-to-equity ratio had increased, mainly resulting from total equity increased due to the Company issue ordinary shares for cash subsequently

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Notes to the Consolidated Financial Statements

(ab) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2022 and 2021, were as follows:

(i) For right-of-use assets under leases, please refer to note 6(i).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Long-term borrowings (including current portion)	$ 2,651,136	(217,972)	2,520	2,435,684
Short-term notes and bills payable	159,954	(160,000)	46	-
Lease liabilities (current and non-current)	128,664	(66,594)	231,804	293,874
Interest payable (recorded under other payables and current provisions)	2,343	(57,522)	59,303	4,124
Total liabilities from financing activity	$ 2,942,097	(502,088)	293,673	2,733,682

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long-term borrowings (including current portion)	$ 2,617,648	30,968	2,520	2,651,136
Short-term borrowings	-	160,000	(46)	159,954
Guarantee deposit (recorded under other non-current liabilities)	3,582	(460)	(12)	3,110
Lease liabilities (current and non-current)	141,069	(13,386)	981	128,664
Interest payable (recorded under other payables and current provisions)	2,376	(57,838)	57,805	2,343
Total liabilities from financing activity	$ 2,764,675	119,284	61,248	2,945,207

(7) Related-party transactions

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
TECO Sun Energy Co., Ltd. (TECO Sun Energy)	Associates

(b) Significant transactions with related parties

(i) Operating revenue and accounts receivable

	2022	2021
Associates－TECO Sun Energy	$ 7,021	-

The remaining sales to related parties shall be based on the routine sales transactions. Realated receivables due from operating revenue had been settled as of December 31, 2022.

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2022	2021
Short-term employee benefits	$ 27,540	26,546
Post-employment benefits	324	324
Share-based payments	1,246	-
	$ 29,110	**26,870**

Please refer to note 6(t) for information on share-based payment.

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2022	December 31, 2021
Deposits (recorded under other current financial assets)	Guarantees for banker's acceptance	$ 1,090,807	1,164,507
Deposits (recorded under other current financial assets)	Mortage deposits	32,013	-
	Other current financial assets	1,122,820	1,164,507
Deposits (recorded under other non-current financial assets)	Guarantees for leased dormitory	2,710	2,078
Deposits (recorded under other non-current financial assets)	Guarantees for land	7,537	7,537
Deposits (recorded under other non-current financial assets)	Long-term borrowings (including current portion)	18,640	17,479
	Other non-current financial assets	28,887	27,094
Property, plant and equipment	Long-term borrowings (including current portion)	1,811,034	1,783,161
Deposits (recorded under guarantee deposits)	performance security	38,737	7,899
		$ 3,001,478	**2,982,661**

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(9) Significant commitments and contingencies

(a) The Group has contracts involving significant unrecognized commitments as follows:

(i) Unused letters of credit for the Group's purchases of raw materials, machinery and equipment were as follows:

	December 31, 2022	December 31, 2021
Unused letters of credit	$ 88,086	26,519

(ii) Bank performance guarantees for the customs and others were as follows:

	December 31, 2022	December 31, 2021
Bank guarantees	$ 59,270	30,000

(iii) The status of agreements for the Group's expansion of the plant and purchases of machinery, other equipment and other assets was as follows:

	December 31, 2022	December 31, 2021
Total contract price	$ 1,560,044	727,464
Unexecuted amount	$ 1,260,430	526,738

(b) The Group entered into long-term purchase contracts with suppliers to purchase nitrogen in bulk volume. Starting from the contract, if the actual consumed volume is less than basic volume usage, the Group should pay for the cost of the basic volume usage instead.

(10) Losses due to major disasters: None

(11) Subsequent events: None.

(12) Other

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By function	2022			2021		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary (Note)	383,550	158,817	542,367	369,835	139,720	509,555
Labor and health insurance	39,906	13,686	53,592	37,559	13,969	51,528
Pension	20,312	6,470	26,782	20,192	6,296	26,488
Remuneration of directors	-	17,445	17,445	-	14,773	14,773
Others	17,155	5,728	22,883	16,908	6,983	23,891
Depreciation	249,520	26,541	276,061	264,293	35,003	299,296
Amortization	354	1,506	1,860	354	2,083	2,437

Note: the above amounts had not been deducted from various government grants.

MOTECH INDUSTRIES INC. AND ITS SUBSIDIARIES

Notes to Consolidated Financial Statements

(13)Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2022:

i. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period (Note 1)	Ending balance (Note 1)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits (Note 3)	Maximum limit of fund financing (Note 3)
												Item	Value		
0	The Company	MPO	Other receivables - related parties	100,000	100,000	-	2%~5%	2	-	Operating turnover	-	None	-	425,490	850,981
0	The Company	MPZ	Other receivables - related parties	250,000	100,000	-	2%~5%	2	-	Operating turnover	-	None	-	425,490	850,981
0	The Company	MPB	Other receivables - related parties	100,000	-	-	2%~5%	2	-	Operating turnover	-	None	-	425,490	850,981

Note 1: Highest balance of financing to other parties during the period was the highest credit lines approved by the Board of Directors. The ending balance was the same as that of the credit lines approved by the Board of Directors.

Note 2: Purposes of fund financing for the borrower as follows:

1. For entries the Company has business transactions with.
2. For entries with short-term financing needs.

Note 3: For entities with short-term financing needs, which provides by the Company, the amoumt avilable for financing shall not exceed 10% of net worth of the Company.
Total amount of short-term financing shall not exceed 20% of net worth of the Company.

Note 4: The amount had been offset in the consolidated financial statements.

ii. Guarantees and endorsements for other parties: None.

iii. Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): None.

iv. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock:

Name of investee	Category and name of security		Account name	Name of counter-party	Relationship with the Company	Beginning		Purchases		Sales				Ending	
						Shares / Units	Amount	Shares	Amount	Shares	Amount	Book value	Gain(loss) on disposal	Shares	Amount
The Company	MPO	Stock	Equity-accounted investees	Issued ordinary shares for cash	Subsidiaries	25,000,000	250,000	67,800,000	678,000	-	-	-	-	92,800,000	928,000
The Company	MPZ	Stock	Equity-accounted investees	Issued ordinary shares for cash	Subsidiaries	10,600,000	106,000	37,400,000	374,000	-	-	-	-	48,000,000	480,000

v. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vi. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

vii. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
MAS	The Company	Parent company	Sale	1,693,616	98.75 %	90 days	Non-significant difference	90 days	168,216	89.95 %	
The Company	MAS	Subsidiary	Purchase	1,693,616	42.41 %	90 days	Non-significant difference	90 days	(168,216)	31.46 %	
SNE	The Company	Parent company	Sale	1,062,355	100.00 %	T/T in advance	Non-significant difference	T/T in advance	-	0.00 %	
The Company	SNE	Subsidiary	Purchase	1,062,355	26.60 %	T/T in advance	Non-significant difference	T/T in advance	-	0.00 %	

Note: The amount had been offset in the consolidated financial statements.

viii. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of capital stock:

Name of company	Related party	Nature of relationship	Ending balance	Turnover days	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
MAS	The Company	Parent company	168,216	10.13%	–	–	168,216	-

Note: The amount had been offset in the consolidated financial statements.

ix. Trading in derivative instruments: None.

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x. Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2022			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	SNE	The Company	2	Sale	1,062,355	T/T in advance	19.82 %
2	MAS	The Company	2	Sale	1,693,616	90 days	31.60 %
2	MAS	The Company	2	Notes and acountsreceivable	168,216	90 days	1.76 %

Note 1: Company numbering is as follows:
Parent company 0
Subsidiary stars from 1
Note 2: Relationship wuth transaction party numbering is as follows:
Parent company to subsidiary 1
Subsidiary to parent company 2
Subsidiary to subsidiary 3
Note 3: The amount had been offset in the consolidated financial statements.

(b) Information on investees:

The following is the information on investees for the year 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Highest balance during the year			The highest percentage of the periords	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares/Units	Percentage of ownership	Carrying value				
The Company	Power Islands	Samoa	Holding Company	5,160,872	5,160,872	158,375,909	100.00 %	1,216,487	100.00 %	60,928	64,456	Note
The Company	Inergy Technology Inc.	Taiwan	Product design	95,821	95,821	8,558,750	18.72 %	217,172	21.06 %	111,697	19,795	
The Company	Teco-Motech	Taiwan	Solar power generation and selling	14,400	14,400	1,440,000	60.00 %	5,398	60.00 %	3,289	1,973	Note
The Company	MPO	Taiwan	Solar power generation and selling	928,000	250,000	92,800,000	100.00 %	839,473	100.00 %	12,730	12,830	Note
The Company	TECO Sun Energy Company Limited	Taiwan	Solar power generation and selling	28,000	28,000	2,800,000	40.00 %	30,339	100.00 %	4,532	1,814	
The Company	MPG	Taiwan	Solar power generation and selling	33,000	33,000	3,300,000	100.00 %	24,381	100.00 %	1,492	1,492	Note
The Company	MPB	Taiwan	Solar power generation and selling	55,000	55,000	5,500,000	100.00 %	28,946	100.00 %	(1,264)	(1,264)	Note
The Company	MPZ	Taiwan	Solar power generation and selling	480,000	106,000	48,000,000	100.00 %	436,620	100.00 %	(3,019)	(3,019)	Note
Power Islands	Cheer View	British Virgin Islands	Holding Company	2,564,272	2,564,272	77,500,000	100.00 %	3	100.00 %	-	-	Note
Cheer View	AE	United States	Polysilicon manufacturing and selling	2,398,043	2,398,043	11,573,647	37.11 %	-	37.11 %	-	-	

Note : The amount had been offset in the consolidated financial statements.

(c) Information on investment in mainland China:

The following is the information on investees in Mainland China for the year 2022:

i. The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of capital surplus (Note 7)	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2022	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2022	Net income (losses) of the investee	Percentage of ownership	The highest percentage of the periords	Investment income (losses) (Notes 3 and 4)	Book value (Note 4)	Accumulated remittance of earnings in current period
					Outflow	Inflow							
SNE	Manufacturing and processing, solar cells and solar modules	1,345,392 (CNY278,081)	(Note 1)	1,280,986	-	-	1,280,986	63,900	95.39 %	95.39 %	60,954	1,233,034	-
MAS	Manufacturing and processing, solar cells and solar modules	2,392,731 (CNY531,500)	(Note 2)	-	-	-	-	56,922	95.39 %	95.39 %	54,298	1,005,928	-
MASE	Manufacturing and processing, solar wafer and solar cells	164,232 (CNY37,000)	(Note 2)	-	-	-	-	(450)	95.39 %	95.39 %	(429)	(502)	-

Note : The amount had been offset in the consolidated financial statements.

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ii. Limitation on investment in Mainland China:

Unit: USD dollars

Accumulated Investment in Mainland China as of December 31, 2022 (Note 5)	Investment Amounts Authorized by Investment Commission, MOEA (Note 5)	Upper Limit on Investment (Note 6)
1,280,986 (USD38,481,092.61)	1,658,340 (USD 54,000,000)	2,599,224

Note 1: The Company indirectly invested in the company in Mainland China through a third region (Power Islands).

Note 3: Amounts was recognized based on audited financial statements.

Note 4: The amount consist of invesment gain or loss and carrying values as of December 31, 2022, recognized by the Company which indirectly invested through a third region.

Note 5: The investment in Mainland China, including equipment, was recorded at the exchange rates prevailing at the transaction date. The equity in the earnings (losses) was translated into TWD at the average rates prevailing at the transaction date.
The equity in the earnings (losses) was translated into TWD at the average rates during each period of the year. Other amounts on foreign currency financial assets was translated at the exchange rate at the balance sheet date, which was TWD30.71.

Note 6: Amount of upper limit on investment was the higher between sixty percentage of total equity or total consolidated equity.

Note 7: The amounts consist of investment in Mainland China were recorded at exchange rates into TWD.

iii. Significant transactions

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated

(d) Major shareholders

As of December 31, 2022, there was no shareholder who held over 5% of the total non physical common stocks.

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(14) Segment information

(a) General Information

The reporting segment in the Group is solar business. Solar business covers the manufacturing, marketing, and sale of solar cells and solar modules.

Other operating segments in the Group are related to the manufacturing, marketing, and sale of measurement instruments and photovoltaic inverters, and installation of photovoltaic (PV) power systems. As these segments do not reach the standard for disclosure, no separate disclosures were made thereon in 2022 and 2021.

(b) Profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment, the basis of measurement, and the related eliminations.

No tax expenses or non-operating income and expenses are allocated to the reporting segment. In addition, the reporting segment does not include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The accounting policies of the operating segments are the same as those described in note 4. The Group evaluates performance of operating segment on the basis of operating income. The Group treats intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2022			
	Solar	**Other**	**Elimination**	**Total**
Revenues:				
Revenues from external customers	$ 5,152,052	207,926	-	5,359,978
Revenues from parent and consolidated subsidiaries	21,829	-	(21,829)	-
Interest income	44,154	4,251	-	48,405
Total revenues	**$ 5,218,035**	**212,177**	**(21,829)**	**5,408,383**
Interest expense (financial cost)	**$ (40,778)**	**(21,097)**	**-**	**(61,875)**
Depreciation and amortization	**$ (171,736)**	**(106,185)**	**-**	**(277,921)**
Impairment loss of non-financial assets	**$ (97,944)**	**-**	**-**	**(97,944)**
Share of profit of associates accounted for using equity method	**$ 21,609**	**-**	**-**	**21,609**
Segment income	**$ 272,746**	**63,949**	**-**	**336,695**
Investment accounted for using equity method	**$ 247,511**	**-**	**-**	**247,511**
Capital expenditures for non-current assets	**$ 195,288**	**116,186**	**-**	**311,474**

(Continued)

MOTECH INDUSTRIES INC. AND SUBSIDIARIES
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	2021			
	Solar	**Other**	**Elimination**	**Total**
Revenues:				
Revenues from external customers	$ 5,610,997	261,992	-	5,872,989
Revenues from parent and consolidated subsidiaries	18,860	-	(18,860)	-
Interest income	26,962	1,725	-	28,687
Total revenues	**$ 5,656,819**	**263,717**	**(18,860)**	**5,901,676**
Interest expense (finance costs)	**$ (40,741)**	**(19,577)**	**-**	**(60,318)**
Depreciation and amortization	**$ (207,948)**	**(93,785)**	**-**	**(301,733)**
Reversal of impairment loss on non-financial assets	**$ (81,997)**	**-**	**-**	**(81,997)**
Share of profit of associates accounted for using equity method	**$ 26,150**	**-**	**-**	**26,150**
Segment income	**$ 58,509**	**109,848**	**-**	**168,357**
Assets:				
Investment accounted for using equity method	**$ 140,523**	**-**	**-**	**140,523**
Capital expenditures for non-current assets	**$ 93,457**	**148,639**	**-**	**242,096**

The material reconciling items of the above reportable segment are as below:

In 2022 and 2021, included in the total reportable segment revenue was elimination of intersegment revenue of $21,829 and $18,860, respectively. The reporting segment's income and earnings before tax, after such elimination, were the same as those items listed under non-operating income and expenses of the consolidated statements of operations. Please refer to non-operating income and gains and non-operating expenses and losses in the accompanying consolidated statements of comprehensive income.

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

	2022	**2021**
Revenue from external customers:		
Taiwan	$ 3,536,482	3,363,953
Singapore	1,758,710	2,151,702
India	-	199,339
Others	64,786	157,995
	$ 5,359,978	**5,872,989**

Geographical information	December 31, 2022	December 31, 2021
Other non-current assets:		
Taiwan	$ 2,917,433	2,608,410
China	116,287	210,213
Total	**$ 3,033,720**	**2,818,623**

Non-current assets include property, plant and equipment, investment property, intangible assets, and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(d) Information about revenue from major customers

	2022	2021
A company	$ 1,758,710	2,151,702
B company	707,243	1,016,360
C company	567,355	199,686
D company	-	210,282
	$ 3,033,308	**3,578,030**